

REVIEW 2010

talenttoolbox

the innovative people solution



TRANSFORM

Talent management surfaced as a business concept in the late nineties. Although formal talent management practices were quickly adopted by a lot of FTSE250 companies, many organisations have been slow to follow.

As a result of challenges in 2009, businesses are increasingly realising that their employees are the single most critical factor to financial success. Although most businesses seem to have seen some improvements in 2010, in business terms, it is still survival of the fittest. Therefore a sound talent management strategy will help any business increase the bottom line.

The old adage, "People are your most important asset" is wrong. People are not your most important asset. The right people are. Jim Collins 'Good to Great'

YOUR ORGANISATION

Talent management is individual to each organisation and the people within it. The solutions that learnpurple offer follow the principles of:

- Attracting the right people
- Developing individuals to their full potential (and beyond)
- Retaining and engaging talented people

Providing bespoke tools to address these issues, learnpurple have been working with organisations to become a 'great place to work' since 2001. In 2005 talent toolbox was formally launched to assist CEO's and HRD's with their talent management strategy, proving that an online process really can identify, engage and retain key individuals the organisation relies on to succeed.

According to a recent study by Towers Watson, talent / performance systems were ranked as the top issue by the largest margin ever in their 13 years of survey history.



2010 BENCHMARKING FIGURES

Completion

The number of people that have had an appraisal meeting and actions have been recorded.

– It is great to see an increase in completion rates after the slight dip last year. It perhaps reflects the increasing importance that employers are attaching to retaining talent.

2007	2008	2009	2010
87%	90%	86%	89%

Happiness

A very good indicator of the general 'health' of an organisation or part of it. This figure can be benchmarked across business areas and year on year. It also helps facilitate a 'big picture' discussion during the review meeting about 'what would make you a 10'.

– This year 55% scored 8-10 (i.e. they are considered to be very happy at work). Although a long way off the pre-recession figures of 75% in 2007-08, it is promising to see a slight improvement since last year.

2007	2008	2009	2010
75%	75%	53%	55%

"Happiness at work is about mindfully making the best use of the resources you have to overcome the challenges you face. Actively relishing the highs and managing the lows will help you maximise your performance and achieve your potential. And this not only builds your happiness but also that of others - who will be affected and energised by what you do."

Dr Laurel Edmunds & Jessica Pryce Jones

Learning & development needs

Development is not just about classroom learning. There are many 'low cost-no cost' methods of providing development. Learning should be tailored to the individual as much as possible. Progression is a top motivator.

– IT and Health and Safety have remained steadfast over the past four years; showing how pivotal they are to the workplace. However budget/finance is a new entry which can be attributed mainly to economic pressures leading to an increased need for all to become more commercial.

2007	2008	2009	2010
IT	IT	IT	IT
Complaint handling	Complaint handling	Health & Safety	Health & Safety
Health & Safety	Health & Safety	Other	Budget/Finance

"To address the high demand for Health and Safety training learnpurple have developed an online course, for more detail go to www.onlinehealthsafety.com"

"Researchers at Cranfield School of Management discovered that investing in training not only saves money but is more effective than shopping around for talent."

Sunday Times

Challenges

This section empowers the reviewee to express anything they find particularly challenging or difficult.

There are three reasons for this:

- From an equality of opportunity and support point of view
- It invites people to talk about anything that may be impeding their progress
- Organisations can benchmark this year on year and identify areas where there are more challenges than others and take remedial action accordingly
- Ensures anything that is impeding progress is recognised, discussed and on record

– It is reassuring to see the significant decline in the number of difficulties encountered by employees this year. 2009 was obviously a tough year for everyone, though initiatives like talent toolbox that improve communication contribute towards improving results in this area.

Experienced challenges?

2007	2008	2009	2010
46%	42%	53%	41%

Could these have been avoided?

2007	2008	2009	2010
60%	60%	43%	32%



2010 BENCHMARKING FIGURES

Risk analysis

Combining key questions on the employee feedback forms provides valuable data to measure their risk of leaving. Any 'high risk' people that are performing well will be identified and any issues can be addressed immediately.

– This year there has been a 1% increase in the proportion of high risk and a 7% increase in medium risk employees respectively. This suggests that people are starting to feel more confident in their career prospects and correlates with a study by PwC which found that as many as one in four high-potential employees are thinking of leaving their employer in 2010. This highlights the importance of employee engagement, succession planning and encouraging employee development.

High / Medium / Low

2007	2008	2009	2010
4%	9%	6%	7%
58%	58%	31%	38%
38%	33%	63%	55%

"Some 12% of people are actively looking for another job, with a further 4% having made plans to do so."

