

Targeting Talent: Strategies and Tactics for Top Performance

By James A. Alexander, Ed.D.

Please fill in the blanks: People are our _____.

How quickly did the words “most important asset” roll off your tongue? For anyone who’s been in the business world (or any organization for that matter) for more than a few months, this response is almost a programmed reaction. Yet are people *really* an organization’s most important asset, or are we just being politically correct? On a more pragmatic basis, *should* they be our most important asset? If so, what are the principles to follow and steps to take to maximize your return on your talent investment?

This paper will:

- Demonstrate empirically that in technology professional services, organizations that emphasize talent have superior performance over those that don’t.
- Point out that most current talent management efforts are wasted.
- Reinforce what other research demonstrates: People *are not* your most important asset—the *right* people are. ¹
- Describe the framework and the steps to follow to most efficiently manage your investment in talent.
- Share the leadership principles and philosophies that most effectively attract, develop, and retain star performers.

I. Research Validation: Targeting Talent Pays Off

Talent is often on the minds of leaders of professional services organizations (PSOs). When asked what their top three critical issues were, two of the top five responses from the 157 services executives who participated in a study of professional services organizations within product companies were talent-related (to learn more about this study, see the sidebar “About the Research” on page 4).

Figure 1

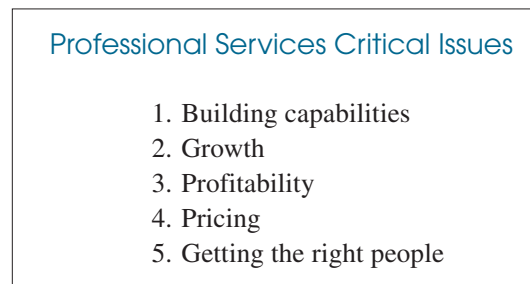


Figure 1 shows that the number-one critical issue of research respondents was “building capabilities” and the fifth was “getting the right people.” Further down the list (not shown) were the critical issues of “retaining people” and “talent management.” Obviously, talent is an important consideration when running a PSO.

Well, that is interesting, but is it meaningful?

This same study reported the usage of 61 professional services core practices divided into six categories—Strategy, Marketing, Sales, Operations, Delivery, and Talent. Statistical analysis uncovered the dozen best practices that separated the top performers from the rest.² As Figure 2 shows, five of the 12 best practices dealt specifically with issues of talent.

Figure 2

The 12 Best Practices		
	Top Performers (%)	Low Performers (%)
Professional Services Strategy		
1. Professional services strategy aligns well with overall business strategy.	4.00	3.47
2. PSO has a clear understanding of how it differentiates itself from competitors.	3.82	3.19
3. Have a professional services strategic plan in place.	3.74	3.22
Professional Services Marketing		
4. Segment professional services clients by profitability.	3.38	2.80
Professional Services Selling		
5. You have a common qualifying criteria/process in place for determining what good professional services look like.	3.29	2.66
6. Your product sales force has been trained in selling professional services.	3.15	2.56
7. Everyone who touches the customer has been trained in selling professional services.	2.65	2.07
Professional Services Talent		
8. Senior management is responsible for nurturing top talent.	3.71	3.11
9. Have a top-performer retention system in place.	3.41	2.80
10. Track employee loyalty of top performers.	3.35	2.72
11. Everyone in the PSO is given incentives for recruiting talent.	3.21	2.41
12. Have alumni networks in place to maintain relationships with past employees.	2.88	2.07
<p>Respondents selected a score on a 1 to 5 scale with 1 being Strongly Disagree and 5 being Strongly Agree. Shown are the mean scores for both top performers and low performers. The boldface text means that the scores of the top performers indicate statistical significant differences (0.05 level) from the low performers.</p>		

One could make the case that Best Practice 6 and Best Practice 7, under the Professional Services Selling heading, also are talent practices, as they relate to developing capabilities through training. Thinking along those lines, over one-half of the best practices listed have some relationship to recruiting, hiring, developing, and keeping professional services talent.

Therefore, it is clear that having a focus on talent distinguishes top performers from the rest of the pack. Broadly speaking, it appears that professional services organizations that do the best job of recruiting, developing, and keeping top talent are poised to post higher levels of performance than other professional services organizations not as proficient in these areas. Time and money spent on talent has the potential to both improve performance and create competitive advantage.

II. Sorry, But Most Talent Management Efforts Are Wasted

Ponder Point: Seventy-five percent of talent efforts in place today are wasted.

