

# MAKING THE BUSINESS CASE FOR TALENT MANAGEMENT



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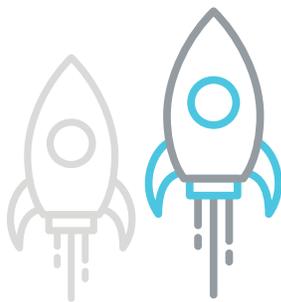
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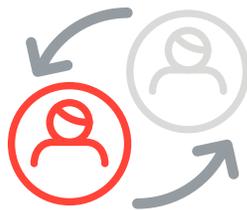
# INTRODUCTION

## THIS EBOOK

IS FILLED WITH WINNING STRATEGIES FOR HOW HR AND TALENT LEADERS CAN MORE EFFECTIVELY BUILD EXECUTIVE BUY-IN FOR – AND ONGOING INVESTMENT IN – THEIR PROPOSED TALENT INITIATIVES, WHILE ALSO BECOMING VIEWED AS TRUE STRATEGIC PARTNERS TO THE C-SUITE.



26% HIGHER REVENUE PER EMPLOYEE<sup>1</sup>



41% LOWER TURNOVER<sup>1</sup>



INCREASE EARNINGS BY NEARLY 15%<sup>2</sup>

In today's business environment, talent management isn't a nice-to-have; it's a requirement. According to research from Bersin & Associates, companies with highly effective talent management strategies, on average, achieve 26 percent higher revenue per employee and 41 percent lower turnover among high-performing employees. And according to the Hackett Group, companies excelling in talent management can increase earnings by nearly 15 percent.

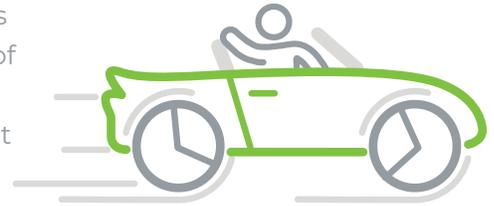
Yet, despite the abundance of industry data showing improved talent management results in better business performance, many executives unfortunately still view HR as a cost center.

So how do you give your HR department (and your talent management proposals) an image makeover?



In decades past, HR was largely viewed as transactional in nature – they were the team that was tasked with managing benefits and tracking compliance training. In an increasingly competitive environment where the war for talent is stronger than ever, however, the reality today is that talent programs can have a significant impact on an organization's bottom line.

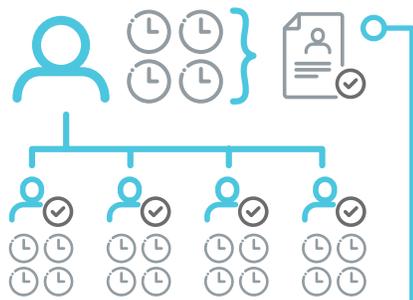
So how can HR and talent leaders reframe executives' perceptions of the HR function, demonstrating that effective talent management is not an expense, but rather a powerful revenue driver?



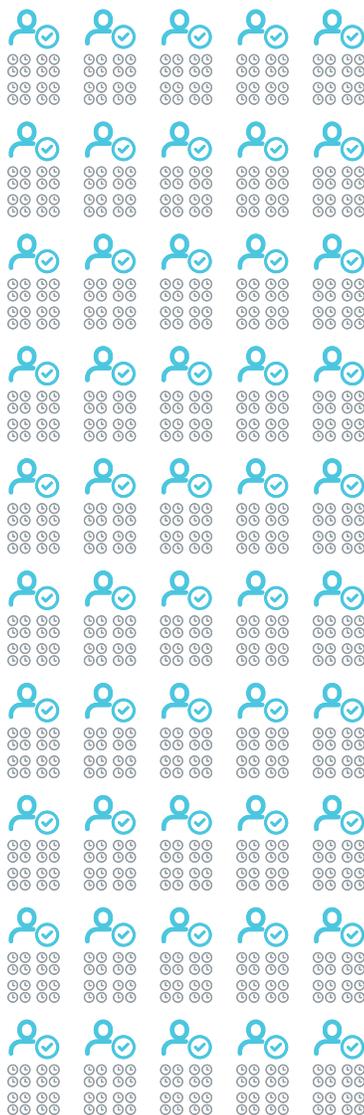
**IT ALL STARTS** WITH CRAFTING A PERSUASIVE PROPOSAL AND COMPELLING VALUE PROPOSITION FOR THE TALENT INITIATIVES YOU PITCH TO THE C-SUITE.

