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## Relational Talent Management: Where organisational strategy meets individual choice

Talent Management has become ubiquitous, but many organisations do not understand the psychology of their most talented employees. Research highlights that most TM strategies and practices are built on toxic assumptions and consequently have shaky foundations.

Karen Ward and Dr. Mary Jacobsen explore some of these assumptions, and advise that Talent Management needs to be done *with* employees, not *to* them.

Talent Management has become ubiquitous, yet evidence suggests organisations still struggle to attract and retain the employees they need to thrive in the complexities of today's world (IBM Global CEO Survey, 2010; PWC Global CEO Survey 2011; Economist Intelligence Unit, 2011; Corporate Leadership Council, 2010). In addition to this evidence that organisations are not getting the results they seek, Talent Psychology Consulting Ltd action research conducted since 2006 with global high potentials highlights that existing TM approaches are out of sync with what high potential employees are looking for from their employers too. This article draws on over a decade of action research with global talent that bridges the fields of management and organisation development; talent management and the study of high ability individuals<sup>1</sup>.

Ashridge has partnered with Dr Mary Jacobsen to develop practical implications from the theoretical underpinnings of Talent Psychology. Talent Psychology starts from the perspective that talent is something possessed by individuals, rather than an inert commodity. Research published in 2007<sup>2,3</sup> highlighted six organisational approaches to Talent Management, but failed to identify an approach that met the needs of the talented employees themselves. This article explores why from a Talent Psychology standpoint, effective talent management needs to be a relationship between people, not an abstract set of organisational processes.

Let's start at the heart of the matter – most organisations simply do not understand the psychology of their most talented employees<sup>4</sup>. The TPC action research highlights that for the majority of talented employees most TM strategies, processes and practices are built on toxic assumptions and consequently have shaky foundations. If you do not understand what motivates your talented employees, how can you presume to design solutions that meet their needs?

This article explores some of the toxic assumptions uncovered in our action research with global talent.

### Toxic assumption 1 People are our greatest asset

Whilst the sentiment behind this statement – that people add value – is true, evidence from talented employees shows the comparison with other 'assets' can be problematic. One of the perspectives that our global high potentials tell us has damaged the capacity of organisations to attract and retain key talent has been the growing influence of the "human capital" view of employees. By and large human capital refers to employees as an "economic resource" which is deployed in service of organisational performance. Taken to its logical extreme, economists interpret human capital in an expanded way to include a variety of personal qualities, world views and values, all of which are thought to impact productive activity<sup>5</sup>. Whilst this economic perspective has merits when discussing technology investment or plant acquisition, when "human capital" is co-opted and used as a synonym for the processes involved in attracting talent individuals, the concept produces processes and practices that alienate talent.

### Case example: Strategy Director, public sector organisation

"The first I knew that I was considered as high potential was when I received a letter from our HR Director inviting me to attend a Development Centre. When I asked my boss about this invitation, she replied: 'I heard the Talent Committee were choosing who to invite – you are seen as someone who can really help us deliver the challenges we are facing. I bet you are really pleased!' I didn't say anything to my boss, but I thought 'I might have been pleased had anyone thought to discuss it with me and consider what I might want from my career here', but what I want doesn't seem to be a factor. I am a cog in the machine to them as far as I can tell – it is hardly motivational."

What we have heard time and again from our interviewees is that the notion that a firm's most talented employees can be compared to machinery, equipment or plant – as a line on an asset register – is guaranteed to have high potentials walking quickly in the opposite direction.

### Toxic assumption 2 We know what we need for our succession plan

This perspective assumes that roles in the future will be similar to roles today and that current job design meets the needs of talented employees. For all the talk about attracting and retaining talent, if you could eavesdrop on talent conversations in many organisations you would hear references to nine-box grids, pipelines, succession plans, ROI and capability matrices, and a preoccupation with deploying and retaining scarce resources. The original thesis on TM even drew on a military metaphor – proclaiming that the "War for Talent"<sup>6</sup> had arrived. In over 20 years of working with global high potentials and in discussing talent strategies with senior leadership teams, the authors have rarely observed creative, collaborative conversations about what might be possible if the talent in the organisation were operating at their full potential. The assumption is that TM is predominantly about the needs of the organisation, not the aspirations of the talented employees.

