



THE ROI OF TALENT MANAGEMENT

The numbers are in...according to a recent study by the Boston Consulting Group, excellent talent practices lead to significantly better economic performance. For companies that perennially make the Fortune 100 Best Companies to Work For®:

- Share price outperformed 99% of the Fortune 500 companies
- Profit margins were 200% higher
- ROI was 350% higher

And according to Bersin and Associates (a Division of Deloitte Consulting), companies with highly effective talent management strategies, on average, achieve 26% higher revenue per employee and 41% lower turnover among high performing employees.

What is Talent Management? Talent management refers to an organization's ability to plan for, assess, develop and retain its top talent. Its focus is on building an organization's capabilities—the collective skills, abilities, and expertise of an organization that are the outcome of investments in staffing, training, compensation, communication, and other human capital related areas. These key *intangible assets* represent the ways that people and resources are brought together to accomplish work (Ulrich & Smallwood, *HBR* June 2004).

It is also important to recognize that a talent management strategy is not just for the large companies which are referenced in the above studies. Scaled, a talent management strategy is imperative for all sized companies, maybe even more so for small to mid-sized companies.

There's a problem that small-to-mid-sized but fast-growing private companies often don't see coming until the damage is done. Namely – they don't recognize until it's too

*late just how much value is being lost owing to immature talent development, retention, evaluation and recruitment processes. **Bill Millar**, Forbes Insights*

To those of you who own a family or privately held business, private equity firm's portfolio companies, intermediaries and bankers working with the small to mid-sized company in various capacities, and the clients of the lawyers, accountants and wealth managers included on this blog, there is little doubt that a well designed integrated approach to talent management will drive continuous business improvement across a business resulting in increased business valuation. So what are you waiting for?

Reach out to me to learn more.



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