

The Intersection of Talent Management and Engagement

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“The typical organization today views talent management as three building blocks: attract, develop, and retain. These are solid building blocks. The challenge is that these blocks won’t stick together unless there is mortar. And that mortar is employee engagement. A robust, world-class talent management process has to put the mortar between those three key building blocks.”

—Brian Gareau, manager, people and organizational development, Caterpillar Inc.

To be successful, employee engagement efforts cannot be stand-alone endeavors, or even a set of activities. Rather, employee engagement must be a journey and ingrained in an organization’s culture. These are the findings of a recent study, *Rewarding, Engaging and Retaining Key Talent*, conducted by APQC, a resource for performance analytics, best practices, process improvement and knowledge management.

In 2009 and 2010, through a robust screening process, APQC, the authors’ company, identified 3M, Infosys and Schlumberger as organizations with best practices in the area of employee engagement. (See Best-Practice Organization Snapshots on page 2.) Using surveys and site visits, APQC examined employee engagement practices at these organizations. The report *Rewarding, Engaging and Retaining Key Talent* details the study findings regarding 3M, Infosys and Schlumberger. One of the key insights is that for employee engagement efforts to succeed, they should be closely integrated with all aspects of the talent management life cycle, including employee recruiting and selection, overall employment branding, training and development, rewards and retention, and performance management.

Employee Selection

Creating a cadre of engaged employees begins with selecting the best individuals for specific positions. Individuals who feel comfortable in their roles and who feel they fit into the organizational culture have a higher level of engagement than individuals placed in the wrong position or who simply do not fit. According to a recent engagement study by Right Management, an employee’s commitment to the organization’s core values, which are the

essence of organizational culture, was cited as the No. 1 potential driver of employee engagement.

To identify the job candidates who are most likely to fit in and become engaged employees, best-practice organizations leverage their high-potential and high-value talent as recruiters. In the *Rewarding, Engaging and Retaining Key Talent* study, for example, Schlumberger, an oilfield services provider, shared how it relies on field recruiters and other technical experts sourced from its high-value employee population to recruit and select new technical talent. Schlumberger found that this practice provides two advantages. First, the high-value employees feel as though they are helping shape the future of the organization by influencing the hiring of key talent. Second, these engineers-turned-recruiters ensure that enthusiasm for working at Schlumberger, core organizational values and information about job opportunities are accurately communicated to applicants. They are also able to identify applicants who will fit the Schlumberger culture.

Infosys, an information technology services organization, hires for attitude and passion, and trains for talent. In order to assess the cultural fit, passion and engagement of potential new hires, Infosys leverages a panel of high-potential supervisors and managers — varying between 800 and 2,000 individuals at any one point in time — that recruit and represent Infosys on college campuses. This panel undergoes extensive training and coaching to appropriately communicate with candidates, showcase careers at Infosys and gauge applicant fit for the organization.

Best-Practice Organization Snapshots

3M

- St. Paul, Minn. (headquarters)
- 74,835 employees (2009)
- \$23.1 billion (2009)
- Diversified manufacturing

Infosys

- Bangalore, India (headquarters)
- 113,800 employees (2010)
- \$4.8 billion (2010)
- Information technology services

Schlumberger

- Houston, Texas (headquarters)
- 108,000 (2010)
- \$27.4 billion (2010)
- Oilfield services

Employment Branding

Best-practice organizations recognize that their employment brands and corporate reputations are critical factors in engaging current employees (as well as in recruiting and selecting individuals who are likely to become engaged employees in the future). According to Gallup, organizations with a strong employment brand benefit from a number of advantages, including higher levels of employee engagement. Therefore, best-practice organizations formally brand themselves as employers of choice, create and communicate these brands to employees, and use the brands to reach out to potential talent pools in local communities, schools and universities.

For example, 3M has a unique culture based on collaboration and the freedom to innovate. The

engagement and measurement team at 3M believes employee engagement leads to customer engagement, which in turn leads to increased customer share and increased sales revenue. 3M has created an integrated employment brand model that integrates consistent messaging about collaboration and innovation in recruiting materials, through onboarding and across internal employee communications.

