



FOSWAY
GROUP

Talent Management And People Development in Practice: A Call to Action

Research Report 2019

In association with

sumtotal[®]



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Foreword

This research builds on SumTotal's original collaboration with Fosway Group from 2017, which explored 'Transforming Talent in the Modern Workforce'. That data painted a fascinating picture of the future of work, shifting patterns and transformational technology. The goal of this project was to uncover what's happening now in talent management and people development at a practical level.

Our collaboration was tasked with helping truly understand what is, and is not, working today across a wide range of organisations and industries from the length and breadth of the EMEA region. The results shared exclusively in this report are eye opening.

I'd like to thank all the HR, talent and learning professionals who participated in this research, giving up their time to share real-world experiences and honest insights.

Our hope is that you find this report useful as a guide for your organisation. Now is a volatile time and it is critical to attract, nurture, develop and retain the best talent to remain sustainable for the near term and into the future. Ultimately an organisation is nothing without its people.

Best regards

Liam Butler

VP EMEA, SumTotal Systems



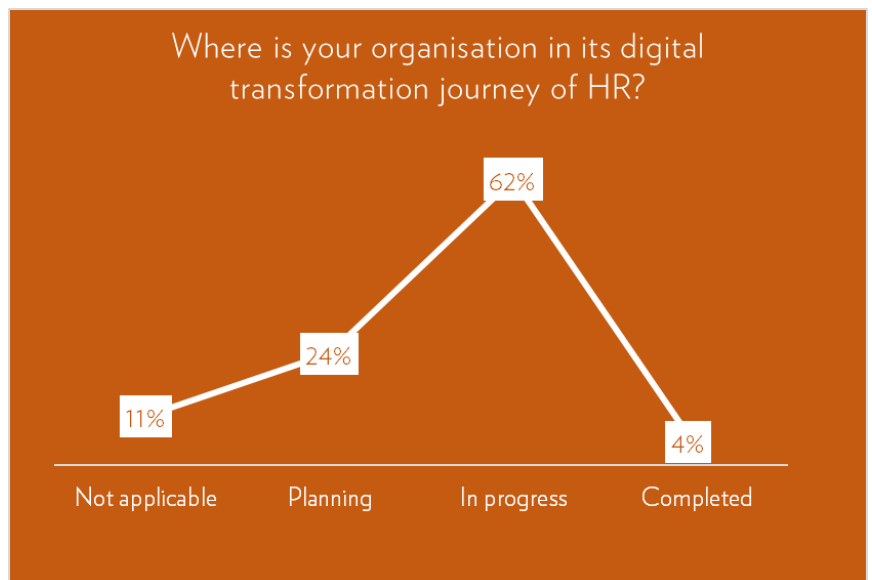


Don't risk falling behind in the war for talent

“Employee brand and our Employee Value Proposition (EVP) are key to attracting the best candidates.”

The short answer to the question of how much progress organisations are making with transforming talent management today is: not nearly enough. Two years ago, Fosway conducted a previous research project in partnership with SumTotal to understand the state of talent management for the modern workforce. The results confirmed a number of challenges we intuitively already knew. The workforce is changing dramatically as demonstrated by the multiple generations now found in organisations today. With this dramatic shift comes changing expectations about what employers offer to attract and retain the best people. The nature of work is also evolving: we work in flatter, more agile and increasingly diverse teams. How we work is also changing. We are more virtual and mobile as the technology to support work is shifting us from silo working to more transparent and collaborative environments.

We see it all around us, in our personal lives, as well as in our workspaces. This shift is putting increasing pressure on HR to evolve, with many organisations – if not most – now in the process of attempting to digitally transform their people functions.



