



Novations  
**Talent Development**  
Issues Study

April 2009



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**2009 Talent Development Issues Study: Summary Findings**

In the face of today’s extraordinary economic pressures, an organization’s commitment to its employees is being tested and measured. Balancing the commitment to employee development (which in turn fuels the organization’s ability to survive) with the need to control costs is a tightrope on which many employers are finding themselves wavering.

With this study, Novations sought to explore this challenge and discover where organizations are finding themselves unsteady and how they plan to survive. The aim of the study was to uncover the health of training and development (T&D) and diversity and inclusion (D&I) programs in an economy in desperate need of recovery.

**Key findings include:**

1. **At a time when organizations are struggling to do “more with less,” current management perceptions and behaviors may pose a threat to organizational performance.**
  - The vast majority of respondents report that **30 percent or less of their employees are performing at “go to” levels.** That means 70 percent of their workforce are not viewed as key contributors (Figure 3, Page 7).
  - When asked about their organization’s prevailing mindset about employee potential, only **34 percent indicated that they believe that everyone is capable of performing at higher levels.** Alternatively, 47 percent said that they believe that some people have more potential than others, and the key is to find those who “have it” and invest in them (Figure 4, Page 8).
  - Those **organizations who believe that “some have it and some don’t” will have an especially difficult time getting more of their workforce to “go to” levels of performance** because, by definition, they believe the name of the game is to “sort and select” certain employees, not to expand the capacity of everyone.
2. **The previously predicted “talent shortage” continues to elude organizations** (Figure 1, Page 5), fueled by delayed retirements amongst Baby Boomer employees and the impact of the economy (Figure 2, Page 6).
3. **Multi-generational management continues to be a challenge,** and the issue has officially moved to being one of managing multiple generations as opposed to identifying Gen Y as the difficult cohort (Figure 6, Page 10).
  - This multi-generationalism is being reflected in the balanced approach to Leadership Development and Succession Planning (Figure 7, Page 11).
4. **Organizations continue to focus on blended solutions** in T&D programs (Figure 13, Page 17). Technology, virtual classrooms, and Web-based tools have become heavily relied upon tools in their efforts.

**5. The development of management and leadership skills continues to be a focus** (Figure 11, Page 15).

- **Fifty-six percent predict an increased investment in the training of managers and supervisors**, while 43 percent plan an increased investment in leadership and executive development.

**organizations who believe that “some have it and some don’t” will have an especially difficult time getting more of their workforce to “go to” levels of performance**

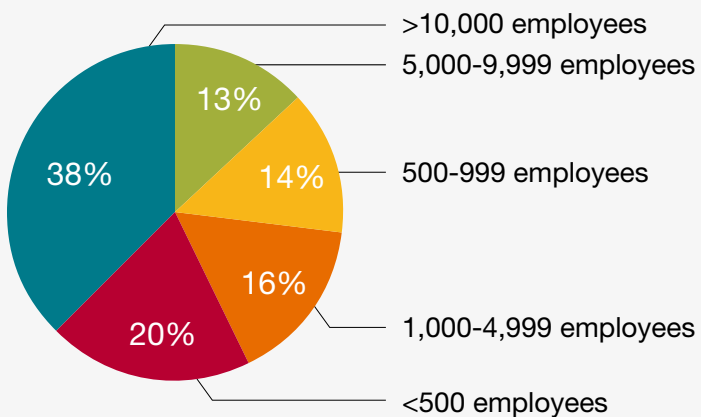


**6. Despite the economy, diversity and inclusion continues to be a priority; nearly 80 percent of senior management teams understand the business case for D&I** programming. Forty-one percent of employers believe that D&I training is a core component of their talent development effort.

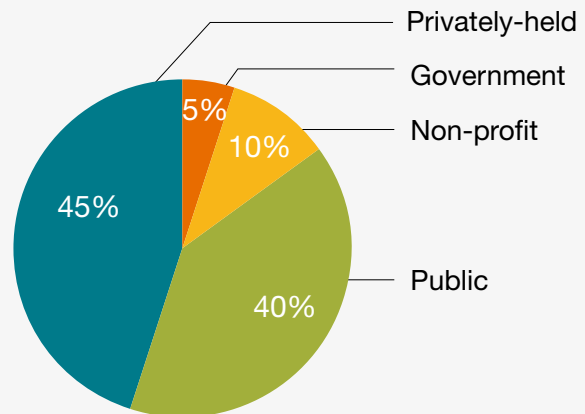
**Leading employers are choosing to “do more with more.”** In the past, many organizations made the mistake of reducing their workforce while raising the expectations of those still in their employ. The *Talent Development Issues Study* shows that employers are exercising different approaches, recognizing the need to leverage untapped potential across their organizations. Overall, organizations Novations surveyed view T&D and D&I programs as key elements of their strategy.

Rather than abandoning training and development practices, employers are realigning their core values in this area within the new reality of the economy. Instead of hoping for a better day, employers are realizing that survival requires a long-term strategy that involves investment in their people, and that actions taken today can help protect the business and create a new foundation for future success.

Size of organizations



Revenue Source



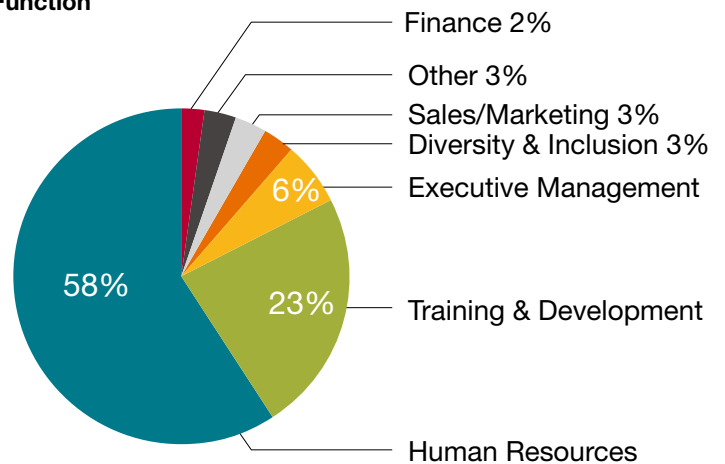
## Methodology

The *Talent Development Issues Study* is a representative quantitative analysis of executive management, human resources, training and development, and diversity and inclusion professionals in companies across all industry segments.

The size and source of revenue of the organizations and the job function of respondents varied significantly, providing a realistic cross section of employers and the viewpoints of their leadership.

