

TALENT INTELLIGENCE IS THE NEXT BIG FRONTIER

If it is true that organizations are only as good as the people in them then the way through this uncertain moment is building superior talent-intelligence. This will be a key focus for the new Strategic Client Research and Advisory practice at Sheffield Haworth.

The world was stuck in recession when Sheffield Haworth was established in 1993. Unemployment was at record levels and expected to get worse. (It did.) The Internet had yet to arrive as the widespread social phenomenon that it would quickly become.ⁱ

Thirty years later we may be entering another period of global recession—with two big differences from 1993. The first is that talent shortages are widespread in developed economies.ⁱⁱ The second is the power that digital tools give us to extract a richer kind of understanding about talent—what it is, where it is, how to engage it and how to hold it.

If it is true that organizations are only as good as the people in them then the way through this uncertain moment is talent intelligence, the emerging science of tracking where the best are going, what motivates them and how they fit into an organization's strategic plan.

The great resignation and the great hope

The Great Resignation, The Great Reshuffle, The Big Quit—call it what you like, the effect of it on organizations from financial services to big tech, from the Fortune 500 to startups, is strategic and existential. And it is not going to abate any time soon, regardless of how companies address their hybrid work solution.

A recent worldwide survey of 52,195 employees in 44 countries by PwC suggests the Great Resignation will continue for the foreseeable future. As you would expect, better compensation was found to be the biggest motivator for a job change. Just as important was a sense of fulfilment on the job, with no clear agreement across generations and geographies, nor across industries, about what exactly “fulfilment” means.ⁱⁱⁱ

To say organizations need to be agile and quick to pivot in an uncertain world is to say the obvious. It is estimated, for instance, that last year one in four people quit their jobs in the United States.^{iv} Pause for a moment to consider what 25 percent annual turnover does to the intentions of strategic planners.

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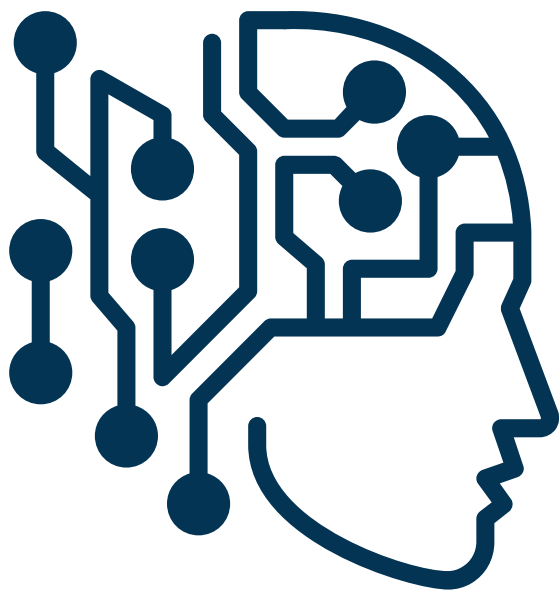
It is no wonder that the 2022 class of the Fortune 500 described talent shortages as the No. 1 threat to their businesses.^v Nearly all large companies are making changes to their operations in the hope of improving recruitment and retention.^{vi} One gets the sense that none are quite sure what it will take to attract great talent, nor how to hold on to it if they do.

Combining external and internal data for advanced talent intelligence

To me, forensic insight is the extraction of intelligence from a combination of public data and proprietary information. The purpose is to make better decisions about allocating resources in support of recruitment, retention and investment. That makes it a tool of strategy execution.

It surprises me when people in 2022 still think of talent intelligence as the successor to the conventional research function, as a cost center peripheral to revenue-generating work.

You could say that talent intelligence is the augmentation of people analytics and data science—internal and external—by supporting human insight with all the advantages that technology provides (which increasingly includes artificial intelligence).



Example uses of talent intelligence

Talent marketplace:

One way is by enabling companies to use people analytics and data science to apply more quantitative methods in building internal talent marketplaces. Such marketplaces match current staff with projects by applying data describing knowledge and skills an organization may not know it owns. (These are sometimes called “worker-data platforms”.) The next logical step is the development of career maps, with all that means for improving retention.



