Hi

My name is Gail Sturgess from TalentAlign.com. This presentation is about IT Talent Attraction and Retention and was presented at a Computer Society South Africa event in the Western Cape on 22nd May 2007.
The first three slides don’t really have much to do with IT Talent Attraction and Retention, but are here to remind us just how far we, South Africans, have come in the past 15 years.
South Africa, almost alone amongst emerging market economies, is set to escape virtually unscathed from the latest bout of investor panic sweeping the developing world's fragile economies (The Times, London, August 2001).

The SA banking sector has been consistently ranked in the top 10 in terms of competitiveness (MD, Switzerland). When Nelson Mandela was inaugurated President in 1994, SA was insolvent (liabilities exceeded assets).

Today the Government's deficit is negligible - one of only a handful of countries in this position. We've had single digit inflation since 1993 - following 20 years of double-digit inflation.

Mortgage rates are at their lowest level since 1988.

South Africa is one of only 12 countries, where we can drink water from a tap. Our tap water was found to be the 3rd best quality in the entire world.

Remember 15 years ago, in 1986: A state of emergency was declared where White men did two years compulsory military service * 64 184 black people were removed from "white areas" * 3989 people were detained without trial * Our economic growth rate was 0.7 percent - today it is 3% * 64 countries had sports boycotts against SA!!!

This slide and the next one come from a presentation of Guy Lundy of Dimension Data Business Solutions. He has traveled widely and is concerned that South Africans don’t seem to have a sense of pride in their country and in being South African. He takes us through a number of “successes” that …
… we have achieved in a really short period of time - relatively.

So these slides are included in the presentation more to remind us what it means to be a South African so that we can be truly Proudly South African!
“In the end, all business operations can be reduced to three words: people, product and profits. Unless you’re a good team, you can’t do much with the other two.”

Lee Iacocca

This quote from Lee Iacocca reminds us that without good talent in a good team, organisations will not achieve the products and profits that they strive to achieve.
So ... What’s Happening Out There?

What is happening is the result of negative population growth rates in developed world countries since the end of the second world war. The “baby-boomers” are about to start retiring but there is just not the talent available to take their place. In 1997 McKinsey & Company coined the term “the war for talent” as a result of research on talent management at the time. In 2000 they conducted a second round of surveys and came to the conclusion that the “war for talent” would persist for at least the next two decades, i.e. until at least 2020.

There are also fewer students going to universities and following “technical” qualifications. So, there just are not sufficient, qualified and experienced people to replace those who will be retiring over the next 5 to 15 years.

This is going to impact on the ability of organisations to grow in line with business plans, and can even impact the economic development prospects of countries.
The impact on the IT Industry is significant with considerable current and forecast shortages of IT talent, and declining university enrolments – on a GLOBAL basis – even in South Africa!
The impact on South Africa can be devastating.

Our IT talent will be sought out by the developing world countries, and they will leave. NOT because of anything bad in South Africa, not because of crime, not because of lack of opportunities – BUT because they CAN! Exciting opportunities with big salaries attached will be on offer. And business in South Africa will find it extremely difficult to compete.

Two years does not make a trend, however the increases in emigration between the 2005 and 2006 IT Salary Surveys of P-E Corporate Services indicates that there well could already be increased emigration starting to happen.

The 2010 World Cup has shown shortages of high level skills in the engineering world – a close relation of ICT, and the impact on our ability to achieve the required economic growth has already been reported in the press. This will impact on our ability to reduce unemployment and the results of this could have dire consequences.
The impact on business is financial.

Higher compensation packages as organisations compete for scarce skills and resources and higher cost of recruitment. The staff turnover time cycle will increase – it is going to take much longer from the time one employee starts looking for a position to the replacement employee being fully operational. So, longer periods of lower productivity and more pressure on the remaining staff.

All this will impact on the ability of IT to delivery in terms of organisational strategy, putting pressure on the organisation as a whole.
The impact on the talent of the organisation, and its management, is already becoming apparent.

IT employees remember well the employment cycles that have dominated the industry since the early 1990s. The “blood letting” of IT talent in the early 1990s as organisations “down-sized” / “right-sized”, the scurry for experienced skills leading up to Y2K, the release of staff post Y2K, another short-lived scurry for web-enabled staff as dot.com became a “flavour of the day”, the release of skills with the “dot.bomb” reality, and the hiatus of job opportunities leading up to 2005.

This has resulted in a complete break-down of trust between employer and employee as far as “loyalty” is concerned. And it will never come back – at least not the way it was.

