



The Advisory Alliance 60-Second Email™

Talent Management Is Risk Management ***September 28, 2007***

In this month's 60-Second Email™, we discuss how managing your company's talent is also managing risk.

Imagine that you're the CEO of a leading manufacturer. You produce world-class gizmos (or "widgets" for those Economics majors), and are very profitable at it. As is the case with any world-class manufacturer, you have a manufacturing process that relies on world-class machinery, for which you've paid handsomely. You'd be dead in the water without it.

One morning, you enter one of your plants, and you see that one of the machines is idle, broken down. In fact, because that one machine is idle, your whole plant is idle. Nothing's going out the door. You approach the plant manager, and ask what's being done about it. The manager tells you that nothing's being done. Holding back your rising blood pressure, you ask why that might be the case. The manager says no one planned on the machine ever breaking down. You step outside for a good scream, and then return to address the crisis.

Most people would commiserate with the CEO. Assuming zero breakdowns or interruptions in a manufacturing environment is a misguided and risky strategy. Part of being a leader or manager is preparing for the inevitable and having a plan in place. Why then does this seldom happen when the focus is people and not machines?

Assume that instead of a machine breaking down, a key employee had left. Would your reaction have been the same? Although many people would say that a manager should have a plan in place to replace a key employee, in practice, that's frequently not the case. In reality, we still seem to be operating with an Industrial Revolution mindset where plant and equipment trump people. Case in point, do you have the equivalent of a service and maintenance contract for your key people?

A recent article in the Wall Street Journal ("*How to Fill the Talent Gap: Global companies face a perfect storm when it comes to finding the employees they need*") cites the increased risk companies face by not being able to find and develop good talent. Clearly, talent management is not just about managing people; it's about managing risk. Companies must examine how

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vulnerable their growth, profits, and service to customers are by not having a reliable supply of talented people.

Four quick recommendations:

- Make talent development part of your business strategy. Leaders at GE and Pepsi will tell you that although their products may be world-class, it's their world-class employees that make the difference.
- Leaders should lead talent development. If it's part of your business strategy, it's therefore part of what leaders do. This is not something to be delegated.
- Assess your risk exposure. Who's at risk of leaving your company? Do you even know? Who will be retiring in the next 5 years? Who will take their place? Are they ready? What will you do to get them ready?
- Provide support and development. Sink or swim strategies are too risky. And although money does lure people away from a company, poor leaders cause them to flee it. Make sure your people get the development they need to be successful. If budgets are tight, make sure your key people are supported. If not, they'll be the first to leave. They've got options; your competition knows it.

You can access this and previous 60-Second Emails™ via this link to our website:
<http://www.advisoryalliance.com/newsletter.php>

Until next month,

David

David Harper
Managing Principal
dharper@advisoryalliance.com

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