Now you may say that how we talk about something doesn't necessarily inform how we behave, yet evidence from our global high potentials tells us something very different, as the following story illustrates:

### Case example: Marketing VP, European global technology company

"I recently attended one of our promotion Executive Assessment Centres and scored above the line on all competencies that were being tested. Before becoming Marketing VP, I had successfully held senior

leadership positions in our supply chain, sales, and product development functions. I was feeling very positive about my career prospects within the organisation, until I had my follow-up mentoring conversation with an Executive Team member and the HR Director.

They wanted to know when I was going to make a decision about my career and ‘get focused’. They were concerned that my career path to date did not conform to ‘normal’ careers in the organisation. I had also thought that my broad experience would be valuable when I became a more senior leader in the organisation.

When I asked them how I should make my choice, their first response was ‘do what you are good at’ – but my experience to date has been that I have been successful at all the roles I have been asked to do. They then changed tack and said: ‘Well then, focus on what you are interested in’ – but how can I tell them I am fascinated by it all?

**Performance and potential assessment grid – guidance**

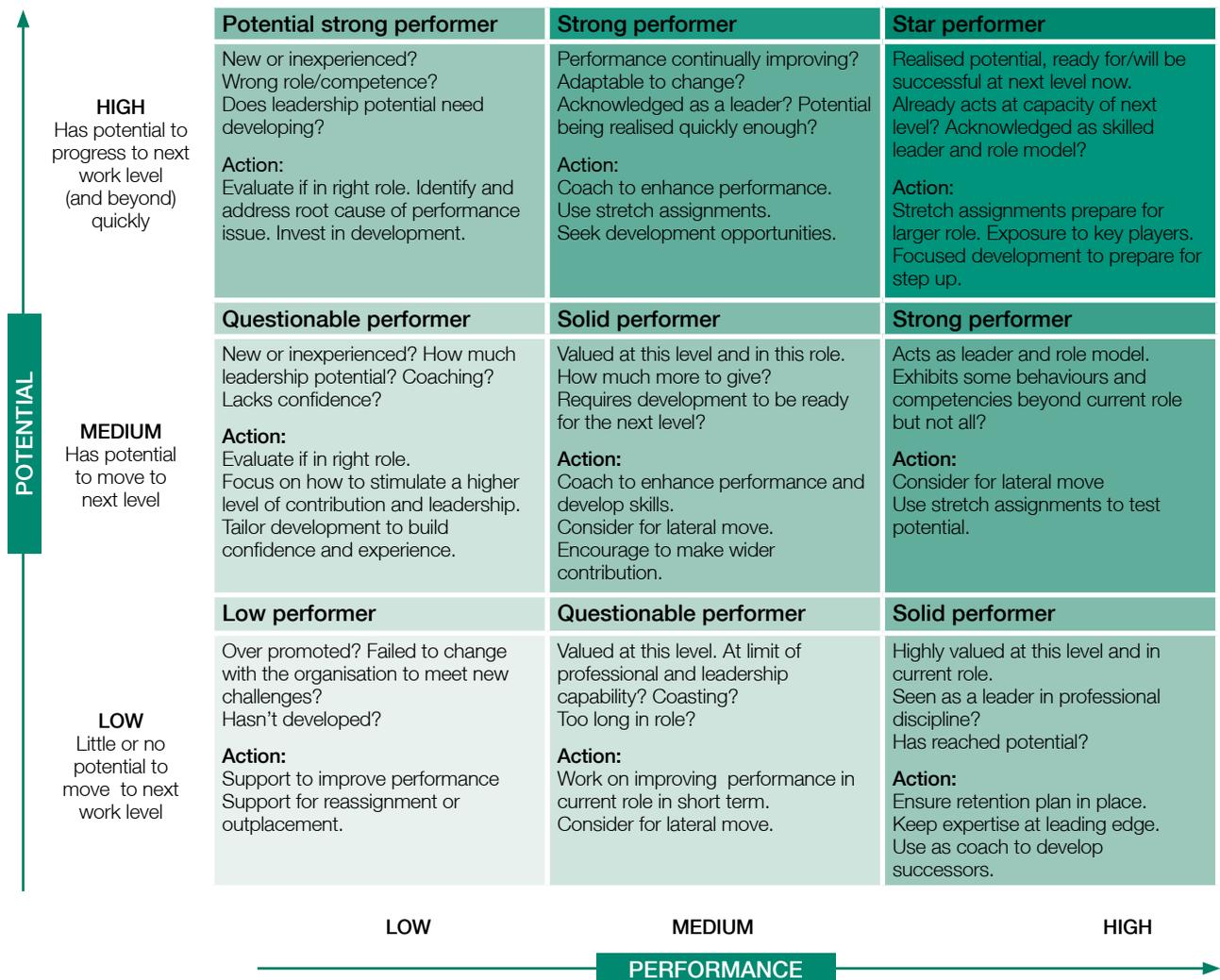


Fig 1 An example of the Nine-Box Grid

It seems to me, that because their own career paths encompassed just one or two functional disciplines, they are judging me against some arbitrary criteria of what makes success in senior roles in our company. They want to put me in a box and because I don't fit in one of their boxes, they seem to think there is a problem with me. When I asked them what the criteria for measuring potential were in our talent process, the answer was very vague.

I am now not sure if this is an organisation where I want to invest any more of my time and energy..”

Unfortunately this is not an isolated incident and this ‘mechanistic’ talent in a box perspective is not the only one that is getting in the way. Organisations have become so focused on the needs of certain stakeholders — analysts and investors asking how an organisation will deliver sustainable growth; or taxpayers demanding value-for-money public services — that they have lost sight of the needs, desires and wishes of the individuals who have the capabilities and capacity to deliver this sustainable performance.

