

Talent management

Developing leadership
not just leaders

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**Leadership
in action**

Introduction and context

Developing leadership that is 'fit for purpose' is often cited as the most common workforce challenge facing all sectors - public, private and not-for-profit. The health service needs to take this challenge seriously. A recent report produced by The King's Fund highlighted worryingly high levels of board-level leadership vacancies (Janjua 2014). It found that there is an increasing reliance on interim and expensive agency staff with organisations experiencing a high turnover of senior leaders as the complexity of the health system increases (Janjua 2014). This situation could easily worsen unless organisations have a strategy for developing future leaders.

Talent management is a set of integrated organisational workforce processes designed to attract, develop, motivate and retain productive, engaged employees. The goal of talent management is to create a high-performance, sustainable organisation that meets its strategic and operational goals and objectives.

A wealth of recent reports have argued that health services must adapt to deliver continually improving, high-quality and compassionate care, but today's leaders know that these demands are made against the backdrop of tighter financial restraints and slower projected financial growth in the public sector. To respond to these current and future challenges,

organisations need to ensure that they develop the necessary leadership behaviours, strategies and qualities.

The staff of an organisation is its most valuable asset; managing, nurturing and keeping staff engaged and motivated is key to an organisation's ability to provide high-quality care. This requires the development of a talent management strategy, which must be related to the organisation's vision and strategic objectives, be implemented in daily processes throughout the organisation as a whole and - most importantly - be explicit about how human capital is valued. In short, successful talent management is an ethos - part of 'how we do things around here' - and is core to developing a safe, compassionate culture.

In our paper *Developing collective leadership for health care* (West *et al* 2014) we argue that collective leadership, as opposed to command-and-control structures, provides the optimum basis for caring and compassionate cultures. Collective leadership entails distributing and allocating leadership power to wherever expertise, capability and motivation sit within your organisation. This means everyone taking responsibility for the success of the organisation as a whole, not just their own jobs or areas. It contrasts with traditional approaches focused on developing individual capability. The board or governing body of your organisation is ultimately accountable for developing strategies for coherent, effective and forward-focused collective leadership.

Creating a talent strategy isn't a 'do it once and forget it' activity. As with a business strategy, which organisations

review and update annually against their three-to-five year vision and their planning, so too a talent strategy must evolve. Complexity, change and challenge are the only certainties in the current health care system. Health care leaders must have a complete and well-aligned talent strategy, which addresses:

- the business-critical leadership needed to deliver the current and future organisational strategy
- where in the organisation they have this leadership talent now - and where it is missing
- whether people are developed internally or must be recruited externally.

What does this guide offer?

In this guide we look at the key aspects of a holistic talent management and succession planning approach. We offer our knowledge and learning based on current research into collective leadership and our work at all levels of the health service. Drawing on this experience, the guide focuses on the three core pillars of implementing a talent management strategy - recruitment, development, retention and deployment - before looking at succession planning.

This guide will enable board members and senior leaders to challenge their current thinking on managing talent and succession planning. It will help them to decide which processes and systems need to be in place to support the recruitment, development, retention and deployment of a future agile and mobile workforce.

Questions to consider

- **How does your organisation appraise its leadership challenges?**
- **To what extent do current talent management systems incorporate elements of talent sustainability?**
- **To what extent does the entire organisation demonstrate a talent mindset?**
- **What percentage of your board agendas are spent discussing talent within your organisation?**

Talent management: Developing leadership not just leaders



1. Recruiting talent



2. Developing and retaining talent



3. Deploying talent



4. Succession planning

1

Recruiting talent



As an organisation, do you know what you are recruiting for? At all levels of an organisation, not just in relation to senior leaders, it is essential to recruit not just to meet today's needs but with your future vision and strategy in mind.

Boots UK, the high-street pharmacy-based health and beauty retailer, recently decided to position its pharmacists more front-of-shop in health care consultancy roles. To achieve this, the company appraised the skills and attributes needed in these roles and have changed how it recruits its pharmacists; whereas previously it focused on people who had highly technical knowledge it now focuses on people who have communication, consultation and relationship development skills.

When recruiting, organisations traditionally focus on competencies, knowledge, skills and qualifications as these are generally easier to articulate, identify and measure. However, values, traits, behaviours and motivational drivers are equally - and in some cases more - important. While the competencies and knowledge provide valuable information and insight about an individual's readiness for a particular role, traits and drivers help to reveal a person's potential for leadership.

