

Talent and Talent Management Insights

Insight 6. Developing a Talent Strategy

NHS Leadership Academy
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Introduction

In 2014 and 2015 the NHS Leadership Academy published a number of talent management 'insights' to support talent professionals in their business unit activities. These insights were intended to give information about best practice in the field of talent and to spread knowledge about talent management activities within the NHS.

This Insight, number six in the series, builds on previous materials and outlines a framework for talent within which a talent strategy and associated processes can be developed. The reasons for focussing on strategy were based on the emphasis on aligning talent to both the NHS's overall objectives and wider People or HR policies. Amongst the drivers for this were key points highlighted in recent reports by Lords Rose and Willis.

The insight will outline the context for developing a talent strategy in the NHS; the purpose and principles of talent strategy; the steps in developing the strategy and templates to support unit practice.

The talent framework, strategy and processes outlined below recognise that the NHS's diverse units will be at different stages in their talent evolution and have been designed so that they can be adapted to unit needs.

Further information can be obtained from www.leadershipacademy.nhs.uk/talent

Michelle Fitzgerald
NHS Leadership Academy

Developing a Talent Strategy- Executive Summary

- Organisations today seek strategy driven talent management to ensure that their approach to talent is focused on achieving organisational objectives. This approach is relevant to the NHS as it strives to achieve its own stretching goals.
- The publication of the Smith, Rose and Willis reports in 2015 reinforced the view that the attraction, retention, development and management of talented people would be critical to the success of the NHS both within the timeframe of the Five Year Forward View and beyond
- The foundations for developing a talent strategy exist in many parts of the NHS. The challenge therefore is to ensure that there is alignment of this activity towards the achievement of the organisation's goals and deliver the strategy in an exemplary way.
- Talent strategy does not take place in a vacuum and therefore the development of a strategic framework will be a critical starting point. The framework will demonstrate a clear line of sight between activities under the heading of 'talent,' other people directed policies and practices and the NHS's objectives.
- A talent strategy will set direction; focus the effort of the organisation to clearly articulated goals and objectives and outline the processes to ensure there is consistency of message and action in delivery.
- Four principles that can be used in developing a talent strategy are the importance of **Gaining Commitment; Providing Information and Insight; Excellence in Implementation** and **Engaging the workforce in the talent strategy**
- It is possible to regard the development of a talent strategy as a ten step process. The steps are firstly **to establish where are we now using the NHS talent management engagement scale; build board commitment; identify organisational objectives and convert these into talent related objectives; establish the demand for talent; identify sources for the supply of talent; conduct a talent review and gap analysis; create plans for the development of talent and the overall HR proposition that leads to the attraction, retention and reward of talent; gain executive and management buy in; gain the buy in of the workforce; develop measures of effectiveness.**
- Given the different contexts within which NHS organisations operate, it is anticipated that this process will be adapted to suit specific needs

Strategy Driven Talent Management in the NHS

In global organisations, talent management takes place against a backdrop of significant organisational change, increasingly diverse and multi-generational workforces and perceived leadership gaps in the wake of the worldwide economic recession. As a result, many organisations have sought to ensure that their approach to talent continues to be focused on leadership development but emphasises the need to use this to achieve current and future organisational objectives; that it embraces more people in its reach and has more measurable outcomes. This is strategy driven talent management and is relevant to the NHS as it strives to achieve its own stretching goals. A talent strategy will build capability to achieve both short and long term objectives.

The publication of the 'Smith,' 'Rose' and 'Willis' reports in 2015 reinforced the view that the attraction, retention, development and management of talented people would be critical to the success of the NHS both within the timeframe of the Five Year Forward View and beyond. Amongst the objectives arising from these reports and a wider debate within the NHS, were the need to ensure that the NHS had sufficiently well trained people in defined leadership positions who could deliver sustained change throughout the organisation; a need to 'find and nurture the people that are needed to lead the NHS over the next 10 years' (Rose 2015) and finally the delivery of an inclusive approach to talent management that enabled people at all levels to deliver and achieve their potential. In short this was an approach to talent that had both a leadership focus, whilst simultaneously recognising the importance of inclusivity of career development for the whole workforce- thereby maximising the NHS's deep pool of talent.

The foundations for developing a talent strategy exist in many parts of the NHS. The challenge therefore is to ensure that there is alignment of this activity towards the achievement of the organisation's goals.

This activity will take place against a period of significant change and the likelihood of continuing shifts in organisational dynamics such as new structures, changes in lines of accountability and revised

'deliverables'. To achieve its stretching talent goals in a shifting organisational environment therefore, will require a robust talent strategy that is aligned to the unique needs of the NHS, but that is adaptable to specific organisational contexts and that is operable across organisational boundaries. To support this, a considerable amount of work on talent and talent management has already been done in the NHS to date and this can be used as a foundation for further strategic development.

There is recognition, for example, that a systematic approach to the management of talent would go some way to addressing the leadership challenges of 'recruiting and retaining Chief Executives; a more diverse or inclusive leadership or an 'NHS of all the talents'; and benefits in terms of organisational performance, as organisations can achieve competitive advantage through people.' (Powell et al 2012) In addition, there was also evidence of the emergence of an approach to talent aimed at maximising the potential of all members of the NHS workforce.

Many of these initiatives and an overall view of principles and objectives were included in Talent and Leadership Guidance Plans which advocated a three- to five-year vision and obligations as laid out in the NHS Constitution. (Powell et al 2013). A recent study of progress against these objectives concluded that there was 'no apparent shortage of vision, investment and activity' for talent management but that it was 'too early to determine whether this had been converted into positive results.' (Powell et al 2013) Hence there is the opportunity to build on the work on talent done to date in the NHS as well as the development of 'a strategy to rediscover neglected talent and focus on developing the people skills of their existing managers' in addition to those of high potential individuals. (McPherson, 2015) A comprehensive talent strategy would enhance the process.

The foundations for developing a talent strategy exist in many parts of the NHS. The challenge therefore is to ensure that there is alignment of this activity towards the achievement of the NHS objectives and deliver the strategy in an exemplary way. How can this be achieved?

Figure 1
A strategic framework for talent



A Strategic Framework for Talent

Talent strategy does not take place in a vacuum and therefore the development of a strategic framework will be a critical starting point for ensuring alignment between talent strategy and the achievement of the NHS's organisational objectives. The framework will demonstrate a clear line of sight between activities under the heading of 'talent,' other people directed policies and practices and the overall NHS objectives.