Perhaps the most telling example of this mismatch between organisational strategic intent and individual talents making their choices, emerged in our research with individuals who at the time of the research were identified as high potential within their organisation; were in their organisation’s executive talent pool and were actively involved in an executive talent development programme. Of this population, between 50-60% confessed to their development coaches that they did not wish to take up senior posts in their current organisation, yet only 10-15% of them had shared this insight with their employer. It was not that they did not want senior leadership responsibility; it was often that their organisations could not look outside the current succession planning box and be creative about what was possible — for the individual and the organisation.

### Toxic assumption 3 We know how to identify talent

Many organisations have adopted GE’s Nine-Box Grid (see Fig 1) as the methodology to identify their talented employees — that is they purport to be looking at performance and potential.

We will explore what organisations mean when they use the word ‘potential’ in more depth in the next toxic assumption, but let’s first stay with the nine-box grid for a moment longer. A closer inspection of how it is being used in practice in many organisations demonstrates only a partial understanding of what made the methodology successful in the first place<sup>7</sup>. We propose the model of talent identification in Fig. 2 because it is current, comprehensive and grounded in research. This is very important since even when “performance” is known there are serious problems when that is not the case with the other key factors. It is common for organisations to believe that

past performance is a reliable predictor of capability for future higher responsibility. This fundamental error leads to conclusions about potential that are worth little more than guesswork. Two other critical elements are often missing: firstly an understanding of the wider social and political context within which talent decisions are being made; and secondly, transparent and mature career conversations between the talented employee and the senior leadership of the organisation (do the expectations of the organisation align with those of the talented employee?).

So why is the TM context important? Too often those who are making the decisions about talent are the existing senior leadership of the organisation and their data sources are often internal too. The talented employees in our research quite reasonably asked of this process: “What do they know about the future? Are they not most invested in the past, i.e. what made them successful?” One example illustrates this vividly:

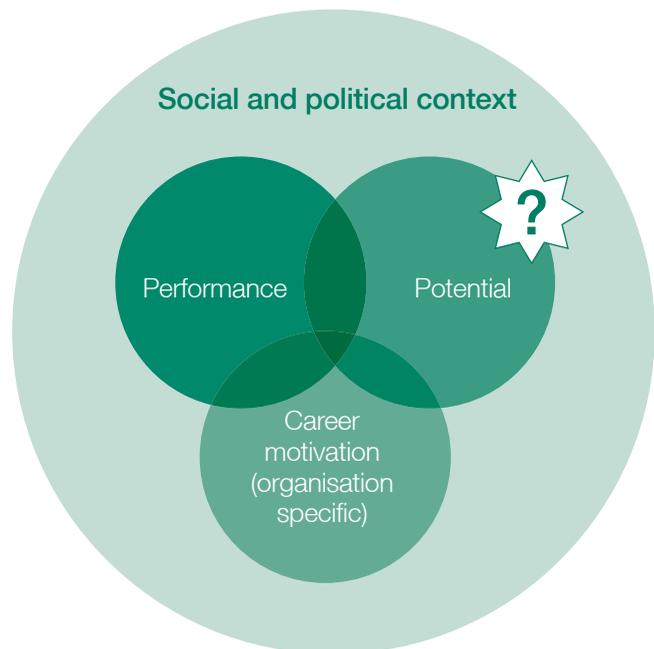


Fig 2 Talent identification<sup>8</sup>

One organisation invested several million dollars in talent management each year. A new TM Director joined the organisation and was struck by the investment in the graduate development scheme in particular. She asked what the ROI on this spend was and no-one could give her the answer. She asked the Talent Review Panel (CEO and five other senior directors) for the purpose of the scheme so she could start to put some evaluation in place. The answer came back: 'It is where we get our future leaders from'. Being new to the organisation she was curious to see how this worked and asked for promotion data over the last five years into the senior leadership cadre. The result was quite surprising — only 1% of promotions into the senior leadership cadre in the last five years had been from the graduate scheme.

Even more surprising though was the reaction of the Talent Review Panel when she presented these findings as part of her next update. The Panel refused to accept the data (even though it came from the payroll database), said she must be mistaken and she needed to go and look at it again. It was only after the meeting in a conversation over coffee that one of the Directors said to her: 'We know your data is wrong, you see we all started on the Graduate Development Programme...'

Now this is an unusually clear example of being attached to what worked in the past, but hidden assumptions and beliefs about talent and unconscious bias are sabotaging talent identification processes in many organisations. Our research has shown that this bias is highly visible to high potentials, who then come to their own conclusions about whether the organisation is really serious about development opportunities outside the current career paths.

This then has a knock-on effect on the second factor — open and honest career conversations between talented employees and organisations. If I don't feel understood or heard, then I am not going to risk sharing

my real hopes and concerns. This talent charade is further compounded by the next toxic assumption.

#### **Toxic assumption 4 We already know how to attract and retain employees with potential**

Organisations are waking up to the fact that identifying high performance is necessary, but not enough: the world is changing too quickly to rely on today's performance as a reliable predictor of future performance<sup>9</sup>. However, evidence from our conversations with leaders of talent management in a wide range of sectors indicates that even those organisations who say they want to attract high potentials have strong unconscious biases which sabotage their efforts. Firstly, organisations say they want to be agile and responsive, yet in the experience of talented employees hired as change agents, in reality they are often risk averse and lack change readiness, as this example illustrates:

#### **Case example: Former Divisional Chief Operating Officer, financial services organisation**

"I was headhunted to bring commercial insight and delivery focus to this operation. Within six months of arriving I was nominated and chosen to join the Executive Talent Programme, which implied fast track progression to senior roles. I found the action learning aspects of the programme very rewarding, as I developed a network of like-minded peers across the organisation and we worked on real business issues that we were facing. There are some incredible talents here and I loved that buzz.

However, three years later I am leaving as my role has not moved on and I am bored. I thrive on challenge and making things happen, but I am not being given the space I need to make the changes this business so desperately needs. I have been a top performer every year and have received a

top performance pay award to match. The feedback from my 360° surveys has also been overwhelmingly positive, so it is not that I have not delivered.

The most frustrating thing is the lack of genuine commitment to do things differently at the most senior levels — they say they want new ideas and fresh insight, but I am not so sure anymore. The scope of their ambition and their passion for making a difference is much less than mine and I am looking forward to working somewhere I can bring all of me to play and create something together that is incredible. I think that quite scares many of my senior colleagues here — they like to play safe".