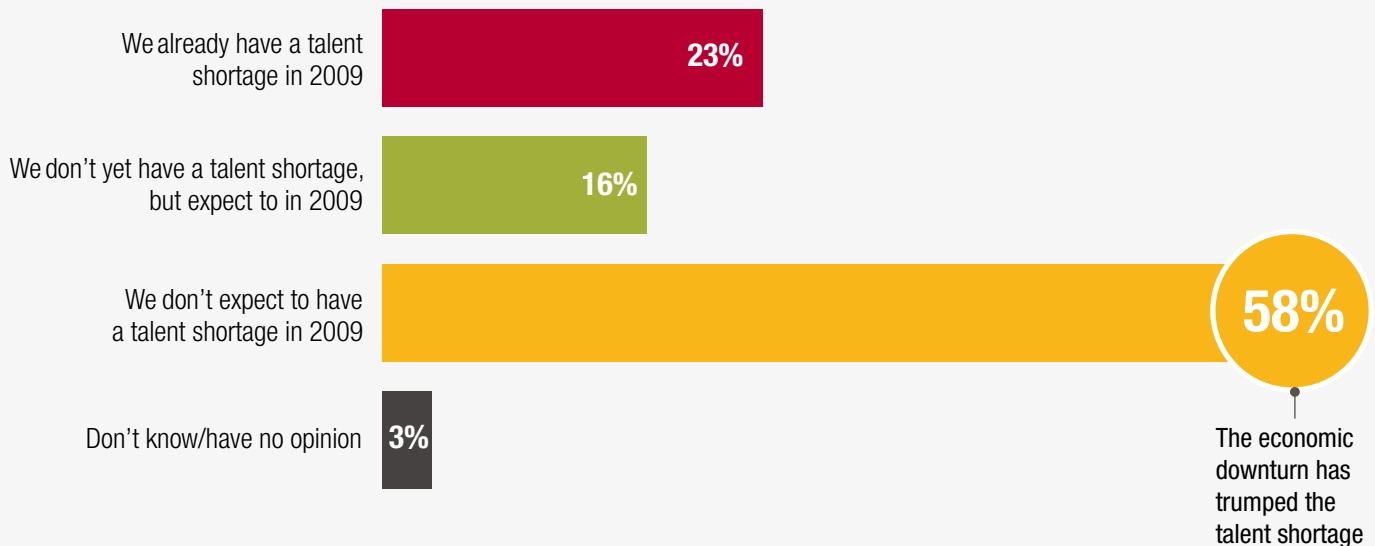
The results of the study, conducted online from January-February 2009, represent over 200 organizations.

Job Function



## Talent Today: Exploring the state of the workforce

Figure 1: The Predicted Talent Shortage



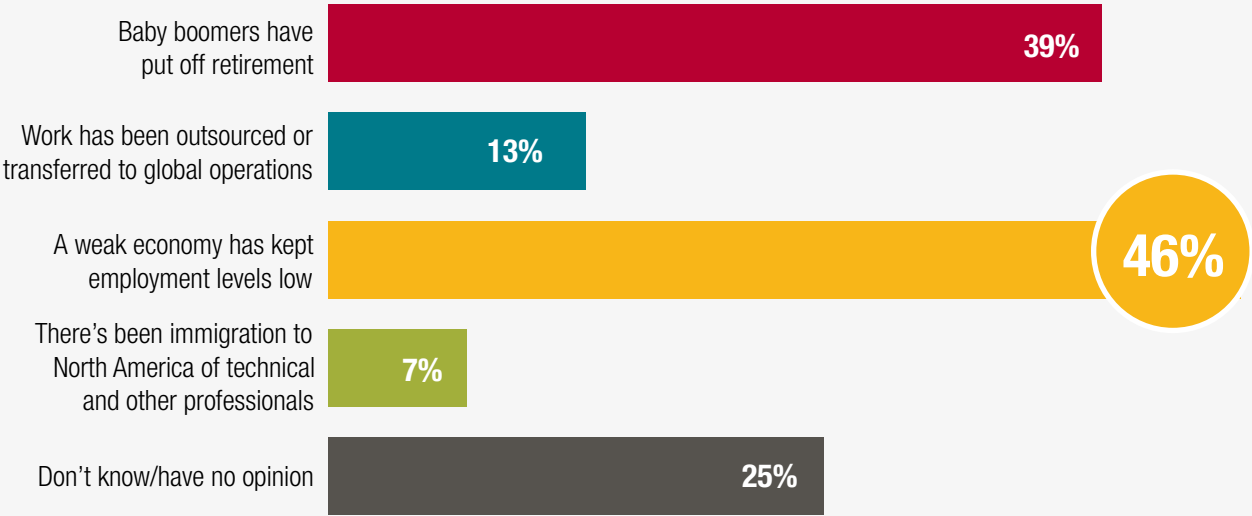
In light of the current economic downturn, it is no surprise that the majority of respondents report neither having nor expecting a talent shortage throughout the remainder of the year. The data indicates that the long-predicted talent shortage has not come to fruition as initially envisioned, due by and large to the recession.

**However, the 23 percent of employers in this study who are experiencing a talent shortage (Figure 1) begs the question of how employers are defining “talent.”** If an organization defines “talent” as the number of workers on staff and/or the amount of available human resources, then in a time of increased layoffs and soaring unemployment rates, it only follows that a shortage of talent would not be reported.

In contrast, **employers who define talent as workers who have the skills to support business goals and contribute their best work will likely continue to see a talent shortage.** In challenging times, there remains a need to invest in developing resources into talent to prepare for the economic recovery.