For the purposes of this framework it is proposed that:

- 'Talent' is defined as those with high performance and potential who are able to move up the organization into senior leadership or managerial positions on the one hand, and a 'more inclusive term which refers to all employees' on the other. (See further discussion in Insight 1). In today's multi- generational workforce, an effective combination of both is seen as a necessary part of talent management, though the priority given will be dependent on the unique context of the various organisations within the NHS
- Talent management describes the actions required for the attraction, identification, development, engagement, retention and deployment of those individuals who are of particular value to an organisation, either in view of their 'high potential' for the future or because they are fulfilling business/operation-critical roles. In addition it will focus on providing career opportunities to the workforce as a whole to maximise individual and organisational potential.

- Talent strategy is the development of an organisation-wide direction, approach and resourcing for 'the attraction, retention, reward, development and deployment of people in specific strategic positions or projects **and** the development of a culture of opportunity for all employees in order that the organisation can achieve its business goals and objectives.' (Turner and Kalman 2014) This sits in a broader organisational context of the NHS's 'business' objectives and performance and its wider people or HR strategy.

Whilst the development of a talent strategy may be the responsibility of talent and HR professionals, its relevance to the organisation, the resources required for its implementation and its sustainability will require the backing of the Board or Executive Team.

The strategic framework at figure 1 covers both an 'exclusive' or selective approach to talent, which is normally concerned with the identification and development of successors to leadership roles, key positions and those seen as having

high potential for senior positions; and an 'inclusive' one to embrace, give opportunity to and maximise the contribution of all members of the workforce. The strategic framework also shows the important connections between talent management activities and both organisational and wider HR objectives. Developing a talent strategy is most effective when set in an organisational and people management context.

An important assumption at this stage of the developing a talent strategy is that there are tangible linkages between, for example, the types of people recruited to the NHS in terms of their knowledge, skills attitudes and behaviour, and the priorities for talent as outlined in the talent strategy. The criteria for one should inform the policy of the other. Similar conclusions could also be reached for other people development activities. The reward strategy might include career development as part of the 'package;' the approach to employee engagement could include the opportunity to acquire new skills; the onboarding process should recognise that the retention of talent is enhanced by an effective induction process and so on.

These linkages are added to the alignment of talent to organisational objectives and constitute strategy driven talent management.

The Purpose and Principles of Talent Strategy

The strategic framework for talent shows a range of activities that could be associated with talent management. Amongst these are traditional 'products and services' such as leadership and management development, as well as a focus on inclusivity of career development and opportunity for a wide range of people; the development of an employer brand for attraction and retention and the importance of a career and development focused employee value proposition. Whilst responsibility for some of these activities resides clearly within the 'talent' sphere of influence others will require a collaborative relationship with HR and business professionals.

But what is the purpose for setting a talent strategy and what are the underlying principles within which it could operate?

- **The purpose of talent strategy**

Talent strategy is at the heart of Human Resource Management (Lawler 2008) and it is important to have a 'joined up' approach not only with organisational objectives and strategy but with other HR activities as shown in figure 1. But a fundamental question is what is the purpose developing a

strategic approach to talent as opposed to one that reacts to day to day need? In answer to this, talent strategy has similar characteristics to a business strategy in that it:

- sets the direction for talent management in the NHS- it is a statement of the fact that the NHS recognises the need to attract, retain and develop its talented workforce over a period of time and has an agreed approach to do so.
- In addition, a talent strategy is one way to focus the effort of the organisation to clearly articulated goals and objectives in respect of talent in the workforce. On the one hand this will relate to 'mission critical roles' (Gochman et al 2014)
- but also about a more inclusive approach offering the ability for an individual at any level to achieve their potential and make their maximum contribution
- It will then identify the resources needed to achieve the objectives laid out in the talent strategy and make these available
- And finally it outlines the processes to ensure there is consistency of message and action in delivering the talent strategy.

The talent strategy is therefore about the direction of travel, who is on the journey and a map of how to get there.

There are other considerations. Amongst these are that whilst the objectives may be strategic there will also need to be a solid operational plan. Furthermore talent strategy should have an organisation wide relevance but can be adapted to the needs of local organisations if necessary; and that the strategy balances the needs of inclusivity and exclusivity i.e. develop the potential of all but at the same time provide opportunities for the development of high potential individuals. Finally, the strategy should be flexible since 'the best talent policies respond to changing conditions on the ground and to cultural differences across the globe.' (Ready et al 2014)

Figure 2
A 10 step process for developing a talent strategy



The development of a talent strategy can be seen as a planned and systematic process for engaging the organisation's internal stakeholders- the executive or management team, line managers and the workforce in the delivery of effective talent management activities in order to achieve the NHS' goals and objectives.

- **The principles of talent strategy**

The principles for developing a talent strategy will be based on 'crafting.' This means combining a reasoned process focused on delivering an end product (the talent strategy) with dialogue and discussion to ensure both creativity and commitment from a variety of stakeholders. Developing and delivering an effective talent strategy will be enhanced by consultation between executives and senior managers, line managers and Talent/ HR professionals. Figure 2 outlines the principles that might be used to underpin the development of a talent strategy and some of the steps that will be taken within these. The four principles are:

- The importance of **Gaining Commitment** during the process and 'buy in' once the strategy has been agreed. The early stages will require that the Executive team recognise the value that a talent strategy will deliver to the NHS and act as champions for talent. In some examples, the CEO acts as 'Chief Talent Officer' and once strategy is agreed ensures that resources are provided for its delivery. At this stage, talent and HR professionals will be involved in dialogue to understand the priorities of the organisation and to make professional inputs into possible solutions through talent management
- **Providing Information and Insight** is the second principle. In an age of analytics, gaining commitment to a talent strategy cannot be seen as an act of faith. Instead talent strategy is part of business strategy. As such talent professionals will require information on such areas as strategic workforce planning, turnover, retention and succession within the NHS; and labour market data from outside. On the basis of their analysis, insights about the implications of, for example, succession challenges in critical posts in the short term or the level of leadership capability in the medium or long term can be articulated. In addition, measures of effectiveness will be built in to the strategy as it is developed.
- **Excellence in Implementation** will also be a key feature of the talent strategy process and will feature plans for project management in the talent sphere, outstanding delivery of development programmes and a focus on how to ensure engagement with the talent strategy going forward.
- **Engaging the workforce in the talent strategy** will be the fourth area of activity and will be critical if implementation is to be successful. In this case engages stretches from the executive team, to line managers to the whole workforce.

Developing a talent strategy is a collaborative process between Executives, line managers, talent and HR professionals.