# CRAFTING THE PROPOSAL FOR YOUR TALENT INITIATIVES





x 50



$$800 \text{ HOURS} \times \$75 \text{ (L)} = \$60,000!$$

## HERE ARE A FEW TIPS TO KEEP IN MIND AS YOU BUILD BUSINESS CASES FOR YOUR PROPOSED TALENT INITIATIVES:

### 1. Articulate the problem

This critical first step, though seemingly simple, is actually a step talent proposals often fail to address. Most people want to jump right into presenting the solution, without actually first defining why they need the solution. So, make sure to articulate the current problem you're solving before jumping into the details of that new training curriculum or modern performance management system.

#### You'll also want to quantify the problem.

For example, if it takes each manager four hours to complete a paper-based performance review and you have 50 different managers having to perform reviews for four direct reports each, that means 800 manager hours are being spent on these reviews. At an average manager pay rate of \$75 per hour, that means this outdated performance review process is costing you \$60,000 – not even counting the time employees are spending on reviews!

### 2. Know what keeps your C-suite up at night

So your great new solution to the problem you've identified is to implement a better training program, a new compensation plan or a more strategic recruiting process. What executives hear is "we must spend more." What they need to hear is how investing in your initiative will increase profitability.

When pitching your talent programs, step back and think about your organization's strategic priorities and the metrics the C-suite really cares about. Then, figure out how your talent programs will impact them. Has your CEO prioritized expansion into emerging markets? Rather than saying your time-to-hire rates need improvement, translate that into what impact time-to-hire has on your organization's ability to penetrate these new markets and drive top-line growth.

### 3. Pitch it like you're the CFO

Talent management programs often (unfairly) get a bad rap because they are perceived as only impacting “soft skills.” But even talent programs that support soft skills can have a measurable business impact.

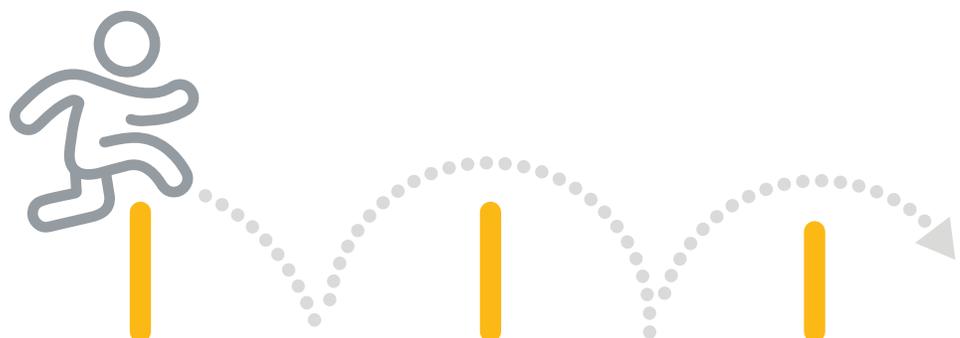


**Improving employee satisfaction** means fewer customer complaints, resulting in higher customer satisfaction. This can be measured through client retention, which in turn directly impacts revenue. Crunch those numbers. Don't be afraid to collaborate with peers in different functions across the business – including those in Finance – to understand the full extent to which your talent initiatives will impact the business as well.



### 4. Don't shy away from challenges

Sometimes, risks or potential challenges are buried away and completely glossed over in proposals to the C-suite. Be realistic and upfront about the stumbling blocks you could face. Create a realistic plan for how you plan to address them, too. This shows you are prepared and have a well-thought-out proposal. If it sounds too good to be true, something's probably wrong.





### 5. Pretend you're on that elevator

Clearly your proposal needs to be more detailed than an elevator pitch, but your proposal should be streamlined and straightforward, very quickly getting to the point. A long and winding proposal in HR-speak highlighting all the bells and whistles of the proposed program isn't going to help you make a more compelling business case to the purse holders.