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Tools to highlight gaps in the pipeline:

In addition to better performance and higher retention, talent-intelligence tools can define gaps in talent pipelines. In that way they reveal risks to a business even when the view ahead remains clouded.

Always on external listening:

Talent intelligence is—or should be —“always on”. By that I mean monitoring changes in the external labor market, allowing the organization to continually calibrate its talent strategies— in both up- and down-markets. It does this in part using people analytics to dissect the talent moves competitors are making in response to market conditions. It uses as reference critical data points that affect all parts of an industry—compensation metrics, diversity, equity and inclusion stats, updates to regulatory frameworks as well as ESG.

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Competitive insights

The dramatic changes of the past several years make clear that this is not the time to be shy about future-proofing your business. For organizations, what are the opportunities to be had from talent intelligence in 2022 and beyond?

The most obvious is in respect to where an organization invests. For example, in a recession, businesses are under pressure to cut costs and become more efficient. In both respects talent intelligence can help. Firstly, by providing an understanding of the talent landscape. Secondly, by identifying areas where the organization may be overspending for labor. Thirdly, it can also help to reveal whether an organization is overlooking solutions that support better tactical choices in the allocation of resources. Inside the organization this starts essential conversations.



Location analysis:

Right now, in almost every boardroom, one of the hottest topics is "right-shoring." This is broadly described as the choices made about which functions are in which locations. The intention is a maximal blend of cost and efficiency.

At first, the appeal of a low-cost location seems so obvious as to not need stating. But as we began to see before the Covid pandemic, competition for talent even in low-cost locations is driving labor shortages and supply-chain headaches. But not everywhere and not in every kind of skill.

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Internal leverage models:

An outcome of shifting perspective on global talent should be a closer study of an organization's internal talent. How is employed talent being leveraged? What are people saying about the ways they are managed, or whether they are receiving development opportunities?

Not knowing the answers could lead to an exodus of exactly the people one needs the most during tough times.

ESG and DEI perspectives:

Organizations with a growth disposition can never stop thinking about talent pipelines, specifically about the gaps in them. This is especially true in respect to diversity, equity and inclusion, which are by now well known to be directly correlated to business performance. The same could be said for environmental, social and governance issues.



Where to next?

In the current climate of talent shortages how easy is it to attract the right people to fill our pipelines?

Complicating the answer to that question is that when the economy is struggling businesses characteristically stop investing in new talent—the very opposite of what they ought to do. This is where the Sheffield Haworth suite of professional services can be fully leveraged. Interim Management, Change Consulting, and Leadership Advisory all have an enormous part to play in the current business cycle. The ability to develop and retain your people has never been more challenging; having a clear roadmap and successfully executing against it will always provide a competitive edge.

In 2022, JPMorgan CEO Jamie Dimon warned us all to brace for an economic hurricane in the coming year. If he is right, if a recession is coming at a time when the supply of great talent in the world is stretched, then having a precision-guided tool for winning the talent wars and shaping investment choices will be a decisive factor for organizations.



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Richard partners with clients to implement strategic and organizational initiatives that drive performance and long-term value, proposing approaches to talent strategies and organizational structures. This encompasses competitor platforms, structures, people analytics and compensation.

Prior to joining Sheffield Haworth, Richard was with another global financial services specialist where he was the Chief Growth Officer for eight years. Previously, he held a variety of positions at Korn Ferry, Caldwell Partners, and other boutique firms. He is a graduate of the University of Buckingham in History, Politics and English Literature.

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- i. OECD Employment Outlook. 1989 - 2017 Editions: Chapters and supplementary material.
 - ii. Project Management Institute Global Megatrends 2022: Labor Shortages. May 2022.
 - iii. Survey of over 52,000 workers indicates the Great Resignation is set to continue as pressure on pay mounts. 24 May 2022.
 - iv. "1 in 4 workers quit their job this year—here's what companies are getting wrong about retention." Jennifer Liu. CNBC. 14 October 2021.
 - v. The leaders of Fortune 500 companies view the talent shortage as the No. 1 threat to business. Sheryl Estrada. Fortune. 27 May 2022.
 - vi. See, for example, "The Other Diversity Dividend." Paul Gompers & Silpa Kovvali. Harvard Business Review. July-August 2018.