

## THE THREE Cs OF TALENT MANAGEMENT

Talent management is an issue which has captured the attentions of the academic and business worlds alike. The quest for talent has generated a wealth of theories and models which promise to deliver that all important competitive edge. According to renowned management guru David Ulrich,[1] effective talent management is deceptively simple. Here, we profile his new talent formula which provides organisations with a straightforward way of assessing and protecting their talent pool.[2]

### A simple formula for talent management

Ulrich's talent formula proposes that true talent is a combination of three essential ingredients:

**Talent = Competence X Commitment X Contribution**

Ulrich calls these three elements the *Talent Trifecta*, and argues that talent cannot be created without all the elements in place. He provides a definition of each element and how best to protect it as follows:

### Competence

This describes an individual's ability to meet the demands of their role, both today and in the future. Ulrich argues that organisations can create and enhance the competence of their employees by:

- **Articulating a theory or setting a standard:** In order to develop competence, employees need a clear understanding of what is expected. This can be achieved by creating a set of organisation-wide competence standards, which not only outline the present levels of competency, but also how these need to be developed to meet evolving market and customer demands.
- **Assessing individuals:** Once clear competence standards are established, employees can be objectively assessed against the results they achieve as well as their behaviours. Ulrich advocates a mixture of 360 degree feedback from peers, managers and subordinates, as well as external feedback sourced from customers, suppliers and other key contacts.
- **Investing in talent improvement:** Once competence has been assessed, it is possible to identify talent gaps and take action to address them. Ulrich has identified six ways in which organisations can invest in and maximise the value derived from their talent pools:
  1. **Buying:** finding and recruiting talent externally.
  2. **Building:** developing talent internally through formal and informal processes (including formalised training, coaching and mentoring, etc).
  3. **Borrowing:** using secondments, external consultants and other partners as a source of knowledge.
  4. **Bounding:** promoting the right people into key roles and developing focused succession strategies.
  5. **Bouncing:** addressing poor performance by removing underperformers from their roles, and ultimately, the organisation.
  6. **Binding:** using a range of measures to 'lock in' and retain key talent.
- **Tracking competence:** It is important that organisations are able to monitor the ongoing development of their talent using measures and indicators of performance improvement. This involves an understanding of how well individuals are developing their skills and how the

organisation's overall talent base is growing in relation to investments made.

## Commitment

The presence of commitment means that individuals are willing to give discretionary effort [3] to help their organisation succeed in reaching its goals. Ulrich argues that for commitment to develop, organisations must provide their employees with a clear value proposition, which can be achieved by the following features:

- **Vision:** a sense of organisational direction and purpose.
- **Opportunity:** the continued ability to grow, develop and learn.
- **Incentives:** a fair salary for work done, bonuses and other non-financial benefits such as flexible working.
- **Impact:** the ability to see the outcome or impact of their work on the wider team and organisation.
- **Community:** a credible network of peers, managers and leaders who build a sense of community and belonging.
- **Communication:** knowing what is going on in the organisation, when and why.
- **Entrepreneurship:** giving employees choice and flexibility over their terms and conditions of working.

## Contribution

This occurs where individuals find personal fulfilment and a purpose through their participation in their organisation. Contribution is created where an employee's personal identity, values and goals closely match those of their organisation. Contribution also develops where the organisation provides a variety of challenges which are sufficiently motivating and enjoyable for their employees. It is important to ensure that recruitment and selection processes are sufficiently robust to screen out candidates with different values and goals, and that managers are able to manage the expectations of new employees accordingly.

## Summary

The effective management of talent is viewed as the Holy Grail by many organisations. Employers who are able to leverage the three component parts of Ulrich's talent formula will find new ways of examining their talent pool and developing it to meet both current and future goals.

---

[1] David Ulrich is widely recognised as a leading authority on HR related business issues and his work has had a major influence on the development of the HR function. Ulrich is Professor of Business at the Ross School of Business, University of Michigan.

[2] David Ulrich, The Talent Trifecta, *Workforce Management*, 10 September 2007.

[3] Employees demonstrate discretionary effort when they are willing to go above and beyond the call of duty for their employer, will readily put in extra effort to get the job done and are constantly looking for ways to perform their jobs more effectively.