# Is Your Talent Pipeline Full, Half Empty, or Dry?

## Developing Internal and External Talent Pipelines

*White Paper*

Coker GROUP
Business Advisors for the Healthcare Industry

**LEE PERRETT**
Vice President

August 2018

**CONTACT**

For further information about Coker Group and how we can be of assistance, call 800-345-5829 x137 or visit www.cokergroup.com.

## Table of Contents

Introduction ..... 3
Strategic Advantage ..... 3
The War for Talent ..... 4
Developing a Talent Pipeline ..... 5
Internal Candidates ..... 5
External Candidates ..... 6
Talent Acquisition and Development ..... 7
Conclusion ..... 7

**Abstract:** Organizations that invest in developing a talent pipeline as part of their strategic business planning will find that the process can increase employee engagement, build loyalty, reduce turnover, and lower costs. When coupled with adding top external talent to the pipeline to fill positions that cannot be placed internally, the strategic value will only be enhanced. Employers that keep a steady source of talent maintain an advantage over their competition through their ability to sustain the growth and development of the current and future leaders of the organization. What's in your pipeline?

**Key Words:** Healthcare Executive Search, Staffing, Talent Pipeline, Recruitment, Retention

## INTRODUCTION

You may be asking, "What is a talent pipeline, and why do I need one?" A fully developed talent pipeline is beneficial if your strategy or goal is to increase your organization's probabilities of long-term success. This paper will explain the benefits of a talent pipeline and discuss methods of developing a talent pool.

As healthcare organizations continue to address the increasing speed of change, one constant is the need to create the capacity to endure within the establishment. A critical component of stability and ongoing success is the talent level of the organization's future leaders.

Current leaders who handle strategic planning for the organization should identify and evaluate their potential future leaders. The preparation should include a blueprint to assure that future leaders are ready and available when needed.

## STRATEGIC ADVANTAGE

Today, organizations can acquire the same technology, facilities, equipment, IT systems, and other physical components that make up their entity. However, the vital differentiator in the level of success of an organization is the quality of its employees.

Many organizations express that "our people are our most valuable resource," which they probably sincerely believe. Although the value acknowledgment is easy to say, many entities find that acquiring, developing, properly valuing, and retaining top talent is tedious for a variety of reasons, and certain barriers are hindrances. These barriers may include costs, sterile thinking, aversion to change, bureaucracy, and others. The reality is, if you want enhanced results from your talent acquisition strategy, you must act and think differently than you have in the past. Creating and maintaining talent pipelines or succession planning programs are ways to boost results.

## THE WAR FOR TALENT

Although the "war for talent" term has been around for many years, the idiom still applies in today's employment market. The supply and demand rule of economics applies to recruitment and hiring. As the demand for top talent grows and the supply shrinks, the competition intensifies. The rivalry for talented employees has always been aggressive, and it is even more ardent in today's market. This fervency is for many reasons, including:

- **The scarcity of experienced talent as a result of demographics**. Every day, over 10,000 "baby boomers" reach retirement age, and they are leaving the workforce in droves. These individuals have decades of experience, and their proficiency is not easy to replace. For example, although nursing schools regularly graduate thousands of well-educated, eager, and qualified candidates, they do not have the one crucial element most sought after by hiring organizations: relevant experience. It takes time to gain job know-how, and the number of seasoned, experienced nursing and clinical professionals is declining. Coupled together, this creates a gap in the supply side of the equation. This factor is true in other functional areas, as well.
- **The significant increase in the competition for highly qualified and experienced candidates has instigated new and creative recruiting incentives.** Generous signing bonuses, payment of student loans, the extension of housing allowances or stipends, offering premium pay, and many other creative benefits and deal sweeteners are a few of the hiring initiatives. Other organizations may recruit your employees with these incentives, so you need to be diligent to stay abreast of what is happening in the job market in your location. If possible, you should prepare to address any competitive challenges.
- **Shortages in certain professions and geographies**. Nursing and other related clinical positions have been and will continue to be areas where the demand for experienced nurses exceeds the available supply. Certain geographies or high cost-of-living areas also have recruitment and hiring challenges. The competition is fierce, stimulating the development of creative recruiting and staffing methods.
- **The heated job market has created a "sellers' market" for talent.** There is a type of free agent mentality among employees who may want to test the market to see what their value may be elsewhere. In-demand candidates have organizations and search firms contacting them regarding exciting new job opportunities, and the aspirants are listening to the opportunities they are offering. Moreover, with the improved economic conditions in the country, people are more willing to explore other opportunities.

Recent studies from a variety of sources reveal some sobering statistics related to today's employee population:[i]

- 81% of employees would consider leaving their current role for the right offer.
- 34% of employees say they plan to leave their current role in the next 12 months.

- 58% of Millennials reported that they intended to stay in their current role for fewer than three years.
- 52% of Millennials viewed the concept of employee loyalty as being overrated.
- 50% of Millennials would consider another job opportunity even if they weren't looking to leave.
- It can cost 33% of an employee's salary to replace him/her.

These data indicate the need for organizations to be vigilant and pay attention to their current employee population ensuring that they appreciate, engage, and retain their most valuable resources, and that they can continue adding value to the organization. It is also a good time for organizations to consider re-recruiting their current workforce. It is critical to value the current employees through development and retention programs, while simultaneously recruiting and hiring new employees.