### 6. Define your program KPIs

There is truth in the old cliché: "What gets measured, gets managed." How will you measure and assess the success of your program? Make sure to highlight the program's key performance indicators (KPIs). They show accountability and help ensure investment in your program isn't fleeting. Combining HR metrics such as retention and employee engagement with financial measures creates a more robust business case as well.



These are just a few tips for building more effective business cases for your proposed talent initiatives, increasing the likelihood of gaining executive approval. Once you develop the proposal, it's important to also know how to more effectively pitch to (and garner buy-in from) each of the high-level executives involved in the decision-making process.

So what does the C-suite care about, and how do you tailor your pitch depending on which executive you're talking to? While overall business performance is a good place to start, each executive also has unique objectives. The CIO, for instance, surely has some specific priorities that aren't necessarily high on the list of priorities for the CFO or CMO.

ONCE YOU UNDERSTAND THE KEY PRIORITIES OF EACH EXECUTIVE, YOU CAN THEN **USE THAT KNOWLEDGE TO TAILOR YOUR PITCH** AND MAKE A MORE CONVINCING BUSINESS CASE.



# FOCUSING ON THE METRICS THAT MATTER



**TAILOR YOUR PITCH.** While each organization has different strategic business priorities and annual goals, listed below are a few typical priorities for each executive in the C-suite. In each section below you'll also find a brief example demonstrating how you might align the benefits of a proposed talent initiative – in this case, a learning management system (LMS) – with that particular executive's key priorities.



**Example pitch:**

“The new LMS will enable the global sales team to rapidly get up to speed on new products, maximizing the success of product launches and increasing gross sales. By providing sales reps in emerging regions with the real-time training they need to sell more effectively, the LMS will also enable the organization to more quickly expand market share in these emerging regions and help us capture a first-mover advantage.”



**Example pitch:**

“The new LMS will allow Finance to quickly and effectively administer and track required compliance training resulting from strategic acquisitions and regulatory changes. Travel expenses associated with training will also be reduced as more learning is offered online.”



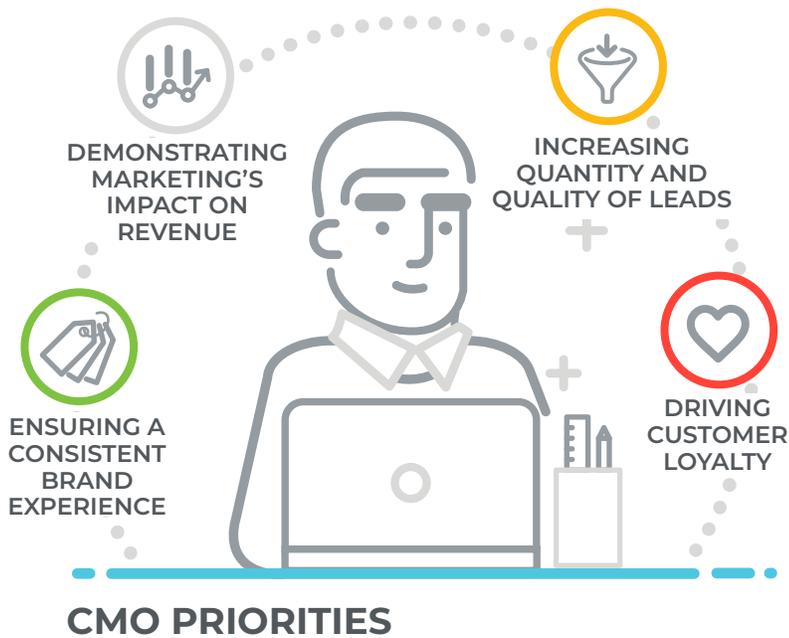
**Example pitch:**

“As a cloud-based platform, the new LMS will require less internal technical support, enabling the IT team to focus their efforts on more strategic value-added priorities. The short time to launch also allows employees to quickly begin learning, adding to a positive perception of the IT leadership. Additionally, the LMS platform exceeds industry security and compliance standards, ensuring we maintain the data security and privacy of our employees’ personally identifiable information.”