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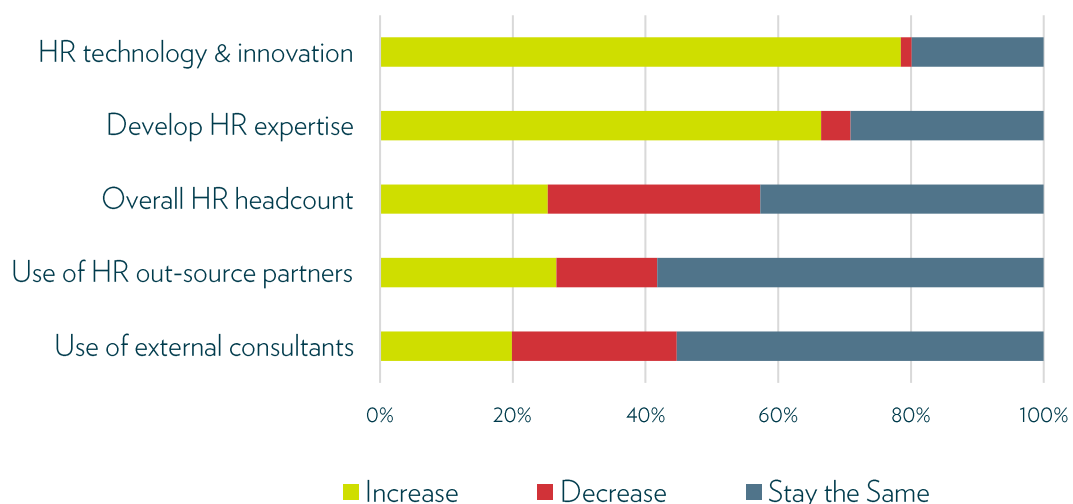


“The digital transformation of our HR ecosystem is a top enabler in our medium-term plans.”

From our broader research, we know that 80% of organisations¹ are looking to increase their investment in HR and talent technology – more than any other part of the spending options available to HR, including investing in the team, expertise or external consultants.

We also know that nearly 2/3rds of HR teams are still in the process of going through their digital transformation of HR. With only 4% believing they have completed their journey, a massive 96% are still to fully realise the advantages possible with digital transformation. Both to support the changing expectations of the modern workforce – but also to support the changes in culture, leadership and HR operations that turns HR from being a ‘transactor’ of people processes (absence management, payroll, recruiting) into a strategic influencer and enabler for organisational success.

Do you expect your organisation’s investment in the HR function to increase, decrease or stay the same over the year ahead?



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¹ HR Realities Research 2018-19



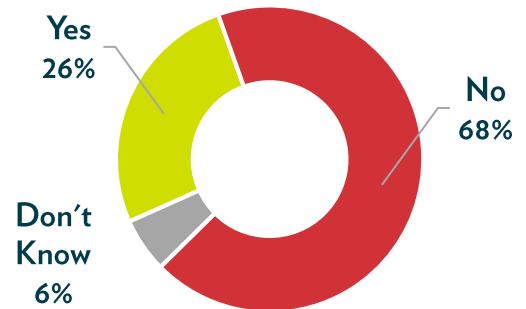
There is a crisis of innovation in HR

Ironically, although the range of digital options has never been larger or more diverse to help HR deliver for the modern workforce, results highlighted in this new research appears to show perilously slow progress. With transformation very much the watch word of the moment, the imperative to change has never been higher.

Our broader research shows that almost 70% of organisations² believe their HR systems are not fit for the modern workforce. This new research further reinforces that poor sentiment. Only 9% of HR organisations³ think their technology to support talent is fully ready for the modern workforce. Whilst just over 1 in 5 say their talent systems are **NOT AT ALL** fit for the modern workforce.

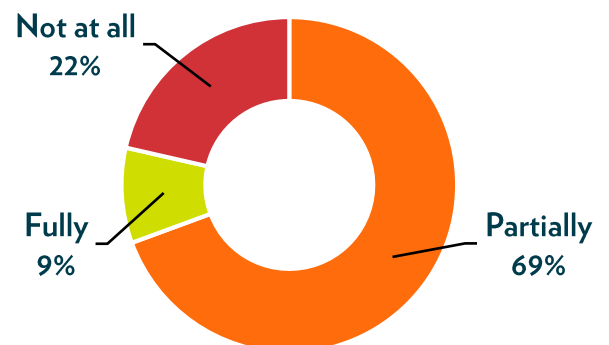
This lack of solutions maturity highlights a crisis in HR that risks its credibility and the survival of whole organisations, by failing in the war for talent. The reason for this becomes clearer when we explore the solutions approaches being deployed - or in many cases, not being deployed - to support HR's talent strategies.