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**Figure 2: What's Driving the Postponement of the Talent Shortage**

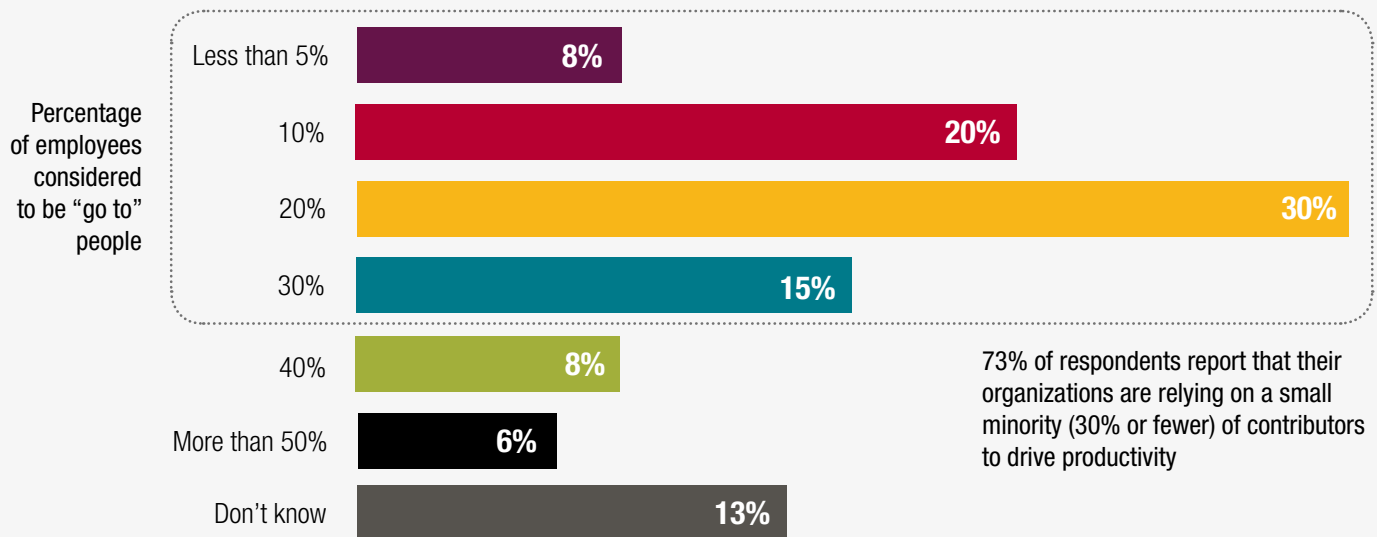


Regardless of how they define “talent,” employers who are not experiencing a talent shortage accounted for their security in this area in a variety of ways. **Forty-six percent of employers report that the economy has led to a lack of need for talent (defining talent as “resources”).** Nearly 40 percent reported that Baby Boomers delaying retirement and opting in to stay in the workforce was the second reason employers are not experiencing a talent shortage.

A possible explanation for the results may lie in the move of the U.S. economy toward the prioritization of knowledge and technology. Because the country relies more heavily on education, skills, and technology to help us get the work done faster and with greater effectiveness across geographies, we are less dependent on labor. Employers may require less “talent” because the work is being performed successfully by more highly skilled workers utilizing modern technology.

A sidenote: trends indicate that international students are opting not to remain in the U.S. upon completion of their studies, which may lead to a future shortage of talent in the sciences and engineering fields.

Figure 3: Perceived Levels of “Go To” Performance

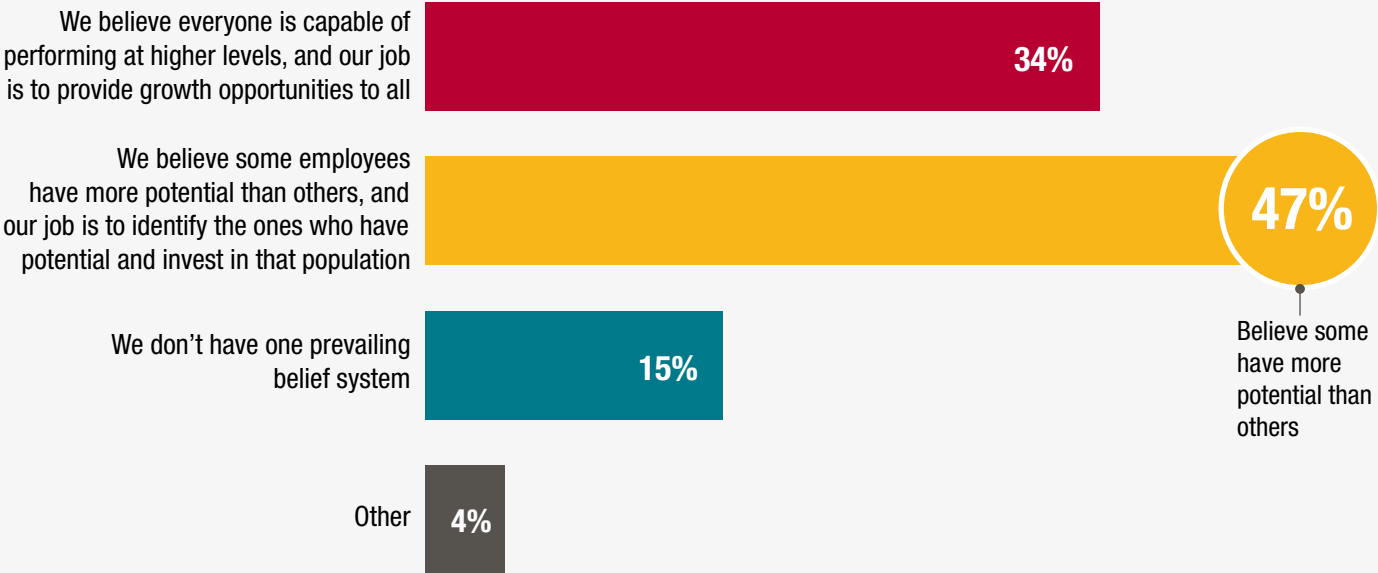


**The vast majority of respondents report that 30 percent or less of their workforce are “go to” people.** (Novations has found throughout our research that organizations consistently consider approximately 20 percent of their workforce “go to.”) That means 70 percent of their workforce are not viewed as key contributors, and, on average, organizations are currently running on the productivity provided by a small minority of the population. Given the extreme pressures every organization is experiencing due to the weak economy, can any organization allow this much waste in the system?

Viewed in a more positive light, virtually every organization has a significant up-side opportunity within their workforce—untapped potential for greater productivity, efficiency, creativity, and results. There is a very apparent need on the part of leadership to train and develop managers so that they can grow their employees. The results also highlight a need for a change in mindset that more employees can become “go to” resources if provided the training, resources, mentorship, and time to develop.

What’s more, the development of “go to” employees pays upward, encouraging managers to raise their expectations and performance once they have better skilled employees to supervise. Rather than focus on “doing more with less,” those who begin to focus on “doing more with more” (from their existing workforce) will be better positioned to compete.

