

✓ **Three Steps for Strategy-Driven Talent Management**

A Guide for Managing Talent in Shared Services Organizations

June 2012

INTRODUCTION

Talent management has become a critical topic for shared services leaders as they face the challenge of attracting and retaining the best and brightest talent for their shared services organizations (SSOs), while managing costs and performance levels in a hypercompetitive environment.

To address this topic and learn about industry best practices for talent management, ScottMadden designed a study focused on talent management for SSOs. This study was the first cycle of a multi-year study of industry-specific trends in talent management.

In this paper, we address three key questions about talent management:

1. How do you engage shared services employees?
2. What drives retention?
3. When should SSOs focus on talent management?

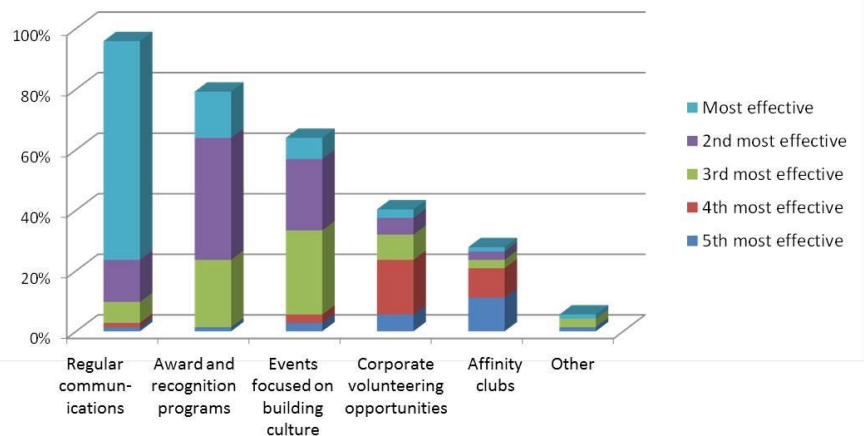
HOW DO YOU ENGAGE SHARED SERVICES EMPLOYEES?

Communicate, communicate, communicate! While there are many tactics that can be collectively used to build employee engagement in SSOs, the study’s results overwhelmingly show that regular communication is viewed as most effective.

Best practices for effective communication include making communication regular and using varied approaches, ensuring communication is always two-way, leveraging opportunities with senior leaders to communicate with staff, and sharing customer and performance feedback regularly.

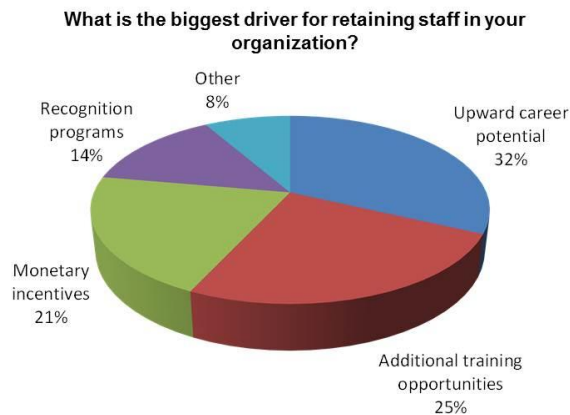
Other tactics that can be effectively leveraged by SSOs to engage employees include establishing award and recognition programs, holding team-building events, organizing volunteer or community service outings for staff, and creating affinity clubs for groups of employees with similar backgrounds or interests. In general, to build engagement, follow this rule—communicate early and often.

Which of the following tactics do you find most effective for engaging employees and building culture within your SSO?



WHAT DRIVES RETENTION?

Non-monetary factors can have as much of an impact as monetary factors in retaining employees in your SSO. Our study reveals that the top two factors for retention are upward career potential and the availability of additional training opportunities. However, when looking at recognition programs, “cash is king,” as incentive compensation plans are cited as being the most effective.



Another factor that can be equally important for retention is the effectiveness of the employee’s manager or supervisor. It has been said that employees do not leave jobs, they leave supervisors. This highlights the crucial importance of training for supervisors and managers in your SSO. It is not enough to

assume that a high-performing subject-matter expert can take on the role of a supervisor and be effective without the proper tools and training. All of these elements—career paths, training opportunities, reward and recognition programs, and manager and supervisor effectiveness—should be considered as part of your strategy for retaining employees.