The good news is that a substantial emphasis on talent has the potential to yield excellent returns. The bad news is that most of it doesn't. Seventy-five percent of talent efforts in place today are wasted—three-fourths of the time and monies dedicated to effective recruiting, hiring, developing, and retaining people results in missed potential and squandered opportunities. The culprits include misalignment of capability requirements with the professional services strategy; treating all performers as equal; focus on the wrong positions; ineffective, event-based training and development; and management support systems that drive the wrong behaviors. The actions to avoid these problems are outlined in the next two sections.

III. Steps to Effectively Managing Talent

This section lays out the sequence of events required to get talent management right, starting with talent alignment with the PSO strategy, and then identifying key capabilities, redefining position profiles to deliver the most value, and building learning systems to create and sustain repeatable performance.

A. Confirm the PSO Strategy

Ponder Point: Stuff rolls downhill—get the strategy right first.

Talent is all about “getting the right people on the bus,” as Jim Collins would say. But where is the bus going?³ In technology professional services, defining the appropriate people roles and responsibilities starts with the services strategy—how should professional services best align and support the overall business focus? To simplify a sometimes complex topic, there are three broad choices. Is the most appropriate strategy for the PSO to:

1. **Enable the product.** A PSO tasked with a product enablement strategy will be *efficiency* driven, getting the job done “good enough” in a timely, low-cost way.
2. **Enhance the product.** A PSO targeting product enhancement should be thinking in terms of *effectiveness*, adding value to a broader offering.
3. **Lead the business.** A PSO in a services-led company must “lead the parade,” and hence must be *innovation* focused, as the uniqueness of the services component of the offering is the primary competitive differentiator.

Clearly understanding this alignment/strategy issue (the bus) helps focus people requirements (who sits where), along with a host of other issues/business decisions.⁴

B. Determine Capabilities of Importance

With the PSO strategy nailed down and committed to by all (not an easy task), the talent focus shifts to looking at core professional services capabilities and their comparative importance (how the bus is built) to making the strategy come alive. Naturally, different PSO strategies require different blends of competencies (the requirements of a bus intended to deliver people from the parking lot to the cruise ship differ greatly from a bus intended to tour North America). Which services strategy is pursued has big ramifications on how talent should be viewed and where management emphasis should be placed. *Figure 3* shows an example.

Figure 3

PSO Strategy Determines Capabilities Importance: Examples			
	IMPORTANCE LEVEL		
Core Capabilities	Product-Enablement Strategy	Product-Enhancement Strategy	Services-Led Strategy
Services Marketing	Very Low	Medium	Very High
Services Selling	Medium	High	Very High

As *Figure 3* demonstrates, in a PSO with a product enablement strategy, the importance of services marketing is very low—in fact, in many cases, having dedicated services marketing is not appropriate, as the business has decided to put total emphasis on the product, and thus, almost all marketing efforts should support this approach. Services selling is of medium importance because even if the decision is made to “give away” services (heaven forbid!), the requirements should be appropriately scoped and the services value communicated—definitely a selling responsibility.

In a PSO with a product enhancement strategy, services marketing takes on more importance, as more value is placed on services and the “solution” being offered. In this scenario, dedicated services marketers are called for and should function as a part of the overall marketing team. Selling services capability becomes of high importance, as now sellers are being asked to not just push the speeds and feeds of a tangible product, but learn to sell the invisible with all the significant implications that this entails (including changes in knowledge, skills, and mindsets).

However, in a services-led business, services marketing is a very important capability, as services are looked upon as the prime contributor of value. The quality of the services and solution portfolio, the precision of the marketing message, and the appropriateness of the pricing model all are vital to organization success. The ability to effectively sell professional services is paramount under this approach. “Everyone sells services” is the organization mantra, with teams being led by high-powered sellers adept at dealing with ambiguity and meeting the needs of numerous client executives, thereby resulting in profitable engagements.

Continuing this approach with the remaining capabilities (e.g., delivery, support, partner management, etc.) further displays the appropriate shifts in importance based upon the contribution to the PSO strategy. As will be discussed later, it also gives services management a guide as to where to put talent management emphasis.

C. Re-think Positions

Ponder Point: People don't do what they say they do.

With the capabilities defined by strategic importance, it is now time to look at the various positions of the PSO that contain the capabilities that support the strategy.

