

## Fortune 1 Perspective: Talent Flow™

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### Introduction

Several months ago I read a business article that said:

*After the product or service idea that your organization was founded to provide, the people you entrust with building the dream are your most important asset.*

This is better said as:

*The people you entrust with building your dream – the product or service idea that your organization was founded to provide – are your most important asset.*

There is no denying that talent and the search for people with the proper experience is increasingly the number one business strategy. Talent is a company's only truly sustainable competitive advantage and it is the companies that invest in talent development and management that will win the growing talent war in the long run. Companies succeed based on the talent they have on the frontline, and the knowledge, motivation, and networks of these people.

The biggest problem growing companies suffer from is simply finding high-end talent to meet the company's needs to keep the company growing. Today's hot word in recruiting is *inventory management*, and the press is rife with the need to develop talent pools. The argument being, the company can tap into this pool of talent when the need arises. There is a lot to be said for candidate pool development and inventory management. However, significant caution is advised. The very nature of pools is they become stagnant, and despite a company's best efforts there is no guarantee that someone, whom the company has gone to great effort and expense to stay connected with, will accept a job offer when the company's need finally arises. Pooling talent and holding their sustained interest without a day-to-day connection is unlikely and is impractical. The only real talent pool a company has is its current employees. This is the pool of talent with which the company has an invested relationship and the greatest chance of occupying their hearts and minds.

Sticking with the water metaphor, talent development and management is more like a river or multiple tributaries coming together – channels that feed a flow of talent in front of the company. Likely these people take only fleeting glances at the organization and either their interest is seized or they continue to flow by. **Talent Flow™** is about 1) creating this flow and generating a significant number of fleeting glances, 2) making the company a player in the new talent market and 3) spreading a selective net to pull in the top talent the company requires.

### The Talent Market

There is a looming labor shortage in the U.S. and in Europe. Research points to drastic problems in finding qualified talent to fill new jobs. This generational labor shortage is very real. Economic expansion is intersecting with a labor shortage that will wreak havoc with companies' growth plans for years. Despite the recent economic downturn, the long-term trend is simple: There are not enough qualified people to fill the needs of businesses. Talent gurus predict that by 2010 the demand for workers of all kinds will exceed the labor supply by as much as 10 million. Whether it will reach the state of emergency some warn about still remains to be seen. Regardless, there is a very real war for talent that companies have only scraped the surface of thus far.

The growing needs are for high-skilled workers, who are the key to expansion and competitive advantage. The talent now being sought is more skilled and more educated than ever. For example, increasing globalization creates a huge demand for international skills, and the ubiquity of technology means IT talent will remain a gaping hole in most companies' talent bases for a long time to come. Skill sets required by companies continue to grow, yet the pool of such people is running dry.

Beginning in 2003, baby boomers will be leaving the workforce faster than entry-level workers will be entering it. According to Fortune magazine, by 2003 for the first time ever, there will be more workers over 40 years than under. And according to the Bureau of Labor Statistics, a worker turns 50 every eight seconds, a trend that will continue for the next 10 years. It is predicted that businesses will fold not because their products or services are bad, but because they cannot recruit and retain talent.

The current economic downturn and the sudden relaxing of the availability of labor, is the eye of the storm. The current increase in the number of available workers is temporary. An unemployment rate of just 6% means the top performers are still employed. The real labor shortage has just begun, and will not peak until around 2010.

Now, think of what is about to come: Generation Y; Also called Net-Gen or the Millennials. Depending on how one measures Generation Y, this group began entering the world somewhere around the late 1970s or early 1980s. If we stick to the 20 year definition of a "generation", 1981 – 2000 is an accurate timeframe in which to think of Generation Y. This group is roughly 70 - 75 million people in size. The oldest of which are just beginning to enter the workforce. If Boomers or Generation X were "Me-cultures," consider Generation Y has been raised in a 3D interactive world, with increasing amounts of user-centered products and services. This new group of workers is fiercely independent, brutally honest, and comfortable pushing in all directions, especially upward. Expectations in terms of what a company provides to them and specifically *how* they are managed, will reach all time levels of newness and me-ness.

Here is what Generation Y wants:

- Skill development
- A good place to work
- Challenge
- Wealth creation
- Acknowledgement of their time and value

The mantra among Generation Y employees will be: "I am going to live my life, and work my work around it."

