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How to develop a talent strategy that delivers business ROI

Connect HR strategy to the bottom line and design employee development programs that move the needle

For years, human resources operated in a silo, disconnected from the C-suite and its business objectives. As a result, HR functions took a backseat when it came to driving business strategy. Thankfully, this is changing. As skill gaps widen and competition for talent continues to rise, the need for a more business-aligned HR department has emerged.

Today, HR has the opportunity to step up as a strategic business partner — one that enables greater organizational performance and fulfills business KPIs. The key to achieving this is a talent strategy that is informed by (and informs) business strategy, and is designed to deliver a meaningful ROI.

## The Advantages of Measurable Employee Development

HR's shift out of the proverbial backseat enables organizations to accelerate business performance, close talent gaps, and jumpstart innovation. A 2020 report published by The Predictive Index found that **companies that align talent with business strategy are poised to retain 30% more top performers, see 34% higher employee performance, and achieve strategic success rates of nearly 90%.**
In addition, a business-driven talent strategy cements HR's position as an essential partner in the C-suite.

30%
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34%
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90%
achieve strategic success
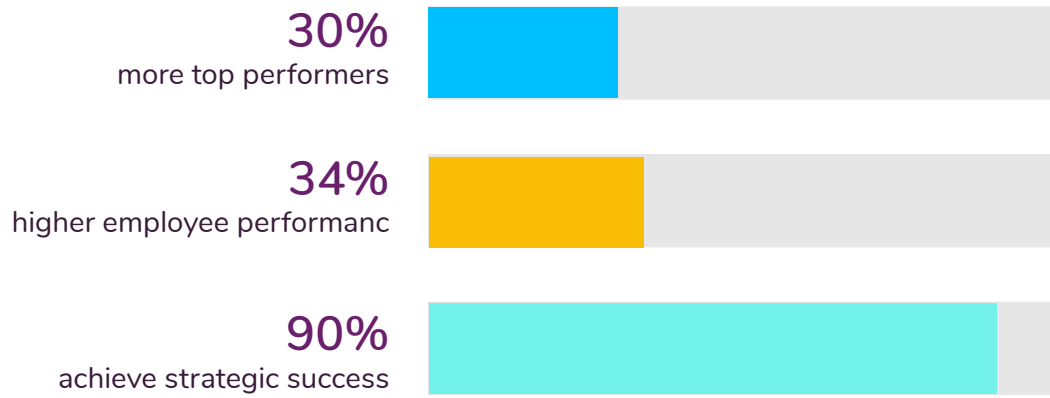
What Does a Business-Driven Talent Strategy Look Like?

Talent strategy is defined as a plan that details how an organization intends to achieve talent-related outcomes that are critical to the organization's overall business strategy. Talent strategy should be aligned with the organization's vision and mission, and built to optimize the value of its talent assets while supporting business success.

In any industry, a talent strategy should have the following characteristics:
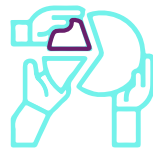
Collaborative

Being a strategic partner means HR must work side-by-side with important business stakeholders. This requires consistent communication with business executives, as well as sharing goals, data, future scenarios, and plans. With a collaborative relationship, HR will be better equipped to build and adapt the talent strategy as business needs change over time.

Business-aligned

A talent strategy can only support business objectives if it's designed with those objectives in mind. This requires a clear understanding of business goals, KPIs, market competition, company product lines, and future talent trends — all translated into talent needs.

Data-focused

A talent strategy is constructed around many of the same metrics and data points that organizations use to define their overall business strategy. For example, metrics like productivity, spend, and growth are important to both talent and overall business strategy. HR needs access to data and analytics in order to align KPIs and inform talent needs.

Measurable

It's impossible to measure ROI — or any business KPI — without clearly defined, quantifiable metrics. When building a talent strategy, KPIs must be measurable with numbers and data, in addition to indicating qualitative value (such as satisfaction scores). Having the tools and technology required to actually produce these analytics is just as integral.

Scalable

Scalability is key to any successful talent development strategy, as it allows the organization to support growth on an as-needed basis. Having the flexibility to scale on demand makes it possible to source and retain the best talent, to ensure that the thousandth employee is treated just as well as the first.
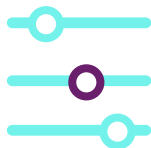
Customizable

Every business is unique, and that's why no two talent strategies should be identical. Each should be personalized to reflect specific business goals and talent needs. Having a clear idea of mission-critical roles versus nice-to-have roles will help HR optimize the matching of skill and capability development to the unique needs of individuals, teams and business units, which ultimately increases performance and drives specific business objectives.

