

Winning the Battle for Talent

According to James Kaplan, Naufal Khan, and Roger Roberts, McKinsey & Company principals, talent acquisition is at the top of most CEOs' lists for the biggest obstacles they face to grow their businesses. Even with unemployment at greater than 8% for nearly four years, many companies are having a difficult time finding and retaining the talent necessary to take things to the next level.

Integrating new talent in an organization costs money and, more important, is time-consuming and risky, particularly at the management level. Screening candidates, conducting interviews, negotiating employment terms, and on boarding a new hire can take time, even for a midlevel manager. Therefore, the first imperative in winning the war for talent is to develop and retain the team you have.

But, even though developing and retaining existing talent is important, it is never enough. Skills and capabilities required to play key roles may not exist internally, and opportunities to upgrade talent always exist; new blood brings fresh ideas and perspectives. As such, sourcing talent externally is critical, but it depends heavily on a company's needs, existing capabilities, and organizational constraints.

To effectively win the battle for talent, the authors suggest three key steps.

1. **Get an unvarnished picture of future needs and current capabilities.** A talent strategy has to start with insight into an organization's needs. At the same time, organizations must develop an unvarnished view of their current skills and capabilities, which people are leaving and why, how current staff feel about their career experiences, how staff are perceived outside the company, and how current recruiting and career development processes work or don't work.
2. **Develop a heat map of priorities.** To focus efforts, leading organizations develop a heat map that shows the gaps between business needs and current skills, as well as risks related to those gaps. The heat map should be informed by the trends in the market and their impact on the availability of talent in the near future.
3. **Aggressively track and reinforce progress.** To make sure the required, everyday behavior changes occur, progress must be tracked against a set of metrics (for example, retention of high performers, the number of external hires who succeed in their roles, and the percentage of staff receiving outstanding performance appraisals) and communicated to senior leaders who can resolve issues and accelerate progress.

Most organizations face a daunting agenda: to build new capabilities, to do more with less, to keep current customers happy and cultivate new ones. These initiatives cannot be addressed without exceptional talent. To get there, however, it takes a strategic and comprehensive approach.