Do you think your current HR systems are ready for the modern workforce?



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How well do your talent management systems meet the expectations of today's modern workforce?



² HR Realities Research 2018-19

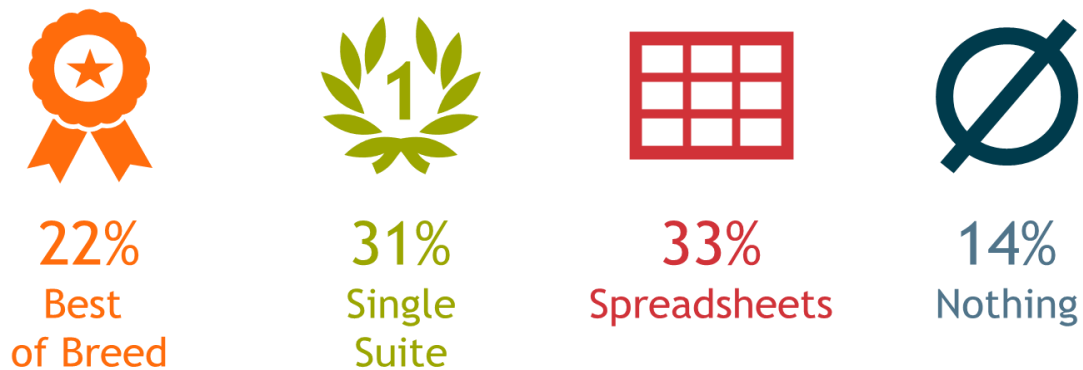
³ Talent Management and People Development in Practice 2019



Only half of organisations are using 'Best of Breed' or 'Single Suite' solutions specifically designed to support talent management.

The other half are having to resort to either using spreadsheets or have nothing in place at all to optimise talent for their organisation. Against this backdrop of ineffective technology, it's easy to see why so many would rate their readiness to support the modern workforce so low.

How do you currently manage talent and people development processes in your organisation?



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This is not an issue that is simply limited to a specific part of the employee life cycle and HR's talent processes. What is clear, is that all areas of the talent cycle are a priority for improvement.

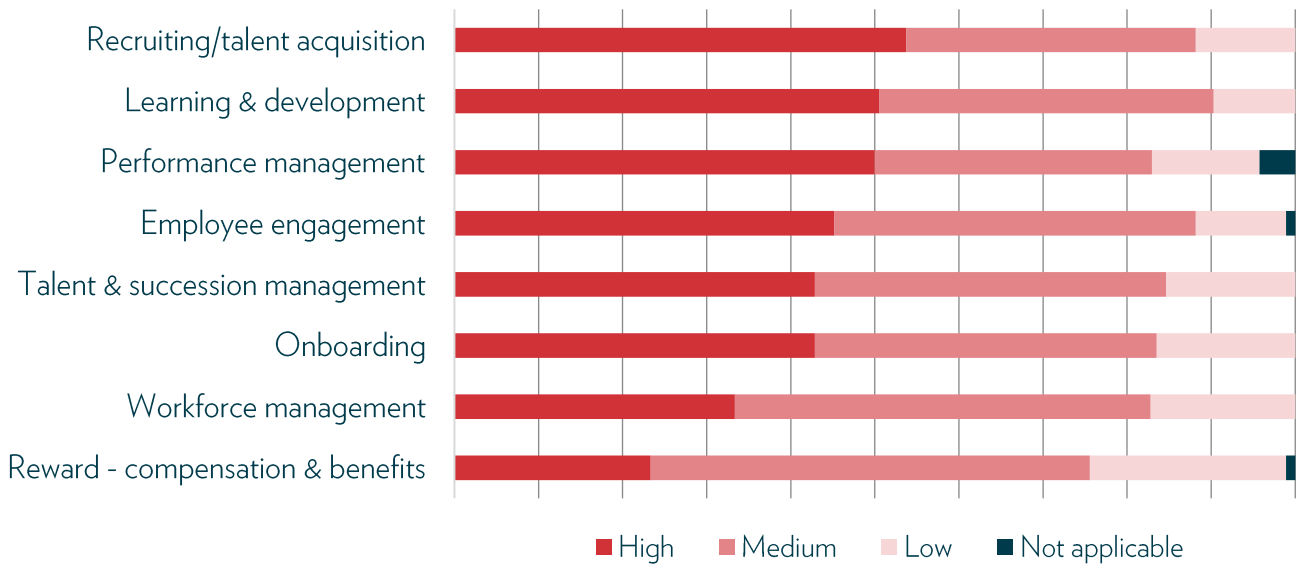
It applies to many of the practices that are central to organisations being seen as an employer of choice, including themes that are most valued by the modern workforce as a) reasons to join your organisation and b) reasons that make them want to stay.