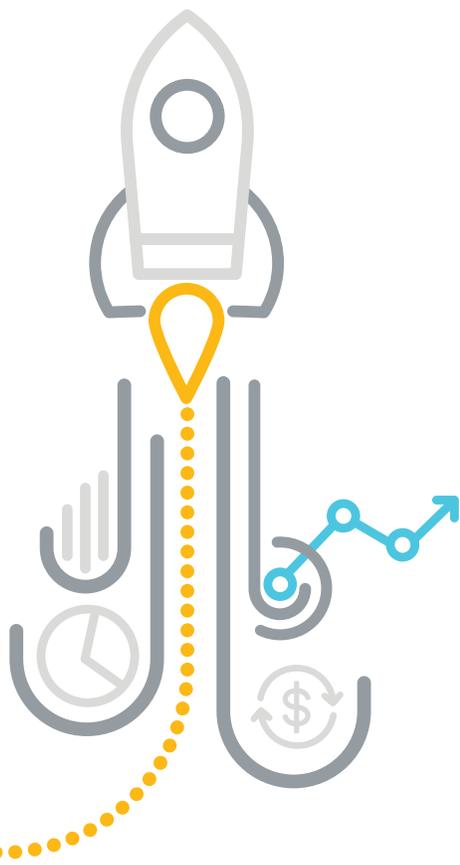
**Example pitch:**

“Internal surveys have shown that our employees want more opportunities for professional career growth and development in our organization. This new LMS will have a significant positive impact on employee satisfaction, resulting in improved employee engagement and retention.”



**Example pitch:**

“With an increasingly global organization, it also becomes increasingly difficult for the corporate marketing team to ensure brand standards are met. This new LMS will enable the marketing team to update brand standards and communicate those out quickly to the global organization.”



These are just a few examples but, as you can see,

**TAILORING YOUR PROPOSAL TO YOUR AUDIENCE WILL HELP YOU DELIVER A MORE COMPELLING BUSINESS CASE.**

By first understanding the priorities of each executive you’re aiming to get buy-in from, you can then clearly lay out for each executive how the proposed talent initiative is well aligned with and will help them achieve their key objectives.

# BECOMING A STRATEGIC PARTNER TO THE C-SUITE



IF YOU ASK ANY EXECUTIVE WHAT THEIR ORGANIZATION'S MOST VALUABLE ASSET IS, THE RESPONSE IS OFTEN AN EMPHATIC "OUR PEOPLE!"

DESPITE THE INCREASING NUMBER OF EXECUTIVES CITING TALENT AS A STRATEGIC PRIORITY, **HR IS STILL CHALLENGED IN BEING SEEN AS A STRATEGIC PARTNER TO THE BUSINESS.**

Aside from delivering top-notch talent proposals and focusing on the metrics that matter, what else can talent leaders do to close the HR perception gap and be seen as a strategic business leader by the C-suite?

## HERE ARE 3 STEPS TO TAKE WITHIN YOUR HR ORGANIZATION:

### 1. Deliver actionable business insights

To be viewed as a strategic business partner, HR must evolve into a data-driven function. It has to be able to turn HR data into clear, actionable insights about the talent pipeline to the C-suite.



These insights must also include prescriptive recommendations for talent initiatives that can improve efficiency, reduce costs and drive better business performance.

By providing actionable business intelligence that helps drive improved decision-making and, ultimately, greater business impact, talent leaders can elevate the role of HR within the organization.

### 2. Collaborate to propose cross-functional solutions

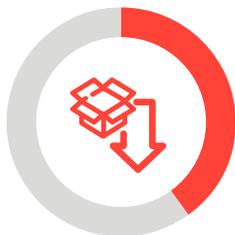
As highlighted earlier, an important step in delivering a compelling business case for any talent initiative is aligning your proposal to the priorities of each executive you're aiming to get buy-in from. Taking that idea a step further, why not set up a meeting with each executive to fully understand their challenges and priorities, so that you can develop programs and proposals directly related to those challenges? By becoming solutions-oriented and ensuring HR is seen as a creative problem-solver – rather than a roadblock – HR will start to be included in more of those boardroom strategy discussions. If possible, schedule these executive discussions at least twice per year.



### 3. Link talent management to business outcomes

While executives may misguidedly view HR as a cost center since it's not perceived as impacting revenue in the same way that Sales or R&D might, the reality is that HR can and does make a substantial impact on the bottom line. Without HR – and all of the functions it is responsible for such as recruiting, training and succession planning – the performance of the entire organization would suffer.

