Rethinking the Value of Talent

by Jeffrey Joerres and Dominique Turcq

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Classifying employees by their role in the success of your business rather than by their function can improve the effectiveness of recruiting, staff development, and deployment.

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If companies managed financial assets as carelessly as they do human assets, shareholders, auditors, and regulators would come down hard on them for inefficient use of funds. Yet although it is commonly accepted that individuals are crucial to the success of organizations, many companies are unable to measure or manage their employees' contribution to corporate value.

Two significant barriers stand in the way of a more productive or strategic approach to recruiting, developing, and deploying employees. First, many managers are reluctant to categorize people, for fear of appearing elitist. Second, human resources departments typically classify individuals according to the functions or the business units — the *vertical* silos — in which they work, not how essential their roles are, or what experience or other personal qualities are required to perform the role. No attempt is made to classify people *horizontally* across functions or business units, according to how "business-critical" they are. And even when a company does consider people's contribution to the success of the organization, it is all too often limited to a discussion about an individual's performance rather than a consideration of organizational measurements of success.

We believe that businesses need a far better understanding of the strategic value of employees; it is critical to success in the global marketplace. A company's future growth and competitiveness depend more than ever before on attracting qualified workers — an increasingly scarce resource — *and* helping them work efficiently together within the organization. Business organizations are like theater troupes: Their success depends on timing and on every person executing his or her role, whatever it may be.

Consequently, a strategic approach to managing the value of employees first requires a definition of the roles that must be performed on the corporate "stage." This means creating a taxonomy of jobs within the corporation that is consistent across business units, countries, and functions and is totally divorced from any of the individuals working at these jobs. As far as the organization is concerned, an employee is first and foremost expected to fulfill a function, with a number of tasks for which a number of skills are required. Some of these tasks are technical and some are related to the employee's relationships with coworkers and outside agencies.

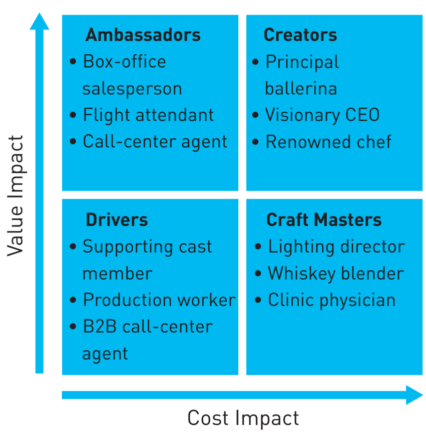
A bank teller, for example, must be able to handle simple transactions and be courteous; a chef should be a good cook, act as a team leader, and have a reliable reputation; an airline pilot is expected to fly a plane well and facilitate the aircraft's rapid turnaround; and a production worker must perform a set of technical tasks and meet ISO quality standards in doing so.

Once the different roles have been defined, management is in a position to determine how important each is to the company's ability to create value for customers and shareholders. In theater language, it's the determination of which roles should have top billing and which can be played by character actors.

Certain jobs have a greater *value impact* on an organization (see Exhibit 1); there is a substantial risk to financial performance or reputation if these tasks are not performed well. In some cases, but not all, these jobs merit higher compensation. Other roles carry a significant *cost impact*, because they require a good bit of training, development, and skill complexity to be performed adequately. These roles almost always command the highest salaries in the organization.

Exhibit 1: **Organizational Roles**

A business is like a theater company: Each employee has a role that contributes to the organization's value.



Source: Manpower Inc.

On this basis, we can classify an organization's roles into four broad segments, each of which requires a significantly different talent-management approach.

Creators devise and implement an organization's distinguishing value proposition or business model. They include senior executives and the chief designer in a fashion house. These are scarce resources with skills that take a long time to acquire and are costly to develop and maintain.

Ambassadors represent the organization's public face and are responsible for customer experience. Among other positions, they are bank tellers, supermarket cashiers, nurses, and field installation technicians. In most cases, these workers are easily replaceable and their skills do not have to be particularly sophisticated, but if they don't do their job well, the business can suffer significantly.

Craft Masters ensure the quality, timeliness, and cost-effectiveness of an organization — the essential ingredients for the faultless execution of a business strategy. These are the design engineers in a high-tech business, the "nose" of a perfume brand, the whiskey blender in a distillery, and the auditor in an accounting firm.

Drivers keep the business running. They are assembly-line operators, back-office agents, and administrative assistants. Although they are neither crucial to the success of a venture nor hard to hire, in most companies they represent the largest category of human capital, and bad management of this group can lead to operational disruption or quality problems.

In our system, the differences

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among these four segments are expressed in terms of talent valuation — that is, such attributes as knowledge, experience, skills, and personal interaction capabilities — and not in terms of organizational structures (such as business units) or in human resources management terms (such as age, education, seniority, or compensation). This concept for strategically managing the value of employees brings human resources approaches to a new level.

The basic management processes — that is, sourcing, development and training, compensation, retention, and separation — are conceptually the same for all four employee segments. However, since each segment differs in how critical it is to an organization's success, the practical tools used in applying these processes will also differ. Take sourcing, for instance. Depending on a company's business model and operational plans, employees in some segments, such as Creators and Ambassadors, are generally hired and trained as part of the permanent corporate head count. In other instances, however, Craft Masters, Drivers, and sometimes even Creators are structurally (though not organizationally) less closely integrated into the organization. Instead, they are brought on as temporary or contract staff from an outsourcing agency or engaged as independent consultants.

After the right people are cast in the right roles, they must be managed in different ways, according to those roles. For example, consider two training officers, Jill and Jack. Jill is highly professional, and her training efforts are almost always successful; she is a Craft Master. But Jack is more creative and is expected not only to train staffers well but to improve the quality of the teaching materials. He was hired through a headhunter, is paid more than Jill, and knows that he is depended upon to expand the limits of the training organization. Jack is a Creator. Jill and Jack have the same job title and, in general, do the same work. But Jill and Jack are in separate business-critical categories, thus their salaries, evaluations, and promotions must be handled differently.

Dealing with employees like this can be a complex balancing act for management. But it is exactly what every manager already does — or should do — every day. For example, the manager of an opera house has to continually handle a number of distinct segments of people: the diva, the conductor, the casting director, the cast, the bartender, the box-office cashier. To do this, he uses varied sourcing techniques, compensation principles, and motivational approaches in a relatively instinctive way.

Yet in many cases, the very rules and procedures of an organization can be an obstacle to segmentation and a force for "averaging" the treatment of individuals' roles. This tendency is a dangerous handicap that makes it impossible to measure the value of employees and, ultimately, to compete successfully in the global marketplace.

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