Think of it this way, if the customer focused world says:

- The customer is the organization's biggest asset
- The customer pays all salaries and dividends
- The customer will go where he gets the best attention and greatest value
- Companies must be the customers' best choice

The new talent market says:

- Great talent is the only way to build a profitable customer base
- I will go where I get the most attention to my needs
- You [the company] must be my best choice, or I'll go elsewhere

## Recruiting

Companies spend about \$18 billion a year on recruiting. Recruitment advertising and job posting fees alone are an estimated \$8 billion, and this is expected to double over the next three years. Approximately \$1 billion of this is being spent online at places like Monster.com. Although in general internet advertising is significantly reduced, online recruitment-marketing is very positive and is expected to grow by more than 30% - 40% per year due to the accelerating talent needs of employers.

The problem with recruiting is it is built to fill jobs. Every traditional recruiting channel is focused on filling jobs and generating fees. *Fit*, motivation, and retention are all touted about, but in the end recruiting only fills jobs. This is increasingly short sighted in the midst of the developing labor shortage and the level of Generation Y's expectations. People, increasingly do not just want a job or just a good paycheck, or just a cool place work. Increasingly, companies must focus on being creative and being an attractive employer in terms of good management, great tools, and interesting and valuable work.

Moving forward, recruiting must create sustained excitement about an entire company, not just single job opportunities. Recruiting needs to develop more toward the marketing and selling of a company's overall career proposition – the packaging, pricing, placement, and promotion of a company's culture, market, learning and wealth creation opportunities. A company's appeal is driven by its unique culture, its industry and market, and its alignment with each person's own individual mission. Companies must make themselves stand out in the noise, by talking about where and how talent *fits* in terms of the overall business. People want to work where their time and attention are appreciated and valued. However, today, recruiting does not even consider this in its equation of filling jobs and generating fees.

JWT Specialized Communications, a Los Angeles based advertising and marketing firm, has developed a tool called "Voltage" to measure a brand's ability to inspire loyalty in customers. Voltage also translates directly to the perceptions people have of a company as an employer. There is no doubt that brand power – Voltage – is a big factor in recruitment. There is a combination of Voltage + Company Reputation (in a given function, market, or industry) that makes recruiting easier for some companies. For example, General Electric, General Motors, and some other top high-power brands probably have Voltage enough to be more relaxed about talent shortages. Voltage is a way of understanding how much difficulty a firm will have in attracting talent. The difference in companies' Voltage translates into their respective ability to attract talent and minimize recruiting costs. It stands to reason that companies with lower Voltage will have a tougher time finding good talent, and will experience subsequent higher costs in their recruiting and retention efforts.<sup>1</sup> Small companies are presented with an even greater challenge, because they are *below the radar* of traditional job search and recruiting channels, so beyond their city limits or local industry councils, small companies are often complete unknowns in the minds of talent.

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<sup>1</sup> This discussion about Voltage is taken from an article featured in the Electronic Recruiting News: [www.interbiznet.com](http://www.interbiznet.com).

Meanwhile, beyond the marketing and sales side of recruiting, the operating aspects of recruitment are often abysmal. There are four primary metrics by which to measure talent development:

- Lead Time
- Cost
- Quality of Process (QoP)
- Quality of Match (QoM)

A company’s recruiting success depends on Time-to-match, Cost-to-match, Quality-of-match, and Quality-of-Process (the recruiting process itself). More importantly, the quality of the recruiting process affects not just the company, but also how the candidate feels as he moves through the assessment, and when he ultimately receives a job offer. It is telling to note that the general trends in the industry, despite the efforts of major headhunting firms like Korn/Ferry, Heidrick & Struggles, and Management Recruiters, and the advent of the large job boards like Monster.com and HotJobs.com, these four critical success factors are moving in the opposite direction from where both talent and companies would like them to go. Unfortunately, as the labor shortage grows this trend will continue.

**Lead time → Up**

Companies want to drive recruiting lead time down. However, with the labor shortage, despite the internet and automation, lead time, which today averages 3-6 months for an executive position, will likely head north.

**Cost → Up**

Costs will continue to go up – recruiting, training, and retention costs will all increase.

**QoP → Up**

This will be the defining success factor in the years to come. Expectations from Generation Y will indeed force service levels up. Recruiters and companies who do not pay significant attention to increasing the process quality will find themselves sorely lacking in talent.

**QoM → Down**

Despite the promises of job-to-candidate matching algorithms and culture-fit and skill-fit methodologies, companies will be forced to compromise due to labor shortages.

