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The New Business of Business Leaders: Talent Management

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Introduction

We live in an age when people are the business differentiators that power innovation in design, IT, supply chain, process, training, networking, communication, content, and everything else. People make the difference, and talent management is the business strategy to maximize that difference. Talent intelligence provides the information you need to truly know who is driving your organizational success and how to unlock the power of your people.

Who provides the key to unlock that power? You. You are the line-of-business leader who hires the talent, makes the talent productive, develops the talent, moves the talent around, pays the talent, and manages performance. As a business manager, you are the one who makes the talent decisions every day that lead to business success.

Over the course of this five-part white paper series, the role of business leaders in driving talent management functions is explored, with a particular focus on the tools and approaches that will make them successful. Other papers will address hiring and onboarding, learning and development, retaining and growing talent, and performance management and compensation. This paper addresses talent management and the importance of it to business leaders.

Talent Practices That Fuel Business Success

In the new millennium, leading business organizations are capturing data about people, turning it into actionable information, and making business personal. From solutions for customer relationship management (CRM) and targeted consumer advertising to solutions for internal career Websites and performance reviews, the use of software to know people at a personal level has been proven to drive business success. This personally focused business intelligence is the basis for billions of transactions and decisions by millions of people around the world.

As individuals, we move through a consumer world fueled by constant innovation. We Skype on our iPads with old college friends we found on Facebook. We record high-definition videos on smartphones and share them on YouTube with the click of a button. We order billions of dollars of merchandise through eBay based on a seller's reputation, and billions more from Amazon based on Amazon's recommendations. In the workplace, 80 percent of company valuations are now made up of intangible assets created by individuals working as teams—know-how, patents, unique intellectual property, secret sauces, and innovative ingredients.

How important is your role in managing talent? Organizations characterized by a tight alignment between human resources (HR) departments and lines of business earn more than twice the revenue per employee as those organizations where HR and business run separately.[1]

On a more personal level, your success or failure in driving key talent functions is the single biggest contributor to your success as a leader. In fact, a recent study by Corporate Executive Board found that executives who focus on their "talent management strategies … generate as much as a 7 percent boost in revenue and profit performance over their less talent-focused peers."[2]

Hiring and Onboarding

As Jack Welch famously noted, "the team with the best players wins." As a business leader, you are only as good as the team you lead. Hiring the right people can make the difference between success and failure, and between mediocrity and greatness. The right hire can be a force multiplier on a good team or the beginning of a rebuilding effort on a weak one. Of course, quality of hire doesn't mean much if you have positions that remain unfilled for months at a time. Balancing quality of hire with the speed of hiring is a key issue for line-of-business leaders. Smart leaders are also actively involved in

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[1] Bersin & Associates, Karen O'Leonard, "The HR Factbook 2011: Benchmarks and Trends in HR Spending, Staffing and Resource Allocations," June 28, 2011.

[2] Corporate Executive Board, "Becoming a Talent Champion: Refocusing Executives on the Five Talent Activities That Matter," March 28, 2011.

crafting job descriptions, providing context and color around the job requirements, and sharing recommendations regarding sourcing strategies.

Once you've secured a commitment from a new hire, a quality onboarding program can prevent new hires from quitting quickly and reduce time to proficiency. Reduced time to proficiency means more product developed, more services delivered, more orders filled, more deals in the pipeline, and more marketing activity. Managers rely on HR to onboard new hires, but leaders recognize that meaningful onboarding happens through the creation of connections between new hires, peers, and the broader organization. It is primarily by interacting with existing team members that new hires experience accelerated goal alignment with existing initiatives, immediate education and training for new business systems and processes, and direct knowledge sharing.

