

Talent Acumen and the Role of Board Members

We asked Scott Nelson, executive vice president and partner with MDA Leadership Consulting, a few questions about the importance of talent acumen to board members. Nelson and Jason Ortmeier, director of coaching services for MDA, recently co-edited the leadership development book from MDA, “Awaken, Align, Accelerate: A Guide to Great Leadership.”

Q: Nowadays, what do board members need to keep in mind when considering the talent needs of their organizations?

A: For starters, the fundamentals of what it takes for board members to be engaged and effective, in terms of talent development, have changed. There is a talent storm looming on the horizon – in spite of the latest unemployment numbers – and as the economy continues to grow, the competition for the best and the brightest in the workplace will be fierce. We’re in the midst of 78 million Baby Boomers starting to retire and being replaced by 50 million Gen Xers – there simply won’t be enough highly talented people to go around to all organizations. Additionally, today’s younger employees are demanding greater development cultures, coaching and mentoring, and if they don’t get these from their current employers, they’ll go elsewhere. As a result, board members, as part of their strategic oversight, should be paying as much attention to the talent needs of their organizations as they do to finances and other historical areas of corporate governance.

Q: What specifically should board members be doing to help their organizations develop talent?

A: Board members need to understand the “talent risk” they have at the top of the house – that even if they have top-tier talent now, it may not stay that way, and particularly if the organization’s talent pipeline is “clogged.” A board’s talent development efforts begin at the top, with the CEO, in terms of CEO development and succession planning, which should involve the whole organization. But for boards, this cannot simply be a three-ring-binder, check-off-the-box exercise. It requires boards to have the right processes and plans in place, and to consistently advance and articulate their expectations for the organization’s talent development. Additionally, board members should get to know the entire executive team – not just from cursory reports and presentations, but through formal and informal board-driven opportunities. For example, a board could ask for regular, in-depth reports from each core division in order to better understand what each divisional leader brings to the table.

Q: What is “talent acumen,” and why should board members be interested?

A: At MDA, we define talent acumen as having a keen understanding of the talent strategies and capabilities needed to deliver business results. In practice, it means assigning talent the same degree of organizational importance as all other key business categories – finance, marketing, sales, etc. Talent acumen means being able to relate the context of your business to your current and future talent needs, having insight into your current talent and overall bench strength, applying competitive knowledge to talent planning, building a strong and sustainable talent pipeline and investing in talent acquisition, development, deployment and retention. In the future, organizations with the greatest talent acumen will not only be better equipped to attract and retain top talent, but will also enjoy a competitive advantage in the market. As Jack Welch said, “the team with the best players wins.”

Q: How can board members help develop their organization’s “talent acumen”?

A: Board members need to understand their collective responsibility for overseeing organizational talent development. Additionally, they should learn from the senior leaders about the company’s talent needs, including how and where they might interject themselves. While our book, “Awaken, Align, Accelerate,” wasn’t written exclusively for board members, it contains many of the core elements and questions board members should consider as they oversee their organization’s talent acumen processes. For example, we discuss how high-performing organizations properly identify, assess and deploy talent, how to hold leaders accountable for developing talent, and how to provide insightful development feedback to



strengthen leadership skills. Without this kind of rigorous talent oversight, a board could unwittingly stand by while the organization loses ground.

Board members bring deep skills and experience to the table; however, in lieu of today's acutely intense battle for top-tier talent, they could still likely stand to beef up their own knowledge and understanding of talent development, plus bring in board members who have that expertise. Even for those of us who work daily in leadership development, no matter how much you think you know about effective talent development, there's always a new idea or wrinkle to learn and apply.

Q: Any final words of counsel regarding talent acumen?

A: We firmly believe that leadership matters to the success of an organization. It's all about developing your internal talent and bench strength. Board members need to proactively understand, foster and champion their organizations' talent development efforts.