## Developing a Talent Pipeline

A talent pipeline is having a pool of prospective candidates—either internal or external—in place before a position becomes vacant. The management of it should encompass a series of steps for moving candidates through the pipeline from sourced (recruited) to hiring.

### Internal Candidates

Succession planning and talent acquisition should be part of the organization's strategic plan and should undergo regular review, at least annually if not quarterly. The process should identify critical positions and the development of a job description for these roles to outline the experience and skills that each job requires. Most likely, these positions are in the C-Suite but could be at the function or department head level. The roles could require highly specialized or scarce skills, which should be in the job description. The next step should be to identify potential successors and determine their readiness to assume key roles. Are they ready now or ready in the near-term (two to six months)? High-potential candidates who are not a target for a specific opening can also be identified. Prospects should have the ability to move up two or more levels, with the proper training and development.

For the ready near-term candidates, a plan should be in place for each candidate to prepare them for the role within the next few months. Actions could include a short-term developmental assignment, mentoring with a senior executive, specific training in a particular area such as leadership, technical skill training or certification, or training in a skill such as project management, public speaking, and others. The person responsible for succession planning in the overall strategic planning process should track and monitor the development activities.

A succession planning process should include a regular discussion of all critical positions in the organization and who the identified potential successors are for each of those jobs. Each candidate should participate in his or her developmental plans, readiness, and progress. These discussions should

be in writing, and their readiness status updated on a regular basis. Then when an expected or unexpected vacancy occurs in a critical position, the succession plan for that role can be referenced to identify the candidate(s).

### External Candidates

For pivotal positions with no internal candidate identified to move into the role, a dedicated recruiting effort should be started to source and recruit highly qualified outside candidates. These individuals could begin in a developmental assignment in the organization allowing them to become oriented to the organization and developed to take the position quickly. As another option, the candidate could go through the initial stages of the interview process and pre-qualified, and then put into the talent pipeline for the future. Someone from the organization, preferably in a senior position in Human Resources or elsewhere, should maintain periodic contact with the candidate and continue their interest. When the position opens, these candidates can be fast-tracked through the hiring process for placement.

Another useful but often overlooked reason for a talent pipeline is to have ready candidates for jobs where there is a constant need, or where multiple hires for the same position occur each year, such as nursing. A concerted recruiting effort can serve to source and recruit candidates for these roles who will be interviewed and qualified to take an open position when it becomes available. These top-quality candidates would know that they will enter the pipeline for future openings and the recruiter will contact them when that occurs. A designated person should “keep candidates warm” by staying in touch through periodic emails, forwarding organization newsletters, or by phone calls.

Referral programs are also an excellent way to build your talent pipeline. Current employees should be encouraged to refer candidates to the organization who may not be seeking a new position. Outstanding employees often know other exceptional employees with other organizations and can refer qualified candidates for consideration.

Talent pipelines of external candidates can be created and populated with top-notch individuals who have the background, skills, and experience for specific roles. They can be recruited and pre-qualified on an ongoing basis and persuaded to consider your organization as a potential employer. They can be reviewed for an opening that will occur soon; thus, you will want to stay in touch with them during that interim. Fostering relationships with these external candidates is the essence of friend building and networking and will boost your organization’s brand and attractiveness as a potential employer. These efforts will also build your sourcing and networking abilities and enhance your recruiting department’s capacity to be strategic in their sourcing of talent. This effort is a sound recruiting strategy for filling multi incumbent positions where there is high turnover, or a regular need, such as nursing professionals, accounting and finance, and others. This pool of talent is also a sound way to kick-start your recruiting efforts when you need top talent quickly.

Another potential source of candidates for the talent pipeline are alumni of your organization who may be interested in returning for the right position, assuming they left on good terms. Additionally, there may be excellent candidates who were passed over for an opening but who were strong contenders, and who may still be interested. These individuals could also enter the talent pipeline for future consideration.

## Talent Acquisition and Development

Recruiting, hiring, developing, and retaining the best talent should be on the minds and strategic agendas for all C-Suite members of an organization. Leadership is not just something that is needed at the highest levels of the organization but down through the ranks in all levels of the organization.

The question to ask is what are we doing to train and develop front-runners in the organization now to enable their growth to become the leaders of the future? The organization should define the leadership skills, qualities, and cultural attributes that it needs, and then it should make every effort to grow and develop those characteristics in their key talent. Otherwise, your top performers may feel stifled, road-blocked, or unchallenged which renders them as ripe targets for another organization to recruit.

## Conclusion

High-performing organizations—or those who aspire to be—should have talent acquisition, development, and retention constantly on their radar. Maintaining and growing strong leaders should be a top priority of the C-Suite. Leadership development should happen at all levels of the organization, not just the upper level. Healthcare organizations that continue to excel and outperform their competition over time do so by hiring the best people, developing and nurturing them, and preparing them for additional roles in the organization. This blueprint when followed creates a competitive advantage.

Once the internal bench of the talent pipeline begins to take shape, it can be refined over time to be an effective and efficient way to place people in critical jobs and to have the flexibility to move without delay when conditions dictate. Usually, the team with the best players is the winner. By having a functioning talent pipeline, your organization will ensure that it has the best players available.

---

[i] Access Perks, 2017 Employee Engagement & Loyalty Statistics, https://blog.accessperks.com/2017-employee-engagement-loyalty-statistics#1, Accessed June 28, 2018.