As complexity in health care increases, we will require leaders (at every level) who can shift and adapt quickly, are resourceful,



who thrive on change and can make sense out of uncertainty for those they lead. Agile leaders lead with purpose and meaning. They are guided by their values and supported by strong relationships with the people around them, empowering those whom they lead to make a difference.

In *The management agenda 2015*, human resources (HR) managers identified managing the different needs and expectations of a multi-generational and diverse workforce as likely to be the biggest challenge in five years' time (Lucy *et al* 2015). Despite this prediction, their views are split on the need and the success of attempts to manage such a workforce today. The report also notes that talent management and succession planning have moved from sixth to third place in the list of current challenges for the public sector.

Research shows that each generation within the workforce will have a different psychological contract with its employer. Each of these relationships is subtly different and has implications for identifying, recruiting, developing and retaining talent. It is important for senior leaders to be aware of this, as they often recruit talent on the assumption that the current generation will be attracted by the same benefits that attracted them, which may not be the case. In addition to the content of the job advertisement, you need to consider the method of communication, with younger generations more responsive to multimedia and social media approaches than traditional recruitment practices.

For many of the 'baby boomer' generation, who currently occupy the top level of leadership, title, status, salary and keeping up with peers in material terms are key attractions. The generation



after them - known widely as 'generation X' - values the overall package on offer, with work-life balance seen as a 'right' along with opportunities for personal growth. In contrast 'generation Y' - currently aged 15 to 35 - values challenging work and strong development that fit their own highly individualised career plans and keen sense of self-worth.

This generation values leaders who are especially engaging and visionary and who communicate openly and authentically. They value a career that gives them personal meaning as well as long-term learning and growth. Instead of a traditional interview with a few senior leaders, smart companies (such as Google) are allowing prospective employees to experience the workplace for a day, sitting in on a range of meetings to help them see how they could make an impact on the business from day one.

Diversity is another important issue in recruitment. The NHS currently has a poor record of recruiting leaders whose diversity is representative of its broader staff and the communities it serves. In a 2014 report *The snowy white peaks of the NHS*, Kline offers evidence that current NHS recruitment processes disproportionately favour white applicants. He highlights concerns about the absence of members of black and minority ethnic groups and women in senior and board leadership roles (Kline 2014). Another often neglected type of diversity is diversity of thinking - recruiting 'mavericks' who think and possibly behave differently from others and who will change the system. Some commentators such as Page (2007) have suggested that this 'cognitive' diversity is more useful than 'identity' diversity.



Medical leaders are often reluctant to move from clinical to managerial roles. This can be a missed opportunity for organisations, and more work is needed to encourage clinicians to consider leadership roles.

Questions to consider

- Do you have clear recruitment policies related to your business vision and strategy needs?
- Have you undertaken a generational audit? Do you know the demographic spread of your workforce talent?
- Are you supporting 'generation Y's' first steps as leaders?
- Are all aspects of your talent recruitment processes inclusive?



2

Developing and retaining talent



Once you have identified the type of talent that is most critical to leading and implementing your organisation's strategy and have recruited people in line with that, the next step is to develop that talent.

An active talent management strategy requires managers and leaders at every level of the organisation to be committed to developing talent. The board and senior leaders must ensure talent strategies are aligned to the business strategy and objectives. They must foster a culture in which human resource and workforce specialists are valued for their contribution and where individuals take responsibility for managing their personal growth.

Continuously developing the talent you have identified in your organisation enables you to be responsive to change and keep your leadership talent agile and future-focused. As leaders move through to senior levels within your organisation, the focus will be less on their broad potential and more on their degree of 'fit' or 'stretch' in relation to a specific leadership role. The focus for developing leaders will also shift from technical functionality and business know-how to strategic and conceptual thinking and the ability to deal with complexity and ambiguity - this is especially true for medical and clinical leadership talent.

Developing talent, especially when focusing on future leaders should include experiential learning and the opportunity to shed



the silo view of the organisation and enhance the individual's understanding of strategic system-level challenges. Many successful foundation trusts do this when appointing to clinical director posts, taking the consultant out of their medical specialty to hone their leadership skills in another, unfamiliar area of clinical practice.

