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Talent Debt:
What it is and 3 Tips to Manage it

You've likely heard it said that April showers bring May flowers, and it really is a lovely sentiment. When you find yourself in unpleasant times—it suggests—just sit back, patiently weather the storm, and have faith that something beautiful will blossom on the other side.

When it comes to managing talent, however, this philosophy will get you nowhere fast. Time and patience alone won't morph a new hire into a fully-trained, self-motivated rock star, and it certainly won't resolve any issues with troubled employees either. Building and maintaining a productive, profitable staff requires an ongoing commitment to the development of each individual team member, and if you neglect to make that a priority, you significantly increase your risk of acquiring "talent debt."

Talent debt is a roster of talent that—much like bad inventory—is unproductive and costly to hold onto. It consists of underdeveloped talent, poor performers, those with attitude problems, time wasters, round pegs in square holes, and simply those who are burned out or are no longer productive resources.

And talent debt is as dangerous as it is diverse. It can drain your culture and deplete your company of energy, positive attitudes, and cash—lots and lots of cash.

Payroll is usually one of the largest expense line items of running a business, so why is it that most organizations don't watch and regularly manage unproductive talent nearly as effectively as other unproductive inventory?

Perhaps with such glaring differences between product and people, it's easy to overlook that many of the same inventory management strategies can apply. And to illustrate the parallels, below are three inventory management tips that can help you effectively manage your talent debt as well:

Drive Success by Driving Value.
The value of a company's inventory has a significant impact on its financial success, and just as product collecting dust on a shelf is subject to depreciation and even obsolescence, so too is talent that's unproductive or underutilized.

To ensure that your talent maintains or appreciates in value, it's vital that you invest in ongoing training and development, pushing team members to develop new skills while simultaneously working to create opportunities where those skills can be applied. Rapid social and technological advancements will continue to evolve the way businesses operate, and the sustained success of your organization will rest on how effectively you can find, retain, and develop team members with the ability and the drive to stay one step ahead.

Be as Clear as Possible.
A clear labeling system is a non-negotiable in any warehouse. After all, the only way inventory managers can perform to their fullest potential is by knowing with 100% certainty what's on the shelves.

Of course, it's no surprise that all employees perform at a higher level when the guesswork is eliminated. That's why it's important that you provide clear direction from the start, ensuring each employee thoroughly understands both the mission of your organization, and the indispensible role he or she plays in achieving it. Then, set up ongoing one-on-one conversations to track big picture progress and answer any project-specific questions that arise. Remember, providing clarity costs you nothing, but for those who need it most, receiving clarity can change everything.

Act Quickly on Underperformers.
To maintain a productive warehouse, inventory managers must continually track their product portfolio, promptly converting or weeding out low sellers to protect profitability. Similarly, successful managers know their talent must be tracked just as carefully, and when performance issues arise, action must be taken just as quickly to keep from hemorrhaging both time and money.

In 2012, staffing firm Robert Half International surveyed 1,400 Chief Financial Officers and found that managers spend an average of 17% of their time (nearly one day a week) on underperforming employees. Combine that with the hours squandered by the employees themselves, and you see why waiting until performance reviews to address outstanding issues can be a detrimental mistake.

While the most successful outcome in any case would be efficiently resolving any issues, it's also critical that you promptly admit when all viable options are exhausted. Warehousing inventory that's lost its value is costly to a company, and so is holding onto talent that's no longer meaningfully contributing.

So what does this all mean?

Just as great operations leaders will tell you there is good inventory and there is bad inventory, great HR leaders will tell you the same is true with talent. However, despite the significant impact both can have on your bottom line, most organizations are still not managing their talent debt nearly as effectively as they could be.

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When it comes to talent debt, remember that time is money. Be mindful to ensure you recognize it when it arises, but more importantly, move swiftly when you see it. You can't always avoid acquiring talent debt, but you can avoid fostering a culture that tolerates it.

Is your organization currently holding onto—or at risk of acquiring—talent debt? Do you have a system in place to effectively manage talent debt, or better yet, a proactive approach to help prevent it? If you need help getting started, give us a call today at #708-738-5040, or visit our websites at RRGExec.com and SearchWorksllc.com

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