As marketplace realities drive shifts in business focus, positions should be re-defined to better support the strategy by changing expectations and the knowledge, skills, and mindsets required to deliver. As illustrated in *Figure 3*, certain capabilities are more or less important depending on the strategy; likewise, certain positions are vital while others take a more supportive role.⁵

About the Research

The State of Professional Services II: An Industry Comes of Age

by James A. Alexander (December 2004)

A comprehensive survey was completed by 157 executives and managers from countries around the globe. The participants were from product companies with professional services capabilities. Current measures of performance (offerings portfolio mix, average gross margin, growth rates) were gathered for products, break-fix (product support) services, and professional services. In addition, respondents reported their performance measures two years prior so that trends could be reviewed.

Next, participants reported their current implementation status of a dozen performance metrics and 61 professional services practices that were divided into six categories—Strategy, Marketing, Sales, Operations, Delivery, and Talent. Also included were “big picture” practices (those that impact the overall product company) as well as a section on transitioning to professional services.

Further questions allowed the investigator to make other comparisons, including learning the best practices that separate top-performing from low-performing professional services organizations. Also, to provide readers with confidence in the findings, tests were run to determine statistically significant (0.05 level) differences between and among variables.

Let's say that your PSO is following a product enhancement strategy, and, as we saw, selling capabilities are a very important potential contributor to success. Several positions may be tasked with selling services (product sellers, consultants, dedicated services sellers, practice leaders). Let's take system engineers (SEs) for an example. Maybe in the past, "selling behavior" from this group has varied across the board. Although strong leads or add-on sales were welcome contributions from this group, they were not emphasized because the main focus was on delivery efficiency and customer satisfaction. Thinking through the vital importance of selling services plus the very big sales potential that high-performing SEs bring to the table may cause management to formally place a greater emphasis on business development, complete with the addition of minimum levels of performance, quantifiable objectives, and new rewards.

To make this transition work, position profiles need to be updated to reflect the desired change in roles. The logical way is to start with the people who already "get it" (in this case, SEs who already are conducting business development the way you'd like everyone to do it), find out what they do, then use what you learn to help others to "get it." However, this is not quite as simple as it seems, as "common sense" can lead us astray.

For example, see if this scenario sounds familiar: You lock a group of your top SEs in a conference room for half a day and pick their brains as to what they do that contributes to getting new business. The outpouring is vast, the flip chart sheets quickly fill up, and soon the group concurs on the seven most important things they say or the five critical actions they all take that lead to their top performance. You are pleased with the outcome, as this should be valid, organization-specific data that you can use to improve the performance of the entire consulting group, right? Wrong. This might be one of the worst things you can do! The problem is that most people who are really good at something don't know what makes them unique—people don't do what they say they do. Wanting to contribute and/or not wanting to look naïve, they will respond with whatever they have read or heard or what they think you want to hear. You will probably end up with a list of behaviors that may seem to make sense, look good, but are wrong.

The only way to truly understand what your people really do (and then be able to translate it into profiles) is to have trained observers conduct "ride-alongs," watching both the star and the average performers in their natural work environment—up front...personal...real-life...learning how they act...learning how they think. Comparing the findings between the stars and the non-stars provides a good understanding of behaviors and the knowledge, skills, and mindsets that differentiate the two groups.⁶ A "star profile" can then be developed that can be used to hire, train, and coach against.

D. Close the Gaps

*Ponder Point: If you pit a good performer against a bad system, the system wins every time.*⁷

Time for a quick review: We have confirmed which of the three PSO strategic options best aligns with your business focus. Using the nuances of the particular strategy chosen, you have established the importance rating of each talent capability and thought through how to adjust the position profiles to best contribute to making the PSO successful. Now it is time to close the gaps and reap the rewards of our thoughtful planning.