	Lead Time	Cost	QoP	QoM
<b>Companies’ Goal</b>	Down	Down	Up	Up
<b>Industry Trend</b>	Up	Up	Up	Down

Table 1

Following are the primary traditional talent search and fee methodologies:

**Retained Search** – 33% of first year compensation plus expenses, typically paid in 3 installments.

**Contingency** – 33% of first year compensation, paid at time of hire.

**Contingency/ Retained Hybrid** – Usually consists of a small retainer, \$5,000 - \$10,000, and the remaining balance of 33% of first year compensation at time of hire.

**Search Research** – Search researchers charge hourly, usually \$150 to \$250 per hour, for finding, screening, and interviewing. This approach is the least expensive averaging 10% - 30% of first year compensation.

Table 2 illustrates the cross-section of search methodologies and types of searches.

	Retained	Contingency	Hybrid	Research
<b>Board Level</b>	X			X
<b>Executive Level</b>	X			X
<b>Mid-Level/ Functional</b>		X	X	X
<b>Industry Specific</b>	X	X	X	X
<b>Contract Professionals</b>	X			

Table 2

Table 3 below illustrates the cross-section of recruiter segments and types of searches.

	Traditional Search	E-recruiter	Job Board	Company e-Career Site
<b>Board Level</b>	X			
<b>Executive Level</b>	X	X	X	X
<b>Mid-Level/ Functional</b>	X	X	X	X
<b>Industry Specific</b>	X	X	X	X
<b>Contract Professionals</b>	X	X		

Table 3

Each recruiting channel has its good and bad points. Traditional search methodologies are usually well connected and are good at pulling passive job seekers into new positions. E-recruiters and job boards are the fastest growing segment of the industry, and there are literally millions of resumes companies can plug into by using these services. Somewhat surprisingly, the Career sections of companies' websites are still under utilized. This is paradoxical, because the Career area of a company's website has the strongest chance of generating a connection with someone who is turned on by the company, not just a job. Yet, not all companies have Career sections on their websites, and those that do have done little to make it an exciting area that cranks up the company's Voltage.

The problem with traditional recruiting channels is they are reactive – they fill jobs and generate fees. Recruiting services and job boards are often unprofessional, time consuming, costly, and they offer no real guarantee whatsoever of quality-of-match. Today, companies need to create channels through which they market and deliver a unique career proposition to as many high quality people as possible. Companies that focus only on filling jobs will fail. Companies need to build active flowing channels of talent. Without them, companies will not generate enough interest, and talent will flow elsewhere.

Finally, an important footnote in the recruiting mix is the promised panacea of automated algorithmic matching of talent to positions and company cultures. In the assessment phase, talent differentiators require the proverbial “ah hah” that comes only from personal assessment. It is true that resume screening can be automated, but even then mistakes are made. To the degree that personality assessments such as Myers-Briggs and the Jung Typology Test have been updated into electronic versions, these can be excellent determinants of personality, but still have limited capability to produce the highly sought after *fit*. This is because a match between a person and a company ultimately comes down to chemistry. It is more art than science. Matching algorithms is form over function. It is a great idea. It sounds cool. However, avoid them. Frankly, the best approach, albeit certainly not perfect, is to use current staff to help evaluate how well each potential candidate matches the organization.

## **Talent Flow™**

Talent Flow™ concentrates on increasing the number of people that “see” or in some way experience the company; the flow of talent that crosses paths with the company. Companies need to focus on finding talent that is turned-on by their company, not just by a particular job. When a company focuses on filling a particular open position, the result is tunnel vision – talent myopia. Talent flow is about getting people excited about the company, and then pulling the best talent into it. This approach helps to lower lead time and cost, while increasing the quality of both process and match.

In the 21st Century talent market the individual is everything and companies must be seen to deliver value in the eyes of the best potential talent. Top talent is not unemployed, but it is open to better opportunities and better places to work. Where is this top talent? They are working at competitors, or other stand out companies. They are already trained and already top performers. Companies have to create channels to continuously tap into this talent and pull these people into the company.

### **Determining Minimum Talent Flow**

Talent flow starts and ends with simple practical methods. First and foremost, a company must assess its talent needs:

- Current and future growth rates
- Expansion plans (new markets, new products, international sales, etc.)
- People leaving (planned)
- Fallout (unplanned)
- Talent found (top performers uncovered in the process)

A company needs to generate a flow of talent whereby enough potential people are drawn into the sphere of the company to ensure the appropriate number of offers are made and accepted, in order to move the company forward. Of course, quality of the talent flow is paramount. Talent channels need to generate candidates with the skills, experience, and work ethic the company needs. Unfortunately, most companies only

hire 1 out of 30 people interviewed. This is a function of unqualified people, people who do not *fit* the company, and people who receive an offer but decline the opportunity to work for the company. If a company is only able to hire one out of every 30 people it interviews, its hit rate of 1:30, unequivocally shows that the company is spending a great deal of time and money weeding through, ..well, the weeds.

