

# A Link Between Talent Strategy and Improved Financial Outcomes



According to new research, organizations with business practices that involve a 'mature' talent strategy are more financially successful compared to those whose talent strategies are less evolved.

A report posted on 'Whatworks Brief' titled 'High-Impact Talent Management: The New Talent Management Maturity Model', demonstrated that organizations with a talent strategy that was directional and clear and that included building diversity and inclusion returned better financial results than those organizations with a more reactive approach to talent management. The multi-year research was conducted by 'Brersin by Deloitte' and surveyed 454 global organizations who generated over \$750 million in revenues. Key findings included:

- Large organizations with 'mature' talent strategies had 2.3 times higher cash flow per employee over a 3-year period.
- The increase was even better for mature smaller organizations who had 13 times higher mean cash flow from operations compared to peers with less mature talent strategies

The research also found that the vast majority of organizations, 70% had did not have mature talent strategies and suggested that if those organizations were to evolve their talent strategies they could reap financial rewards.

## **Mature Talent Strategies Explained**

According to their research and model, there are 4 levels of 'talent strategy', with level '1' being the least mature.

### **1. Level 1: Essential Talent Activities**

Very little strategy used to direct their talent management activities and little understanding or interest in developing a 'Systemic' talent relationship. Basic activities are in place (including performance management, talent acquisition strategies) but they are inconsistent and lacking intention and often siloed

### **2. Level 2 Critical Talent Growth**

Increasingly clear talent strategies for talent segments with an emerging perspective on systemic talent relationships. Effective at implementing talent strategies from the previous level. Learning and leadership activities are more

targeted, and integrated.

### 3. **Level 3: Managed Talent Relationships**

Clear talent strategy with analysis based understanding of the workforce. Execution of systemic talent relationships and targeted, integrated and effective leader growth activities with a strong learning culture. Moving beyond compliance based recruitment to include diversity and inclusive practices.

### 4. **Level 4 Inclusive Talent System**

Clear, targeted, communicated talent strategy with fully developed and integrated talent activities aligned to desired outcomes, Relationships with talent are systematic and tailored. Progressive diversity and inclusion approach reflective in policies and the employee experience.

The levels generally represent the intentionality of an organization's talent strategy. Generally larger organizations and organizations with clearer ideas about where they are going can have a more mature talent strategy, but size and length of time in business do not necessarily predict the maturity of a talent strategy.

## **Drive your Organization Up the Talent Management Maturity Ladder**

Does your organization see employees as a cost or as an asset?

The research indicated that an **Investment from Leadership was required to boost the maturity of the talent strategy**. HR who had a leadership that made an investment to understand the value of a talent strategy, thereby understand the value of employees as an asset not just a cost developed more mature integrated and diverse talent strategies.

Providing organizational leadership with both quantitatively and qualitatively 'data' related to employees contributions was essential. Qualitative data often results from an increase in the interactions between employees and leadership.

**Develop a Culture of Ongoing Learning:** Those organizations who had a plan had a strategy that included valuing and providing employees with opportunities for learning and training.

Build employee leaders every day with **integrated leadership development initiatives**. Current leadership development initiatives for front line staff or middle managers should be reassessed and better targeted to meet the needs of these learners within the context of the broader organization. The idea is to integrate learning into day to-day activities so it is constant and ongoing.

The report authors referenced the value of a diversity and inclusion of employees as a key element of a mature talent strategy. Change the game from thinking of employees as a transactional component of the organization and consider them a systemic element by through ongoing dialogue and feedback.

It can take time and effort to build an integrated talent structure that provides opportunities for employees to share their ideas, but by having an end goal in mind, something to shot for, you move your organization a step closer to a comprehensive and more mature talent strategy.