

America's Got Talent

Tapping the existing corps d'elite for Grade A players has become the norm in corporate America.

TALENT EATS STRATEGY for breakfast, it has been observed. Today an increasing number of corporate human resources personnel would no doubt agree.

As world markets roil business plans and a challenging economy forces budget cuts, HR departments are paying far closer attention than in the past to talent and experience. At the same time, according to a Towers Watson survey conducted last summer, despite high unemployment they are having a harder time attracting new employees with the critical skills necessary for survival and growth.

As a result, companies increasingly are looking inside their own organizations, rather than outside, for top talent. And they are developing initiatives and programs not only to identify and assess high-potential employees but also to nurture and retain them over the course of their careers.

The reasons are clear. Existing workers at all levels have institutional knowledge that they carry with them into new positions, say HR personnel, adding value to those workers. They're also better equipped to train other employees as they advance within the corporation.

Make no mistake: External talent continues to be in demand. Technology, emerging markets, and changing consumer popula-

tions require employees from diverse backgrounds and with new skills and fresh perspectives. "It seems like when you're looking for great people, so is everybody else," says Betty Thompson, senior vice president of people services and chief personnel officer at Booz Allen Hamilton, a strategy and technology consulting firm.

But the benefits of developing high-potential employees from within appear to be outweighing those of hiring from without. Internal grooming and promoting saves time, recruitment costs, and search firm fees, which can be considerable. Managers are also better able to assess the fit of a worker they know and have observed in the trenches.

Lateral Deployment

Six years ago, Scripps Health, a not-for-profit health care provider in California, filled three-quarters of open positions in the company—across the board, from front-line hourly to C-suite—with talented workers



from outside. By last year that ratio had changed dramatically. Of 4,000 openings, two-thirds were filled internally.

Initially the motivation was financial. "We looked at the next two to three years and realized that we were probably going to have to reduce our cost structure by 20% to 30%," acknowledges Victor Buzachero, corporate senior vice president at Scripps Health. "That's not done with just simple, incremental reductions; it's a fundamental change in how we do business. And it's going to take very talented people to help us think through how to do that and implement it well."

In a global economy marked by chaotic market conditions and ferocious competition, however, nurturing talent inside an organization makes strategic

sense too, as companies seeking a competitive edge make sure they have the right people in the right roles.

"You can be as scripted and as analytical as you want with respect to a business plan," says John Ryan, a managing director at TRANSEARCH International, a leading executive search firm. "But if you don't have the right people making the right decisions, the business probably will not succeed."

Often those people are already in the company and have been for a number of years. "These are people who know the organization really well," Ryan notes. "So when companies are talking about bringing somebody in from the outside, part of that conversation really should be about moving someone from department A to

In a global economy this competitive, nurturing talent inside an organization makes strategic sense.

department X."

Challenged by the economic downturn and health care reform, Scripps Health, which is headquartered in San Diego and has 13,350 employees, took COOs out of each of its business units and made them horizontal VPs working with line chief executives.

Last year the company reduced its budget by \$74 million without downsizing. "A part of that is how we redeploy

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Life-Changing Opportunities at Scripps

Last summer Scripps Health launched a new marketing campaign to attract and retain the best and brightest. Under the banner "Change lives. Starting with yours," the campaign spotlights Scripps as a career destination and a support center where employees can build skills, advance careers, and reinvent themselves. By helping talent lead fuller, richer lives, the company is ensuring its own health as well as improving employees' lives.

Encouraging employee growth is a basic part of the Scripps DNA. The company supports ongoing education through a variety of scholarships, university partnerships, and tuition reimbursement. It also offers career development programs in presentation skills, project management, performance improvement, and transition into leadership. Scripps spends an average of \$37 million per year on professional development.

The current campaign is highlighting success stories at Scripps. After joining the company in 2002, administrative coordinator Jennifer Sakpraseuth used Scripps scholarships and tuition reimbursement programs to become the first in her family to

graduate from college. "When I came to Scripps nine years ago, I would never have guessed where I would be right now," Sakpraseuth says. "It has been an amazing transformation, and it all has happened because of the people who work here, the benefits, and the constant support and mentoring."

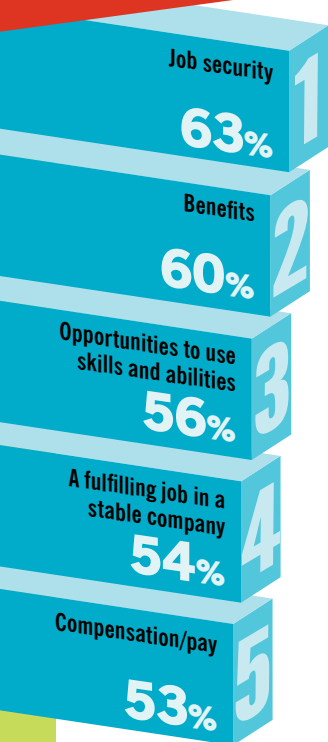


Jennifer Sakpraseuth, administrative coordinator, works with Michael Uzitas, one of her mentors.



FIVE THINGS EMPLOYEES WANT MOST

The top aspects of employee job satisfaction, according to a survey of 606 employees of companies of all sizes



Source: 2010 Employee Job Satisfaction Survey (SHRM, 2010)

people,” says Buzachero. “Another part is that we’re working to move our talent around to where it works best, and that’s making a huge difference in our productivity.”

To do that, last year Scripps also initiated a highly successful ICU training program for existing nurses to become ICU nurses (an area in which traditionally there are shortages) and a nurse residency program to fill new vacancies with nursing school graduates.

The initiatives and horizontal restructuring are also helping the company retain top talent. “When people see that we’re redeploying employees vs. laying them off,” says Buzachero, “they have confidence that their careers can go anywhere they want in the organization. And that is huge.”

Retaining Grade A Players

The hallmarks of companies that are paying close attention to attracting and retaining talent, executive searchers say, are the kinds of things good management should always do: listening, identifying and cultivating high-potential individu-

als, assessing workers regularly and through objective processes, and communicating.

“One of the clues that an organization is going in the right direction is that it’s conducting reviews frequently,” says TRANSEARCH’s Ryan. “Annual reviews don’t make any sense anymore. Real-time conversations should take place every week, and they should move from being purely about chemistry and camaraderie to being about objective things like skills and competencies.”

Employees also need to know how the company regards them. “If you think Bob is more high potential than Dennis or Cole, well, Bob should know that,” Ryan adds. “Because you don’t want to walk in one morning and find that Bob has left.”

At Booz Allen a number of programs are in place to promote from within in order to avoid the “Bob has left the building” scenario.

Last year the firm, which has 25,000 employees, implemented an “inside first” talent review program to prioritize looking within the firm for top candidates when a position opens. “It had gotten to the point where folks were leaving the firm to do something dif-

ferent when we had the same opportunities here,” recalls Thompson. “They just didn’t know it.”

A resource management team was also created to help employees set up profiles and develop career goals and to meet with team members and career managers. For prospective employees Booz Allen relies on a series of assessment interviews that include members of the team that would be working with the new hire “so that it’s not just a management-driven view of the candidate,” says Thompson.

“We conduct the kinds of interviews that solicit stories of their proudest moments working with teams,” she adds. “We’re a very collaborative culture. It’s got to be ‘we’ first. Just the way people talk about ‘I’ vs. ‘we’ is usually a good indicator of how they’ll collaborate with others.”

But whether a new hire or a longtime employee, keeping Bob in the building matters. It could mean the very future of a company. ●

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