The quality of talent flow and the attractiveness of the company [in the eyes of talent] as an employer are the two most critical components. If only 3% - 4% of the flow brings the skills needed, or has what it takes to succeed in the company, then the quality of flow is far below what it needs to be. Companies need to drive toward a 1:4 ratio in terms of flow and offers accepted. Ultimately, the disqualifiers should not be incredibly obvious. There should be small differences from which the 1 out of 4 people are selected.

Minimum talent flow can be thought of as a simple equation:

$$\text{Minimum Talent Flow} = 4 \times (\text{Needs} + \text{Fallout} + \text{Talent Found})$$

The factor of 4 is the target number. As said, the majority of companies work from a factor of 30, so just to drive this to 10 is a major accomplishment. This factor inherently depends on how the company manages its talent flow. Following here, base weighting is applied, which companies can use as the beginning point to determine what their factor for minimum talent flow is.

- Quality of talent flow (10)
- Screening (5)
- Assessment (8)
- Attractiveness as an employer (compared to other employers) (10)
- Ability to communicate (sell) this attractiveness (7)

The weighting adds to a total of 40. This factor of 40 is decreased by the weight that the company assigns itself as to how well it performs each component. In theory, if a company has great talent flow (8 out of 10, but is horrendous in all other respects, minimum talent flow factor is  $40 - 8 = 32$ . If, for example, a company's flow quality is rated 5 (out of 10), its screening is rated 3 (out of 5), its assessment is rated 6 (out of 8), its attractiveness as an employer is rated 7 (out of 10), and its ability to communicate this attractiveness is 3 (out of 7). Then the equations in the box on page 8 determine the company's required minimum talent flow.

Obviously, in theory, the flow factor can be reduced to 0; however, practically speaking companies require a minimum flow factor of 4. So, even if a company were able to perfect all components of the weighting, the required flow factor is still a minimum of 4. This ensures the company is consistently attracting talent, assessing talent, and getting talent interested in the company.

#### CALCULATING MINIMUM TALENT FLOW

Quality of talent flow:	$10 - 5 = 5$
Quality of screening:	$5 - 3 = 2$
Quality of assessment:	$8 - 6 = 2$
Employer attractiveness:	$10 - 7 = 3$
Ability to communicate attractiveness:	$7 - 3 = 4$
This results in:	$5 + 2 + 2 + 3 + 4 = 16$
And then in:	$40 - 16 = 24$
The end equation being:	

**Minimum Talent Flow = 24 x (Needs + Fallout + Talent Found)**

**Building Talent Flow™** is not unlike building sales channels. In terms of talent, companies are selling the themselves as a place to work, as opposed to a place to buy products or services. This means disciplines such as new product development (new position creation or new organizational structure) and customer service are very applicable to talent development and management, more so now than ever.

Strong and loyal talent is a rare and expensive asset for any company, let alone the challenge of building a continuous stream of talent. However, building a river from which the company can continuously pull talent is exactly what companies, small companies especially, need to focus on developing, because the war for talent requires companies build sustainable sources of, and increase their, talent assets in general.

Remember, high-end talent does not grow on trees, and most are not lurking on job boards. From an overall organizational – strategic – perspective companies must build the following into their talent development:

#### **TALENT FLOW STRATEGY: Know what the new talent market wants**

- Skill development
- A good place to work
- Challenge
- Wealth creation
- Acknowledgement of their time and value

After an offer has been accepted, in the once-on-board phase of talent flow, companies need to become more vigilant in getting rid of managers who sap motivation, and replace them with managers who know and understand the value of people's time, and who lead by doing. Ultimately it is a person's chemistry with their immediate boss and colleagues that most determines their motivation and sense of worth in a company. Moving forward, companies are better advised to concentrate on the skills of managers and the way in which employee's time is used – tools provided, required meetings, learning opportunities, etc. No attempt at building talent flow will make up for a company's lack of organizing around the needs and desires of the new talent market.