Infosys brands itself as a premier organization for leaders, with only the best of the best accepted, and with application criteria and selection rates more stringent than Harvard University. In fact, more than 97 percent of applicants are screened out during the selection process at Infosys. The organization has aggressive annual recruiting goals — as a technology company, it highly leverages technology and shared services to meet these goals — and therefore employs extensive and early outreach to potential employees to create brand awareness, including a global internship program that attracts top talent across the world, outreach to communities, a program to train young high school students, and strong relationships with hundreds of universities globally.

Training and Development

Best-practice organizations recognize the critical role that training and development, career paths, and the opportunity for career advancement play in employee engagement. Studies have shown that providing both new and existing employees with the training that promotes their personal development as well as their contributions to the organization is a key driver of employee engagement. Note that training does not have to happen in a classroom or be a vendor product to be effective. At best-practice organizations, training and development often involve some combination of formalized on-the-job training, structured job rotations, effective mentoring programs and e-learning. In order to improve employee engagement, organizations must make a strong effort to train and develop employees and provide them with meaningful career paths that will keep them excited, challenged, productive and motivated. No matter their title, position or tenure, employees are energized by new experiences, new challenges and the opportunity to learn new things.

ONBOARDING AND NEW-HIRE TRAINING

Best-practice organizations extensively train new hires via formal onboarding and entry-level training programs. For example, recently graduated new hires at Schlumberger enter three-year technical programs. And Infosys enrolls new hires in a three- to six-month new employee “finishing school” that uses benchmarks against best-practice standards. Research from APQC’s Open Standards Database has shown that up to 30 percent of new hires leave within the first year of signing on with an organization. With studies showing that the cost of replacing new hires can equal up to 150 percent of the departing employee’s salary, new hire retention issues can quickly become very costly to organizations. Onboarding, new hire training, and a positive new hire experience all naturally tend to have a positive impact on new hire retention rates.

TRAINING FOR MANAGERS AND SUPERVISORS

Best-practice organizations also recognize that the manager or supervisor is the ultimate influencer of individual employee engagement. These organizations consider supervisors, managers and senior leaders as employee engagement ambassadors. Those in leadership roles have employee engagement as a critical competency they are managed against and expected to exemplify.

For example, Schlumberger offers programs that teach effective people management skills to new, midlevel and more senior-level managers. One such program, called Management Essentials, covers the key behaviors Schlumberger expects from its managers as they progress through stages of their careers.

In rolling out its formal corporate processes and standards for employee engagement, 3M focused on leaders and supervisors as key constituents in the effort. In 2007 3M integrated employee engagement into the responsibilities of leaders. In 2008 the organization educated its supervisors and managers on the importance of engagement and incorporated engagement into its leadership classes. And in 2009 3M began producing short, targeted videos and disseminating them to supervisors and managers. These videos provide training and development on various topics related to employee engagement.

LEADERSHIP DEVELOPMENT

3M, Infosys and Schlumberger invest heavily in leadership development, both to teach current and potential leaders about the important role they play in motivating their staffs and to immerse current and potential leaders in personally engaging experiences and challenges. These best-practice organizations use their leaders to teach other leaders, focus on real-world business challenges and business-critical content, leverage action learning, and offer opportunities for networking with executives in leadership training. Each of the three organizations has structured programs in place for high-value or high-potential talent identification, succession planning and leadership development. For example, 3M offers formal training programs for supervisors and managers, directors, general managers and managing directors.

Infosys follows a tiered leadership model. Tier I leaders are future top management and those next in line for the board of directors, Tier II leaders are function heads and leaders that have been chosen for future business function leadership roles, and Tier III leaders are employees anticipated to take on a leadership role in the next three to five years. High-potential leaders are identified by the board of directors and its Leadership Institute. Each high-potential leader has a personal development plan that includes action learning, assigned mentors and coaches, and executive development provided by top business schools. In addition, formal succession planning takes place for key positions in the organization.

Taking Action: Employee Engagement at Your Company

To see how employee engagement can work at your company, consider the model APQC created for embedding employee engagement into the different aspects of talent management (Figure 1). This model was created by summarizing practices shared by best-practice organizations 3M, Infosys, and Schlumberger. Using the model, organizations can find examples of actions they can take to boost employee engagement at different points throughout the talent management life cycle.