Towers Watson

Company performance

There are number of benefits to capturing data regarding how the company is performing for the individual:

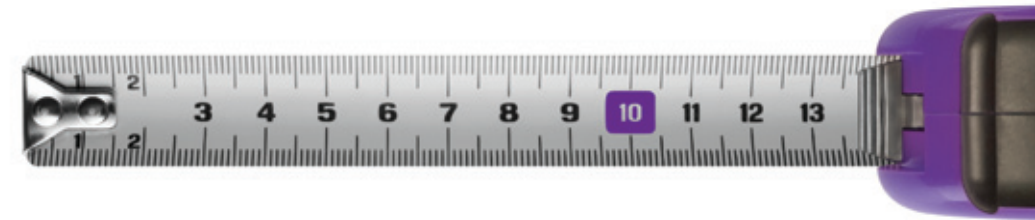
- It adds to the quality of the one to one meeting
- Makes exchange more equal and two-way
- It saves investment on separate surveys
- The leadership team will know what people are thinking and feeling and this is regularly updated without any extra effort
- It can produce 'quick wins' as outcomes and actions taken can easily be publicised to the organisation
- Saves time as people carry out all functions in one instance
- Makes people feel valued and consulted as well as 'performance managed'

How well is the company performing for you?

Corresponding with last year, 50% believe that their company is performing well for them. This figure has not shown any sign of returning to its 2007 peak of 86% and is a definite cause for concern. Research by the Institute of Leadership and Management has found that one of the main issues to come out of the recession is a distinct lack of trust for employers¹. We aim to work with our clients to improve the bond.

2007	2008	2009	2010
86%	82%	50%	50%

¹ Institute of Leadership and Management (2010) Index of Leadership Trust: <http://www.i-l-m.com/research-and-comment/8801.aspx>



Company strengths

2007

Company image
Product and services
Industry leader

2008

Product and services
Exciting challenges
Company image

2009

Company image/branding
Your colleagues
Company has exciting challenges

2010

Your colleagues
Products and services
Company image/branding

Company improvements

2007

Policies
Pay and benefits
IT provisions

2008

Pay and benefits
Communication
The hours worked

2009

Pay and benefits
Communication
Other

2010

Communication
Pay and benefits
IT provision

HOSPITALITY COMPARED WITH OTHER INDUSTRIES

For the second year running we have included a section which compares our clients from the hospitality sector with those from other industries. This is because talent toolbox originally worked primarily with hospitality companies. Having 'cut our teeth' within this tough sector, demand has increased from other sectors including retail, finance, education, logistics, and health.

In this year's report, 75% of user responses included were from the hospitality sector.

Company strengths

Although talent toolbox provides an opportunity to review performance, set goals, plan for succession and other key HR functions, it also encompasses a useful employee survey element. Participants are asked to rank their perceptions of their organisation's strengths and areas to improve.

Hospitality 2010 (2009 in brackets)

- 1) Our products and services (Company has exciting challenges)
- 2) Company image/branding (Learning & development)
- 3) Your colleagues (Products and services)

Non-hospitality 2010 (2009 in brackets)

- 1) Your colleagues (Commitment to clients)
- 2) Our products and services/Customer service (Colleagues)
- 3) Industry leader (Products and services)

This year the top strengths for hospitality and non-hospitality clients are very similar.

As we work with many leading companies and 'cool brands', it is not surprising that areas such as products and services, being an industry leader and image and branding were all thought to be significant areas of strength. It is also great to see colleagues feature so highly on both lists as teamwork is crucial to a company's success.

However it is slightly worrying to see 'exciting challenges' and 'learning and development' disappear from the hospitality top spots, perhaps indicating lack of priority for learning and development and a more risk averse stance following the recession.

Company improvements

Hospitality 2010 (2009 in brackets)

- 1) Pay and benefits (Communication)
- 2) Communication (Pay and benefits)
- 3) The hours you work (Paperwork)

Non-Hospitality 2010 (2009 in brackets)

- 1) Communication (Communication)
- 2) Pay and benefits (Learning and development)
- 3) IT Provision (Pay and benefits)

For the second year running, both communication and pay and benefits feature highly on both lists.

Communication is frequently highlighted as an area for improvement across many companies and is something that can be continuously improved. Learnpurple offer learning and development in this area and can implement activities such as facilitated workshops which can provide solutions to internal communication issues.

Although many studies (including our own) indicate that 'pay and benefits' does not fall within the top five key motivators, when asked in a survey format participants will often select it as an area for improvement and this is understandable. Recent economic pressures have led to 'more work for less pay' in many cases and this is reflected here.

Unsurprisingly, the working hours of hospitality employees are also a common complaint. Many employers within this sector have significantly reduced hours worked and moved away from the traditional split shift system. We also recommend working with employees to find ways to improve other aspects of their role and thus take the emphasis away from the number of hours worked.

However IT Provision is a new entry for non-hospitality clients and signifies how important IT has become for desk bound professions.

Company performance 2010 (2009 in brackets)

Hospitality: 46% (53%)

Non-hospitality: 47% (39%)

This year there has been a levelling off of scores between hospitality and non-hospitality clients in terms of how well they think that the company is meeting their needs. The negative variance for hospitality clients could be because expectations are higher this year. As the economic climate is slightly better, people have started to assess what their job is worth and some have started searching the market for other options.

