

## What is this thing called talent?

Talent is a major issue for organisations and is the subject of hundreds of books, articles, conferences and discussions. But unfortunately, in these discussions not everyone is talking about the same thing.

McKinsey defines talent as the sum of a person's abilities, *The Economist* says it's brainpower, others say it's leadership, and still others talk about it as the possession of emotional intelligence.

Talent is commonly defined as people "having the right stuff", but in his book *High Flyers*, Morgan McCall comments that "Executive leaders demonstrate that they have the right stuff by amassing a track record of performance under difficult circumstances (but that is only) determined *after* remarkable performance has been achieved." The first problem with this approach is that one can't be sure who has talent until a lot of water has gone under the bridge. And the definition is an exercise in circular logic. As McCall puts it, "The right stuff is whatever it needs to be to explain a result."

The basic flaw in this sort of definition of talent is that "you will recognise talent when you see it". Unfortunately, the philosopher David Hume pointed out 250 years ago that beauty is in the eye of the beholder – i.e. you see what you *want* to see. We need to be much more specific.

What none of these definitions talk about is what is at the heart of talent and talent management – potential. Talent is not just about having the brainpower, the knowledge, the experience, the skill or the mental and physical characteristics to do something currently; it's also about the potential to do something different, or of a higher order of difficulty and complexity, in the future. Only one side of talent

concerns the present. The real payoff is the future: the achievements to which an individual has the potential to rise.

Chris Watkin, the head of talent management at Hay Group, says "The ability to recognise and nurture both the short and long-term potential of employees is essential, yet organisations are failing to do this. The key is to ask a deeper question, not just about potential, but potential *for what?*"

Talent has two components: ability (current performance) and capability (potential performance). Ability is about the now; capability is about the future. Both can be observed, tested and measured. Observability and measurability are essential to any objective discussion of talent; if you can't see something and you can't measure it, then how can you be expected to recognise, let alone evaluate, it? Capability requires a bit more effort to observe, test and measure than ability simply because it involves progressive testing and measurement over time.

One of the potential pitfalls of talent management systems and programmes is to view talent as something that can be freely transferred from one job or situation to another. We don't naturally assume that a skilled violinist can also become a skilled trombonist. It's not impossible, but it's relatively unlikely. But we tend to assume that a manager who is effective at Job A will be as effective at managing job B. However there are a whole range of factors which affect success in a job. Research which we conducted in a

company operating across Europe illustrates this point.

The company in question wanted to determine which of its managers had the potential to be promoted to the next level. It arranged to have about 500 middle and senior managers complete a battery of diagnostic questionnaires under controlled conditions. These included IQ, personality, skill and behaviour measures. On the basis that the skills, ability, preferences, and behaviour that lead to high level performance are situational, we carefully segmented the individuals by function, job type and organisational level and, by conducting a gap analysis between their current profile and the profile required for the next step up, were able to identify with 85% accuracy who would be successful at a next level job – within their functional area.

The key to the success of the research was the understanding that talent can only be defined in terms of specific contexts. When the 500 managers were treated as a non-differentiated, homogeneous group no valid predictions could be made. What the research made very clear was that talent in one functional area of the company was not generally transferable to another functional area. People who were talented finance managers were not successful in marketing, etc. Nor were talented managers in one country unit necessarily able to perform at the same level of competence in a different culture.

Talent is *the ability and the capability to do something well*. Using that

definition enables organisations to create structures and processes that enable specific people to discover and exploit their specific capabilities to the greatest personal and organisational benefit.

Robin Stuart-Kotze  
Senior Advisor

## strategy people performance

Penumbra is a strategic business consultancy. We bring clarity by using research to drive understanding and direction. We deliver success by balancing experience and innovative thinking.

Whatever your aspiration, we'll provide the tools, information and analysis to turn your strategy into operational reality, in a way that motivates your people to outperform the market.

### Overview

As a strategic business consultancy, our expertise is in helping our clients executing strategies and delivering results.

We achieve this by combining a robust management planning system with a focus on people which drives alignment and commitment

We work in partnership with talented and committed leadership teams to help organisations build corporate value with a wide range of customised, cross-functional advisory programmes and services delivered from four complementary service groups:

#### Strategy

(Development, formulation, implementation and alignment)

Our innovative **Penumbra Balance** approach creates dynamism, drives and sustains momentum and makes strategy real for stakeholders

#### Organisational Development

(Behavioural issues)

We call our holistic approach **Balanced Motivation** which encompasses activities that improve performance both for the organisation and the individual

#### Research and Insight

Our stimulating **Clarity** approach draws on our business consulting skills to deliver a mix of business analysis and market research which

provides compelling insights for winning decisions.

#### Operations

The Operations practice brings all of our hands-on practical experience to bear on execution and delivery of results.

Our technology enabling approach called **Totality** facilitates business focussed services and solutions, aligned to business needs, for people, processes and tools.

#### Why Us?

Organisations turn to us when they:

- Want to find a new strategic direction
- Have created a strategy and now need to execute it
- Need to drive more value from existing initiatives
- Have a big issue to resolve, usually dependent on lasting employee buy-in
- Need to explore new ways to drive value
- Need a breakthrough result
- Are seeking measurable results

#### Our Experience

We have real world experience spanning 20 years with our clients. This includes working with:

BP, Citibank, Morgan Chase, WestLB, RBS, UBS, Bankers Trust, Kleinwort Benson, Coutts, Natwest, Intel, Nokia, Adobe, Kall-Kwik, Glaxo Smith Kline,

Dupont, Pfizer, Savills, British Council, Clifford Chance, British Airways, Gillette, Unilever, Shell, Volvo, Vauxhall, British Gas, TradeStation, MWB Business Exchange, Investors in People, University of Cambridge

On projects such as:

Strategic Planning, Strategy development and implementation, Culture change, Post-Merger Integration, Vision, Purpose and Values, Current State Analysis, Organisation Re-design, Transformational Change, Client Focus Strategies, Perception Studies, Client and Staff Engagement surveys, Global Rebranding, Know your Customer, Market Forecasting, Consumer Insight, Market Segmentation, Process optimisation, Lean/Six Sigma, Project Management, ERP Systems Roll-out, Market Research, Financial Modelling, Franchise Start-up Evaluation models, Cost Benefit Analysis, Implementation Alignment, Strategic Alignment, Complex Database development, Custom Application development, Supply Chain Optimisation

Covering diverse sectors such as:

Financial Services, Pharmaceuticals, Manufacturing, Energy, Mobile Telecoms, Travel and Tourism, Aviation, Property, Hi-tech and Business Services