This series of articles looks at talent and its management. In the first article we explore the meaning of talent and answer the question “why is it important to manage talent?” The second article identifies the characteristics of best employers and eight recipes are proposed to improve your talent management.

Talent Management : Why?

What is talent?

We will define talented people as having the potential to:
• Be creative and innovative
• Use their initiative to solve problems
• Learn quickly and continuously
• Sustain and improve their performance

They range from the XTP (Extremely talented people), to MTP (Moderately talented people), to the OTP (Ordinarily talented people). In other words, everyone has a talent potential but some have more potential than others. XTPs are also known as HiPos – those with high potential. There is an old joke that differentiates the HiPos from the PoPos – those who are ‘Pissed Off and Passed Over’.

It is also necessary to differentiate between talent potential and talent use. Is it reasonable to expect everyone to work to their true potential? Yes – but it works both ways. It is also reasonable for workers to ask: “what has management done to help me develop that potential?”

What is Talent Management (TM)?

Managers play a crucial role in recruiting, developing and retaining talent. For the purposes of this article we will define TM as the way in which managers maximise performance through:
• Recruiting XTPs and
• Developing, and motivating all workers, but specifically the XTPs to use their talent.
• Retaining those workers who are using their talent.
• Dealing effectively with those who do not perform to their potential.

TM provides guidance as to how to best deal with these four situations. However, we need to establish why TM is important, the consequences of weak TM and assignable causes.

How important is Talent?

In an institutional setting, using and developing talent benefits everyone.

1. Clients get better service.
2. Role models are developed.
3. Investors get a better return on their investment.

1. Clients – the silent quitters

Do you know why most of your clients decide to move to another pharmacy? Probably not. Table 1 shows results of a USA survey¹ to find out why customers change allegiance. Results showed that they don’t complain. They just move along mainly because of indifferent service. It is unlikely that South African customers are any different.

<table>
<thead>
<tr>
<th>Table 1: Why customers quit</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Die</td>
</tr>
<tr>
<td>o Move away</td>
</tr>
<tr>
<td>o Find lower prices</td>
</tr>
<tr>
<td>o Become dissatisfied with the product range</td>
</tr>
<tr>
<td>o Leave because of employee indifference</td>
</tr>
</tbody>
</table>

Consider your own experience. Why did you stop going to your favourite restaurant? Did you complain to the management before changing to another restaurant? Or are you a silent quitter?

2. Institutional norms

Whilst managers might set the standards for institutional performance, it is often the workers who establish the work level norms. Bad role models drag the norm down to its lowest common denominator. Good role models inspire and raise the cross bar beyond its maximum setting.

3. Productivity

Research suggests that “HiPos”² may be as much as 20 times more productive than their
average counterparts. Losing one HiPo would be like losing 20 people. It has also been said that the average person can work as little as 20% of capacity and still hold down a job (‘I’m sure you know at least one of those people!).

The Talent problem

In an ideal world, an institution would be packed with XTPs. Their talents would be developed and fully utilised. The reality – most institutions have a mix of talent potential, most of which remains underdeveloped or unused. Why?

1. The PoPo conspiracy

There is a tendency to focus on performance rather than potential. Performance describes the success of workers in their current positions and at their current responsibility levels. It is measured regularly by financial indicators, sometimes by customer satisfaction surveys and seldom by research into worker satisfaction.

Potential is the capability of workers to improve current performance or be successful at higher levels of responsibilities. Potential is difficult to measure. It is usually assessed by “just like me” criteria – i.e. managers attract and employ people with similar characteristics to their own.

The net result? The status quo is preserved. “Just like me” workers get frustrated because there is no challenge and little chance to make a difference. Their potential is underdeveloped, their performance falls to mediocrity, they create a negative environment for other workers and they leave for better opportunities.

Think about it. To what do you attribute your success as a manager? Because you challenged the status quo, questioned existing paradigms, and took risks? If you employed such a person, would you give him or her the chance to do these things? How long would you expect them to wait until they took your job? What would you expect them to do without those opportunities? – stay or leave; use their talent or soldier on like robots?

2. Development of Talent

There is a tendency to assume that talented people do not need develop-ment, mentoring and nurturing. Did you say “Why? I pay them more so that they can get on with the job without me looking over their shoulder, checking everything they do?”

Everyone has the potential to swim but not everyone goes to the Olympics. Realising swimming potential does not start by throwing a person into the deep end. And those who show potential get EXTRA attention, not less!

3. Misreading Signals

It is not easy to identify potential. Predicting potential is coloured by current behaviour. For example, compare people who you consider enthusiastic or lazy. It is much easier to work with enthusiastic people – they always want to help, even if they are not particularly competent. ‘Lazy’ people are much more difficult. It is easy to predict that they have less potential than their enthusiastic counterparts. But ask yourself why they seem to be lazy? Are they bored and frustrated with the menial jobs they are allocated? Did you employ a lap dog or a watch dog?