The Process for Developing a Talent Strategy

The four principles of talent strategy as described above provide the foundation on which an effective talent strategy setting process can be built. It is possible to identify activities that may be undertaken against each of the principles and thereby create a ten step process for developing a talent strategy. A combination of principles and steps is shown in figure 2 and this section describes the context and content for each of the steps.

There are many approaches to developing talent strategy and the choice of which will depend on the context of the organisation, how far it is down the talent management path and the infrastructure that is in place to deliver some of the outcomes of talent strategy.

- **Step 1. Where are we now- the talent management engagement scale**

It is likely that units within the NHS will have some form of talent activity already in place. They will each look to develop a talent strategy from different perspectives. Establishing a starting point on which to build will therefore be an important first step. A tool for doing so has been developed and is referred to as the NHS talent management engagement scale. This is shown at Figure 3.

The scale has two axes. The first is concerned with **conceptual acceptance** and is based on the extent to which the organisation has:

- Agreed a definition of talent that is understood by all stakeholders
- Agreed the definition and scope of talent management
- Outlined the nature, roles and responsibilities of Senior Executives and the Board in Talent Management
- Measures in place to monitor the process of talent management (input)
- Measures that are put in place to monitor the outputs or outcomes of talent management

The actual position of the organisation will be contextual and each organisation will have a different place on the axis.

The second axis- **practical implementation**- is concerned with coherence in delivery which means 'the balancing of natural internal competition to get there first or to show more benefits than others against the need to make the idea one that is accepted enthusiastically throughout the organisation.' (Turner and Kalman 2014) Amongst the points that will be used to assess the level of implementation will be:

- The degree to which talent management and its associated activity are aligned to business goals
- The level of coordination of actions and policies within and without the talent management function.
- The extent of role clarity between talent and people management specialists and the organisation's managers in respect of talent management
- The level of resources allocated to the delivery of talent management
- The extent of clarity of policy and its acceptance such as 'successors will be fairly chosen and succession planning smooth and transparent' or 'there will be opportunities for development and skills enhancement at all levels' (Turner and Kalman 2014)

To determine where an organisation is in respect of this scale will require two things. In the first place there will be 'evidence' produced by talent professionals including activities already undertaken, any measures that might be relevant such as returns on investment through training and development activity or numbers of people going through programmes. Secondly there will be a dialogue between talent and HR professionals and the executives and managers of the organisation.

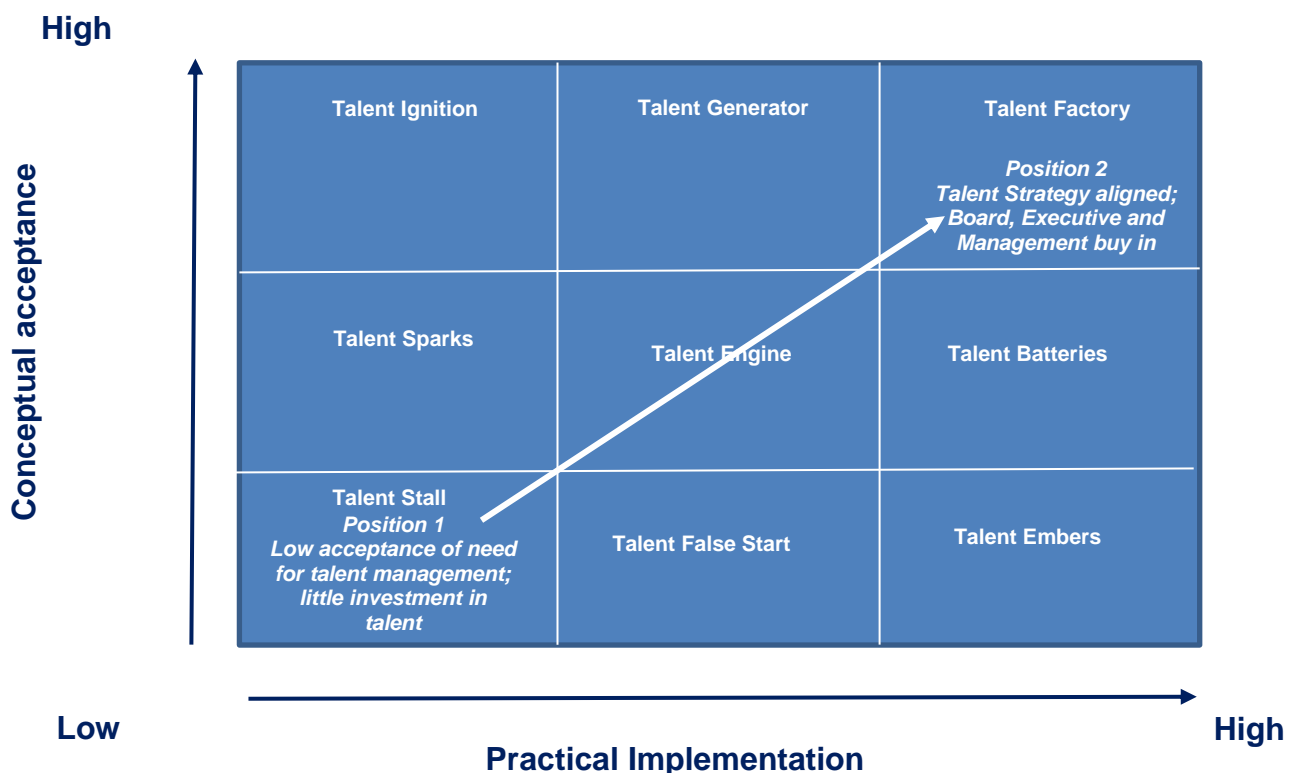
As a result of these two sources of intelligence, an agreed position on where the organisation is and where it wants to be is the foundation on which the talent strategy can be built. The grid includes nine possible positions which take account of the different experiences and evolution of talent management in different NHS contexts. For illustration, two hypothetical positions have been included on the matrix at figure 3.

After the dialogue between people management professionals and executives it was agreed that Position 1- talent stall- represents the current position and is therefore the starting point for the development of a talent strategy.

The reason for identifying this position is that the organisation has only just turned its attention to talent management and as a result the concept is in its infancy. There is little in the way of agreement about what talent is, the boundaries of talent management and the issue has not been discussed at Executive level in any detail. In addition there is little awareness amongst line managers about the need for a structured approach to talent management. Some leadership development has been undertaken but there was little follow up once completed.

The situation on talent has been brought into focus because of problems in attracting people to the organisation and this has raised both awareness and a desire to move towards Position 2-talent factory (originally used to describe a large global organisation that had achieved significant progress in the development of its strategy and was regarded as a benchmark for talent excellence- Ready and Conger 2007). How to move along the road from position 1 to the desired position 2 will be unique to each organisation but will involve a combination of the activities included in the talent strategy framework.