Employees now want more than a “job”, they want opportunity and they want flexibility. Younger generations want more time for child care while older generations want more time for elder care as the older generations are now living longer than before.

And a new feature of our “employee marketplace” – the falsification of qualifications to “qualify” for a position.
There is more diversity in the workplace today than ever before – diversity in terms of age, gender and culture.

So organisations need to start to address the needs, goals, attitudes and financial requirements of this diverse workforce.

The “one-size-fits-all” policies and procedures of traditional HR systems are just no longer relevant. Strategies, policies and procedures need to be reviewed to take into account the needs of the workforce today and going into the future – up to 2020 in fact.
Earlier studies talked about employee “attitude”, later studies talk about employee commitment, and more recent studies have coined the phrase “employee engagement”. Employee engagement is defined as the “emotional commitment that an employee has to the success of the organisation”. A couple of definitions are included in later slides.

But this important research undertaken by Gallup tested the impact on the organisation of the level of commitment or “engagement”.

Basically …. engaged employees:

- Produce 38% higher customer satisfaction
- Have 22% higher productivity
- Produce 27% higher profits

These figures will be supported by other research in later slides.
Around 2000 the Center for Effective Organisations (CEO) undertook research amongst 4500 knowledge workers and managers. These questions are not the questions asked, they are the questions that they wanted the research to answer.
The research defined Retention and Commitment (now Engagement).
The research groups was given a number of job “qualities” and they were asked questions relating to these “qualities”
The research results were separated into:

1. What employees SAY is important
2. What actually drives Retention
3. What actually drives Commitment/Engagement

This slide shows the results of the research by Career Stage. Early Career (Generation Ys), Mid-career (Generation Xs), and Late Career (Baby Boomers)

What is interesting is the significance of “pay-for-organisational-performance”, “strategic clarity” and “career advancement”. This is supported by most other research in this area.
This slide shows the results of the research by Gender across all age groups.

Again “pay-for-organisational-performance”, “strategic clarity” and “career advancement” are important.
This final slide on this research shows the results by Gender for the Mid-career group. This is the group that needs to take over the positions that the baby boomers will vacate.
So … what does an “engaged employee” look like. This slide comes from research undertaken by IES and provides another, similar definition of “engagement”.

**Behaviours of “engaged” employees**
- Belief in the organisation
- Desire to work to make things better
- Understanding of business context and the ‘bigger picture’
- Respectful of, and helpful to, colleagues
- Willingness to ‘go the extra mile’
- Keeping up to date with developments in the field

“Engaged Employees’ are emotionally connected to the organization and cognitively vigilant”
You will remember the Gallup results in a previous slide, this is one of the follow-up slides.

The research indicated that:

• 29% of employees are “engaged” in their jobs
• A staggering 54% are “not engaged” in their jobs
• 17% of employees are actively disengaged – this does not necessarily mean that they are looking for another job!
What do “Dis-” and “Unengaged” employees look like.

Basically that want to be told exactly what to do, and that is exactly what they do – right or wrong. They do not consider any other possibilities to achieve the outcomes, in fact the only outcome that concerns them is that they complete the job exactly as told. They do as little as possible to achieve this.

They also don’t have productive relationships with management especially, or with colleagues and they mistrust management.

The important aspect of this behaviour is that it damages the effective functioning of the organisation.
So .. Where to from Here?

Well – the one thing we all know for sure is “things” must change!

But what, and where to start?

All research on this topic indicates that there are two starting points:
• Leadership, and
• Strategy.

It is important that the organisations “leaders” (not managers!) understand that “talent strategy” is a strategic corporate focus – and cannot merely be left to an HR department to define and implement.

A “strategy” is about “performance improvement” that enables the organisation to achieve its mission and objectives.
This is one of my favourite definitions. Human Capital is about the “performance capability” within the organisation that can be used to generate wealth – or investor return on investment. From the “people” aspect, it is the knowledge and experience of the workforce that creates this “performance capability”.

Using the results of the New Century Financial Corporate in conjunction with the results of the Gallup survey we looked at earlier, the following unfolds:

- 17% of employees produce 28% less revenue than the “engaged” employees, and
- 54% of employees produce 23% less revenue than the “engaged” employees.

Just a 5% difference!!!

Another favourite quote is this one by Peter Drucker – especially the second sentence.

Leadership is:

- lifting a person’s vision to higher sights
- Raising of a person’s performance to a higher standards
- The building of a personality beyond its normal limitations.