**Figure 4: Employee Potential**

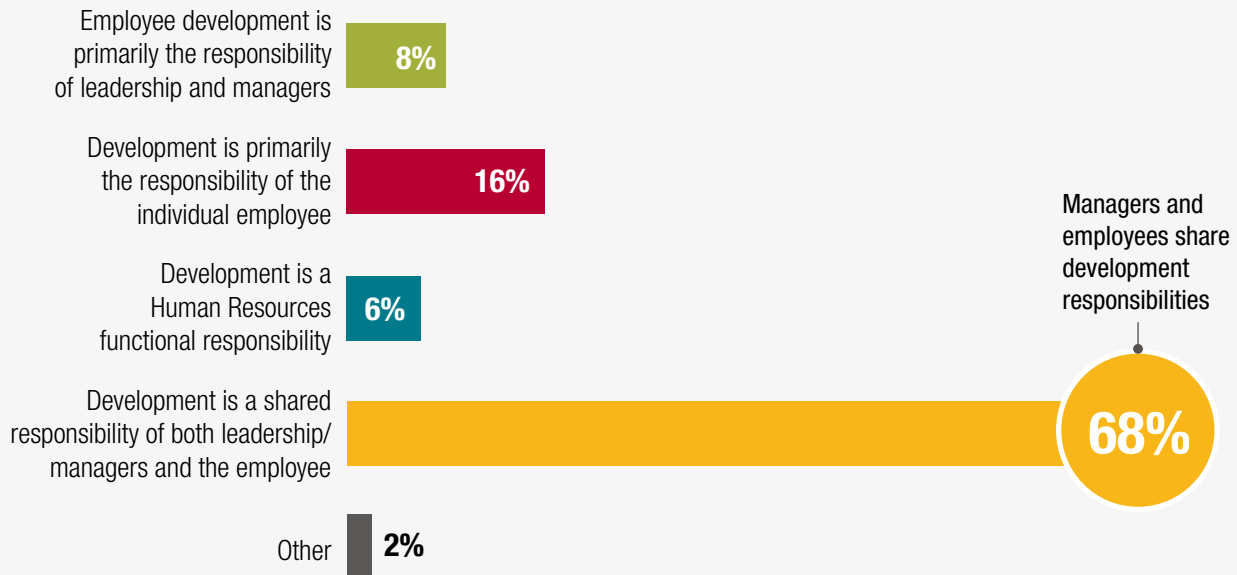


**When asked about their organization’s prevailing mindset about employee potential, just 34 percent indicated that they believe that everyone is capable of performing at higher levels.**

Alternatively, 47 percent said that they believe that some people have more potential than others, and the key is to find those who “have it” and invest in them. This has implications for the finding for Figure 3 on the previous page. Those organizations who believe that “some have it and some don’t” will have an especially difficult time getting more of their workforce to “go to” levels of performance because, by definition, they believe the name of the game is to “sort and select” certain employees, not to expand the capacity of everyone.

Conversely, organizations who believe that all individuals have the capacity to learn and grow have the opportunity to compete more successfully, especially in this down economy. To realize this opportunity, they must act now to provide the 70 to 80 percent of their workforce currently not at “go to” levels with the development required to get them there.

In addition, organizations need to take a close look at the employees who are getting access to development. All too often, development opportunities, both formal training and on-the-job, are given to those who are most like the person providing the opportunities. In practical terms, this means that individuals who are different in some way from the manager and the rest of the team are less likely to get the development that leads to “go-to” levels of performance. This can result in whole groups left out of development programs along with higher rates of turnover, disengagement, and lower productivity.

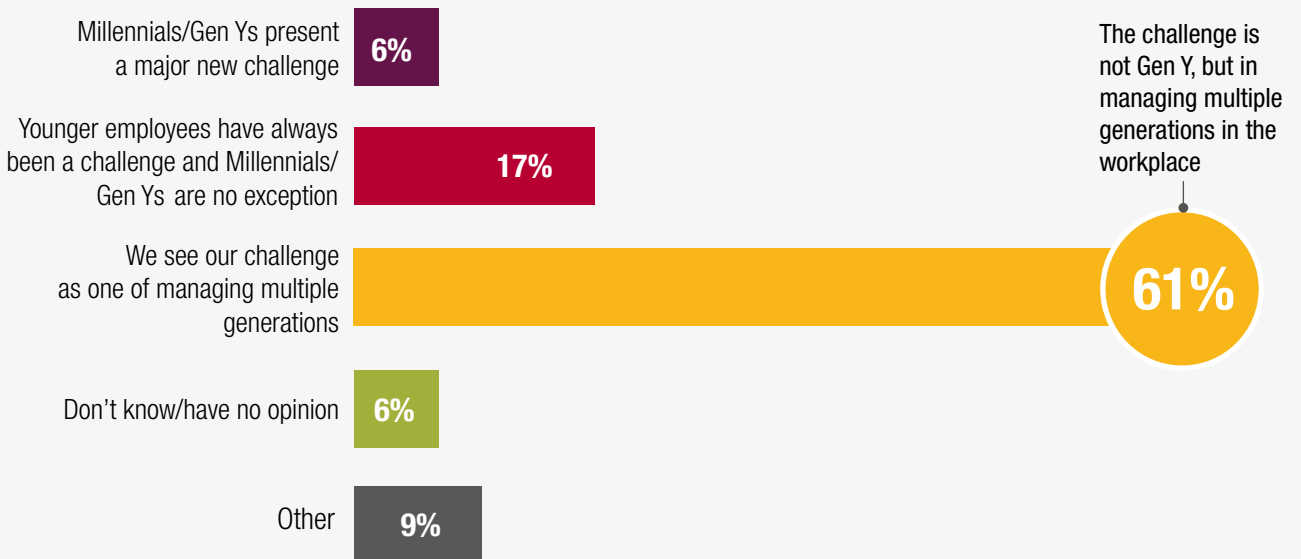
**Figure 5: Ownership and Accountability for Employee Development**

The large majority of respondents believe that both employees and the organization (leaders, managers, and human resources) are accountable for employee development. In Novations' work, we have found that employees tend to agree with the notion of shared responsibility. However, interestingly enough, more employees feel that managers have more responsibility and more managers feel that employees have more responsibility. Therefore, while most agree that the responsibility is shared, they shift the burden to the other party.

The question that organizations need to ask is "what tools and/or resources are we providing to make sure that managers and employees are successful in this shared responsibility?" All too often, organizations say that employee development is a partnership, but fail to hold managers accountable for holding regular development discussions with employees or neglect to provide managers with adequate coaching and training on how to guide and support an employee's unique development needs. On the employee side, organizations need to make sure that all employees have the information and tools to establish an individual development plan, as well as the confidence and skills needed to negotiate for the support needed from their boss and others to implement their plan.