Figure 3
The NHS Talent Management Engagement Scale



Amongst the activities to be considered having completed the exercise will be the identification of development priorities and how these will support the organisation's goals; ways in which line managers can become engaged in the necessity of effective talent management and the creation of clear career paths to ensure that there is an inclusive approach to talent demonstrating an openness

The difference between the demand and supply of talent will be a critical factor in setting the talent strategy. Typically the gaps will be quantitative in the form of numbers to fill identified specific future roles and qualitative which will include such considerations as 'those with management potential' or 'people who have both technical and managerial skills'.

of opportunity and leading to a more engaged workforce. The practical steps involved in this move from 'Low-Low' to 'High-High' on the scale will be:

- Executive level meetings and conversations
- Robust and simple talent tools that enable the move up the engagement scale
- A pilot programme for Executive level to facilitate a process of learning and reflection
- Clear career paths included in an attractive Employee Value Proposition
- The allocation of dedicated resource for the implementation of talent strategy
- Processes and reviews to sustain momentum
- The development of meaningful succession plans
- Measures of effectiveness that can give an assessment of the impact of talent management initiatives
- An integrated system approach that includes other people management activities and policies
- A system that supports the achievement of diversity in the organisation.

It will also be necessary to prepare a business case so that resources can be allocated to the delivery of talent strategy and the measurement of its effectiveness. The business case will be prepared, put to the Board or Executive team which will then set the general direction and scope.

- **Step 2. Building Board Commitment**

Whilst the development of a talent strategy may be the responsibility of talent and HR professionals, its relevance to the organisation, the resources required for its implementation and its sustainability will require the backing of the Board or Executive Team. Hence building senior manager commitment to the initial stages will be a critical success factor. There will be several facets of this part of the process which include:

- Ensuring that there is recognition of the necessity of effective talent management to the long term success of the organisation.
- Creating an understanding of the specifics of talent management contribution to financial or operational performance, project delivery and employee engagement issues
- Ensuring that the Chief Executive Officer and executive team become advocates of talent strategy thereby providing both visibility and additional impetus to talent management activity
- Members of the Executive team participate fully in its implementation
- Identification and allocation of resources once a business case has been agreed

In order to facilitate the dialogue with the Board and Executive team, the talent or HR professionals will be able to highlight and explain the objectives of the talent strategy with relevant metrics such as information about local, regional and national labour markets (showing the status of scarce skills and resources) the outputs from the Strategic Workforce Plan (showing future skills and role requirements); and financial data about costs and returns on investment.

- **Step 3. Understanding Organisational Objectives and converting these into talent objectives**

It is an important assumption in developing a talent strategy that it will support the achievement of the organisation's objectives; that it will be aligned to the business strategy. In order for this to succeed then a clear understanding of those organisational objectives will be necessary. Talent strategy can then be developed against the overall direction of the organisation as well as against specific projects or activities since 'each business objective will have an implication for the types and numbers of talent needed and will therefore need to be clarified.' (Turner and Kalman 2014) The convergence of the two is often referred to as 'alignment' and as the CIPD (2013) have noted, 'ensuring that the talent strategy is closely aligned with the corporate strategy must be a priority.'

The objectives identified for the development of an organisation wide talent strategy can be viewed at three levels:

- Organisational objectives- these concern the talent requirements for either Group or Board level employees,(such as succession or the development of high potentials) or a more generic need such as 'the development of people with both technical and management skills.' It is likely that at this level leadership will be a prime consideration. They will also raise questions about the corporate culture in which talent can flourish and achieve its potential. Actions associated with this include an inclusive approach to development and career progression; fairness in appointments and a reward strategy that is mindful of the need to attract, retain and develop talent. This latter point reinforces the concept of 'joining up' talent management with other people management initiatives to present a coherent employee value proposition.
- The second level at which talent strategy should be considered is that of individual the NHS organisations, the definition of which will vary and depend on where that particular area sits in the overall structure. The talent strategy for this level has two drivers. One should be set within the same context as that for the NHS organisation as a whole. Hence if it is important that talent moves between various parts of the NHS, how can one organisation deal with the requirement- how can the 'loss' of key skills to another part of the organisation be countered by gains. What is the process for making this happen? For example the attraction and development of specialist functions or occupations. Individual organisations within the NHS will have specific aims but not independent of the goals of the organisation as a whole. There should be an integrated approach.
- The third area is how the talent strategy is operationalised at, for example, departmental level. This will involve the nuts and bolts of talent management such as identifying who should undertake which development activity; the creation of career paths for an inclusive approach and clarity about the roles of the person being developed; the line manager and the talent or HR professionals.

The focus of this step in the development of a talent strategy is therefore to ensure a 'business' focus for talent. The outcome of this will be talent management activity that is valued by business leaders and as importantly is recognised by members of the workforce as critical to their career progress, engagement and ability to do the job to their full potential.

Examples of how talent strategy can 'fit' with organisational strategy are:

- Talent management activity geared towards the identification and development of leaders with skill sets that reflect specific, future NHS objectives
- Talent management activity aimed at enhancing the skills of existing leaders and managers to manage change processes required in today's NHS operating environment
- Career management for all employees into areas that have been identified as critical for the NHS's future operations
- An Employee Value Proposition that supports the attraction and retention of defined roles in the NHS workforce through career and development opportunities

Figure 4 gives a more detailed example of the process of alignment:

Figure 4
The alignment of organisational goals and talent strategy



In this example, a compelling case for investment in talent strategy would be that it:

- Provides leaders and managers at all levels who are skilled in process improvement; adept at change and agile in outlook as well as being able to deal with day to day care activities in a timely and effective manner
- Provides benefits for patients through better care processes
- And benefits for the organisation as a whole in that investment in talent has enhanced leadership and management skills needed to guide the NHS in the achievement of its objectives
- Provides opportunities for the whole workforce that will contribute to employee engagement
- Which will lead to better retention rates and lower costs of recruitment

The business case for talent strategy in this example would include qualitative benefits such as patient care, employee engagement and employee retention; and quantitative measures in savings through process improvement, the ability to better deploy finances to new areas and costs of recruitment.

The development of a business case is an important part of the talent strategy process and it is best facilitated by an 'outside-in' approach, starting with the organisation's objectives- which can be broad

and apply to the whole of the NHS; or narrow and apply to a specific business unit- and working to align talent strategy in the achievement of these objectives.