How to Design Talent Development Programs that **Generate ROI**

Determining what kinds of talent are required to achieve organizational goals, and then deciding how to best attract, develop, engage, and retain employees, are integral components of a successful, business-driven talent strategy.

To this end, employee learning and development has been proven as an effective and sustainable way to enhance organizations' current workforce, drive continuous performance improvement, boost business agility and innovation, and raise overall performance.

But for employee learning and development programs to be truly effective — and to justify the type, scale, cost, and value of these programs — HR and L&D leaders must develop initiatives that allow them to measure ROI and quantify their business impact.

Here are four actionable steps that organizations can take to develop a personalized and scalable talent development framework that drives business outcomes and generates measurable ROI.

1 Define the business-level objective

The first step is considering the "why" of the employee development program, or the strategic reason for investing in this effort. How will the desired outcomes of the program impact business objectives or needs? How will it move the needle for the business?

The answers are realized through close collaboration with the CEO and other business leaders and alignment on organizational objectives. This will allow HR and L&D leaders to identify the right pain point, challenge, or business need to address via employee development.

Common business challenges that inform talent strategy and employee development programs include:

- Attrition of high performers
- Lack of advanced skills necessary for innovation and competition
- Lack of skills necessary to open new product lines
- Suboptimal productivity and overall performance

- Weak connection to company culture
- Lack of a strong promotable base
- Requirements for change management support

When it's clear what pain point the intervention will address, it becomes much easier to decide specific, measurable outcomes. This is the foundation for eventually proving ROI for the required investment.

2 Determine the target population

The next step is identifying who should participate in the program, whether that is an individual (such as a first level manager, executive, or talent), or an entire team. The "who" must connect to the "why" — i.e. how will this particular individual or cadre of employees contribute to driving the business goal in question?

Naturally, program participants should be in a position to influence the desired outcome of the program. For example, if the objective is to reduce attrition of top talent, it would make sense to provide leadership skills training and mentorship to managers and department heads, whose management abilities have a direct impact on the retention of their teams. Of course, top employees would also benefit from training and development programs that boost engagement and commitment. But to optimize resources, it is crucial to put the most relevant employees first in line.

3 Design the structure of the program

Employee development programs that focus on specific skills or abilities are most likely to generate the desired outcomes and help address business needs in a meaningful way. Carefully defining what participants should learn, as well as how learning will be structured, is an important step in setting employee development programs up for success.

Should training focus on honing soft skills, such as leadership, management, or communication? Do employees need to undergo upskilling in their professional domain?
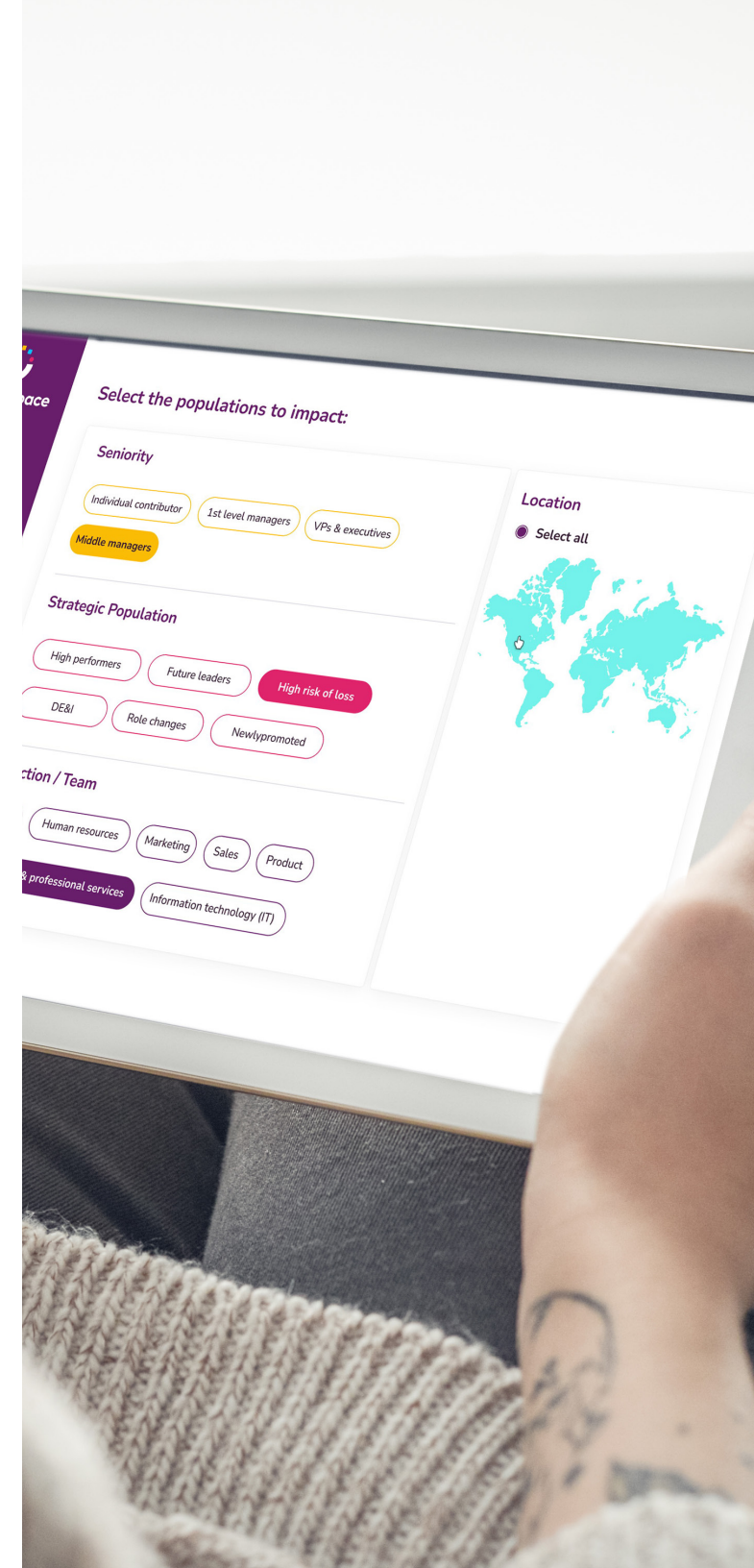
Do they need to learn entirely new skills to support expanded roles? Depending on the purpose of the program, employee development can focus on a combination of these.