Happiness 2010 (2009 in brackets)

Hospitality: 57% (57%)

Non-hospitality: 51% (52%)

For the second year running, hospitality companies have come out as the happier place to work.





TRENDS REPORT

The increasing need for talent management

In recent times, HR professionals have faced many challenges in maintaining employee morale whilst managing increased workloads, redundancies and pay cuts. Aside from layoffs, there was less churn as people felt less confident about moving on to progress their careers.

Now as businesses recover, the focus must switch to finding a more sustainable people management strategy. In order to create real competitive advantage, CEOs and other business leaders will need to concern themselves with all aspects of talent management. As an example, studies such as that by Ipsos Mori have found that those companies can improve their financial performance by as much as 10% by simply paying more attention to health and wellbeing at work. Furthermore, in a survey by IFF Research carried out in February 2010, 85%² responded that atmosphere at work was the most important factor when considering a job role.

As much as 70% of an organisation's value is based on the skills, experience, and performance of the employees.³ More and more companies are realising the benefits of having a system in place which provides easily accessible visibility as to the metrics around their 'human capital'.⁴

In today's business where customers want things better, faster and more tailored, only organisations that become experts at talent management will be able to create competitive advantage. According to a recent study by Towers Watson, talent / performance systems were ranked as the top issue by the largest margin ever in their 13 years of survey history.

In August 2010 Taleo published a paper on talent intelligence. Their key findings were:

- 91% of respondents want information on the competency/skills gaps in the workforce but only 55% have access to reliable data in this area
- 90% say that it is important to have information on how an individual's goals are aligned to business but only 57% have access to reliable information
- 82% consider data on succession bench strength is important but only a minority (41%) have access to reliable data on it

There is therefore much work to be done. According to a recent Gallup survey only one in four UK employees are actively engaged. There is also a lack of trust in employers following the recession which discourages employees from working to their full potential.

Doubts have been cast over the ability of UK and Western European companies to use their people to their full potential. PwC claim that UK companies are still lagging behind their US equivalents in what they term human capital return on investment (HcROI). What's more they state that 'one in four high potential employees are intent on leaving their employer in 2010'.⁵ In a world where budgets are still tight, this highlights the need for strategic human resources. Effective talent management ensures companies attract and retain happy and motivated employees, thus cutting recruitment costs and heightening productivity, performance and profits. This is how talent toolbox significantly contributes towards the bottom line.

² IFF research published in Personnel Today in February 2010

³ Peter Cheese, The Talent Powered Organisation and other sources

⁴ Taleo

⁵ Managing people in a changing world: Key trends in human capital a global perspective - 2010 - Price WaterhouseCoopers

NEW FEATURES



talent toolbox

- 9 box grid – although we don't like putting people in boxes, this is a 'touch of a button' way to succession plan
- Almost half of all respondents do not have any insight into the number of new hires that leave the company voluntarily within the first year* – time for Induction reviews?
- Talent toolbox is now available in almost any language – challenge us!
- Get feedback from as many people as you wish with our 360 feature
- Exit questionnaires can help assess and improve the organisation

* Taleo

Watch this space...

- t-box our new 'plug and play' version for entrepreneurs and growing businesses
- Fresh and funky new user interface to ensure a great experience
- Innovative and dynamic development plans to ensure continual recording of performance
- iPhone app

2011 WHY TALENT INTELLIGENCE IS BUSINESS CRITICAL

91% of businesses want info on the skills gaps, but only 55% have it*

82% want data on succession planning but only 41% have it*

55% know if they have the skills to execute their business strategy*

33% of organisations have access to reliable data on the quality of hire*

90% want individual's goals to be aligned to business but only 57% do*

56% have no access to reliable data on top performing employees*

49% of all respondents don't know why new hires leave within the first year*

20% Less than 20% of managers have received training in how to engage with and bring out the best in their people**

The Chartered Institute for Personnel & Development's publication on Becoming an Employer of Choice states that "70% of people leave their manager and not the job". Despite the evidence, most employers have been slow to respond. Surveys by The Training Foundation and others show that less than 20% of managers have received any training in engagement skills and how to bring out the best in people.

There's growing evidence that the employee / immediate manager relationship is the key factor in up to 8 out of 10 decisions to leave a job, the ultimate measurement of engagement.**

Only 24% of UK employees are engaged with their job, 51% are neutral and 25% are disengaged according to the latest Gallup Engagement Survey.

* From a recent survey by Taleo (The UK Talent Intelligence Survey)

** Macleod Report to Government on Employee Engagement (May 2009)



For more information please contact:

Sally Brand

Sales and Marketing Manager

sally@learnpurple.com

020 7836 6999

talent toolbox ltd

36-38 Southampton Street

Covent Garden

London WC2E 7HF

talenttoolbox

a learnpurple company

