

Talent management

Identifying the business leaders of tomorrow

Demographic changes have made talent spotting and staff retention more vital than ever, says **Virginia Matthews**

To HR professionals who spend countless hours sifting through job applications, today's most pressing personnel issue may seem to be the avalanche of people looking for an opportunity rather than talent spotting and retention.

If government economists and market futurologists are right, however, demographic changes over the next 20 years will lead to a dramatic fall in the number of job-seekers. Thanks to a combination of the country's remaining baby-boomers heading towards retirement and the UK's declining or static birth rate, fewer young people will be joining the workforce.

Economists believe that there will be serious shortages for middle management, too, with fewer 30 and 40-somethings around to take up these posts, or to be groomed to assume more senior posts tomorrow. Mentoring schemes are already under pressure in many delayed organisations, both because of time constraints and because there are less middle managers to take part in the schemes.

The quest to identify and grow real human talent is always going to be tough, whether that means sifting through a thousand haystacks to find the one genuine needle or outbidding rivals to an ever-diminishing pool of talent. This is particularly true when the dire warnings of population changes and an acute skills shortage are moving to the very top of the workforce planning agenda.

In many parts of the HR industry, the idea that a significant investment in human capital offers a measurable return is relatively new. Yet for every business that fails to take an interest in the well-being and career development of its best staff, there is a list of competitors that has better executive development programmes.

To WS Atkins, the engineering conglomerate with a staff of 14,000, keeping the best people happy has become a fundamental credo of its internal management philosophy. Four years ago, Atkins, in conjunction with Kaisen Consulting, the business psychologists, established a management development centre to combat double-digit turnover rate among experienced engineers. Using everything from 360-degree appraisal techniques - whereby clients, colleagues, line managers and individuals themselves are asked to comment on their own or someone else's performance - to rigorous self-assessment interviews, individuals identified as having leadership potential are encouraged to create their own draft career development plan over the course of two and a half days, and to debate with their managers.

Of the 400 engineers who have already been through the process - some of whom have secured more senior roles or moved to a different branch of the business - turnover has been reduced to 3 per cent. Despite the "no promises" philosophy of the scheme, a hundred more employees have applied to the centre for appraisal.

Brian Fitzgerald, director of HR development at Atkins, explains: "Highly qualified engineers are in short supply everywhere, and for us to have reduced turnover from more than 10 per cent without necessarily giving people more money and better jobs is a major achievement.

"In our experience, what marks out a contented engineer from a restless one is the feeling that their firm treats them as an individual and considers their career on a long-term basis. We believe that the development centre process, where employees and their managers are encouraged to think about nothing else but a person's career for two and a half days, is genuinely helping us to focus on the needs of our most talented and well-qualified people."

While Atkins focuses on the ambitions of highly skilled professionals, for Mr Fitzgerald's opposite number at McDonald's UK, Lynn Phillips, head of HR and training, the real talent is likely to be found sweeping the floors in one of its restaurants.

Of the chain's 48,000 employees, the average stay for a bottom-rung, paid-by-the-hour worker is, surprisingly perhaps, a full two years. But a high proportion of those who change into the McDonald's uniform each day eventually move into management positions. Indeed, Andrew Taylor, the company's CEO, began his own McDonald's career as a trainee manager.

Along with many of the other directors, Mr Taylor took advantage of what Ms Phillips calls "our strong culture of promoting from within." For example, she says that "corrective coaching" of newcomers by restaurant managers in the art of presenting French fries is seen as a vital part of the training process, while staff identified as "high potentials" will invariably be offered tailor-made development and mentoring schemes.

While managing talent is as much about recognising fundamental shop floor skills as it is about developing the careers of middle managers, the process of nurturing existing talent will only ever be as good as the recruitment programmes that find good people in the first place.

According to Jayne Rowley, head of publishing at Graduate Prospects, a recruitment agency that provides career support services for UK universities, many top managers now realise that demographic changes will demand a rethink of recruitment procedures. Namely, that the often automatic, first-round rejection letter handed out to non-traditional applicants needs to be reassessed in an era of talent shortage.

"Many highly talented people are coming to their studies later, are studying less traditional subjects, and are deliberately avoiding the more traditional red-brick universities in favour of newer institutions and a fresher approach," says Ms Rowley. "If employers want to recruit the real potential business leaders of the future, rather than those who have simply taken a very traditional A-levels and UCAS points route to a very traditional university, they need to re-examine their first-round selection procedures and do some creative thinking around the sorts of people who really do have the innate talent and drive to lead a business in difficult times. They might be surprised about who those people really are."