In practice, individuals are often selected for talent programmes for a variety of reasons that have little or nothing to do with potential or capability, including a preference for highly agreeable types who won't rock the boat<sup>10</sup>. Similarly, organisations seem intent on filling their talent pools and succession list with mini-me versions of the leader at the top: "For all their talk about diversity, most business leaders tend to hire, promote and reward people who look, think and behave like them. But in today's world, searching for your own reflection could leave you with some troubling blind spots. And it could make you miss out on tapping the talent you'll need to win in the future"<sup>11</sup>.

When you compare the track record presented above with Dr Jacobsen's extensive research into the psychology of talented employees<sup>12</sup>, it is possible to begin to see the mismatch between what talented employees actually want from their employers and what employers are prepared for. As one TPC interviewee commented:

"They like the profit my product ideas contribute to the bottom line, but every year at performance appraisal time, there is a comment about me being 'too much', because I often push the boundaries and

| Underlying trait   | Visible characteristics  |
|--|--|
| <b>Intensity</b><br>(Extra energy and enthusiasm; sensitivity, reactivity)                               | Thrives on ambiguity, “impossible” problems and change; wholehearted effort; sensitive to the concerns and feelings of others; eager to learn, understand and improve        |
| <b>Complexity</b><br>(Extraordinary perceptivity, vision and capacity for original multi-level thinking) | Learns faster and more effectively than others; creative visionary; quickly grasps complex ideas and problems; offers unique perspectives and solutions; independent thinker |
| <b>Drive</b><br>(Intrinsic motivation, commitment and conscientiousness)                                 | Engaged; self-directed; dedicated; regularly exceeds expectations; intent on excellence; multiple areas of expertise; natural leader; influential                            |

Fig 3 Characteristics of leadership potential <sup>13</sup>

ask difficult questions. When will they realise that playing safe and being risk averse does not lead to sustainable growth?”

Fig 3 above illustrates some of the characteristics of high potential employees: If global talent are bringing the capabilities illustrated in Fig 3 to their work, their organisation needs to be ready to respond, and sadly, evidence shows that too many organisations are not yet talent-ready. Organisations say they want talented employees and say they want high potential leaders, but if they manage to attract these individuals, the experience of the global talents in our study indicates that the organisations then behave as if they are not sure if they do really want these behaviours and are even less sure how to go about developing talented employees as a valuable strategic resource. This brings us to our final toxic assumption:

### Toxic assumption 5 Our current talent approach is fit for purpose

Organisations are so caught up in their own

requirements that they rarely stop to ask themselves: “Is this working for our talented employees?” Again if we ask the global talent directly, they are very clear what they want from their employer:

- “Ask us our view – we want to be able to contribute to our own development.”
- “Ask us about what drives us and what matters to us – why did we join this organisation in the first place? What difference did we want to make?”
- “Be creative in your approach to sourcing us – we are not sitting on the books of traditional head-hunters, as we assume they won’t have roles that interest us. We make extensive use of our informal networks and we listen to our peers’ views of organisations. If a talented colleague is thriving, we will be curious about his or her employer – use us as ambassadors.”
- “Help us create roles where we can thrive and add real value to the organisation – don’t try and squeeze us into a pre-existing job description if you want us to really deliver exceptional performance. Let us

scope what is possible – you may be pleasantly surprised.”

- “Above all don’t treat us as ‘assets’ or units of human capital – we are individuals, who want to be treated as such.”

## Conclusion

Unfortunately, few talent programmes are built on solid talent psychology foundations. Organisations need to rethink their approach to talent management – it is not something to be done **to** talented employees, but in relationship **with** them. Developing talent strategies which accommodate the talent psychology perspective will see your organisation take steps to sustainable performance, even in times of uncertainty and complexity.

Lessons from organisations that are on the journey to a more relational approach to TM include:

- Ensuring talent advisors understand the psychology of high potential and how it differs from high performance – building this insight into TM processes
- Offering development interventions to high potential employees that are grounded in a talent psychology perspective – honouring their perspective and working collaboratively
- Differentiating between succession plans (business contingency) and talent pools (future potential)
- Valuing diversity of perspective and developing the capability to have dialogue across boundaries
- Creating peer networks that offer safe places for experimentation and learning.

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