#### **TALENT FLOW STRATEGY: Adjust to the new talent market's point view**

- Great talent is your only way to building a profitable customer base

- I will go where I get the most attention to my needs
- You [the employer] must be my best choice, or I'll go elsewhere

#### **TALENT FLOW STRATEGY: Manage talent flow using performance metrics**

- Lead Time
- Cost
- Quality of Process
- Quality of Match

Companies and their leaders need to get far more aggressive in the way they think of talent. After all, talent is the most strategic element of any company, and hence should be managed with the same eye toward innovation, competitive advantage, and results as any other part of the business. Included in this is seriously setting goals, organizing, and measuring talent flow strategy and results.

Talent flow is rooted in obvious fundamentals that all companies, for better or worse, are already performing to some degree. Operationally, on a day-to-day basis companies must focus on the actions described here. Form should follow function here, and the best advice is to just get on with it.

#### **TALENT FLOW ACTION: Ensure a high quality fundamental process**

- Create interest →
- Create resume flow →
- Screen resumes →
- Phone screen →
- In person Interview →
- Assessment →
- What's it going take? →
- Employment offer

Companies must stand out in their industries and markets to have any hope of competing in the talent war, and attracting top talent. People must be motivated to express their interest in a company, and they must come through the process *really wanting to work* for the company. The basic fundamental interviews and assessment process must be well polished and organized to get people excited about the company.

From a candidate's standpoint, good advice when interviewing for any position is: "Get the offer." Even if the person does not want the job or like the company, the person should strive to get the offer from the company. This way the candidate always has the option to turn the offer down, but with the offer in hand the person's options increase; they can accept a great new job and likely more money, or they can return to their current job with the satisfaction that they are a marketable piece of talent that other companies will likely want. In the new talent market, this same logic works for companies. Companies should strive to make EVERY candidate that looks at the company or passes through the doors for an interview to WANT to be a part of the company – to feel excited and turned on by the company.

The idea of stress interviews is long past. However, this does not mean a company should pull out the red carpet for even the worst candidates. A good talent flow process

needs to cut or move people forward as their suitability is determined. The point is regardless of when this happens the candidate should want to work for the company. Candidates must be cut loose or be hired thinking, "...this is a great company, and I want to work here."

The fundamentals, from how a company *Creates Interest* → *Making an Offer*, must be at least as professional and service oriented as the company is in its sales and marketing of its other products. Companies need to sell themselves to talent, and must create an atmosphere and work content that talent wants to buy-into. Professionalism, service, and speed are core requirements of the process. Companies must pick up the phone to stroke candidates and let them know how interested they are. Formal letters or just simple emails from the CEO are great touches that command people's interest. Timing is also critical. The longer a hiring process takes, the less likely the person will ultimately accept the offer. A process that stretches into three or four weeks will leave companies shaking their heads at the energy that went into the process only to have the talent say "No." The basic process should ideally be a week, from first interview to offer. Companies who are able to crunch the time line down will have a significant advantage.

**TALENT FLOW ACTION: Increase talent channels**

There are thousands of players in the talent market. Human Capital Management (HCM) is a huge and growing industry. There are literally tens of thousands of players. Table 4 summarizes the traditional recruiting channels, their average cost level, and their effectiveness in terms of Lead Time, Cost, Quality of Match, and Quality of Process.

Channel	Lead Time	Cost	QoM	QoP
Advertising		\$\$\$	Q	★
Job Boards		\$\$	Q	★
Internal Referrals		\$	QQ	★★★
Temp to Perm/ Contract Professionals		\$\$	QQQ	★★
Headhunters		\$\$\$	QQ	★★
Search Research		\$\$	QQQ	★★★
Career Fairs		\$\$	QQ	★
Universities		\$	QQQ	★★
Friends and Family		\$	QQ	★★
Freelance Consultants		\$\$\$	QQQ	★★
Company Website		\$	QQQ	★★

Table 4

Companies must fine-tune their traditional recruiting channels and partnerships. It is not so much that the channels will change, but it is how effectively a company uses these channels. Some companies throw mud at the wall and what sticks, sticks. This is not a good way to create and manage talent flow. Moreover, companies must develop new creative approaches to driving people into their company's flow of talent.