- **Step 4. Assessing the demand for talent to align talent delivery with business objectives**

The demand for talent will be determined by the organisation's objectives in both the short and long term and how these have been translated into business objectives.

A key source of intelligence for informing the demand for talent will be the strategic workforce plan which has been defined by the Chartered Institute of Personnel and Development as:

***'A core process of human resource management that is shaped by the organisational strategy and ensures the right number of people with the right skills, in the right place at the right time to deliver short- and long-term organisation objectives.'* (CIPD 2010)**

It is a vital tool for the purposes of assessing the demand for talent since it indicates the direction in which the organisation is going (because the strategic workforce plan is derived from business or organisational forecasts) and from this the likely workforce requirements from both a quantitative and qualitative perspective.

- From a quantitative perspective the workforce plan will show how the numbers of particular types of employee, at the places where they will be working, at a particular time in the duration of the plan, and the level of skills.
- From a qualitative perspective, the type of leader will be identified in terms of level of experience or particular attitudes and behaviours; and the type of employee in terms of skill sets or behavioural attributes.

In a talent strategy that is focused on both leadership and executive roles on the one hand and yet still wants to provide opportunity for a majority of the workforce, demand analysis will have different emphases and the sources will be:

- **Demand for leadership and executive roles**
 - the strategic workforce plan- showing future leadership roles and requirements
 - the succession plan showing successors to specific roles or increasingly for a more generic 'executive' level
 - the 9 box performance / potential model or the maximising potential conversation tool showing possible gaps
 - the creation of strategic projects which show a demand for people who have the capabilities to add value beyond their current roles
- **Demand for more inclusive roles**
 - the strategic workforce plan will show not only specific areas where demand may be increasing (such as the opening of new NHS organisations or the creation of specialist functions) but also more generic skill types such as those who are multi skilled or able to operate in one or more functions
 - the learning needs analysis will show demand for development in either specific skill areas such as the applications of new technologies or more generic 'people management' or 'project management.'

- – the 9 box performance / potential model or MPTC tool will once again highlight organisation wide areas which might include technical specialists who are high performers and are inclined to develop within a function rather than across the organisation
- -New operations; service centres or product/service developments

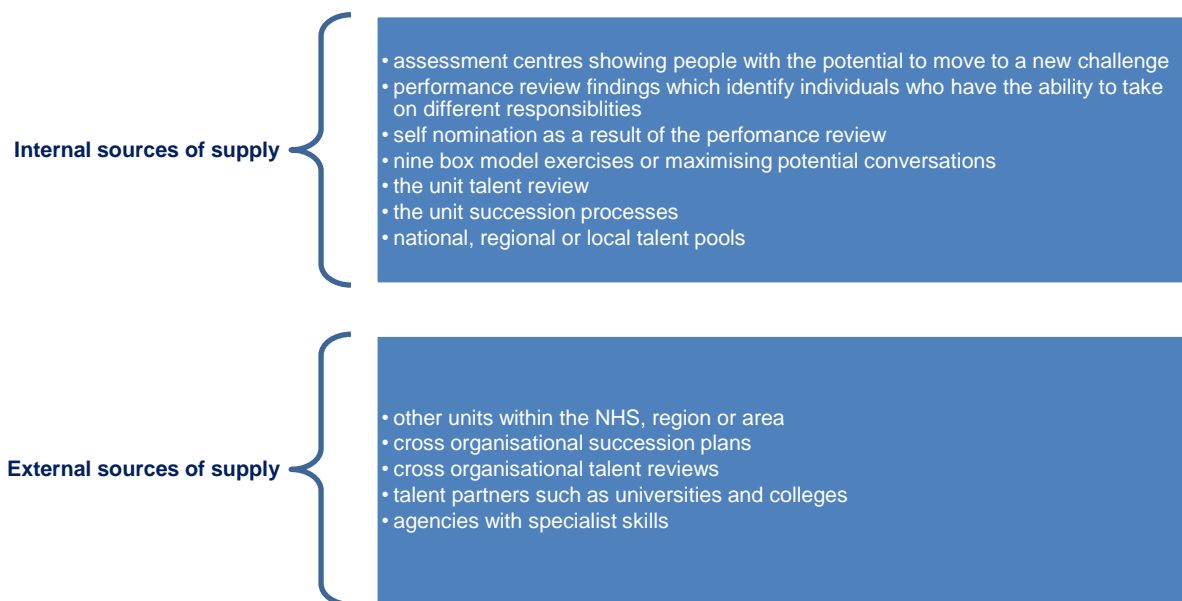
The demand for talent will be analysed in terms of both specific roles and generic skills.

- **Step 5. Assessing the current talent supply and potential**

A key question in the development of talent strategy is ‘from where will we get our talent in future?’ In response to this sources of supply will come from both internal sources through deployment and development or externally through the ability to attract the right people.

Supply also takes place at multiple levels. The first is the most generic and will include ‘leadership positions,’ ‘managers’ or categories of health professionals. The second is for specific roles in the organisation which will either be concerned with vacant posts in the short term or the development of individuals to fill such posts in the medium to long term. Figure 5 shows some of the possible sources of supply.

Figure 5
Sources of talent supply



Intelligence about the supply of talent will come from:

- Internal reviews or assessment centres that will identify individuals who are ready for a move within the specific business unit or in the wider organisation.
- The annual ‘talent review’ which uses a variety of sources to address the questions:
 - Do we have successors for key roles
 - Does our leadership investment meet needs; is it targeted at the right places and the right people
 - Do our development processes meet the needs of the new findings

- Do we have retention plans in place for key people
- Do we have processes for career development that will allow the wider workforce to develop and provide a future supply source
- Exercises such as the 9 box model/Maximising Potential Conversation Tool for assessing performance and potential (e.g. who is 'ready now' for a move or different career challenge)
- External analysis of labour markets which will include local intelligence or for some roles, an understanding of global supply (for example in key medical or technical posts)

It is important to note that the supply of talent is not just a quantitative exercise. The attitudes and behaviours of people will be important; especially during times of transition or change.

- **Step 6. Talent Review and Gap Analysis**

The difference between the demand and supply of talent will be a critical factor in setting the talent strategy. Typically the gaps will be quantitative in the form of numbers to fill identified specific future roles whether they be short or long term; such as Head of ...; Identified generic future roles such as 'leaders who can deliver change' or 'managers who can deliver cross departmental projects' or gaps identified through the workforce plan- retirements, forecast labour turnover etc. The qualitative 'gaps' will include such considerations as 'those with management potential' or 'people who have both technical and managerial skills.'