If your “leadership development” programs don’t achieve this – they are “management programs” – NOT “leadership programs”!
Leadership has 3 basic responsibilities:

Direction – leading the organisation towards its chosen destination taking mission and values into consideration,

Purpose – ensuring that the workforce is "engaged" with the vision, mission and goals of the organisation, and

Alignment – ensuring that the attitudes, drives, dreams, goals and abilities of the workforce are aligned with the needs of the organisation – and visa versa.
The Performance Improvement Strategy is about having a clear understanding of where the organisation is at present, where it intends to go, and how it intends moving from the “as is” to the “to be” – across a broad range of focus areas including organisation, management, physical and technical, and human and social systems within the organisation.

Only once this is done can strategies be designed, developed and implemented.

But the important aspect is also the need to evaluate on a continual basis, which takes the process back to the “analysis” step.

“Continuous Improvement” is a “continuous process”.

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**Analysis**
- Perception Analysis
- Strategic Alignment Analysis
- Performance Analysis
  - Organisational Systems
  - Management Systems
  - Physical and Technical Systems
  - Human and Social Systems
- Intervention Analysis and Selection
- Feasibility Analysis

**Design**

**Develop**

**Implement**

**Evaluate**
What should be taken into account for an effective “Talent Strategy”?

The order presented in this strategy outline is deliberate and based on research shown later on in this presentation.

Firstly the organisations mission, values, goals and strategies need to be well understood and well communicated. These form the foundation of any strategic initiative that the organisation embarks on.

Then, the organisation should be structured in such a way that it is able to deliver in terms of its mission, values, goals and objectives. No matter the structure of the organisation, it should take into account BOTH organisational AND career management needs. If one is missing, the structure will fail.

A good performance management strategy should be in place, whether BSC (Balanced Score Card) or a derivative of BSC. But the performance management system MUST be aligned with the goals and objectives of the organisation, and performance measures should lead back to contribution to organisational performance.

Competency Management is fairly new. The concept of “competency-based” organisations as opposed to “job-based organisations” was first introduced by the Center for Effective Organisations in the 1990s. From the structure of the organisation, job (or role) descriptions should be produced and competency profiles generated that link the competencies needed to the requirements of the job (role). These Competency Profiles are used to assess the competencies of staff in the organisation as well as new recruits. This forms the “Competency Inventory” of the organisation.

Once this is done, key, strategic competencies can be identified and vulnerabilities can be assessed.
From the overall strategy and the Competency Inventory, a Strategic Workforce Plan can be undertaken to assess the competencies needed by the organisation to achieve its goals, not only over the next 12 months, but for the next 5 years.

This plan brings into play the Staffing and Acquisition Strategy, the Learning and Development Strategy, and the Career Management Strategy. Leaders can do a “best fit” analysis to decide how to source the right skills at the right time.

All other strategies can be affected by the Compensation Strategy, so organisations need to become more creative in terms of compensation strategy, especially the use of incentive bonuses.

The Benefits Strategy is probably where most “flexibility” can be incorporated to accommodate the diversity of any given workforce.
This “Learning and Talent Management” process is the creation of Bersin and Associates. The process starts with the goals and objectives of the organisation, which leads directly to the organisation structure and the definition of roles and competencies required to perform those roles. These are central to the Talent Management processes.

This leads to the Workforce Plan, which leads to Recruiting and On-boarding – introducing the new employee to the organisation in a positive and constructive way. How many of us have arrived for our first day at work, only to find that the receptionist knows nothing about us and has to spend the next half-hour or so finding out where she is supposed to send us. Then the “manager” concerned is busy in a meeting, so you have to wait some more. Sound familiar???

This is NOT the way to introduce a “scarce resource” to the organisation. They will be on the “next bus” right back out the door.

From on-boarding to performance management, training and performance support, and succession planning.

This is all underpinned by the Compensation and Benefits Strategy.

Then, establishing the Competency Inventory of the organisation, and back to the Plan.

The important aspects of this process are the alignment with organisational strategy, the flow between the different aspects of the overall “Talent Strategy”, and the alignment between the different elements.

It makes no sense to have the best Performance Management system if the Compensation and Benefits Strategy is not in alignment.

It is an overall “plan”, an overall “process” for attracting and retaining, especially the core competencies needed by the organisation.
But ... What do IT employees Want?

The information on this slide does not come from any particular research, but a combination of all the research results surveyed in producing this presentation. It is also not in any order except the order that the research used indicated to be a priority.

IT employees are, generally, creative, learn easily, like to be at the forefront of technology, and want early recognition and upward mobility.

They need to understand and “buy into” the strategy and expectations of the organisation, and they need early development opportunities that will lead to career advancement.