Companies who are not familiar with search research should look into it. Search research saves money, gives the company more flexibility, and decreases the time it

takes to create talent flow. It also adds a more personal touch, than the big headhunters. A retained or contingency headhunter is paid \$20,000 to \$40,000 plus-plus for their services, which in effect double up on a job someone in HR is already performing. On a cost-per-hire basis using a search firm is two to four times more expensive than using search research. Search researchers are professional recruiters, but they are the backroom people who actually do the leg work in the large headhunting firms. Today, there are an increasing number of independent search researchers who offer their services independent from the big headhunting firms. Using search research requires the company to do a little more hands-on management of the process than when working with a big headhunting firm, but this helps bring the company closer to the flow of talent. Researches are more a true extension of the HR Department and tend to be good at partnering with the company, and helping to create talent flow not just fill jobs and generate fees.

In 1999, online job hunting became the dominant first step for people who are looking for work. Today, the most popular internet recruiting model is the large job board (e.g. Monster.com). Although this method for identifying and harvesting talent is noisy and inefficient, companies are seriously remiss not to tap into these sources. They are a booming talent channel, and even most traditional recruiting companies have developed internet models. However, taking out a regular listing on a major job board can be expensive. Monster.com, the internet's leading job database, charges \$275 to list a single position for 60 days; and HotJobs.com charges companies \$700 per month to list up to 20 openings. These services are much less expensive than employment advertising in major newspapers, but listing multiple positions can still add up. Companies should choose job board channels selectively, corporate discounts should be negotiated, and they should never be a company's sole channel. Companies will also need to develop a method for wading through the sheer number of resumes these services generate, or they run the risk of decreasing the quality of talent flow.

As mentioned above, companies need to better develop their own online Career sections of their websites. This should be more than an email address for sending resumes, although it does not need to require tens of thousands of dollars for candidate tracking software. The point is a company must make its website's Career section more than just a list of jobs. Companies need to create a flow of intelligent passionate people not just hired guns. A website's career section must get people excited about the company. This is not done by simply posting the company's mission statement. Companies need to exploit the internet medium, and Generation Y's comfort level with technology by adding such things as "chat with the CEO," virtual career fairs, and other interactive features.

Finally, the most important talent channel for any company is its existing people. Every company should offer recruiting bonuses to employees who bring people into the company, and they should be substantial bonuses. This is an absolute imperative talent channel that every company should have working.

In addition to carefully selecting and organizing talent channels, companies must get comfortable with ranking their people. The war for talent will become competitive enough that companies 1) must reward their top talent with recognition and 2) cannot afford to hand-hold sub-standard employees when better talent can be had. Fortune 1's Perspective: [Building An Organization Of Rainmakers and World Beaters](#) summarizes the process for creating a meritocracy within a company. Jack Welch ranked all GE people as A, B, or C. C's are removed, they hurt the organization. B's are pushed to A's or re-classified as C's and moved out. To some this sounds draconian, but this is natural. We all, consciously or slightly less so, classify things as exceeding, meeting, or not meeting our expectations. Every company should be just this practical. It all comes down to recognizing the value of a top performer versus an average performer. The difference translates into real bottom-line profits for the company, and goes a long way in keeping

top people motivated. As with most things the BCG matrix can also be used to rate a company's talent: Cash Cows, Stars, Dogs, and Questions Marks; which is just another way of ranking talent as A, B, C, and Too-Soon-to-Know.

#### **TALENT FLOW ACTION: Be creative and increase company attractiveness**

- Voltage
- Create a message to top talent about the company
- Employee and work policies
- Quality of Management

Not only will traditionally channels be important, but innovation in talent development and management will evolve. The war for talent will result in some of the newest and best channels being developed. The best ones will be candidate centric and focus on the quality of the process. For example, the full potential of the internet is just barely being realized. It is not simply a tool, and in terms of talent flow its effects will be far reaching. Remember, Generation Y is fantastically net savvy; they are comfortable with technology, and know how to use it to their advantage. The internet is growing into an entirely new social context. It is increasingly commonplace not only to conduct business, but to have meaningful personal relationships electronically. This is only just beginning to be explored in terms of linking companies up with great talent.

Companies that re-think traditional ideas about how to organize work, compensation, benefits, bonuses, and how they use people's time will be in the best position to find and keep the most desirable talent. Some examples of creative talent channels and ways to increase a company's attractiveness include:

- Create Apprentice Professional Programs (APP)
- Talent options
- Create dream jobs
- Develop a [Life-Rhythm Ratio](#) (LRR) approach to organizing people's work
- "We need people like you" cards
- Leave the door open

A great real life example of getting creative in terms of talent flow is IBM's Extreme Blue "academic incubator" program. Extreme Blue is designed to provide IT and MBA students with an unforgettable internship experience. Drawing from a wealth of resources within IBM, this challenging internship program combines competitive compensation, unparalleled technical experience and a leading-edge work and living environment. The best of the best are chosen for the eleven week program. MBA students chair teams of technical students. The internees are mentored by IBM executives, and supposedly even have access to Lou Gerstner. The eleven week projects are paid for by IBM business units seeking innovative breakthroughs.