"Business is changing and HR cannot support business as needed without changing too."



Across all aspects of talent management – be that: recruiting, learning and development, performance, employee engagement, talent succession and onboarding - the pattern is reasonably consistent.

Which talent and people development approaches are the highest priority for improvement in your organisation today?



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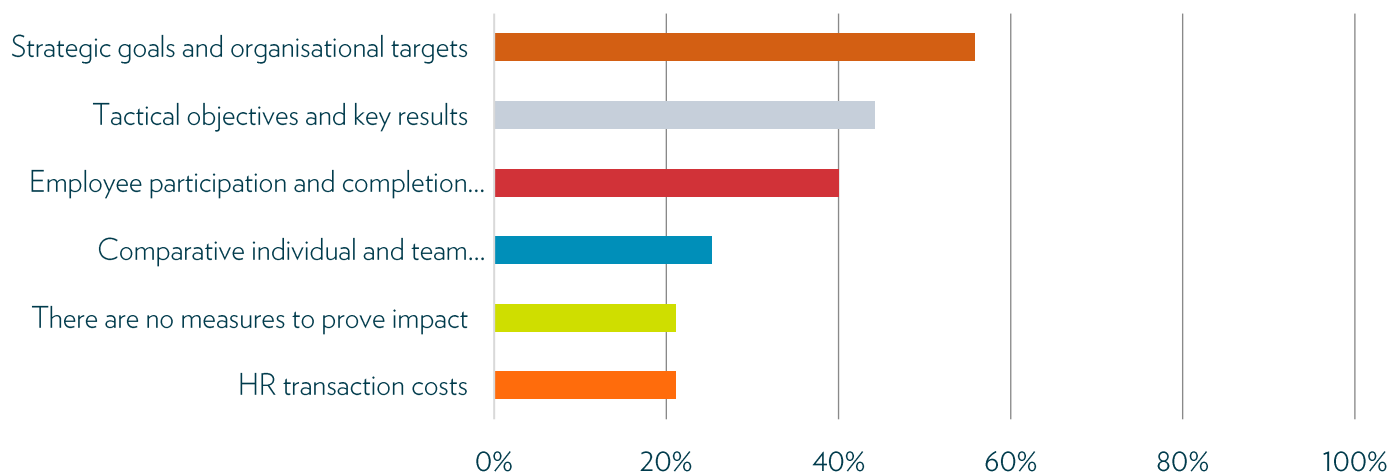
Around 50% have improving those process as a high priority. Nearly 80% list each of those levers for talent story as, at a minimum, a medium priority. The conclusion is that HR is self-aware enough to understand its weakness, even if progress in becoming a successful digitally-led function currently seems beyond reach.



Proving the tangible value of talent processes is a challenge for the majority of HR departments

Given the clarity around the talent agenda and HR's key priorities, why has there been such a lack of progress? The answer lies in what is potentially part of the catch 22 for HR as a function. That is to say, HR's inability to prove its business value with relevant measures, which is in part driven by an inability to automate and track the effectiveness of its practices. Without the proof of measurable results and ROI, HR's ability to influence is severely limited.

What measures do you use to prove the impact and value of your talent and people development approaches?



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To be a serious business partner, it is not enough to be merely an enabler. To be credible, HR also needs to articulate the tangible ROI of its operation to real business results, not just HR efficiencies.

"We must be continuous, must be assessed for effectiveness, must ensure we have the knowledge, skills and tools for our people, and we get results."