So, prove that HR can be a profit center by making the connection between your talent programs and business outcomes. Have metrics for each of your talent programs and regularly report on them. It's also important to talk the language of the business by reporting on business metrics that resonate most with the C-suite, rather than “soft” HR metrics such as employee satisfaction.



**40% LOWER TURNOVER**



**38% HIGHER EMPLOYEE ENGAGEMENT**



**MORE THAN TWICE THE REVENUE PER EMPLOYEE**

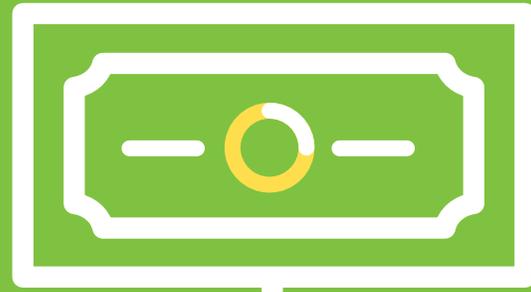
### ALIGN HR TO THE BUSINESS

While these tips are intended to help talent leaders close the HR perception gap in order to be seen as a strategic partner to the business, the truth is that the C-suite also stands to benefit by including HR in executive strategy discussions. Organizations that view HR as a strategic partner actually realize greater organizational performance.

In fact, a 2011 study by Bersin & Associates found that “business-integrated HR organizations” experience nearly 40 percent lower turnover, 38 percent higher employee engagement and more than twice the revenue per employee than do companies who view HR as a primarily transactional function.<sup>3</sup>

Imagine this: you've just pitched your proposal for a great new employee referral program or revamp of your performance management process and the CEO says....

"It sounds fantastic, but it seems more like a down-the-road opportunity. We've got other more pressing needs."



# THE ROI OF TALENT MANAGEMENT



EXECUTIVES (AS MANY HR LEADERS HAVE EXPERIENCED) OFTEN PUSH PROPOSED TALENT INITIATIVES TO THE BACK BURNER IN FAVOR OF WHAT ARE PERCEIVED TO BE MORE IMMEDIATE (I.E. REVENUE-IMPACTING) INVESTMENTS. **SO WHAT CAN YOU DO TO COUNTERACT THIS POTENTIAL RESISTANCE** WHEN MAKING THE BUSINESS CASE FOR YOUR PROPOSED TALENT PROGRAM?

When making the case for your talent initiative, it's important to communicate both the financial impact and the urgency of investing in your talent program. Highlighting the financial impact of not investing in your talent initiative can provide a compelling perspective as well. With every day that goes by without an effective, integrated talent management strategy, an organization actually loses money. There is, in fact, a tangible cost to ignoring or failing to make ongoing investments in your talent initiatives.

Below are eye-opening statistics that highlight the business impact of investing in each of these three HR functional areas: recruiting; onboarding and learning; and performance management.

## RECRUITING



The U.S. Department of Labor estimates that the average cost of a bad hiring decision can equal **30% OF THE INDIVIDUAL'S FIRST-YEAR POTENTIAL EARNINGS**.<sup>4</sup>



### BAD HIRING DECISIONS



As much as **80% OF EMPLOYEE TURNOVER** is due to bad hiring decisions,<sup>5</sup>

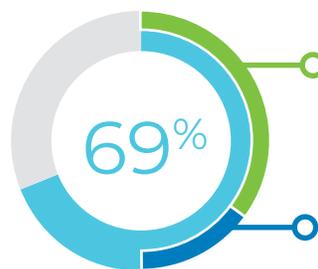


and turnover costs **150% OF THE SALARY OF THE EMPLOYEE** who needs to be replaced.<sup>6</sup>



For high level or highly specialized employees, **THAT FIGURE JUMPS TO 400%**.<sup>6</sup>

**69%** of employers reported that their companies have been **ADVERSELY AFFECTED BY A BAD HIRE** in the past year,



with **41%** of those businesses estimating the cost to be **OVER \$25,000**,

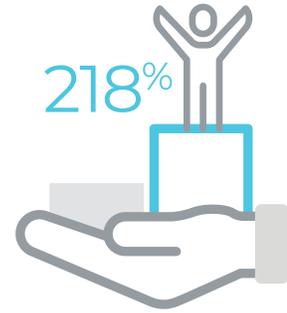
and **24%** reporting a bad hire cost them **MORE THAN \$50,000**.<sup>7</sup>

