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Talent management: an overview

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What is talent management?

Wide variations exist in how the term 'talent' is defined across differing sectors, and organisations may prefer to adopt their own interpretations rather than accepting universal or prescribed definitions. That said, it is helpful to start with a broad definition and, from our research, we have developed a working definition for both 'talent' and 'talent management':

- **Talent** consists of those individuals who can make a difference to organisational performance either through their immediate contribution or, in the longer-term, by demonstrating the highest levels of potential.
- **Talent management** is the systematic 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.

These interpretations underline the importance of recognising that it is not sufficient simply to attract individuals with high potential. Developing, managing and retaining those individuals as part of a planned strategy for talent is equally important, as well as adopting systems to measure the return on this investment.

More organisations are also now broadening their definitions, looking at the 'talents' of all their staff and working on ways to develop their strengths (see 'inclusive versus exclusive approaches' below). At its broadest, then, the term 'talent' may be used to encompass the entire workforce of an organisation.

The changing context and business case

Expansion of talent management

During the late 1990s, management consulting firm McKinsey coined the phrase the 'war for talent' as part of its research identifying talent management as a critical business challenge¹.

The concept of talent management has in recent years evolved into a common and essential management practice and what was once solely associated with recruitment now covers a multitude of areas including organisational capability, individual development, performance enhancement, workforce planning and succession planning². More information on these topics can be found in our other factsheets.

- [Go to our performance management factsheet](#)
- [Go to our management development factsheet](#)
- [Go to our recruitment factsheet](#)
- [Go to our reward and pay factsheet](#)

According to our 2012 *Learning and talent development* survey, more than half of employers deploy talent management in their organisations. Talent management programmes may include a range of activities such as formal and informal leadership coaching, networking events and board-level and client exposure.

- [Visit our Learning and talent development annual survey](#)
- [Visit our Resourcing and talent planning annual survey](#)

Business case for talent management

Related resources

Podcasts

- [Strategies for attracting and retaining talent - podcast episode 24](#)
- [Reward - podcast episode 5](#)

Factsheets

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Survey reports

- [Resourcing and talent planning 2011](#)
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Books

- [Bookstore - Tapping into Talent : The age factor and generation issues](#)
- [Bookstore - Talent: Strategy, Management, Measurement](#)

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Networking and events



The business case for taking a strategic approach to talent management is strong and persuasive. CEOs as well as HR directors are now likely to number talent management among their key priorities. Our research demonstrates that the forces driving the increased interest in talent encompass a potent mix of external supply issues and internal organisational demands such as increasingly competitive global markets, skills shortages, demographic trends and corporate governance and business strategy.

In order for organisations to gain competitive advantage, they need to develop a strategic approach to talent management that suits their business and gets the best from their people. The value of a tailored, organisation-wide talent management strategy is that it provides a focus for investment in human capital and places the subject high on the corporate agenda. It can also contribute to other strategic objectives, including:

- building a high performance workplace
- encouraging a learning organisation
- adding value to the 'employer of choice' and branding agenda
- contributing to diversity management.

In 2010, our research among organisations that operate distinct talent management programmes (or pools) for key high-level or high-potential staff, focussed on participants' experiences and perceptions of being 'talent-managed'. The findings clearly illustrate the positive results that may be achieved by talent programmes, with a large majority of participants agreeing that membership of such programmes has positively impacted on their engagement at work.

- [View our report *The talent perspective: what does it feel like to be talent-managed?*](#)

Features of a talent management strategy

Key issues when developing a talent management strategy include the following.

Alignment to corporate strategy

Ensuring that the talent strategy is closely aligned with the corporate strategy must be a priority. Strategic analysis from the business perspective should feed into an HR forecast, which can help shape an organisation's tailored approach to talent management.

More information on workforce planning to meet business needs, including identifying skills needs for key or specialist resources to support business strategy, can be found in our guide *Workforce planning: right people, right time, right skills*.

- [View the guide](#)

Inclusive versus exclusive approaches

Some organisations adopt an inclusive approach to talent management creating a 'whole workforce' approach to engagement and talent development. Others develop a more exclusive focus segmenting talent according to need, that is, the talent management process specifically relates to key or high-potential individuals.

Often a blended approach is used in practice, as noted in our Talent perspective report (see above), with attention paid to employees as a talent group as a whole but with special focus given to a particular core group or groups of employees.

Regardless of which approach organisations adopt, fairness and consistency must be applied in all talent management processes, alongside diversity considerations. According to our research in this area, however, employers do not invariably adopt 'joined-up' approaches linking their talent management programmes with their diversity policies and activities, meaning that they are failing to reap the benefits of accessing and developing talent from the widest possible pool.

- [View our report *Opening up talent for business success: integrating talent management and diversity*](#)

Involving the right people

Careful consideration needs to be paid to involving the right stakeholders in developing the talent management strategy and associated activities.

Participants

A key initial consideration for employers is how to select participants for formal talent schemes. Our research shows that the existence of structured selection processes serves to increase the perceived value of talent programmes and the motivation of participants to perform. For those not selected, by contrast, the negative effects of being 'passed over' are not as detrimental as might be feared, particularly if individuals are provided with sensitive and practical feedback.

Once participants have completed talent programmes, there is a need to maintain dialogue with and between these individuals, by means such as ongoing networking structures, as sometimes participants express frustration that the career development opportunities associated with the talent management process do not immediately materialise.