**The Apprentice Professional Program (APP)** is another example of a talent flow channel, in the same vein as IBM's Extreme Blue. Fortune 1 created APP several years ago for a large chemicals manufacturer; and was targeted at low-income youth who showed academic promise. Upon graduation, or near graduation, from high school, low-income students were employed in the manufacturing plant at a discounted wage. During this time, the apprentice professionals completed their high school requirements or attended college, paid for by the company. The apprentice professionals could choose professional or technical tracks, but the company dictated which degree programs it would pay for based on its talent needs; ensuring the company did not just sponsor

education only to ultimately lose the people. Each summer, the apprentice professionals were rotated into eight week internships in professional departments of the company. Upon graduation, these people received job offers from the company in their respective new fields. The company had a good source of manufacturing labor at a discounted wage, and ultimately had factory-floor trained professionals working in the company. Critical components of the program included partnerships with local high schools and universities, and full time management of the program.

At the height of the internet bubble the idea of talent auctions was floated around. This is not a good idea, nor is it an attractive one to most companies. However, as the war for talent grows fierce, **talent options** will likely evolve. Companies will pay option fees to have first-rights to a select few top performers. Talent options will help keep a company connected with top talent. Creating dream jobs is one version of a talent option. A famous example of a talent option is when NBC contracted Jerry Seinfeld in 1989. At the time there was no definitive need, nor show developed with Seinfeld in mind, but NBC wanted to lock-up Seinfeld to prevent another network from contracting him. Originally, Seinfeld showed little promise and the show's pilot was highly questionable, but NBC executives stuck with their decision, and of course later Seinfeld made history as the most successful sitcom ever. Another great example of a company using talent options is Charles Schwab, who in cutting back its employees in 2000 and 2001, offered a \$7,500 hire back bonus to anyone hired back into the company within 18 months. As well, Accenture recently offered half-pay sabbaticals to almost 1,000 employees.

Increasingly companies will need to be flexible and hire top talent when they find it. This includes creating **dream jobs** for these people. Building high quality talent flow requires taking somebody with a great job and giving them a better offer – a “Dream Job.” Companies create dream jobs by finding out what top performers really want in their job and giving it to them. Dream jobs are absolutely essential to recruiting and retaining top talent. Too many companies throw open all the doors only after a talented employee has given notice they are leaving; suddenly the company jumps through hoops to keep them. This is no way to manage top talent, and it is damaging and de-motivating to the rest of the organization. It sends the message that the company rewards people when they interview with the competition and/or threaten to leave. By creating dream jobs for the best talent, companies reward their best talent and help them achieve what they desire.

One interesting example of how companies can creatively build jobs and organize work is via a **Life Rhythm Ratio (LRR)** perspective. Briefly, all people spend their limited time in three spheres: 1) Personal, 2) Family, and 3) Work. LRR classifies people according to High/Medium/Low in terms of time spent in the three spheres; resulting in nine different types ranging from High Work/Medium Family/Low Personal, to High Family/Medium Work/Low Personal. By determining how a person organizes their life, and what spheres are most important to them, companies can organize work according to a person's Life Rhythm. Increasingly, companies will need to meet the life schedules of top talent.

Another great example that a few creative managers use is **We need people like you** business cards. These are business cards that company executives hand out to any person who impresses them with exceptional effort. Possibly this is a salesman or even a waiter in a restaurant, or anyone else the executive comes into contact with that through service or knowledge goes the extra mile. The cards are typically printed on both sides, one with the standard company and executive's information, and the other side is printed: “We need people like you, please contact <Company Name> for an interview.” Talk about getting people excited about the company. With a simple card, the person

feels valued and excited that their efforts are recognized. The important part of this is to be sure executives are very selective in who they hand these cards to.

Another important part of creating talent flow is to leave the door open when strong performers leave the company. Companies who refuse to allow previously good workers back are very short sighted. Companies should tell top talent they are WANTED back, and that the door is ALWAYS open. Companies want motivated ambitious people. Motivated ambitious people look at new opportunities. This is a fact of today's employment and career environment. It is an inevitable occurrence that people leave. Companies invest a lot of time and energy in hiring and retaining talent; creating great jobs and flexibility. Hence, it pays to be nice in this frustrating situation. Companies should leave the door open and make the departure positive. An open door policy is one of the best sources for pre-trained talent that a company can have. As well, the stories these returning employees share with other employees – that the grass is not always greener – act as important retention tools for other talent inside the company.