The identification and development of 'high potential' talent has been and always will be an important strategic tool. A recent survey by the Center for Creative Leadership (Campbell and Smith 2014) examining the view from the 'leadership talent pipeline' found that people who are formally identified as 'high potential' expect more development, support and investment; feel good about their status (although some expressed a feeling of increased pressure and anxiety); are more committed and engaged; and help to develop other talent within the organisation.

In addition to offering ongoing development to those with high potential, you may also want to consider providing a clear leadership path that describes how and when they might be able to take the next step, giving them increased feedback on performance, especially for stretching development roles, and enhanced decision-making authority. Particular attention could be given to developing the leadership skills of high-potential clinicians.

However, it is important to ensure that you develop the talent of all your staff - not just those identified as 'high potential'. If talent management is seen to apply only to a select few, the risk is that staff not identified as high potential see themselves as part of a nameless mass. The collective leadership approach



advocates that we regard the bulk of the organisation as the 'vital many', that these people matter too, and that the organisation cares for them and invests in them. The performance of your organisation does not rest simply on the number or quality of individual leaders; our research shows that where relationships between employees at every level are well developed, the organisation benefits from alignment, vision and commitment. Where there is a culture of collective leadership, all staff are likely to intervene to solve problems, to ensure quality of care and to promote responsible, safe innovation.

You also need to recognise the diversity of your potential talent pool, and be rigorous in treating all staff as individuals rather than as a homogenous group. You may also need to coach leaders on how to have more effective conversations about talent, discussing it actively at every level of the organisation.

You will need to consider talent development in two ways, focusing both on process and strategies and on value creation - the 'hard' and 'soft' sides. For your organisation to stay viable you must ensure you have differing strategies to encompass innovation, patient/user need and quality improvement and that you have the skills and knowledge to achieve those. However, it is also essential to focus on employee behaviours, interpersonal and intrapersonal activities and on creating the right employee value proposition (the unique benefits of working for your organisation) to keep the talented individuals engaged.

Our research into leadership vacancies in the NHS highlights the negative impact that high-level executive vacancies and turnover have on individuals, organisations and the wider



health system. The average tenure for an NHS chief executive is just over two-and-a-half years; this is not commensurate with building long-term relationships that improve culture and get results.

Successful organisations invest time in engaging staff all the way through, with a learning and innovation culture in which future leaders are developed systematically and are clear about where and how they can be aligned to the future vision and strategy of the organisation.

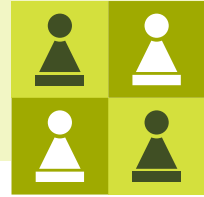
Questions to consider

- Do senior managers and the board of your organisation regularly review the identification and development of leadership talent?
- Does your organisation have a formal process for identifying high-potential employees?
- Are your development efforts focused on high-potential employees or leaders at every level?
- How do you actively engage with the 'human side' of your high-potential employees?



3

Deploying talent



The overarching principle of a sustainable approach to talent management is to have the right people with the right capabilities, motivations and commitment in the right part of the organisation to deliver and lead the business strategies. High-performing organisations foster this sustainability continuously and purposefully, ensuring that the decisions they make about deployment are aligned with their organisational vision and strategy.

NHS organisations are often described as having a high-challenge, low-support culture. If we see junior or emerging leaders as likely senior managers and leaders of the future we must ask 'what is this experience teaching them?'

The chief executive and senior leaders play an essential role in encouraging managers to share talent across the organisation to avoid thinking in siloes or assuming linear progression. You can do this by supporting stretch assignments and rotating leadership roles, giving those who have potential leadership talent the opportunity to fill gaps in a different part of the organisation or system, or lead innovation and change. For example, a director of nursing might identify a nurse who has skills that would enable them to work as a chief operating officer or a workforce specialist.

Successful deployment of workforce talent is about rethinking your view of your employees. They are not assets to be managed



but rather people with options who have chosen to invest their aspirations and motivations with your organisation for a while and who will expect a reasonable return on their investment in the form of personal growth and opportunities.

Smart organisations offer staff stretch opportunities within the business: these allow motivated individuals to work a set number of days per week or month in a completely different discipline or department. This enables them to explore their transferable skills, their intellectual flexibility and offers the opportunity to develop their leadership potential.

The board needs to be aware of its role as a key influencer of a talent ethos and in creating a culture of nurturing, developing and deploying talent in the organisation. The board should also convey the importance of collective leadership responsibility by equipping managers with the necessary skills to enable them to feel confident and comfortable with making deployment decisions.