At NHS wide level the review will focus on leadership or managerial roles whilst at organisational level the review will consider these important groups but will also focus on developing a culture in which talent can flourish at every level. Having analysed the demand for and supply of talent against the requirements of the strategic workforce plan (or business objectives) a talent review can take place. Where this is a formal process involving the executive team then the questions to be raised will include:

- Which are the key roles to which specific attention should be given in the development of a talent strategy?
- Do we have sufficient numbers of people with the right leadership behaviours and capabilities to fill future roles?
- Do we have processes in place to develop future leaders from within the organisation?
- Do our processes ensure diversity and the recognition of the value of difference?
- Is our employee value proposition attractive enough to bring in people from other business units or from outside of the organisation if necessary?
- Do we have processes in place to retain people in key positions?
- Do we have career structures in place to attract and retain people in most of our positions?

The output of the talent review will be agreement about where priorities for the organisation lay in proceeding with the talent strategy that has the buy in of the Executive team, HR and talent professionals. The identification of these priorities will then form the basis of what tools or processes need to be in place and most importantly the level of resource that will be allocated to delivering the talent strategy.

- **Step 7. Developing talent management tools, products and services and aligning talent strategy with the overall HR proposition for deployment, engagement, retention and reward (through the strategic workforce plan)**

Developing a talent strategy will require the delivery of programmes, opportunities and the tools for achieving them. However these will not lead to sustainable success unless it can be shown that ‘there are advantages for the organisation that are credible, discernible and measurable; that Executives in the organisation buy into and commit resources to the approach; that managers within the organisation see advantages for themselves and their areas of responsibility by prioritising people over other factors and that employees believe in the approach and that it will enhance their sense of meaning and fulfilment (Turner and Kalman 2014)

Step 7 in developing a talent strategy therefore is concerned with designing the tools of talent but also ensuring that they are expertly delivered with the right level of resource and support. Some of the principles at this stage of the strategy setting process are:

- Expenditure on development should try to show measurable benefits which can be tangible commercial benefits (such as process or delivery improvement or cost savings through efficiency) or the ‘intangibility of an engaged workforce (and indirect business improvement since the engagement of employees in a continuous learning journey will often lead to them feeling more committed and more likely to stay with the organisation.)’ (Turner and Kalman 2014)
- That the development activity proposed is aligned towards key organisational priorities and objectives.
- That it is linked to individual career aspirations and satisfies a wide range of the workforce.

The delivery of talent management will require a comprehensive set of tools and services that are consistent with the strategic focus needed to achieve the organisation’s objectives. For example if there is a need for long term leadership development to ensure a supply of internal ‘candidates’ for key positions and this is identified as a board level priority, then the focus of this part of talent strategy will be directed towards that aim. If however the priority requires organisation wide buy in to new ways of working, new technologies or innovative processes, then the tools of talent management will have a different emphasis. In reality, most organisations will have a range of talent management tools on which they can draw to align the talent and the business strategy.

The NHS has a rich source of talent management tools and services. These are available at National level through the various supply or partner organisations and at regional or local levels through unit initiatives. There is great benefit in knowledge sharing of talent management experiences and methods in the NHS and this should be part of the crafting of talent strategy (which is, as was noted earlier, a collaborative venture). Figure 6 shows the type of tools, products and services that will need to be developed as part of a talent strategy and the relationship between each of them.

Figure 6- The tools, products and services of talent strategy



The tools of talent management will satisfy the needs of those in leadership and executive positions and those having been identified as high potential but will also address the needs of the wider workforce through such things as well-crafted approaches to career management.

In the former category would be included formal Leadership and development programmes; executive coaching and heading up or membership of strategic projects. For the workforce as a whole the talent strategy would include the creation of career paths and the provision of career counselling; performance coaching that goes beyond the remedial and skills development through training and development opportunities.

One of the challenges at this stage in the process is to ensure that the tools of talent are integrated with the tools of management of the organisation as a whole. Delivery of a talent strategy will depend not only on having an outstanding strategy but excellence in delivery of the strategy when it comes to local application. To achieve this goal will require the involvement of leaders and managers at all levels of the organisation. This should be at both design and delivery stage.

The critical success factors at this stage will be the right level of resource allocation; agreement of consistent policies across the organisation in respect of the objectives of talent strategy and in parallel a consistency in approach.

- **Step 8. Gaining buy in of the Senior Executive and Management Team**

The support of the Executive or Senior Management team will be critical to the success of the talent strategy and it is a critical part of the crafting and implementation process. The objective at this stage is to ensure that talent becomes a high priority; to promote recognition that talent impacts on every

At the highest level the senior executive and management team aren't just in the business of signing off a talent strategy, some processes and allocating resource. Instead, they are in the business of creating a culture that favours both the highest levels of performance but also the highest level of opportunity.

decision that is made and that mobilising and developing talent is a strategic priority.

At the highest level the senior executive and management team aren't just in the business of signing off a talent strategy, some

processes and allocating resource. Instead, they are in the business of creating 'a culture that favours both the highest levels of performance but also the highest level of opportunity.' (Turner and Kalman 2014) This requires insight about the importance of championing and facilitating the development of talent at all levels. How this is achieved is once again contextual and will depend on the specific circumstances of the NHS Unit.

There are a number of ways in which this can be achieved by:

- Creating an understanding of the essential nature of talent to the delivery of the organisation's success. This will be achieved by creating an effective business case for talent, as discussed earlier but also by developing a 'boardroom presence.' Such a presence will come about when those discussing talent strategy are fluent in the organisations strategy and understand how the two interrelate; by building a compelling case for talent and by demonstrating confidence that those responsible for the talent strategy will be able to deliver once it is agreed. (Conger and Lawler 2010)
- The Chief Executive Officer becomes Chief Talent Officer and acts as the prime advocate of talent strategy
- Regular dialogue at Executive level about the progress of the talent strategy as a whole; about the development of people for key roles; about potential successors- not just at board level but also further down or across the organisation and about the provision of career management and engaging roles for the majority of the workforce.
- This might be achieved by having an agenda item on Executive Committee or Board meetings specifically related to talent
- The provision of business metrics to show the contribution made by talent strategy to organisational performance

One of the key success factors for the delivery of an effective talent strategy will be the buy in of the executive and managerial teams. It is therefore important that those developing the strategy recognise this point; build in time to engage the team and provide insight into why the executive should champion talent.