Managers

Visible senior-level support is a must, and a 'talent panel' is a useful means of ensuring the involvement of directors and senior management, especially when it has representation across the organisation. Line managers must take responsibility for managing performance and for identifying and developing talent in their

own areas, but also need to be encouraged to see talent as a corporate rather than a local resource – see our factsheet on the HR role of line managers.

- [Visit our factsheet on The role of line managers in HR](#)

HR function

HR specialists have an important role to play in providing support and guidance in the design and development of approaches to talent management that will fit the needs of the organisation. Our research shows that HR is perceived as playing a critical role in facilitating talent pools and programmes and in maintaining the momentum of such exercises.

If organisations choose to implement formal selection processes for talent pools, the HR function additionally has a major role to play in ensuring that the selection criteria are applied consistently, as well as developing a planned strategy for those who are not accepted to be part of the programme.

Focusing on the talent management loop

It is also important to focus attention on the four areas of the talent management loop, that is, attracting, developing, managing and evaluating talent.

Attracting talent

The ability to attract external talent depends upon how potential applicants view the organisation, the industry or sector in which it operates and whether they share the values of that organisation. The creation of an attractive employer brand is an important factor in recruiting external talent. More information can be found in our factsheet on this topic.

- [Go to our employer branding factsheet](#)

Developing talent

Talent development should be linked to other learning and development initiatives including both informal as well as formal learning interventions. Participants on talent management programmes tend to value coaching, mentoring and networking particularly highly, especially according to our research, the opportunity to meet senior people in the organisation.

Managing talent

Investment in management and leadership development will positively impact on talent retention. The process of succession planning in particular helps many organisations in identifying and preparing future potential leaders to fill key positions, while secondments may also play a useful role. For more information, see our factsheets on those topics.

- [Go to our factsheet on succession planning](#)
- [View our factsheet on secondments](#)

Tracking and evaluating talent management

Evaluation of talent management is difficult, requiring both quantitative and qualitative data that is valid, reliable and robust, but necessary to ensure that the investment is meeting organisational needs. One method could involve the collation of employee turnover and retention data for key groups such as senior management postholders or those who have participated in high-flyer programmes.

- [Go to our factsheet on employee turnover and retention](#)

More information on how employers can measure the value of human capital can be found in our factsheet on that topic.

- [View our factsheet on human capital](#)

Ultimately, organisational success is the most effective evaluation of talent management.

Implementing an effective talent management strategy

Our research report *Talent: strategy, management, measurement* provides a number of overall insights to consider when setting up and developing talent strategies, for example the need to develop processes to track the performance and progress of those identified as talent.

- [Find out more about the research report](#)

CIPD members may also use our practical tool to help implement talent management in their organisations.

- [Visit our tool Talent management: design, implementation and evaluation](#)

Additionally, our 'Shaping the future' research warns organisations about the dangers of 'talent tunnel vision' that focuses purely on the needs of the 'here and now' rather than actively building capability and capacity for the future. The implementation of talent management is a dynamic process that must be continuously reviewed to ensure that organisational requirements continue to be met in the light of changing business priorities.

- [Visit our Shaping the future report](#)

Talent management in a difficult economic climate

Our *War on talent?* and *Fighting back through talent innovation* research shows that most organisations

believe talent management is more, not less, important during periods of economic uncertainty. Talent management is perceived as a key survival strategy to differentiate organisations from their competitors and position them to benefit from the eventual improvements in business and consumer confidence.

- [Go to the War on talent report](#)
- [Visit the Fighting back through talent innovation report](#)

The recent financial crisis has also caused a number of organisations to challenge traditional notions of leadership and seek leaders, and emerging leaders, who are 'authentic', 'ethical', 'trusted' and able to engage and lead in both good and bad times. More information can be found in our factsheet on that topic.

- [Go to our leadership factsheet](#)

Future talent strategies

Together with a range of expert collaborators, CIPD has been exploring what strategies organisations need to adopt in response to current and future macro and micro challenges. Our six part series examines:

- the new global talent realities
- talent and changing values
- talent clusters
- talent measurement insight
- talent partnerships throughout and beyond the organisation
- talent sustainability coming out of the recession.

It is crucially important that organisations not only respond to current talent challenges but actively scan the horizon, anticipate future challenges and opportunities and develop pipelines of talent for the future.

- [Visit the Talent Forward series](#)

CIPD viewpoint

HR specialists have an important role to play in providing support and guidance in the design and development of approaches to talent management that will fit the needs of the organisation. They need to have a proper understanding of the key challenges facing the organisation in attracting, recruiting, developing and retaining highly-talented people to meet immediate and future strategic objectives and business needs.

Participants in formal talent programmes or pools, often the highest-performing employees across the business, tend to be keen to continue to meet and network beyond the programme. Organisations, and especially HR, should develop ways to manage this and to get the most out of groups that have participated in talent programmes.

The current uncertain economic climate makes the effective and strategic management of talent more, rather than less, important. Whatever the economic backdrop, it is likely that organisations will continue to prioritise recruiting and identifying, developing and managing those talented and high-potential employees who are key drivers of continuing business success.

References

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2. MCCARTNEY, C. and GARROW, V. (2006) *The talent management journey*. Research reports. Horsham: Roffey Park Institute.

Further reading

Books and reports

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Journal articles

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