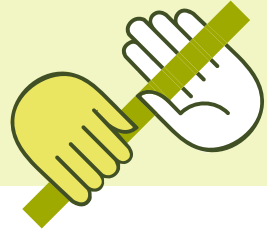
Questions to consider

- How aligned are your business, workforce and talent management strategies?
- Are your talent management processes meeting the most critical business needs?
- How creative are you in your approaches to deploying talent?



4

Succession planning



Succession planning is the identification of those critical job roles that may arise due to retirement, attrition, business growth, innovation or change, and the strategic consideration of where and how internal candidates might fill those roles. Having a succession plan in place can help you identify your future leaders and begin the necessary development processes that will increase their potential and performance outcomes. This in turn will positively impact on the engagement levels among all staff. It should preserve organisational memory and enable your organisation to stay viable.

Development of a succession plan should start with the question 'what is motivating you to develop this plan?'. Are key sections of your workforce scheduled to retire in the near future? Could your staff be attracted to work elsewhere in the system? Or are there new innovations or business opportunities in your strategic plan that will need new positions to be created? Knowing the answers to these questions will help you to develop a succession plan that is aligned with your organisation's vision, values and objectives for the future and not simply drive a like-for-like recruitment process.

When you develop your succession plan, it is vital that you measure factors that may contribute to or hinder its success; for example, are there any changes or trends that are occurring in your part of the health service, the health system or the wider



marketplace? Within your organisation itself, what changes might occur - planned or unplanned - in terms of age, culture, diversity and so on, and what needs will you be required to meet to ensure you continue to have an agile workforce?

Succession planning can be seen as developing a safety net for your organisation, protecting it from risks that may result from gaps in critical leadership skills and vacancies in the future. It does not target individuals - rather it is about developing capability and marketability to ensure you have a suitable pool of potential applicants as and when vacancies arise. It is a way of having the right people with the right skills in the right place when you need them.

Question to consider

- What are you doing to ensure the sustainability of your leadership?
- How do you keep engaged with the talented staff in your organisation?
- Does your workforce planning take account of changes in the wider system?



The King's Fund offer

The King's Fund has a wealth of experience in working with NHS organisations and can support you in developing your leadership pipeline. We work with individuals, teams and organisations across the health and care system to improve performance and support the delivery of high-quality care. We also carry out research and analysis to lead change in the way that people think about leadership and culture in the NHS. Our key areas of work are:

collective leadership

- supporting NHS organisations to develop and deliver collective leadership strategies

system leadership

- supporting leaders across communities to develop new models of care

medical leadership

- developing clinical leaders' capacity to influence change within their organisations

leadership development open programmes

- Athena - a programme designed to support women in fulfilling their potential as public sector leaders
- Board leadership programme - exclusively for chairs and non-executive directors in the NHS

- Personal impact and influence - an intensive week-long programme to increase self-awareness and help participants become effective leaders
- Top manager programme - a transformational five-week programme for NHS and public sector leaders who want to increase their ability to lead across systems
- Leading collaboratively with patients and communities - this brings together clinicians, managers, patients and service users to learn how to build productive relationships, exploring how different roles and perspectives can be a constructive force for change.

Unsure which leadership programme is right for you? Get in touch on 020 7307 2650 or at leadership@kingsfund.org.uk for an informal chat with one of our leadership consultants.

More details of the leadership development support can be found on our website www.kingsfund.org.uk/leadership

About the author



Sarah Massie is a Senior Consultant, Leadership Development, at The King's Fund. Sarah has more than 25 years' experience in the NHS, most recently at NHS East of England, where she was responsible for talent management and leadership development. This work included facilitation and support of the implementation of the East of England NHS talent and leadership plan, the high potential executive development programme, and non-executive director and chair development.

Sarah has a clinical background; after qualifying in 1987 she worked in hospital pharmacy before moving into the field of workforce development. Sarah has held several senior roles across the NHS in a range of organisations at both an operational and a strategic level. She is qualified at Level B Intermediate Plus in British Psychological Society psychometric testing and is also accredited with the European Mentoring and Coaching Council.

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About The King's Fund

The King's Fund seeks to understand how the health system in England can be improved. Using that insight, we help to shape policy, transform services and bring about behaviour change. Our work includes research, analysis, leadership development and service improvement. We also offer a wide range of resources to help everyone working in health to share knowledge, learning and ideas.

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