## ONBOARDING & LEARNING



In a study by Bersin, companies with high-impact learning programs generated, on average, **THREE TIMES HIGHER PROFIT GROWTH** than their peers.<sup>8</sup>

COMPANIES THAT INVEST \$1,500 ON TRAINING PER EMPLOYEE:

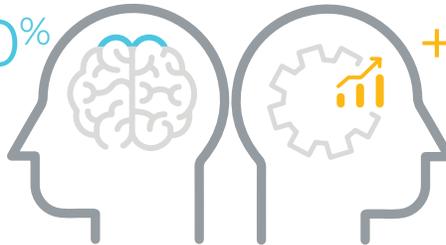


see an average of **24% HIGHER GROSS PROFIT** margins,

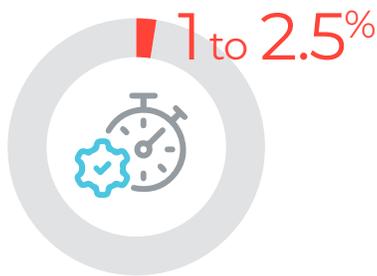
and **218% HIGHER REVENUE PER EMPLOYEE** than companies who invest less.<sup>9</sup>

In a study of more than 3,100 U.S. workplaces,

**+10%**  
A **10% INCREASE**  
in educational development



**+8.6%**  
produced an **8.6% GAIN IN PRODUCTIVITY**.<sup>10</sup>



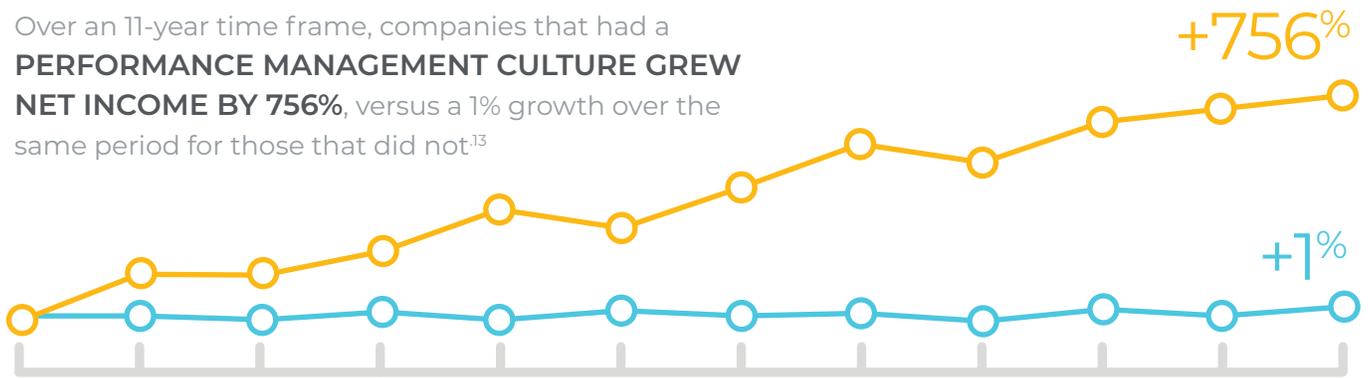
Lost productivity due to new hire **LEARNING CURVES CAN COST FROM 1% TO 2.5%** of total business revenues.<sup>11</sup>



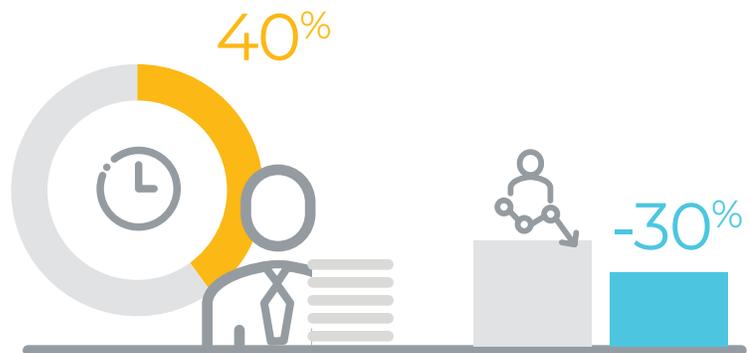
Increasing employee engagement investments by 10% can **INCREASE PROFITS BY \$2,400 PER EMPLOYEE**, per year.<sup>12</sup>

