

A Five-Year Forecast for Global Talent Management Trends

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What is in store for human resources in the next five years?

A long planning horizon is one of the characteristics of successful HR and talent management professionals at some of the world's most respected and innovative global companies. Their mindset is similar to that of their colleagues in the strategic planning function. They survey the business landscape ahead, create different hypotheses about what the future may hold, then build proactive and contingency plans for each.

In order to paint a picture of the world of human resources in 2017, the authors asked HR leaders from prominent global companies to forecast the trends, dynamics and factors that will shape the focus and function of human resources over the next five years.

HR's Evolution as a Strategic Partner

Although there will certainly be things we can't accurately predict and plan for, many of the issues we will face in five years could be mitigated through a longer, more strategic view of market, competitor and customer dynamics that can have an impact on the business. Granted, that's easier said than done, given the time-bound pressure almost all senior executives are under to deliver immediate results and "keep the trains running on time." But HR leaders agree that the HR function needs to be courageous and decisive today in order to build a strategic talent advantage for their organizations.

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“I don’t imagine we’ll be talking about ‘HR initiatives’ in five years’ time,” said Erin Packwood, director of global total rewards and employee engagement at Transocean, a deep-water oil drilling company. “All initiatives will be owned by the business, with HR partnering, guiding, supporting and facilitating the design and implementation process. Looking ahead, HR teams will need to focus on key business issues that demonstrably impact financial and operating performance and business capability, such as increasing employee retention and elevating engagement.”

J.P. Elliott, Ph.D., director of global leadership development at Lenovo, the world’s second-largest personal computer manufacturer, said that the plethora of unplanned challenges that confront human resources almost every day aren’t going away. Salary budget calculations, sexual harassment charges, the sudden departure of key personnel, resolving conflicts and other events will continue to draw the focus of HR teams from tackling more strategic issues. That needs to change. “As talent management is recognized more broadly as the key to strategy execution, I think we’ll see more HR people move beyond the tactical and towards more strategic projects,” Elliott said. “At Lenovo, for example, we’re under increasing pressure from the CEO to support his strategic priorities. That’s a good thing. Over the next five years, the companies that succeed will be those with HR capabilities that can focus on the strategic imperative of delivering the right people with the right skills at the right time.”

Packwood shares that perspective. “HR will need to be moved away from a transactional focus on policies, and instead focus on building the leadership and management infrastructure required to drive the talent agenda and run the business effectively,” she said. “HR needs to be extremely disciplined in both planning and execution over the coming years, in order to strike the right balance between delivering short-term impact and building long-term capability.”

Denise Champagne, vice president of leadership and organization effectiveness at Monsanto, also believes that human resources will have to step up. “I think the looming possibility of reductions or resource reallocation might have some human resources executives paying more attention to how they demonstrate their value to the business. This should translate into developing better business acumen and becoming more analytical and data-driven while at the same time keeping a sharp focus on operational efficiency — both at the human resources level as well as across the enterprise.”

Nelson Mandela once said, “Lead from the back — and let others believe they are in front.” This is good advice for HR leaders who, rather than trying to build their profile, garner “the respect they deserve,” or secure “a seat at the table,” should focus on enabling line leaders to develop and execute the talent agenda required to run the business effectively.

Jon Thurston, global human capital planning manager at 3M, explained that the relationship of human resources to

the rest of the company continues to evolve. “HR will never be successful if they try to carve out their own initiatives and get the rest of the company to come along. We’ve learned that when HR is working within the cadence of the business — participating in the international growth planning process, for example — we can be much more successful and influential.”

The HR Talent Magnet

As the awareness of talent management as a significant competitive advantage increases, the field will become more attractive as a choice for top talent who historically pursue careers in traditionally strategic or analytical fields, such as corporate development or finance. “Top talent wants to make a difference in their organizations, and will increasingly be attracted to the field of talent management for that reason,” Packwood said. “That’s not me drinking the Kool-Aid. That’s something I’ve seen happening over the last five years as HR makes a significantly greater impact on business capability and performance.”

Elliott predicts that the best HR talent to emerge in the next five years will be as a result of an apprentice model. He notes that graduate schools are getting better at turning out well-educated HR professionals and that companies like PepsiCo and GE will continue to be a pipeline of experienced talent.

“But what I hope is that over the next five years HR practitioners take on more responsibility for sharing their knowledge and empowering the next generation of leaders,” Elliott

said. “We need to be more proactive in bringing top performers into the HR function. We should be making sure that high-potentials are cycled through HR, just as they are in finance or marketing.”

Given the challenges ahead, it is increasingly clear that there will be a pressing need for HR professionals with better business acumen, broader business experience and exposure, enhanced communication skills, and more strategic thinking. Packwood contends: “In global organizations, it is particularly important to have a talent pool that brings a global perspective or world view. People with an appreciation of geographic differences across the world will be highly prized, as they can help organizations navigate effectively across complex global operations.”

Going “Glocal”

What are the talent and cultural implications of operating around the world, something with which even small organizations grapple? Is it possible to act as a “glocal” organization — applying the right blend of global policies and local practices to meet the needs of corporate and branch operations?

Champagne expects that globalization will require new leadership skills. “With team members located in vastly different regions and time zones, I think we’ll see a subtle shift in the emphasis and appearance of relationship skills,” she said. “In situations where people rarely, if ever, meet face to face, it will take a different type of talent to form trusting and effective relationships. This will have implications for leaders — how they create a sense of team and how they generate followership.”

At Lenovo, Elliott said, “At my previous company, my staff was in the next cube. Now it’s in the next continent.” The first global Chinese

company with dual headquarters in Beijing and Morrisville, N.C., and operating in 160 countries, Lenovo is on the leading edge of the trend toward balancing local culture and corporate’s need for consistency.