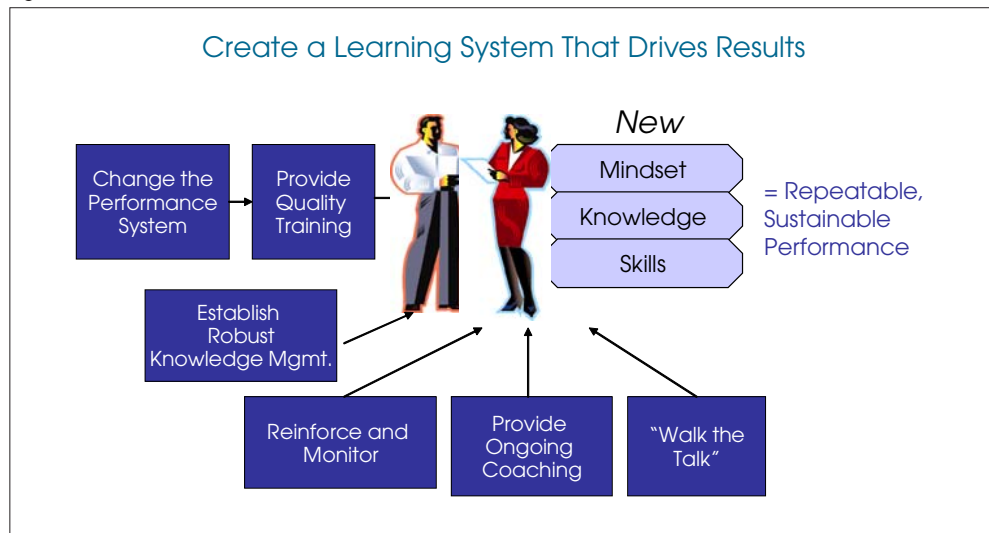
The most common gap-closing practice is training. In our example it would mean taking all the SEs and putting them through a workshop on business development skills for consultants. This seems to make sense, yet there is a big problem: on average (and even with really good training), *only 15 percent of what is taught in the classroom is transferred to the workplace.*⁸

Don't get me wrong, quality training is still an important performance-gap closer and can be a strong impetus in driving new behaviors. However, in most situations it is a one-time, event-based occurrence, not a component of an ongoing process-driven system. Making significant changes in how people behave is not easy, especially if the new requirements are counter to existing attitudes. Think of the SE example. Along with getting them to use new knowledge and skills, the current mindset of some of this group must shift. It is easy to predict that some of them will be thinking, "if I wanted to sell, I would have gone into selling." Getting this group to consistently exhibit appropriate business-development behav-

ior will not happen because of one isolated, two-day training course, no matter how good the content or how professional the facilitators.

Figure 4 outlines the components required to get people to commit to systematically doing new things that result in lasting behavioral change. The place to start is to adjust the performance system to address new expectations. Going back to our earlier business-development scenario, clear performance expectations must be set that reflect the importance of business development in the SE role: What does appropriate business development look like? What objectives should be set? How will we know it when we see it? Just as important, what other current expectations must be de-emphasized? For example, if you now want your SEs to spend 30 percent of their time on business development, asking them to be 75 percent billable is probably no longer realistic and must be ratcheted down a notch—before you giveth, taketh away. Another vital component of the performance management system are the consequences—what are the rewards of doing business development correctly and what are the punishments for not performing? Without close alignment between meaningful consequences and realistic expectations, don’t count on much compliance. Like any system, all components must align and work together if new results are to be achieved.

Figure 4



With the performance management system adjusted to drive the right behaviors, most people will see that you are serious and will be open to learning new knowledge and skills to make them successful. The position profiles developed earlier become a key input to building good training (focusing on the vital few skills required to shrink the gap between your stars and the rest of your people). Don’t be penny wise and pound foolish. This is no place for price comparing off-the-shelf, generic training. The training should be professional services-specific, reflective of the realities of your industry, customized to your business, and taught by experts who have credibility with the audience.

If you’ve followed the approach outlined so far, you will be ahead of most of your competitors and getting a decent return on your talent improvement investment. However, to reap the full potential of a learning system and derive repeatable sustainable performance, more components should be added. The first is a knowledge-management system that serves as a resource of tools that make performers’ lives easier and better. Anytime, anywhere access of anything relevant is the goal of knowledge management—the lifeblood of any PSO. If your system delivers less, improve it.

To ensure the robustness of the system, management must take full responsibility by reinforcing the desired changes in behavior. Walking the talk by turning those who “get it” into heroes and firing those (after appropriate support) who don’t, sends a very clear, very loud message. The hard work of coaching people one-on-one, monitoring expectations, and providing ongoing counsel will greatly improve your chances of having them do what you want them to do.

Implementing a true learning system, as outlined, takes time and commitment, but it can deliver a vastly greater return on your talent investment than you are probably harvesting now.

IV. Leading Talent: Philosophies for Attracting, Developing, and Keeping the Best

The previous section was *management* focused, and thus looked at the overall system and approaches of getting the most out of your existing talent. This section is *leadership* focused and will share an overall philosophy that has direct implications for attracting, developing, and keeping the very best.

A. Using Education as a Strategic Tool⁹

Ponder Point: Oft thought and sometimes stated: “Cripes, what if I take my people out of the field and spend money to train them, then half of them leave?”