4. Wrong assumptions

Under the right conditions, we are able to perform at levels beyond even our wildest dreams. Managers create these conditions. As long ago as the 1960’s, Douglas McGregor proposed that the way managers behaved could be explained by the assumptions they held about workers. He identified two groups of managers with different assumptions (Table 2). Only Theory Y managers are likely to create an

<table>
<thead>
<tr>
<th>Table 1: Talent Management Barometer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you have a talent management problem? Do you sometimes feel that you are the only talented person in your organisation? Where do you fit on the talent barometer? Which, if any, situations sound familiar?</td>
</tr>
<tr>
<td><strong>Recruiting</strong></td>
</tr>
<tr>
<td>o “I just cannot find enough workers.”</td>
</tr>
<tr>
<td>o “I cannot find enough competent workers.”</td>
</tr>
<tr>
<td>o “I cannot find enough competent workers who are committed to the organisation’s goals.”</td>
</tr>
<tr>
<td>o “I cannot find competent, committed workers who want to stay for any length of time.”</td>
</tr>
<tr>
<td><strong>Retention</strong></td>
</tr>
<tr>
<td>o “I cannot find a recipe to keep my good workers from leaving – loyalty, and long service I get from the mediocre.”</td>
</tr>
<tr>
<td>o “I wish my ‘talented workers’ would leave! – intellectual potential but snail’s pace action!”</td>
</tr>
<tr>
<td>o “The younger generation expect the earth – high salaries, performance bonuses, time off and the latest computers. And when you deliver they accept it as a right and leave anyway.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2: What are your assumptions about workers?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theory X Manager</strong> I believe that the average person:</td>
</tr>
<tr>
<td>o Has no ambitions, avoids taking responsibility and prefers to be told what to do.</td>
</tr>
<tr>
<td>o Is lazy, dislikes work, and avoids it if at all possible.</td>
</tr>
<tr>
<td>o Will only work if coerced, directed, threatened or even punished.</td>
</tr>
<tr>
<td><strong>Theory Y Manager</strong> I believe that the average person:</td>
</tr>
<tr>
<td>o Enjoys work</td>
</tr>
<tr>
<td>o Can exercise self discipline if committed to the objectives</td>
</tr>
<tr>
<td>o Has the capacity to exercise a relatively high degree of imagination, ingenuity and creativity in his job.</td>
</tr>
</tbody>
</table>
environment conducive to the development of talent potential.

In a nutshell... Talent exists in a range. Exceptional talent can make a significant difference to outcomes. Managers may not always be comfortable with highly talented people since they challenge the status quo. Talented workers become frustrated and leave if not appropriately managed. Generic strategies are more likely to suit the needs of the less talented under-performers. (See Table 3).

Allocating Blame?

It is tempting to blame the shortage of talent for weak performance. But talent has always been a scarce commodity. The problem is exacerbated by:

1. An international skills shortage.
2. An increasing demand for pharmaceutical care services by elderly 'baby boomers'.
3. A different set of values and expectations from the 'Generation X'.
4. Uninformed talent management.

1. International Skills shortage
The magnitude of the international skills shortage is frightening. This is demonstrated by the outflow of South African health professionals to developed countries. Since we cannot compete on the basis of financial rewards, we need to understand more about the reasons for the brain drain and what can be done to slow the pace.

TM is not about stemming emigration. It is searching for, acquiring, and retaining the best talent. It is also concerned with inspiring and developing all employees to use their talent; to be the best that they can be. Ineffective TM contributes to brain drain!

2. Baby Boomers to Gen X
The tsunami of people born after World War 2 (WW2) is known as the baby boomers. They formed a population bubble that affected every aspect of the global economy. From prams to cars, from baby food to beef, from toys, cigarettes, alcohol, houses to tourism. As they passed through the system, the market spiked and fell.

Table 3: Talent Extremes

<table>
<thead>
<tr>
<th>Talent Potential</th>
<th>Performance</th>
<th>Outcomes</th>
<th>Worker behaviour</th>
<th>Talent Management strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>XTP</td>
<td>20 times greater</td>
<td>Creative instability</td>
<td>Leave</td>
<td>Tailored</td>
</tr>
<tr>
<td>MTP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LTP</td>
<td>20% of capacity</td>
<td>Efficient stability</td>
<td>Stay</td>
<td>Generic</td>
</tr>
</tbody>
</table>

After the party comes the hangover. There is always a price to pay from living off an unsustainable trend. Nowhere is this clearer than in the USA. For example, it is predicted that:

• By 2006, for every one worker entering the economy, two workers retire.
• By 2008, there will be a shortage of 10 million workers in all employment categories.
• By 2008, there will be 40 000 pharmacy vacancies and a dwindling labour source to draw from.

The baby boomers are now a vast group of elderly people demanding an enormous range of pharmaceutical care services. No wonder there is a shortage of pharmacists in the USA!

The Boomers were followed by Generation X (people born between 1961 - 1981). Not only are there fewer of them, these people were brought up by parents who had very different values, expectations and norms from the 'WW2' parents. For example, they are no longer plagued by the need for job security and career ladders. They develop their own career networks. Research shows that, on average, Gen X employees remain with an employer for 18-36 months before moving on.

3. Why do pharmacists resign?
We usually assume that most people leave their jobs for more money. In the USA, one in five pharmacists leave their jobs every year. The reasons given for leaving are:

1. Mismanagement (42%)
   - "I don’t have the tools, time, or resources to do my job." (21%)
   - "I don’t feel valued and I can’t see how my work makes a difference." (20%)
2. Better opportunities (26%)

3. More money (18%)
   - "I want to earn more money."

Can this be blamed on the Generation X factor? Or is mismanaged talent the major cause? Consequences – High replacement costs. Worker frustration and indifference impact on the work environment and client satisfaction. The silent quitters leave.

4. Awareness
Effective solutions will not emerge until pharmacy managers become aware of the magnitude and nature of the problem. External influences do aggrivate the talent shortage. However, managers must accept some responsibility for contributing to the problem. Many are not doing enough of the right things to attract, recruit, retain and develop employee talent.

So what could be done differently? What are the best employers doing that others are not? And do their efforts actually translate into better performance?

We will look for answers to these questions in the next article.

References available on request
5. PharmacyNOW. Recruiting & Retaining the Next Generation of Pharmacy Talent