Talent Management Process	Examples for Integrating Employee Engagement into Talent Management Process
Recruiting/ Employment Branding/ Communication	<ul style="list-style-type: none"> ▶ Create a formal employment brand and communicate it to employees. ▶ Externally brand the organization as an employer of choice, and seek external validation (e.g., awards as best place to work or best place for leaders). ▶ Employ extensive and early outreach to potential talent pools in local communities, schools and universities, and globally (where applicable). ▶ Allow employees the opportunity to be heard informally via social media channels and formally via grievance redressing programs.
Employee Selection	<ul style="list-style-type: none"> ▶ Leverage high-potential or high-value talent to recruit and select new-hire candidates. ▶ Use like-talent to recruit like-talent (e.g., technical talent to recruit technical talent). ▶ Hire for attitude/passion, and train for talent.
Training and Development	<ul style="list-style-type: none"> ▶ Train managers and leaders on principles of employee engagement. ▶ Teach new managers and supervisors the fundamental concepts of talent management. ▶ Make engagement easy and accessible by providing centralized tools and templates online. ▶ Invest in formal entry-level or onboarding training to engage new employees. ▶ Provide meaningful and customizable career paths for employees that allow for a sense of purpose and direction in the organization and provide an element of challenge to employees' jobs.

Talent Management Process	Examples for Integrating Employee Engagement into Talent Management Process
Leadership and High-Potential Development	<ul style="list-style-type: none"> ▶ Have senior leaders serve as executive champions of and role models for employee engagement. ▶ Offer structured leadership development including personal development plans, action learning, leaders teaching leaders, a focus on real-world business challenges, mentoring, coaching, 360-degree feedback, executive development, and networking with senior executives. ▶ Allow high-value or high-potential employees to pursue their dreams through approved leaves of absence.
Succession Planning	<ul style="list-style-type: none"> ▶ Regularly identify high-value or high-potential talent. ▶ Give primary emphasis on internal promotion and mobility.
Rewards and Recognition	<ul style="list-style-type: none"> ▶ Create a culture of rewards and recognition. ▶ Budget annually for employee rewards and recognition.
Retention	<ul style="list-style-type: none"> ▶ Go beyond exit interviews: Find out what motivates high-value employees individually through regular, in-depth conversations with them (beyond the annual performance appraisal) while they are still employed. ▶ Anticipate unwanted turnover and take preventive steps to mitigate it. ▶ Provide customized reward, recognition and retention practices to key or high-potential talent, and even the work force at large, where possible. ▶ Take a holistic employee view of the work/life balance (e.g., beyond standard flex time and work-from-home policies and including initiatives around health and safety, work-at-home policies an practices, fitness benefits, family-friendly benefits, support for dual-career families, and even encouraging employees to pursue lifelong dreams).

Talent Management Process	Examples for Integrating Employee Engagement into Talent Management Process
Work force Analytics/ Management	<ul style="list-style-type: none"> ▶ Gather employee feedback from multiple listening posts (employee opinion surveys, town hall meetings, field site visits, social media, employee suggestion programs, HR audits, etc.). Employee feedback data should be analyzed and prioritized, and action plans should result from the data. ▶ Leverage online portals where managers and supervisors can easily access HR dashboards with key employee metrics and access the status of responses to employee feedback information.
Performance Evaluation/ Management	<ul style="list-style-type: none"> ▶ Align individual performance with organizational performance. ▶ Hold managers and senior leaders accountable for action plans resulting from employee feedback. ▶ Include “engage employees” in leadership and managerial competencies. ▶ Reward employees based on performance. ▶ Correlate engagement levels with real business outcomes and communicate the results.

Figure 1

Conclusion

Best-practice organizations 3M, Infosys and Schlumberger understand that each aspect of the talent management life cycle has the potential to engage or disengage employees depending on how it is designed and executed. As a result, they develop and carry out their talent management initiatives with the explicit intent of maximizing employee engagement. As stated by Karen B. Paul, manager of HR measurement at 3M, “The integration of employee engagement with other HR processes is key.” Integrating engagement into the full life cycle of talent management allows employers to maximize and reinforce their engagement efforts at multiple employee touch points, which in turn will translate into happier, more loyal employees, and positive organizational outcomes.

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ABOUT APQC

APQC is a member-based nonprofit and one of the leading proponents of benchmarking and best practice business research. Working with more than 500 organizations worldwide in all industries, APQC focuses on providing organizations with the information they need to work smarter, faster, and with confidence. Every day we uncover the processes and practices that push organizations from good to great. Visit us at www.apqc.org and learn how you can make best practices your practices.

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