*Appropriate Response: “What if you **don’t** train them and they stay?”*

On average it takes 10 years of ongoing experience for an individual to reach expert status in a particular field. The case can easily be made that in the complex, ever-changing world of professional services, the time required to cultivate expertise is even greater. One of the three (I’ll bring up the other two later) critical people issues of professional services management today is how to develop people faster.

Education can be an important driver in accelerating the development of your people and improving the services and solutions your organization provides. Clients interact daily with your professional services providers. Project performance is based upon knowledge and skill usage that is often the direct result of your education efforts. Technical capabilities help determine a universe of solutions that best meet client needs. Project management provides a framework that helps keep engagements up to quality standards, on time, and within budget. Strong interpersonal skills help build and strengthen client and team relationships. In this age of continuous improvement and learning organizations, who among us doesn’t believe in further educating our people?

The point is that professional services executives should consider education as a strategic tool—whether they think it improves performance or not. This blasphemous statement is based on an understanding of the relationship between education and the other two critical people issues of professional services management: recruiting good people and keeping them once you get them.

No matter what the state of the economy, there is always a shortage of highly skilled professional services providers. The best and the brightest are always in demand. Along with compensation, work environment, type of work, and recognition, training is one of the top five motivating factors for consultants to join a PSO. Top performers want to work for organizations that will help them develop their professional skills. Education is a variable in the decision-making criteria on whether people stay or go—a very important retention factor to consider when your competitors are wooing your stars with the promise of bigger bucks.

So as a professional services leader, what can you do? Yes, you have to pay competitive salaries, but money alone isn’t the answer. Seize the opportunity to use education as a strategic tool to get and keep the best talent. Invest five percent of revenue (best practice) on the best training and development you can buy. In our people-critical world, this can be a key to competitive advantage—first by developing outstanding education opportunities for the people of the organization, then by aggressively promoting this education excellence to both current and potential employees. Effectively implementing this strategy will lead to easier and better hires and more loyalty from the people already in the organization.

B. Concentrate on the Stars¹⁰

Ponder Point: One great performer is equal to three good performers.

Professional services leaders have a basic choice when it comes to developing their people: Should they focus efforts on the low, average, or top performers? If you examine the majority of PSOs you'll find that:

- The training budget is geared toward the new and average performers with a focus on “blocking and tackling” skills.
- One-on-one coaching efforts are almost entirely dedicated to the low-performing, problem children—those who are a long way from meeting expectations.
- The stars are left alone. (Hey, they're doing great, so why bother?)

To sum it up, the most effort is spent on the low performers, and the most resources (training) are targeted toward average performance, with little, if anything, targeted for the old pros.

The logic seems reasonable, yet this is a formula for mediocrity. Under this scenario, resources are devoted to reinforce average performance. No organization can make dramatic strides forward by focusing on the status quo. The results prove this: How many services organizations routinely increase revenues (or profitability or customer satisfaction) more than 10 percent per year?

Here is an alternative that can have an immediate and profound effect: Put your time and money in the place that will yield the greatest ROI—your top performers—and use their results and behaviors as the targets and models for everyone else. The laggards will “de-select” themselves, and the average performers will step up to the challenge. Reformulate your talent development plan to spend:

- Forty percent of your time working with your very best. Observe and question them to find out their secrets.
- Fifty percent of your time observing your average performers. Teach them what you've learned from the best.
- Only 10 percent of your time working with the laggards. Yes, they deserve a chance to improve, but this is almost always a system issue and not a coaching problem.

By the way, remember to tolerate unusual behavior from the stars. With this elite group, don't worry about the plow, just focus on the crop.¹¹ Often their success lies in going around the existing system and snubbing the accepted norms of behavior.

C. The Five Things Your People Want, Expect, and Deserve¹²

Once you have made the significant effort to attract, hire, train, and develop top talent, how do you keep them? If you want to keep your stars happy and make your life easier, then do a better job of delivering the five things your people want, expect, and deserve, as outlined below:

1. To work for an organization they are proud to be associated with. People like to be associated with organizations that have their act together—those that have lofty ideals, important missions, and inspiring visions that align with the employees' personal value system. Foremost in desire is integrity, where organization leaders model and reinforce what their words define. Working for this type of organization is invigorating and fun.

Question to Contemplate: What can you do to build pride in your team?

2. To contribute. Employees who believe in an organization's cause want to contribute to accomplishing it. They want to be given lots of responsibility and to be personally challenged with the chance to test themselves by performing new tasks in new ways.

Action Step: Ask all your high-potential players what important issue/idea/problem/opportunity they'd like to address, and let them at it.

