

TALENT RESEARCH - NOTES #1

WHITE PAPER SERIES #3

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PROVIDED BY:



Below are some interesting research based metrics related to talent management.

WORKFORCE

- 2/3 of all US employees report to have NO talent plan - Cappelli, 2008
- 40% of employees have been with current employer less than 2 years - HCI, 2010
- 60% of jobs in 21st century require skills possessed by 20% of workforce - HCI, 2010
- 7 of 10 top job in 2010 did not exist in 2004 - HCI, 2010
- Current job entrants today will average 11-13 positions/companies in career - HCI, 2010

EMPLOYEE ENGAGEMENT

- Only 25-55% of employees are engaged - Watson Wyatt, 2007
- Only about 20% of employees feel they do what they do best at work – Buckingham, 2007
- 10% increase in employee engagement leads to 2% company performance improvement – HCI, 2010
- Disengaged employee cost the company \$3400 for every \$10K in salary – Gallop, 2002
- 4 of 5 employees are not contributing to their potential - Towers-Perrin, 2009
- Results of highly engaged business units versus Low engaged business units: - Gallop, 2008
 - 56% higher **customer loyalty**
 - 33% higher **profitability** outcome
 - 50% lower lost work time
 - 38% higher customer satisfaction scores
 - 22% higher productivity
 - 22% better retention
 - 27% higher profits
- Highly engaged organizations are: Towers-Perrin, 2008
 - 62% more likely to **grow in revenue**
 - 3 percentage points higher **revenue growth**
 - 6 percentage points **lower cost** of goods sold
- Highly Engaged firms are: - Development Dimensions International (DDI), 2008
 - 62% more likely to **grow in revenue**
 - 2x decline in absenteeism; 2x **decline in turnover**
 - 23% more likely to increase **customer satisfaction**
 - Receive 3x fewer **quality** complaints
- Impact on Total Shareholder Return (TSR) (across 1,500 companies): - Hewitt, 2009
 - 60% - 70% of workforce engaged = 24.2% average TSR
 - 49%-60% for workforce engaged = 9.1% average TSR
 - < 25% workforce engaged = negative TSR



PRODUCTIVITY

- Average time for manager to be productive in new role – 6.2 months – Watson Wyatt, 2007
- On average manager's actions impacts 12.4 people in company – Watkins, 2006
- Less than 50% of employees report to “know what is expected of them at work” – Stolovich, 2005
- Managers spend 20% of time focused on poor performers – Sullivan, 2005
- 84% organizations say innovation is a key differentiator; only 31% report to have talent strategy to drive innovation; 12% executives feel they have necessary innovation talent - Human Capital Institute, 2010
- “Top” performers – 2-3 times productivity of average employees – Ulrich & Smallwood
- 40% of managers are reported to be ineffective costing company 10 X salary - Sullivan

TALENT PIPELINE

- Talent concerns is a board-level issue for 50% of all companies - Human Capital Institute, 2010
- 70% of organizations report they have insufficient pipeline for “critical” jobs – Charan, 2008
- Cost of operating without key strategic role player - \$7K/day - Sullivan, 2005
- 8 of 10 CEOs concerned about workforce ability to adapt to volatile future - IBM Research
- Less than 44% companies report to have identified talent pipelines - Hewitt, 2009
- 40-50% of executive fail within 6 months – HCI, 2010
- Key reason why revenue stalls – see HBR May 208

RETENTION

- Cost of losing key talent is 1.5x burdened annual salary - Human Capital Institute, 2008
 - Cisco - \$250K replace engineer; Bristol-Meyers Squib - \$500K for each Sr Leader lost
- Studies show that 90% of new hires decide to stay or leave within 6 months - Kaye
- Three to reasons why people leave: poor relationship with manager; limited opportunity for growth/development; lack of challenging work - HCI, 2010

ACQUISITION

- Average Cost of Poor Hire (productivity lost; replacement) - \$300k - Sullivan, 2005
- Only 23% of executives are confident they can attract talent needed - McKinsey
- Without a disciplined approach to selection – 50% of hires will underperform within 2-3 years - TopGrading
- Manager's report 25-50% mis-hires at cost of 5-24 time annual salary - Topgrading
- Headhunters present 83% less than A-Players; 51% not good enough; 32% no candidates at all - Topgrading

TRAINING

- It costs roughly 1/30th the amount of time & money to develop a hi-potential vs. hire a replacement – HCI, 2010