The primary challenge is that, in the absence of measurable results across HR and business data, HR is unable to argue its value to the organisation with tangible proof points. The scale of the issue is not trivial:

- Barely half of organisations look to measure the value of their talent strategies to organisational targets and strategic goals.
- Less than half measure the impact of their talent strategies to tactical business objectives and key results.
- Less than a quarter establish the impact of talent approaches on individual and team performance.
- A fifth admit to having no measures to prove their impact.



21%

Have no measures
of success for their
Talent Practices



25%

Prove impact &
value against
individual & team
performance



44%

Prove impact &
value against
tactical measures
& key results



56%

Prove impact &
value to strategic
measures & goals

The sorry fact is that in the absence of any correlation between what HR and talent teams do, there is always going to be a struggle to articulate the value of the HR function on delivering business results, and this in turn marginalises it as a strategically important function.

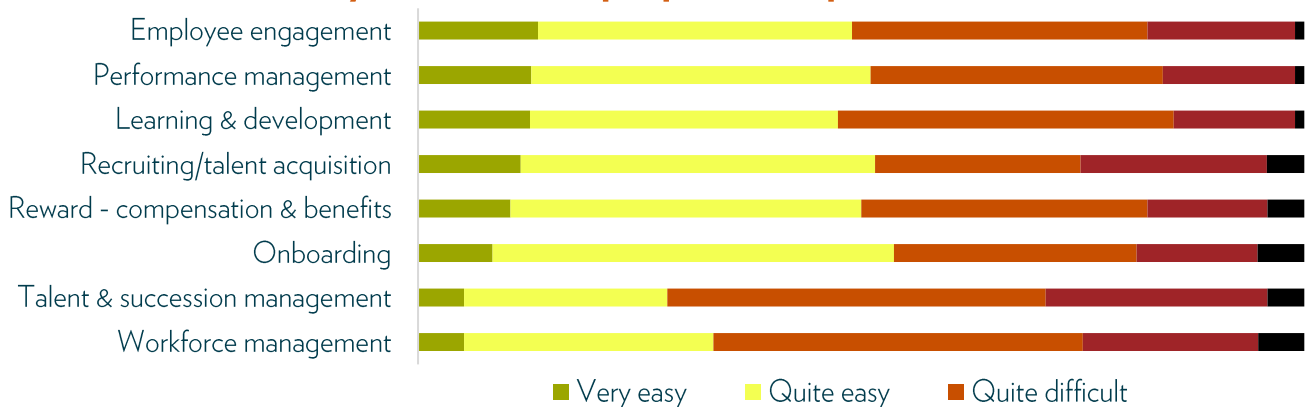
In the modern economy, addressing skills gaps and meeting the demand for 'top' talent across the organisation is critical. Those who compete most effectively for the best people are more successful at navigating an ever-changing marketplace are able to build an agile workforce that adapts at the speed business today.

Those who are unable to articulate their value are in a weaker position to argue for the resources and changes that organisation need to embrace to be successful.



HR professionals find measuring the effectiveness of talent strategies difficult. Whether it's for learning, talent acquisition, performance, employee engagement and onboarding, nearly half are struggling to measure the effectiveness of what they do. In the instance of talent succession and workforce management, over 2/3^{ds} of organisations find it difficult to measure their effectiveness.

Relatively, how easy do you find it to measure the effectiveness of your talent and people development?



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50% find it difficult to measure the effectiveness of their talent practices

The urgency of this situation is further highlighted from the data in our HR Realities 2019 research that highlights analytics as the top priority in HR today. But, analytics as a weapon to mobilise commitment to invest in the talent agenda, has some time lag. Analytics only has a story to tell once the HR function has been digitally transformed. It needs to have time to build a pool of data to analyse.

Interestingly the professional risk around being unable to articulate value is not always high. Only 1 in 3 have significant demand to prove their value from their stakeholders. In addition, 1/4 have little or no demand to prove their value.