- **Step 9. Gaining workforce buy in**

Clearly defining talent and communicating this to all employees is a desirable objective for the successful outcome of talent strategy. This approach should ideally replace the position of keeping employees unaware of the fact that they are regarded as talent or of the development options open to them. Such an approach can have a negative effect on the employee and on overall performance. (Sonneberg et al 2014)

The engagement of the workforce in the aims and objectives of talent strategy therefore will be as critical as any other part of the process. On the one hand members of the workforce who believe that opportunities for career and skills development are in place and accessible are likely to be engaged in what the organisation is trying to achieve. Buy in of the workforce will therefore have a knock on effect that is beneficial both to the individual and the organisation. The opportunities created by the development of a talent strategy will therefore constitute part of an overall employee value proposition or ‘the entire employee “experience” from their rewards and benefits, to the opportunity for career development and also the more intrinsic elements of management style, work environment and culture.’

There are a variety of ways in which the workforce as a whole can be engaged and buy in to the talent strategy:

- The provision of tools whereby employees can plan and monitor their own development (such as personal development plans)
- Training line managers in the benefits and processes of talent management and ensuring that ‘talent management’ becomes part of ‘management’
- Integrating talent management opportunities into the performance management process
- Or having career conversations on a regular basis so that the employee has a voice and the organisation has recognition of development needs
- The provision of clear and transparent career paths for all roles
- An assessment process that includes a commitment to self- development

Recognition of the need to include the workforce as a whole in talent management and the provision of processes to ensure that they are aware of and have access to the tools of talent management will be critical to its success.

- **Step 10. Ensuring measures of effectiveness and means of reporting them**

The measures that could be used in order to track, manage and demonstrate the effectiveness of talent strategy cover a variety of areas (see Insight 1). The importance of measures of effectiveness comes about because of the growth of evidence based HR and the necessity to show value added in HR activities. The CIPD’s ‘RAM’ approach (CIPD 2013) Relevance, Alignment and Measurement is a useful guide to developing the process. The type of information that could be included as part of ‘talent intelligence’ covers:

- Process advantages- difference in the cost of talent management against cost of recruitment or the better alignment of individual resource allocation against organisational objectives and KPI’s
- Tangible internal benefits such as availability of talent to deliver business strategy or to increase success in achieving project outcomes
- Intangible internal benefits such as the better strategic focus or better succession management and:
- External benefits such as an improved corporate reputation and better external stakeholder relations

As well as the need to have a coherent process for the development of a talent strategy, it will also be important to have some clarity about the roles and responsibilities for its delivery.

Conclusion

The above narrative has emphasised the need for a structured approach in developing a talent strategy in the NHS and has outlined the principles and steps that might be used to achieve this. At each step, there will be roles, responsibilities and outcomes for each of the groups of stakeholders.

The development of a talent strategy will be a major contributor to building capability in the NHS in both the short and long term. Much work has already been done and this will provide a solid foundation on which a talent strategy can be built.

The challenge will be to ensure that this is aligned to the achievement of the NHS goals, whether they be nationwide or related to operating units. To support this, a talent strategy that has the full involvement of the Executive team and senior managers, has support in its implementation from line managers and is joined up with other people management policy and practice is the goal.

The structured approach outlined in this insight provides some of the methodology to facilitate strategy development. However it is important to note that different units will be at different stages in their approach to strategy and any process must therefore be adaptable. The guiding principles and ten step process has been designed with this thought in mind.

Having developed a strategy, it's also important to ensure that progress is tracked and measures of effectiveness are put in place and monitored.

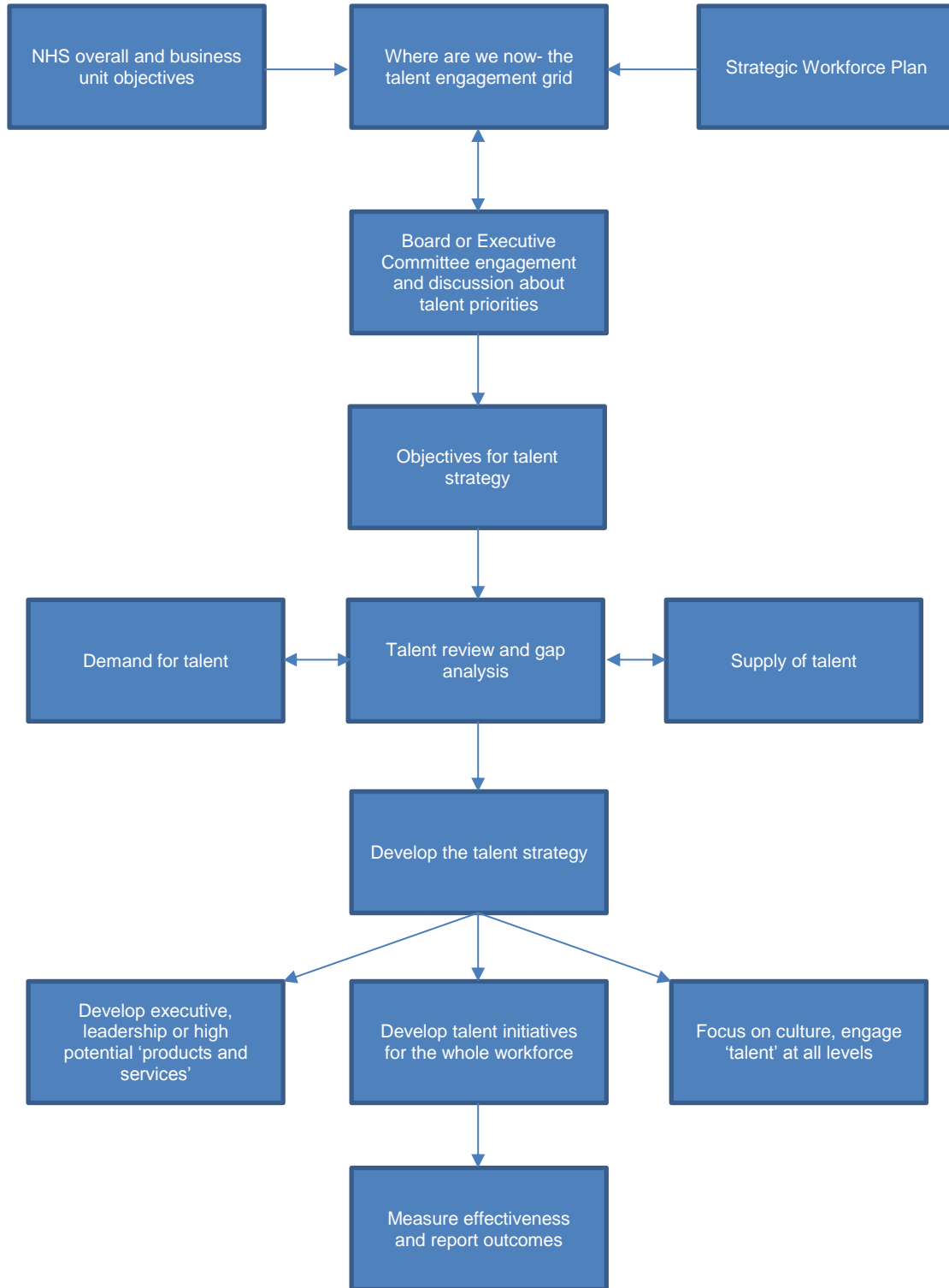
Appendices 1, 2 and 3 include a series of templates that can be used to identify some of the actions necessary to achieve a talent strategy against each of the four principles. The templates are intended as guides and it is expected that each of the units developing a talent strategy will modify or add to the actions depending on where they are in their evolution.