The successful companies in the new talent market will know how to tailor their value propositions to the best people. These companies will develop flexible reward systems to meet different people's differing priorities. The fact is companies need to create an environment that attracts people and makes them want to stay. Moreover, companies cannot simply think in terms of flex time and stock options. These types of programs are now 10 – 20 years old. They were for the last generation. Today, companies need to ask and listen to individuals and give them access to things that work for them, that make the work environment *their* kind of place. For example, cafeteria compensation plans (not just benefits) are already being used by some companies. Generation Y will not accept poor tools, poor management, nor poor work environments. The best companies will focus on improving how they value people and use their time.

## Conclusion

The foundational staff of any growing company must be strong, very strong. Growth and performance excellence is far easier when companies hire top performers to begin with, rather than constantly pushing and pulling sub-standard performers along. More than ever before, companies must *connect* with talent inside and outside the company and build a flow of high-quality talent.

Companies need broad skills sets – people who can make decisions across various competencies. Growing companies, especially, need people with broad skill sets who have the work ethic, passion, and fire-in-the-belly required in fast moving environments. Companies need better international skills, and more sophisticated IT skills. Added to this, maturity and wisdom are good things too. But there is a very real shortage of these talent assets. And since there is a bigger demand for staff than there is supply, companies need to give talent a reason to choose the company over some other organization. Therefore, companies must move beyond just traditional recruiting channels, and think in terms of building talent flow.

Talent flow is intended to build a targeted, rifle-shot approach to talent development and management. This is both more efficient, less costly, and results in better *fit*. Companies need to develop talent flow, not from the low hanging fruit – those people who need jobs – but from those people who are seeking new opportunities and challenges in their lives and careers. Those people who will consider new opportunities when they see a special company – one that values them and their time.

Companies must look carefully at the tools and atmosphere they provide to their people. The new talent market is far less forgiving of bad tools, bad management, and time wasting practices. In any talent market the best performers can go where they want. In

the new talent market even average performers can easily find other opportunities. Time is everyone’s most valuable possession, and intelligent active people are concerned about their time being wasted. Companies must respect talent’s time and provide the best tools and the best management, or the best talent will simply go elsewhere – where their time and contribution is more highly valued by a better company.

Unfortunately, most companies lag woefully in terms of talent development and management. However, every industry is now being driven toward performance in terms of recruiting and retaining top notch talent. The labor shortage and the increasing expectations of Generation Y will see to this. Companies who do not recognize these trends and organize themselves accordingly will not be competitive in the new talent market and subsequently will not be competitive in their product and customer markets.

Bill Jensen, author of Work 2.0: Rewriting The Contract, says that smart companies will fight the war for talent with an amazingly simple idea: Improve business results and create a great place to work by improving how employees’ time and energy is used.<sup>2</sup> Jensen includes an excellent table early in his book called: **Workforce: Jumping the Chasm**, it is adapted here as a summary on how to understand the new talent market.

### The New Talent Market<sup>3</sup>

Before	Future
Companies create the implied work contract with employees.	Talent develops their contract with the company.
Getting permission; Selling up in the company.	Driven by passion, with lots of room to implement ideas, or talent leaves the company.
Aligning employees’ needs and career goals with company’s strategy and objectives	Talent walks away from companies who are not aligned or inattentive to their personal priorities and goals.
Finding or making time	Talent walks away from time wasters – poor management, poor tools, and bad organization.
How the employee is treated.	How talent and their skills, networks, and knowledge assets are treated.

To summarize the strategies and actions of Talent Flow™, companies must:

- Create work environments that acknowledge the changing talent market
- Increase the flow of high-quality talent
- Be flexible enough to pull in strong talent when its found
- Get creative and increase the attractiveness of the organization; Increase Voltage
- Decrease lead time and costs; Increase the quality of the process and match.

Although today, the economic downturn is cushioning the large changes in the talent market, the war for talent is real. Talent Flow™ is a strong strategic and practical step for companies to remain competitive as high-skilled and experienced talent becomes an even rarer and more expensive asset.

<sup>2 and 3</sup> Adapted from *Work 2.0: Rewriting The Contract*, Bill Jensen, Perseus Publishing, 2002.