In addition to outlining the content that needs to be delivered during training, this step also involves determining the best learning format. In some cases, that might be one-on-one sessions. In others, training can be delivered to small groups in workshops or through lectures. This is also the time to decide whether employee development should be led by an external subject matter expert, or an internal mentor with relevant experience.

4 Define program measurement

The fourth and final step is creating clear, business-aligned KPIs that can be measured and analyzed. Choosing the right metrics is essential to quantifying the impact and value of employee development, as well as proving ROI. Once these measurements have been decided upon, the organization should use them before L&D programs begin to establish a baseline, then halfway through and at the end of each course, plus six months after conclusion. The use of control groups is also advisable.

There are three levels of outcomes that should be taken into account:

Participant level: Do participants find the training valuable? How does the training impact their performance, productivity, and engagement from their own point of view? Self-reported participant surveys can provide these measurements.

Program level: Are participants implementing new skills and adapting their behaviors as intended? These results can be derived from evaluations by mentors, coaches, and trainers, as well as employee managers.

Business level: Has the program been successful in addressing business pain points or goals? How much ROI has it generated? Assessing business-level impact is by far the most complex step. Arriving at accurate, concrete numbers often requires a suite of technology tools, which allow HR leaders to cross-analyze participant progress with core metrics such as attrition, productivity, engagement, performance, and internal mobility.

Start Building a Talent Strategy that Delivers Business Results Today

Becoming a true strategic business partner and transforming talent strategy to address organizational goals does not happen overnight. It requires a major mindset shift, willingness to collaborate, and the right HR solutions to support a data-driven approach.

Managing this transformation is much easier with a talent development platform that's designed to support business goals and produce measurable outcomes. Growthspace is the first outcome-focused, multi-experience employee growth platform of its kind. In fact, it's the only solution that enables organizations to plan, match, manage, and measure talent development through coaching, mentoring, and group workshops. For organizations that recognize the necessity of modernizing talent strategy, while demonstrating continuous employee improvement and growth, Growthspace is the key to aligning talent development with core business needs to achieve transformative and sustainable growth.

Ready to learn more? Get in touch with Growthspace today.

About Growthspace

Growthspace was founded on the belief that successful talent development not only benefits individuals, but also drives a business forward. Our platform is designed to support personalized and outcome-driven growth and development programs, including one-on-one coaching and mentoring sessions with industry experts, internal mentoring, and group coaching and workshops. Leveraging the world's most robust talent development dataset and network of global experts, Growthspace works with employees and organizations to achieve successful professional growth and performance, at scale. Hundreds of customers currently realize the benefits of the Growthspace platform, **including Siemens, Microsoft, EY, Johnson & Johnson, Zoominfo, BioVectra and several United States Government agencies.**