WHEN SHOULD SSOs FOCUS ON TALENT MANAGEMENT?

Although there are many other critical factors to address when launching a SSO, some aspects of talent management should be planned as part of your initial implementation. By doing so, you can begin building a strong culture and create early wins for talent management. Those most critical elements you should address at start-up include:

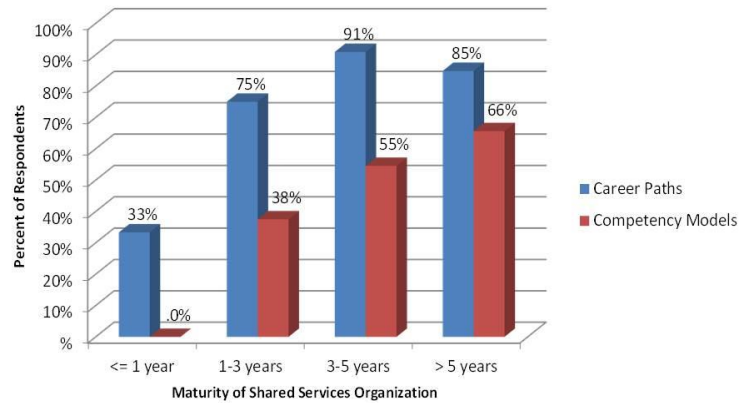
1. On-going communication plans
2. Reward and recognition programs
3. Career paths

The communication plans ensure that you approach communications with your staff in a regular and thoughtful manner. Reward and recognition programs and career paths can be used as a tactic for recruiting key talent to the SSO. As stated earlier, the reward and recognition programs may include monetary incentives as well as non-monetary rewards, which not only incent performance, but also can help build teamwork and establish a cohesive culture early in your SSO’s development.

Clearly, as an organization matures and grows, the need for effective talent management becomes even more important. At this stage, the organization is also positioned to provide more emphasis on talent management after overcoming initial start-up challenges. More mature organizations should consider competency models, succession planning, and expanding the use of career paths to cover more SSO positions. As shown in our study results, mature SSOs show higher adoption of these practices.

Regardless of what stage your SSO is currently in, talent management plans should be part of your overall strategy. Leading organizations make talent management the responsibility of every manager and supervisor in the organization. While you may focus on HR services as part of your service offering to customers, these aspects of human resource management for your own organization should not be overlooked.

Use of Career Paths and Competency Models by SSO Maturity



SUMMARY

Effective talent management is pivotal to the success of any SSO. Organizations that manage talent well reap the rewards of an engaged workforce that is motivated to succeed and well trained to lead the organization in the future. Organizations that do a poor job managing talent will find increased time spent filling positions and training new workers and employees who are disconnected to organizational goals or ill-equipped to meet the future needs of the organization. Planning for talent management during your organization’s lifecycle and addressing key tactics for engagement and retention can help you get started.

Effective TM Yields:

- Engaged workforce
- Increased productivity
- Effective skills
- Organization positioned for growth

Ineffective TM Yields:

- Higher turnover/ increased hiring costs
- Insufficient skills
- Disconnected employees
- Poor goal alignment

Talent management has become a hot topic in the shared services industry and many successful programs exist. You can use these ideas to find the right mix of programs for your organization to enable success and longevity of your shared services model.

To learn more about ScottMadden’s approach for talent management in shared services, [contact us](#).

ABOUT SCOTTMADDEN, INC.

ScottMadden has been helping clients create greater value for their corporate services organizations for nearly 30 years. Our highly efficient, collaborative teams employ measurable, award-winning methods and deep cross-functional expertise to improve operational performance.

More information about ScottMadden's corporate & shared services practice can be found at www.scottmadden.com. Contact ScottMadden at 3495 Piedmont Road, NE, Building 10, Suite 805, Atlanta, Georgia 30305; call 404-814-0020; or email info@scottmadden.com.

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