## Generations: Today's Top Talent Management Priority

Figure 6: The Impact of Generation Y

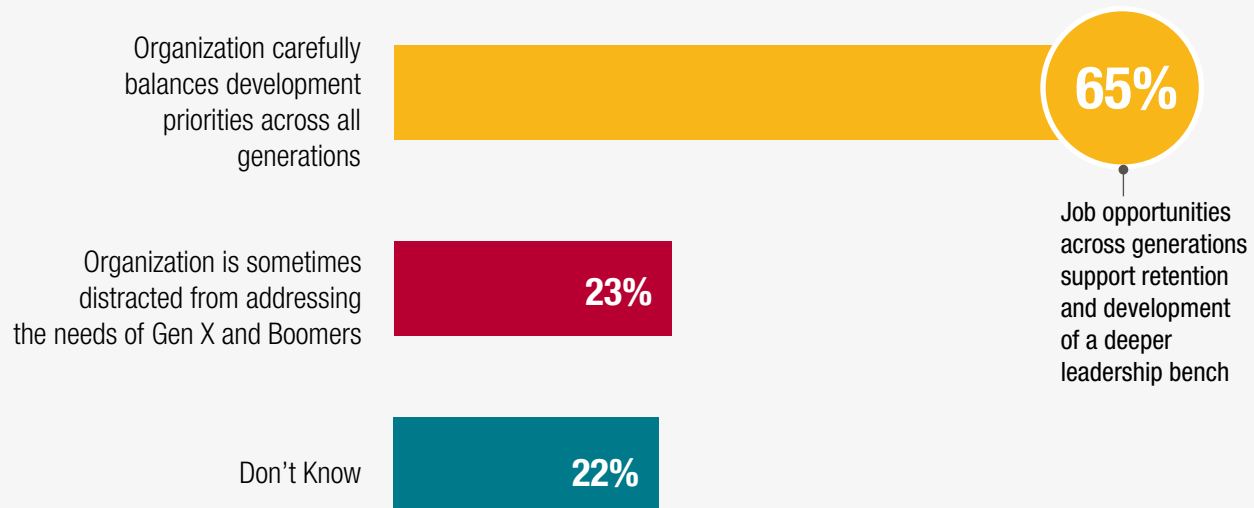


Many companies once expressed frustration and difficulty in working with Millennials. Yet, this study found the integration of multiple generations in the workforce to be a greater challenge for organizations than Millennials alone. Just a few years ago, in preparation for younger workers entering the workforce, many employers were greatly concerned about their expectations, tendencies, and requirements.

Fast-forward to today—there is more concern about supporting the needs of a multi-generational workforce.

Today, the multi-generational challenge can have a positive outcome; potentially leading to increased creativity, diversity of thought, and problem solving.

**Figure 7: The Impact of Gen Y on Leadership Development/Succession Planning**

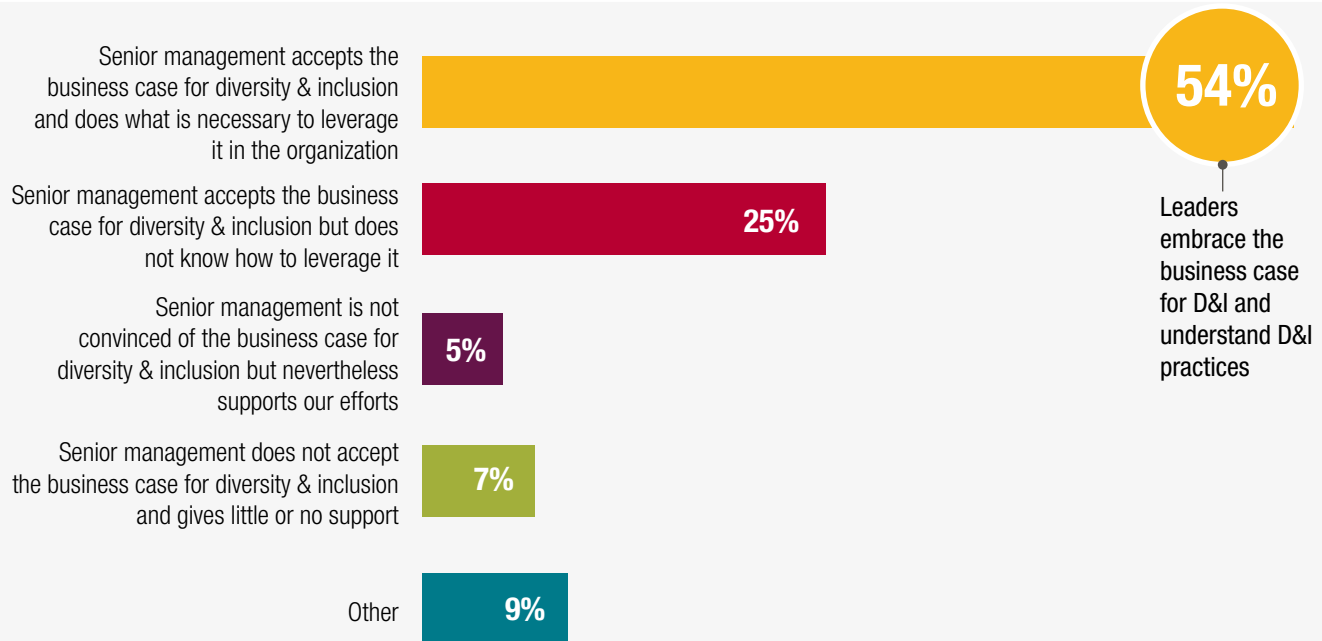


**In light of the results shown in Figure 6 on the previous page, it follows suit that most respondents would hone in on developing workers across the generations.** Novations has found that what may be contributing to an employer's thinking, with respect to the multi-generational workforce, is a realization that Millennials are not that different from Generation X. Yet, as much as a quarter of respondents did admit that all of the focus on Gen Y has distracted them from focusing on getting Gen X employees the development necessary to prepare them to be the next generation of leaders. This is troubling since neither generation is willing to wait 10 to 15 years for recognition and success.

Unlike previous generations, changing jobs frequently no longer has a negative perception amongst Gen X and Gen Y; in fact, it is seen as a positive, as long as employees are gaining broad experience and not just job hopping. Leaders who create internal opportunities for growth and development across demographic boundaries will fare the best in retaining their top talent.