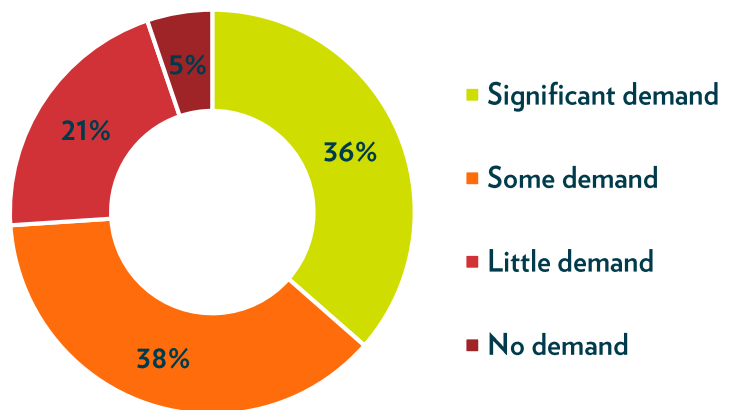
The lack of business pressure to report HR's contribution is a conspiracy of convenience, but ultimately is a missed opportunity to be a serious strategic contributor. Another conclusion you could draw is a resignation from stakeholders that HR doesn't know how best to provide ROI insights.



If HR and talent professionals are to take a seat at the table, this needs to change. Data and data driven decision making are central to business strategy. To support this, our research finds that analytics is the highest priority for investment, ahead of every HR function.

The key challenge remains, with a lack of data driven intelligence it is nearly impossible for HR leaders to argue for optimal investment in solutions and resources. Without the ability to articulate the value of your talent strategies, HR has to rely on goodwill, intuition and best guesses. Conversely, progressive organisations are taking advantage of rich data and analytics to make informed decisions.

How much demand is there from stakeholders to prove the business value of talent and people development?



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Those who fail to create a clear line of sight between their talent practices and business outcomes are invariably selling themselves, their people and their business short. Without data, HR leaders will never fully understand the value and impact of the different levers they can pull to create a results-driven, engaged and high performing organisation.



36%
Have significant demand to prove their value from stakeholders



38%
Have some demand to prove their value from stakeholders



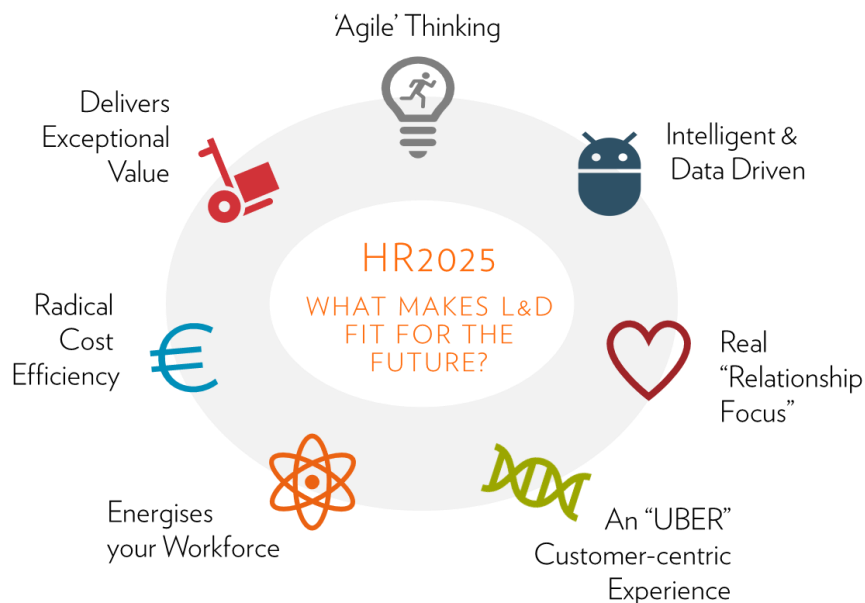
26%
Have little or no demand to prove their value from stakeholders

In conclusion

“The future of work changes our user needs.”

HR and talent management needs to be fit for the future and the vast majority of organisations are not...

If we think about what makes HR and talent management fit for the future, a number of themes are starting to emerge as we head towards 2025.



HR and talent professionals should benchmark their operations against these key themes to determine if they are fit for the future. Attracting, growing and retaining your talent is an essential strategy in a competitive talent market and is critical to achieving long term growth and business success.



To deliver on this strategy requires agile thinking and intelligent data driven solutions. This strategy must focus on developing engaging relationships between employees and their employer.