Financial rewards are important – especially in an environment in which THEY are the “scarce resource”!
What do IT employees Want?

- **Work/life Balance**
  - Solid working relationships
  - Family and team-oriented environment
  - Sabbaticals
  - Flexible work days / work hours
  - Telecommuting

- **Influence/autonomy**
  - Involvement in decision-making processes

- **Opportunity for Career Self-Management**
  - “Room” to do their job

- **Professional Satisfaction**
  - Appreciation for their ideas and suggestions
  - Challenge with responsibility
  - Challenging work

Work / Life Balance and the concepts of flexible work hours and flexible work days have been important for IT employees since the days of the first computers. A new concept made entirely possible with technology today is telecommuting.

It is not employees that have a problem with telecommuting, but the old style “manager” who has the problem. The manager that believes that they need to “see” the employee between specific hours, the manager that believes that if they don’t “see” the employee they don’t have “control” over them – THEY have the problem. But this is precisely the “old style” of management that just won’t work in the world of “scarce” skills – and LEADERSHIP. Manage the PROCESS, and let the employee manage their input and output. Provided the process deliverable is delivered on time, what does it matter WHERE the employee was located in the delivery process? It is the lack of effective Process Management that leads to bad “people” management.

IT people also like to be involved in the decision-making process if it involved them or aspects of their work, and they do not like to be “micro-managed”. They need to have the “room” to do their job. Good process management reduces the need for close people management.

Finally, IT people like to be recognised for their “talent” in their sphere of work and they enjoy new and different challenges, especially challenges that allow them to grow.
We mentioned this research earlier in the Talent Management Strategy part of this presentation. Bersin & Associates conducted research to establish the key drivers of business value from a ‘human capital’ point of view. These are the results.

At the number 1 position is Performance Management. But performance management linked to organisational objectives and goals – not the traditional “performance appraisal” that generally is not really taken that seriously, or, even worse, allows for too much subjectivity and “opinion” of the manager.

Coaching and mentoring is in the second slot. Coaching and mentoring is highly recommended for people development these days, and especially for assisting employees in their career management. Internal and external coaches and mentors are used, depending on the area of development.

Third is line is Competency Management. Starting with a good and comprehensive description of the job, and the competencies needed to fulfill the responsibilities, tasks and outcomes of the job. Getting to understand what core competencies are needed and where they exist in the organisation helps with recruiting and development planning and is a core requirement for both of these activities.

Sourcing and Recruiting is 4th on the list followed by Learning and Development, with Competency Management providing the input data to these activities to ensure that the right “insourcing” strategy is used and that the right development and performance support programs are put in place.
A relatively new concept in Talent Management is the Employment Value Proposition (EVP).

Most organisations have, over the past few years, incorporated a Customer Value Proposition into their mission, values and objectives, and most sales organisations will know of “Unique Selling Propositions”.

The EVP is a statement of what the organisation will offer current and prospective employees and what it expects from these employees. As such, it is the “brand” by which the organisation wants to be known – the “preferred employer” brand if you will. It is the “agreement” between what an employee may expect from the organisation in return for their performance on the job.

Necessarily, the EVP may be different depending on the needs and requirements of different areas and roles within the organisation.
This slide and the next one presents a comparison between the “old” way of looking at the employee / employer relationship, and the new way.

It compares the differences in “Talent Mindset” – the traditional way of letting HR deal with all “people” issues with the understanding today that “talent” now is a critical source of competitive advantage.

There was no EVP in the “old” way, but there were some unspoken promises (that may or may not have been honoured).
Employment Value Proposition

<table>
<thead>
<tr>
<th></th>
<th>The Old Way</th>
<th>The New Way</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruiting</td>
<td>Is like purchasing: it’s about picking the best from a long line of candidates</td>
<td>Recruiting is more like marketing and selling: it’s a key responsibility of all managers.</td>
</tr>
<tr>
<td></td>
<td>We hire at entry levels only</td>
<td>We hire at all levers and look for talent in every field</td>
</tr>
<tr>
<td>Growing leaders</td>
<td>Development is training</td>
<td>Development happens through a series of challenging job experience and candid, helpful coaching</td>
</tr>
<tr>
<td></td>
<td>Development happens when you are fortunate enough to get a really good boss</td>
<td>Development is crucial to performance and retention … and it can be institutionalised.</td>
</tr>
<tr>
<td>Differentiation</td>
<td>Differentiation undermines teamwork</td>
<td>We award top performers with opportunities and recognition. We develop and nurture core performers to raise their game, or we move them out (or aside).</td>
</tr>
</tbody>
</table>

It compares the “old” way of looking at recruiting with the new need for a “resourcing strategy” and shows the move from development training as a kind of “corporate perk” to development training focussed on deliberate competency requirements.