## Diversity & Inclusion: The Impact of the Economic Downturn

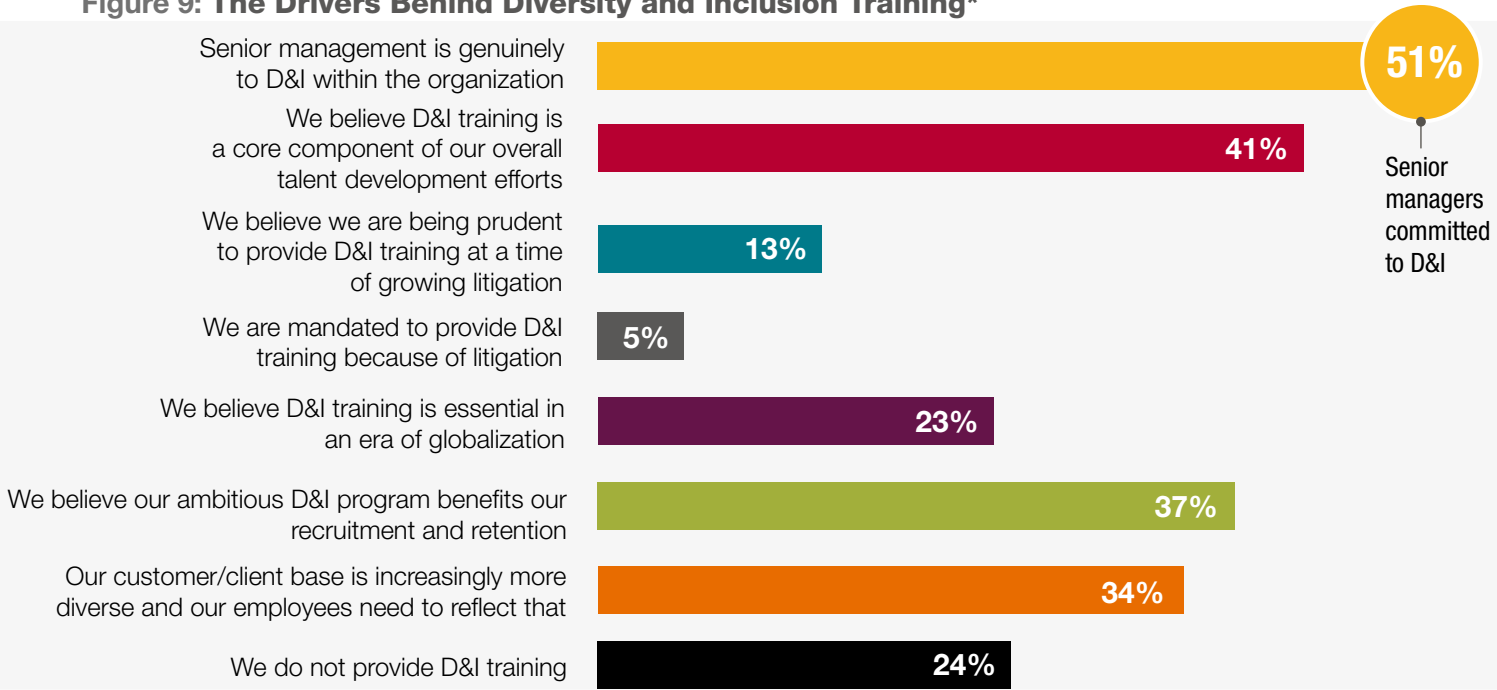
Figure 8: Senior Management's Support of Diversity and Inclusion



**Most employers (54 percent) report having a senior management that embraces and understands the impact of diversity and inclusion (D&I) practices in an organization.** One quarter report acceptance as well; however, this group is at a loss as to how to fully realize the benefits of D&I.

The good news for employees is that 79 percent of leaders are in some degree committed to D&I, and that means that progress can be made at nearly all organizations surveyed. The 25 percent who are unsure of how to leverage D&I practices can begin by learning how to prepare teams to deal with the inevitable conflicts among diverse groups; how to convert the cultural knowledge of diverse peoples into marketable products and services in the U.S. and throughout the world; and how to extract wisdom from ethnic traditions and infuse those into the day-to-day processes and management practices, thus achieving true multiculturalism and a real appreciation of difference.

**Figure 9: The Drivers Behind Diversity and Inclusion Training\***



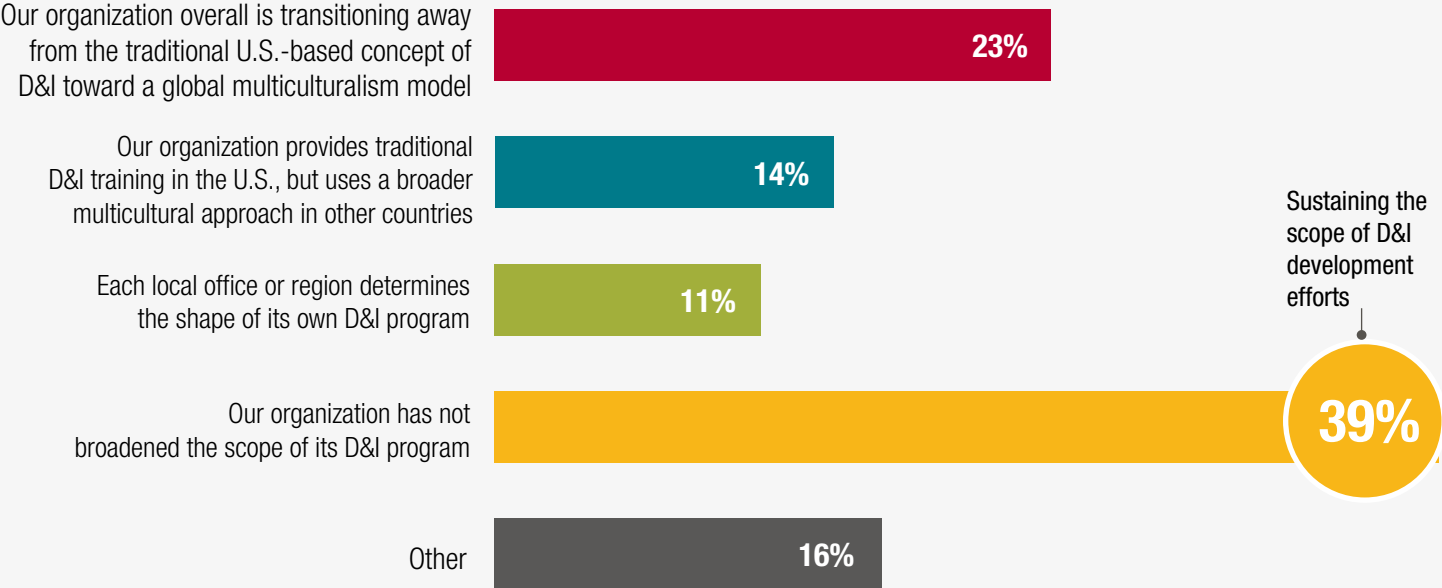
At a time when many organizations are reporting a kind of diversity fatigue, the findings here (Figure 9) indicate the effort is not yet lost. This good news speaks to organizational motives and tells us where to focus future efforts.