While many use digital transformation as a euphemism for cost cutting, progressive leaders instead focus on using technology to enhance collaboration and build stronger connections with their workforce.

As much as they are prioritising efficiency in the process – they are also relentlessly focusing on the “uber” employee experience that both innovates and exceeds the customer (workers) expectations. Not in a vacuum of best endeavours but against a clear set of objectives and key results. With so many still on their transformation journey – the stakes are higher than ever before.

The chastening facts remain; organisational productivity is stagnating, the challenge around capability gaps for digital and interpersonal skills are growing. Organisational agility and innovation are at their highest. The pace of business is accelerating. What ultimately underpins the ability of organisations to successfully navigate this change is its ability to attract and retain the best people.

With between 2/3^{ds} and 4/5^{ths} of workers willing to trade their current employer for one that offers them more growth and development – the stakes have never been higher in being a brand that is renowned for developing its people and powering their careers.

The writing is on the wall...everywhere!

Having a compelling employer brand is now non-negotiable. Being an employer with an irresistible employer brand rooted in people growth is a massive differentiator. Being an employer who accelerates people’s careers, nurtures, challenges and grows skills is the only option.



87%

see skills gaps becoming as, if not more significant in the future

THE WAR FOR TALENT IS NOT GOING AWAY!



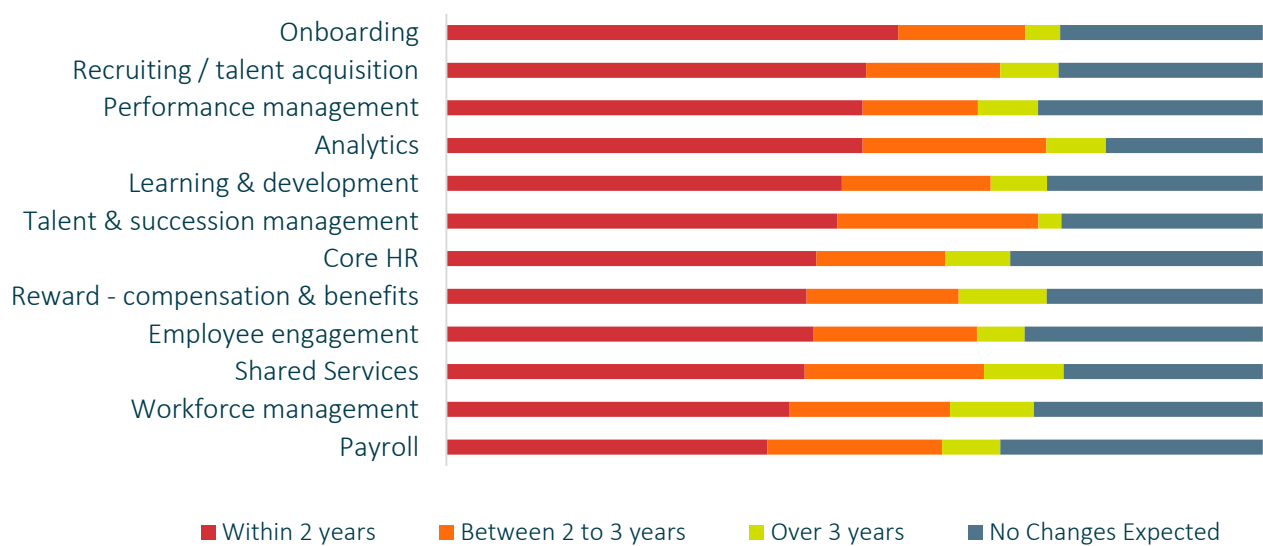
The war for talent will be won by those who invest in their people strategies

The vast majority of organisations are failing to live up to the most basic expectations. HR leaders can and should aim higher. Remember, our research found that nearly 70% of organisations do not think their HR systems are fit for the modern workforce.

The opportunity to be a leader in talent is within the grasp of every organisation out there. Taking the chance to lead and disrupt with your talent acceleration strategy should not be underestimated. With nearly half of all HR teams in our ongoing research looking to change their solutions in the next two years, there is a massive opportunity for buyers to catch up and overtake their competitors in the war for talent. Equally - there is an ample opportunity to be left further behind for those who fail to act.