“HR executives are going to be spending a lot more time in the years ahead helping their companies strike the right balance in managing policies and processes,” Elliott said. “Globalization will heighten the need for cultural sensitivity and openness to new ways of operating. The old ways of mandating policies across borders will give way to more conversation and adopting best practices from local markets, not just from corporate headquarters.”

For example, Lenovo is introducing talent management practices that are common in Western companies to their operations around the globe and in China. In the course of design and implementation, the local and corporate HR practitioners worked together to adjust the practices to better fit in China and emerging markets — determining which elements had to be consistent with corporate guidelines and which could be adjusted for local market conditions.

Striking the right balance between centralized and decentralized HR activities will remain a challenge for all organizations, especially as there is no single approach that will work across the board. This trend will not go away soon given that the complexity of operating globally will increase from a cultural, legislative and political perspective.

With this in mind, Transocean’s Packwood said: “This will require more globally adaptable HR strategies, which blend worldwide best practice with the specific requirements of individual markets.”

Elliott agreed: “The HR world is only getting more complicated. We will see different models emerge over the next five years as people grapple with fundamental questions such as ‘How do I get value from my global programs and still meet

the needs of the local market?’ and ‘How do I engage the workforce in each country?’”

The trend toward a more global and interconnected business world will also drive new approaches in talent development and deployment. “Organizations will need to mirror the change toward global customers by being more global in their thinking,” Packwood said. “This will require more robust talent development and mobility programs, as there will be an increasing need to develop and move top talent around the world.”

3M has more than 200 plant locations in more than 65 countries. 3M is looking to create better regional self-sufficiency when it comes to sourcing talent, Thurston said. “Product development and research and development need to move closer to the customer,” Thurston said. “We need to do a better job in the next few years of developing employees, keeping Gen Y employees and onboarding people faster so they’re more productive more quickly. But the challenge is different in every country. Talent acquisition in the Middle East is far different than in the BRIC [Brazil, Russia, India, China] countries.”

The importance of glocalization is so high that 3M is taking the broadest possible view of global sourcing. The operations function is challenging itself to find different ways of fulfilling its mission as a global innovation company. Human Capital Planning is exploring new ways of finding and mining talent, then bringing those capabilities to the point of need, whether it be in Poland or China or the United States. They are trying to find reliable ways to determine when employees are ready for international assignments, particularly earlier in their careers when mobility is often easier for the employee and less expensive for the company.

Social Media, Big Data, Emerging Technology

The amount of people-related data in various corporate systems combined



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with new technologies is fueling innovation. Human resources is being forced to come to terms with the proliferation of Facebook, LinkedIn, Twitter and blog platforms that are changing the ways individuals and teams communicate, give feedback and measure performance.

Packwood said: “Right now, a lot of people are trying to figure out the relevance and importance of social media from an organization perspective. I’m certain that five years from now social media, and communication in general, will be top of mind for all executives. We won’t be asking ourselves if we need a comprehensive communication and social media strategy. It will be an obvious necessity.”

A powerful factor driving the adoption of social media, particularly among multinational organizations, is the need for connectivity and transparency. “When you’re working in 60 countries, you have to find new ways to stay engaged,” Elliott said. “Everyone is suffering from email overload. Now we’re using Skype and relying more on our intranet as a forum for sharing many-to-many information.”

It is important for human resources to not wait for the marketing or communications teams to take ownership for social media. Human resources needs to take a lead role, ensuring leaders are aware of the benefits and risks associated with social media, and partnering with marketing and communications to build a coherent communications strategy aimed at all stakeholders, including customers, employees, candidates and regulators.

The volume of data currently being generated by human resources and talent management systems is significant and will continue to grow with

the adoption of the technologies mentioned here. However, human resources’ capability to translate vast amounts of data into analytics and insights about how to attract, develop, deploy and retain talent is lagging. If human resources doesn’t build these capabilities, another function soon will.

At Monsanto, Champagne said, “Technology has enabled us to attract candidates differently, facilitate business connections and social learning, automate processes, collect and mine more data and make telecommuting a more effective work alternative. I see this continuing and creating both greater efficiencies as well as heightened concerns around things like balance and privacy.”

3M’s Thurston expects that data analytics will gain greater attention in the years ahead because the volume of rich data that are available on talent. “HR needs more people with deep analytic capabilities and a high level of intellectual curiosity who can help us tell a story with data,” Thurston said. “If we want to help management understand turnover, for example, we should be able to statistically correlate a variety of attributes to likelihood to leave and then make fact-based recommendations. As a profession, we’re not where we need to be yet in terms of predictive analytics, but over the next five years I expect to see a lot of progress.”

Taking Action

As you map your priorities for 2013 and beyond, discuss the issues raised here with key stakeholders. Try to consider the long-term impact of your plans and ask whether there are alternatives that would offer greater long-term benefits for the organization. Don’t be afraid to point out

that while leaders often do a great job talking about investing for the future, the reality is often somewhat different, and how real leadership sometimes means taking actions now that will benefit your organization long after you’re gone.

And while you’re probably nodding your head saying this all makes sense and that of course you’ll get around to long-term planning once the critical short-term issues are put to bed, pause for a moment and reflect on the wise words used in a recent Nike advertising campaign: “Yesterday you said tomorrow.”

While the pressure to deliver has never been greater, the opportunity to have a direct impact on business performance and strategy execution is within reach for the first time. Five years from now, in 2017, we should know whether human resources has made the leap to becoming a genuinely strategic function, or if it has been bypassed by leaders and line managers with their own increasingly sophisticated talent management awareness and competencies. **WS**

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