For 51 percent of employers, senior management is already genuinely committed to diversity and inclusion. These groups will need support and reinforcement to stay the course.

The results also indicate a recognition on the part of employers that the American workforce is and will continue to increase in diversity, with 34 percent of respondents reporting the rise in diversity in their customer base. These respondents realize that U.S.-centricity interrupts business success.

\*Respondents were able to choose multiple items for this question.

**Figure 10: The Impact of Globalization on Diversity and Training**



Corporate diversity and inclusion has experienced many paradigm shifts over the past forty years. The study results show classic signs of corporate diversity being on the verge of yet another major transformation.

Twenty-three percent of organizations have already made a definitive move away from the traditional U.S.-based concept of diversity toward a global multicultural model. Thirty-nine percent are sustaining, but not broadening its scope. Another 11 percent are in a state of controlled ambivalence, where different regions of the organization operate differently. All these indicate that a new paradigm in corporate diversity is on its way.

## The Learning Environment **Today**

**Figure 11: Training and Development Priorities Today**

*How are organizations prioritizing their investments in 2009?*

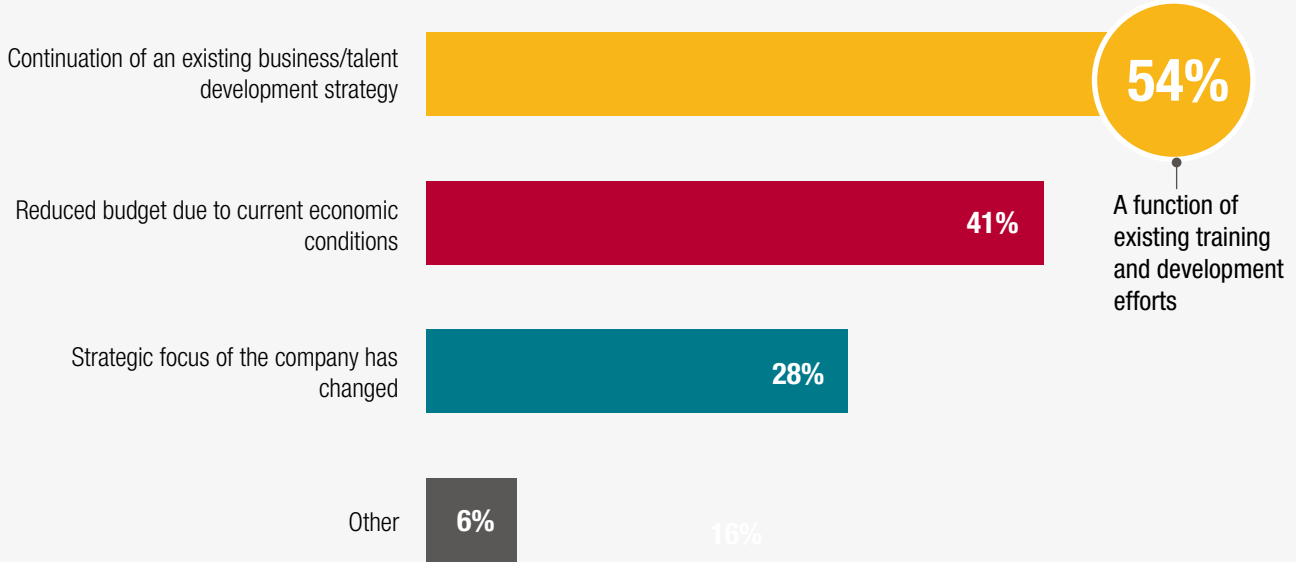
	Increase	Same	Less than	N/A
Supervisory/Management Skills	56%	28%	10%	6%
Leadership/Executive Development	43%	40%	11%	6%
Employee Career Development	38%	41%	11%	10%
Executive/Management Coaching	36%	34%	13%	17%
Communications	35%	40%	8%	17%
Change Management	34%	29%	18%	19%
Technical/Professional Skills	29%	43%	18%	10%
Project Management	29%	40%	13%	18%
Diversity & Inclusion	25%	52%	9%	14%
Interpersonal/Teamwork	22%	59%	11%	8%
Strategic Planning	22%	40%	9%	29%
Global Management Skills	9%	20%	6%	65%

Despite sweeping cutbacks and cost-saving measures by organizations, the results suggest an overall maintenance in current levels of training investment. Organizations appear to be putting greater emphasis on supervisory/management skills and leadership/executive development as compared to previous years. In addition, a significant number of organizations plan to focus on career development this year.

Given the challenges organizations have faced in recent years, these categories make sense. To survive the downturn, organizations need leaders who can read the environment, set an appropriate and achievable course for their organizations, and inspire others to deliver the performance to make it happen. Managers need to interpret the vision and direction provided and execute the plan by leveraging and coordinating the contribution of each and every employee on the payroll. This will not happen on its own. It requires significant training and development for leaders, managers, and employees on how to best deliver on what's needed and expected of them in order to achieve necessary results.

There also may be a sense on the part of leaders that some managers achieved their position based on their technical abilities rather than on their ability to lead others. In addition, leaders may be responding in consideration of Millennials/Gen Y, a cohort that studies show expect more opportunities.