What is clear is that, for many, the talent development practices are sub-standard at best. Those that embrace change and are willing to seize the opportunity to implement innovative technology and people strategies have everything to gain.

When do you intend to change your HR systems in the future?





Recommended Reading

- [Transforming Talent in the Modern Workforce](#)
- [HR Realities Research 2018-19](#)
- [HR Realities Research 2017-18: An Employee Value Proposition for the Future of Work](#)
- [Fosway 9-Grid™ - Talent Management](#)
- [Reinventing Recruiting: The Talent Acquisition Imperative](#)
- [World Economic Forum: The Future of Jobs Report 2018](#)
- [Digital Skills Shortage in Europe](#)



How was this research conducted?

The research was conducted by Fosway Group and SumTotal between January and February 2019, using a survey of HR and talent professionals from the EMEA region. The insights are supplemented with data from Fosway's ongoing HR and talent research.

Understanding the respondents

They are predominately European

- 80% work for an organisation that is based, or are personally based, in Europe

They are mainly senior decision makers, managers or director level employees and a wide range of organisation size

- 54% are managers and 11% are director level and above
- 22% from organisations of 1,000 to 5,000 employees
- 23% are from organisations of 5,000 to 10,000 employees
- 20% of respondents come were from organisations larger than 20,000 employees

The respondents come from a wide range of industry sectors, with some emphasis on Finance, Consulting, Software and Retail

The respondents have a skew to roles embracing learning and development, employee engagement, talent and succession management, and performance management – roles associated with core HR, reward and payroll are less prevalent.



Accelerate and De-risk

To talk to us about our research on learning and talent systems, or to discuss what it might specifically mean for your organisation, please contact us directly.

We will use our independent expertise to provide you with the guidance you need to accelerate and de-risk your decisions. We have a wealth of experience, tools, research and profiles at our disposal. We don't have any products to sell and we have no vested interest to bias your outcomes. We concentrate on pragmatic, independent advice.

Accuracy of information and warranties

The analysis and recommendations made in this document are based on the information currently available to Fosway and from sources believed to be reliable. Fosway disclaims all warranties as to the accuracy, completeness or adequacy of such information. Fosway will have no liability for errors, omissions or inadequacies in the information contained herein or for interpretations hereof.

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About Fosway Group

Fosway Group is Europe's #1 HR Industry Analyst focused on Next Gen HR, Talent and Learning. Founded in 1996, we are known for our unique European research, our independence and our integrity.

For over 20 years, we have been analyzing the realities of the market, and providing insights on the future of HR, Talent and Learning. Fosway analysts work extensively with our corporate clients to understand the inside story of the challenges they are facing, and their real experiences with next gen strategies, systems and suppliers. Our independent vendor analysis also provides a vital resource when making decisions on innovation and technology.

And just like the Roman road we draw our name from, you'll find that we're unusually direct. We don't have a vested interest in your supplier or consulting choices. So, whether you're looking for independent research, specific advice or a critical friend to cut through the market hype, we can tell you what you need to know to succeed.

Example clients include: Alstom, Aviva, Boots UK, BP, BT, Centrica, Deutsche Bank, Faurecia, HSBC, International SOS, Lloyds Banking Group, Novartis, PwC, Rolls-Royce, Royal Bank of Scotland, Sanofi, Shell, Swiss Re, Telefonica, Thomson Reuters, Toyota Europe and Vodafone.

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About SumTotal Systems

SumTotal Systems provides a unified, comprehensive and flexible Talent Development suite spanning the entire employee lifecycle. The award-winning solution for attracting, retaining, developing and engaging today's multi-generational workforce is grouped into four HR suites – Talent Acquisition, Learning Management, Talent Management and Workforce Management – all on a common platform.

SumTotal is forged on decades of experience providing learning and talent solutions to companies of all sizes, in all industries including, airlines, financial services, healthcare, manufacturing and pharmaceuticals. The company's beautiful technology provides a gateway to all content libraries, including seamlessly integrated access to the largest corporate online learning library from Skillsoft. SumTotal also supports content aggregation leveraging the latest standards, including xAPI and CMI5.

Learn more at:

www.sumtotalsystems.com