In the “old” way it was thought disruptive to the team dynamics to single out the good performers. In the “new” way, it is crucially important to identify and acknowledge the top performers (always provided that the measures are objective and linked to organisational strategy). It is equally crucial to identify those that are NOT performing optimally. They need to either become “engaged” with the organisation (through deliberate development interventions), or they need to be “out-placed”!

*Remember the Gallup and New Century Financial Corporation research results!!!!!!* If your employees are not engaged you are not achieving the customer satisfaction, productivity or profitability the organisation is capable of achieving!
### Employment Value Proposition

<table>
<thead>
<tr>
<th>What You Can Expect from Us</th>
<th>What We Expect from You</th>
</tr>
</thead>
<tbody>
<tr>
<td>- A faith-based organization with a worthy mission and a proud tradition</td>
<td>- Engaged employees with a positive &quot;can do&quot; entrepreneurial spirit</td>
</tr>
<tr>
<td>- A challenging and stimulating work environment centered around meaningful work with timely open and honest communication</td>
<td>- Employees supportive of continuous improvement who embrace and understand a culture that utilizes Six Sigma as the &quot;way we work&quot;</td>
</tr>
<tr>
<td>- A collaborative team environment and empowered employees valued for their entrepreneurial spirit</td>
<td>- Team players willing to change, adapt, be accountable and take ownership in order to enhance services</td>
</tr>
<tr>
<td>- Improvement in technology and processes through the continuous assessment of products and utilization of Six Sigma - A national leader in Six Sigma training and education</td>
<td>- Individuals with skills, knowledge, experience and a willingness to share them with others</td>
</tr>
<tr>
<td>- Salary, rewards, benefits and education based on individual merit and performance</td>
<td>- Exceptional judgment and the ability to treat all people, patients, visitors, co-workers, with respect and dignity consistent with &quot;Follow the Golden Rule&quot;</td>
</tr>
<tr>
<td>- A proactive and supportive administration that encourages a culture of mutual respect and development of skills that employees can use throughout their career</td>
<td>- Employees willing to exceed job expectations, learn new technologies and understand and support the mission, vision, values and strategic initiatives of the organization</td>
</tr>
</tbody>
</table>

This is an example of an actual Employment Value Proposition. It is not shown here as good, bad or indifferent – it is just an example. It is from a “faith”-based organisation, but the identity of the actual organisation and the particular faith have been removed – this is just not important right now. This should give SOME idea of what to include in the EVP.
And back to McKinsey & Company’s “The War for Talent”. As a result of their research, they identified these five elements of a successful talent formula.

1. The need to “instill” a talent mindset at ALL levels of the organisation – starting with senior (executive) management.
2. The need to create a “winning” EVP that attracts scarce talent – and KEEPS them by means of:
   - Exciting work
   - Good management
   - Remuneration commensurate with the value that they create (look at the Platinum mine situation in South Africa right now!)
   - Growth and development opportunities.
3. Be “on the prowl” for top talent – don’t let good talent slip through the corporate fingers. There are organisations that will employ “good talent” even if they don’t have an immediate position for them!
4. Realise the tremendous amount of human potential already in the organisation by developing and growing leaders – great leaders!
5. Don’t treat all staff the same – they don’t all contribute the same! Leading companies assess their talent and differentiate in how they invest in their top performers and in their poor performers. This investment can include development opportunities, job opportunities, and challenging growth opportunities. It is not limited to “money”!
From their research, the Center for Effective Organisations offer these four criteria for creating BOTH Organisational Effectiveness AND Employee Satisfaction.

1. Once again the need to have a mission, objectives and strategy for the organisation and for this to be communicated effectively throughout the organisation so that employees understand exactly what they are working towards and why.

2. An environment that allows for more “freedom” and more “flexibility” and respects their ideas and input.

3. Challenging work assignments that challenge employees to push the bounds of their capabilities.

4. A reward system that links, at least a part, of the employees remuneration package to their contribution to organisational achievement.
I leave you with this thought.
The Human Capital element of most organisations today is the “source” of revenue and growth. Organisations from now onwards need to understand better how to maximise this resource for the benefit of BOTH the organisation AND the resource itself.
These are my contact details should anyone want to get in contact with me to discuss this issue further, or if you would like to enquire about the IT Role Profiles and Competency Framework available on www.talentalign.com.