**Figure 12: What's Driving Training and Development Priorities\***



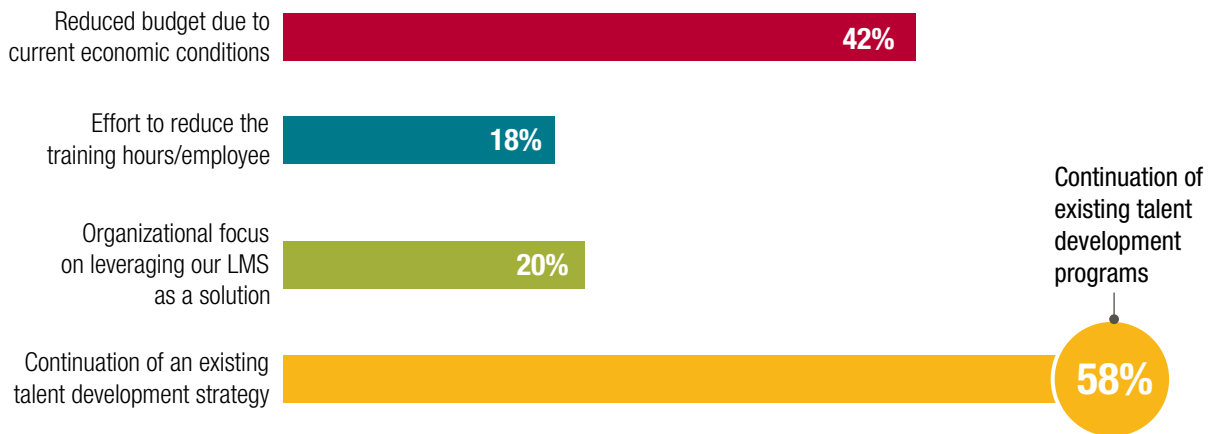
Organizations participating in the study indicated that their training and development focus areas (identified in Figure 11, Page 15) are primarily a function of an existing talent development strategy (along with tighter budgets due to the need to control costs). It is encouraging to see that in spite of budget tightening, organizations did not report a decrease in these critical areas.

*\*Respondents were able to choose multiple items for this question.*

Figure 13: Training and Delivery Methods\*

	Tech/Pro Skill Development	Interpersonal Skills	Leader/Manager Development
Instructor-led classroom	61%	53%	71%
Distance Learning (virtual classroom)	42%	25%	23%
eLearning	55%	44%	42%
Blended solutions (Web and classroom)	42%	31%	43%

Figure 14: What's Driving the Training and Delivery Methods\*



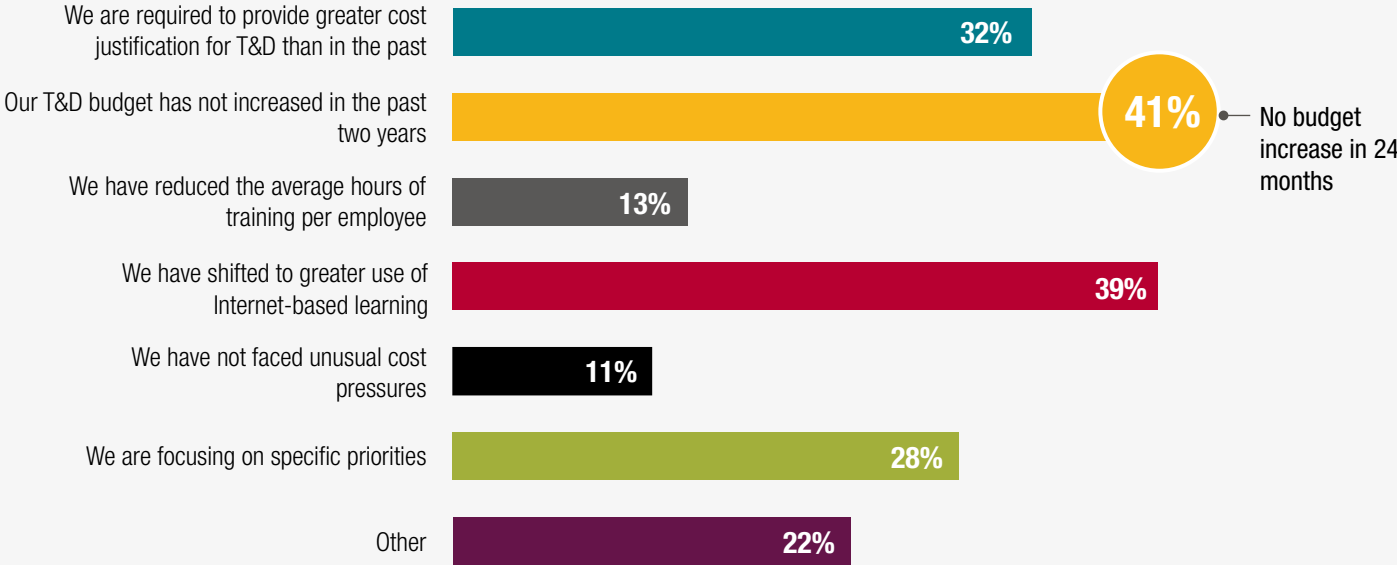
**Despite economic conditions, 58 percent of respondents report that the continuation of existing talent programs is driving the prioritization of them.** One reason may be that employers are seeking a greater return on their investment in employees and therefore are ensuring workers receive the training they need.

Some employers are turning to virtual learning experiences to achieve their goals, with **42 percent creating virtual classrooms, 55 percent offering e-learning opportunities, and 42 percent blending classroom and Web-based training.** Novations has found that geographically dispersed companies in particular are offering this type of training in an effort to cut back on travel costs and reach more employees with fewer resources. This way, companies are still providing training while protecting the bottom line.

\*Respondents were able to choose multiple items for this question.

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**Figure 15: Cost Pressures on Training and Development\***



It is clear that cost containment is affecting organizations' training plans. A significant portion of respondents indicated that their budget for training and development has not increased in the past two years and many also reported that they are under greater pressure than before to provide cost justification for training and development. Not surprisingly, a large number have moved to greater use of Internet-based learning, though more for technical/professional skills training than for leadership/management and interpersonal skills programs. This makes good sense, given the nature of the learning that must take place in these programs.

*\*Respondents were able to choose multiple items for this question.*

## ABOUT NOVATIONS

Novations helps the world's leading organizations unleash the capacity of their employees. Our proven solutions address today's critical organizational challenges: selecting the right talent, fostering inclusion and engagement, building leadership at every level, and optimizing development for all.

Our approach is flexible, sustainable, and designed to leverage our clients' ongoing talent investments. From diversity and inclusion to individual and leadership development, communication, and project management, we help clients identify what high performance looks in their organizations, deliver the skills required for success, and measure the effectiveness of those efforts.

A Novations solution represents more than thirty years of career research, our deep legacy in diversity and inclusion, and hundreds of thousands of improved professionals worldwide. Make Novations your partner for talent development.





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