Learning and Development

Another key talent management skill is the ability to grow and develop your team. Often this growth is in response to changing business conditions, new business strategies, or competitive pressures. Other times, it's more proactive and designed to support employee career aspirations, mastery of a particular domain or skill, or prerequisites of succession planning. Whatever the cause, leaders who consistently develop high-quality teams are often highly regarded by peers and by C-level executives, most of whom now recognize that "the most significant contribution leaders make is not simply to today's bottom line, (but) to the long-term development of people and institutions, so they can adapt, change, prosper, and grow."[3]

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—**Barry Z. Posner and James M. Kouzes,** *The Leadership Challenge*

Succession and Career Planning

Although an investment in the growth and development of team members provides value to your area, it's also valuable to the organization as a whole. Leaders who address succession, career planning, and talent mobility with data and foresight have a ready supply of successors groomed by strong talent development efforts. Such leaders contribute talent across departments and geographies, enabling the organization to more rapidly fill business needs. Business leaders who can effectively balance business objectives with talent mobility strategies are more highly regarded by both senior executives and peers.

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[3] Barry Z. Posner and James M. Kouzes, *The Leadership Challenge*, August 3, 2007.

Performance Management and Compensation

The quality of your team members and how quickly they contribute to your success are critical concerns, but the ongoing performance of your team is the key barometer for your own personal evaluations by upper management and your peers. Goal alignment, frequent performance reviews and coaching, and compensation and reward strategies are your main tools to drive performance. When done right, these talent management strategies can have a dramatic impact on revenue. High-performing teams have been shown to generate as much as 30 percent more revenue per full-time employee than average teams, and significantly better returns on assets, investment, and equity.[4]

Key Enablers to Support Talent Management for Business

Your tool for talent management success is talent intelligence—data, insight, and decision support at the point of action.

Data

With Google, Facebook, and LinkedIn, we live in a world of instant access to information about people. Unfortunately, business-relevant talent data is often not readily available inside the business. In fact, many managers can find out more about their candidates and employees through online searches than they can through work systems.

Successfully managing talent depends on the capture, aggregation, and consolidation of relevant personal data into one common profile and one data set. Talent profiles need to include prehire data such as work history, previous roles, and accomplishments; core HR data such as job role, pay grade, salary, and reporting relationships; talent management data such as performance review history, flight risk, potential, goals, and career aspirations; and social data from sites such as LinkedIn or supplied directly by the employee. More data means better talent decisions and an improved ability of business leaders to realize their missions.

Insight

Although data itself can be powerful, particularly the right data, it's equally important that business leaders get support in connecting the dots. Managing talent is a means to an end for business professionals, not a core job function, as it is for HR. Tools and interfaces that help leaders develop insights from the data are essential. For example, business leaders can't be expected to correlate multiple reports to determine flight risk for employees assigned to critical projects with no identified successors. Nor should they be expected to separately search for skills and competencies they need

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[4] Mark E. Van Buren and Jon M. Werner, "High Performance Work Systems" *Business and Economic Review,* October-November-December 1996.

among employees and candidates. Talent software tools should provide these insights by weaving together the relevant data elements that help managers make more-informed decisions.

Decision Support

Key in real-time decision support for leaders is to have the above-mentioned insights available in an embedded interface. Equally important are analytics that enable leaders to see meaningful connections between seemingly unrelated talent management data points, such as the following examples:

- "Programmers with a background in classical music are some of our most innovative contributors."

- "New hires who do a rotation in the call center outperform their peers in customer satisfaction metrics."

- "John's performance reviews and work history make him the perfect candidate for a leadership role in a new division."

Decision support data for leaders also must be available in context and on the workflow media that leaders use—e-mail clients, iPads, and related business systems. As much as possible, talent insights and the resulting actions should be presented to business leaders on their terms. Processes, workflows, and data must be adapted to meet a leader's needs rather than the reverse. Ultimately, talent intelligence for business leaders is about delivering insight at the point of action.

Conclusion

With ever faster business cycles and a growing awareness of the value of talent to business success, business leaders are driving more core HR functions than ever before. For innovative leaders, talent management has become the new business of business. Furthermore, study after study validates that this closer alignment drives performance, profit, and shareholder returns—while also fueling the careers of talent-focused leaders.

The availability and quality of talent intelligence—employee data, insights, and decision-support tools—is the key enabler of business-led talent management. Business leaders are important stakeholders in decisions regarding talent management, and they have a vested interest in the related software solutions. Given their increasing role in critical talent management functions, it's only natural that business leaders must have more say in selecting solutions that address real business needs.

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Oracle Corporation
World Headquarters
500 Oracle Parkway
Redwood Shores, CA 94065
U.S.A.

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200

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