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Appendix 1

Talent Strategy on a Page



Appendix 2

Templates to support the development of a Talent Strategy in the NHS

- A template for Executives and Senior Managers

	Gaining Commitment	✓ X	Providing Information and Insight	✓ X	Excellence in Implementation	✓ X	Engaging the workforce in talent strategy	✓ X
Executive Team and Senior Managers	<p>Step 2. Including Talent as a high level agenda item at Executive Team meetings</p> <p>Step 3. Agreeing organisational Objectives and communicating to HR/ Talent Professionals</p> <p>Step 3 and Step 7. Undertaking a succession management process and identifying successors to 'mission critical' roles</p> <p>Step 3 and Step 7. Succession Management for key or developmental roles</p>		<p>Step 8. Chief Executive emphasises importance of talent initiatives to achieving objectives and acts as 'Chief Talent Officer'</p>		<p>Step 7. Identifying resources to be allocated to delivery of talent strategy</p> <p>Step 7. The identification of strategic projects for talent development</p>		<p>Step 8. Talent objectives included in Management Meetings and reviews</p> <p>Step 9. Executive Team act as Champions of talent strategy</p>	
Additional Business Unit actions								

○ A template for Line Managers

	Gaining Commitment	✓ X	Providing Information and Insight	✓ X	Excellence in Implementation	✓ X	Engaging the workforce in talent strategy	✓ X
Line Managers	<p>Step 4 and Step 5. Providing input to talent strategy and decision making process by identifying future talent needs</p> <p>Step 5. Identifying high potential members of the team</p>		<p>Step 9. Supporting purpose of talent strategy and explaining it in the context of the management unit</p>		<p>Step 5. Identifying high potentials</p> <p>Step 7. Undertaking career reviews and career conversations with all members of the team</p> <p>Step 9 Undertaking performance appraisal and reviews with a recognition of the importance of developing the workforce to its full potential</p> <p>Step 9. Providing coaching and guidance to team members on career and development opportunities</p>		<p>Step 9. Communicating talent strategy and indicating implications for team members</p> <p>Step 9. Providing monthly updates on progress of talent strategy</p> <p>Step 9. Giving employees a voice in their own development</p>	
Additional Business Unit actions								

○ A template for HR Professionals

	Gaining Commitment	✓ X	Providing Information and Insight	✓ X	Excellence in Implementation	✓ X	Engaging the workforce in talent strategy	✓ X
HR Professionals	<p>Step 1. Facilitation of the TM engagement matrix</p> <p>Step 4 and Step 5. Completing the Strategic Workforce Plan</p> <p>Step 2 and Step 3. Ensuring that talent considerations are taken into account in organisational design and development</p>		<p>Steps 2 and 3. Interpreting business objectives into people management and TM objectives-including diversity objectives</p> <p>Step 10. Tracking and reporting of talent management activity</p>		<p>Step 7. Supporting talent objectives in recruitment, onboarding, reward, recognition, employee engagement and Employee Value Proposition policies</p> <p>Step 7 and Step 9. Facilitating secondments within and between units for developing talent</p>		<p>Step 7 and Step 9. Developing an Employee Value Proposition that includes talent management activities</p>	
Additional Business Unit actions								

○ A template for Talent Professionals

	Gaining Commitment	✓ X	Providing Information and Insight	✓ X	Excellence in Implementation	✓ X	Engaging the workforce in talent strategy	✓ X
Talent Management Professionals	<p>Step 1. Completion of the TM engagement matrix</p> <p>Step 2. Engaging the Executive and Senior Management team in the process of talent strategy through a 'case for talent'</p>		<p>Steps 4 and 5 Developing information on talent supply and demand from internal and external sources</p> <p>Step 6. Facilitating the talent review process and gap analysis</p> <p>Step 10. Developing and agreeing measures of effectiveness for talent strategy</p> <p>Step 10. Developing processes for the tracking and reporting of talent management activity</p>		<p>Step 7. Ensuring a coherent approach in all aspects of attracting, developing and managing talent through regular dialogue with HR professionals</p> <p>Step 7. Competency profiles in line with talent strategy</p> <p>Step 7. Leadership and Management development programmes support talent strategy</p> <p>Step 7. Coaching and mentoring processes in place</p> <p>Step 7. Developing career management pathways and tools</p>		<p>Step 9. Developing talent and career development tools that are accessible</p>	
Additional Business Unit actions								

Appendix 3

The Structure of the Talent Strategy Report

1. Context and Purpose

What is the context of the talent strategy; why are we doing it; what is happening in the unit that has made this a priority?

2. Talent Objectives

What are the implications of the business objectives on our leadership roles; what are the implications for the development of talent at all levels; what are the priorities?

3. Talent Review

Where are we now; what are the key findings from the analysis of demand and supply; what are the findings from the strategic workforce plan; where are the strengths in our talent; where are the gaps; where are the hot spots?

4. Talent Strategy

How can we deliver the requirements of the succession plan; what development options do we have; what are we going to do to deliver leader development and a leadership culture; how do we identify our future leaders; what are our plans for developing managers; how can we ensure that we enable the maximum potential from the whole of the workforce through talent management. Do we have a range of leadership, management and whole workforce 'programmes' or opportunities?

5. Stakeholder plan for implementation

Who are the main stakeholders in delivering a talent strategy; what information/intelligence do they need; how are we going to communicate the strategy to them; what do they need to do to make it successful?

6. Budgets, Resources, Measures and Benefits

Is the talent strategy costed and resourced; is it clear from where the budget will come; who has responsibility for identifying this; has a business case been put together?

7. Project Planning and Reporting

Has a project plan been prepared showing key deliverables and timescales; how will progress of the strategy be monitored; how will, progress be measured; how will this be reported, when and by whom?