3. To be respected as the professionals they are. Just as craftsmen of old looked to their guild for the accepted standards of quality, today's knowledge workers look to their professional association—not their employer—for benchmarks of performance. Employees expect their organizations to understand and apply these professional standards to them when discussing performance expectations, negotiating desired actions, and acknowledging achievements. This offers a win-win opportunity for everyone, as professional standards are usually higher than those normally imposed by the organization.

Common Sense: Treat your professionals as professionals.

4. To be treated fairly. Although many organizations work hard to keep it a secret, employees know how other employees are treated—what their compensation packages are, which departments have the most flexible work hours, who goes to the conferences in Barcelona. Furthermore, except for an extremely small percentage, modern workers want their measures of performance to be based on their contribution to achieving important goals, not on how hard they work, how long they have been employed, or the depth of their relationship with the president's children.

Furthermore, although management may not be aware, employees know which of their peers deliver the most value to the organization. In today's team-oriented workplace, individuals quickly separate the performers from the laggards. Workers want to receive similar rewards and recognition to those who deliver similar value, either inside or outside of the organization.

Reality Check: Assume that everyone knows everything; then act accordingly.

5. No hassles. In most situations, employees don't ask for much from management. They want clear and realistic objectives that align with the organization's mission, along with goals and streamlined work processes that make sense. They want the necessary information, time, and tools to do the work and fair compensation linked to objectives. They want fast, specific, and accurate feedback on performance as well as enough power to "do what's best" in a situation and not worry about later rebuke. They also want input into creating all of the above. That's about it. So get out of their way. They will call you when they need you.

Cold, Hard Reality: If you've hired the right people, they know more about their job than you do, so let them work. Remove obstacles; don't add more.

Address these five things that your people want, expect, and deserve, and watch them make you successful.

Summary

As the data demonstrate, talent is the biggest area of differentiation between top performers and low performers, so focus on it. The good news is that we know how to do it right. Embrace the philosophy described, implement the outlined steps, and you'll harvest the power of talent that will take your PSO to the next level of performance.

References

1. Collins, Jim. *Good to Great*. HarperCollins Books. New York. 2001.
2. Top performers were defined as "the top 25 percent in professional services gross margin that have at least 10 percent annual professional services growth rate."
3. Collins, Jim. *Good to Great*. HarperCollins Books. New York. 2001.

4. Business alignment is the most important issue facing the technology professional services industry today, and like many things of importance, there are often no easy answers. To further explore additional thoughts and views on this topic, see [“Be Wary of Best Practices.”](#) by James A. Alexander, published August 14, 2006, by *Voice of the Village* magazine and “Service Strategy Alignment,” a presentation by Thomas Lah, presented at the TPSA Summit, November 12-14, 2006, in Washington DC.
5. Huselid, Mark A., Richard W. Beatty, and Brian E. Becker. “A Players or A Positions?: The Strategic Logic of Workforce Management.” *Harvard Business Review*. December 2005. This article makes an excellent case for not focusing on “A” players across the organization and emphasizes targeting the “A” positions vital to organization success.
6. This is a really powerful methodology that I’ve used many times to help establish true performance levels, benchmark existing capabilities, and determine the few, key areas that, when addressed effectively, can dramatically improve results. Managers serious about talent performance improvement should give it strong consideration.
7. Rummler, Geary A. and Alan P. Brache. *Improving Performance: How to Manage the White Space on the Organization Chart*. Jossey-Bass. San Francisco. 1990.
8. “A Test of a Rapid Developer Model: Workplace Factors Associated with Learning and Development.” Academy of Human Resource Development. Alexander, James. Annual Conference Proceedings. March 1999.
9. Adapted from [“Using Education as a Strategic Tool.”](#) by James A. Alexander. *The Professional Journal*. May 1999.
10. This section adapted from [“Concentrate on the Stars.”](#) by James A. Alexander. *PSO Insights*. January 2004.
11. Gilbert, Thomas F. *Human Competence: Engineering Worthy Performance*. New York: McGraw-Hill. 1978.
12. This section adapted from the white paper *The e-Impact on Business Performance: Leveraging the Internet for Competitive Advantage*, by James A. Alexander. AFSM International. August 2000.

Jim Alexander is founder of Alexander Consulting, a management consultancy that creates and implements professional services strategies for product companies. Contact him at 239-283-7400, alex@alexanderstrategists.com, or visit www.alexanderstrategists.com.

© Alexander Consulting