## PERFORMANCE MANAGEMENT

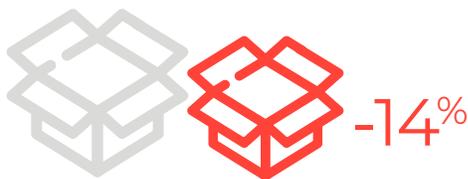
Over an 11-year time frame, companies that had a **PERFORMANCE MANAGEMENT CULTURE GREW NET INCOME BY 756%**, versus a 1% growth over the same period for those that did not.<sup>13</sup>



Departments with managers who receive feedback on their strengths **ACHIEVE 8.9% GREATER PROFITABILITY**.<sup>14</sup>



**CFOs SPEND AT LEAST 40% OF THEIR TIME** on business performance management, but they estimate that **30% OF THEIR COMPANY'S PERFORMANCE POTENTIAL IS LOST** due to ineffective performance management processes and behaviors.<sup>15</sup>

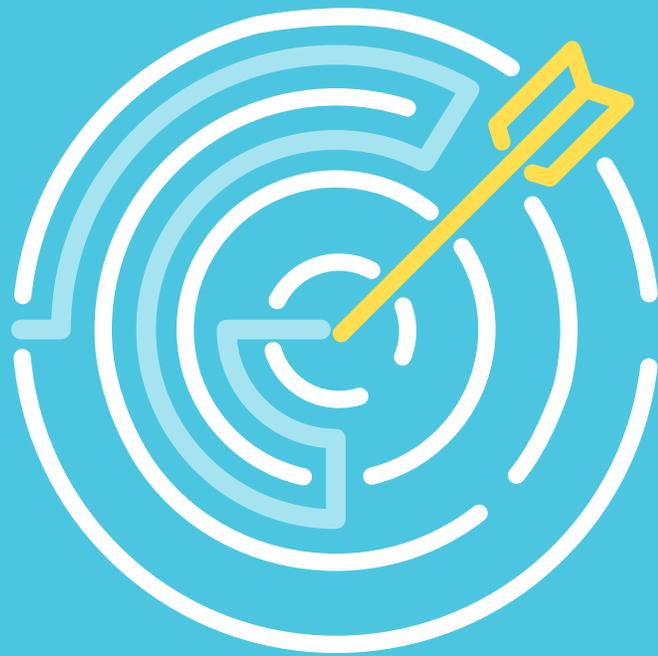


Companies that implement regular employee feedback have **TURNOVER RATES THAT ARE 14.9% LOWER** than for employees who receive no feedback.<sup>16</sup>

## THE NUMBERS DON'T LIE

Effective talent management simply makes cold, hard business sense. By including projected ROI – and perhaps even some of these statistics above – when pitching your proposed talent programs, you will be well on your way to making a more persuasive business case to the C-suite.

# CONCLUSION



While improved talent management has repeatedly been shown to drive better business performance, many executives still view HR as a cost center because it can be difficult to measure the success of talent programs in terms of fiscal impact.

To gain executive buy-in and support for the talent initiatives you are pitching, you must first understand the way your organization's executives view the world and do your homework to give clear, concrete recommendations they simply can't ignore. With the strategies and tips outlined in this eBook, you'll be well on your way to making a more effective business case for your proposed talent initiatives while also elevating the role of HR within your organization.



**INTERESTED IN LEARNING HOW SABA CAN HELP YOU PROVE THE BUSINESS IMPACT OF YOUR TALENT PROGRAMS AND INVESTMENTS TO THE C-SUITE?**

**[SCHEDULE A DEMO TODAY.](#)**

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Saba offers a radically different approach to talent management. Instead of starting with technology, we focus first on an organization's vision and culture. Once we understand their needs, we provide people-centric solutions around performance, learning, and engagement that help them work, learn, and grow together to build a thriving future for the organization. [Saba. United We Thrive.](#)

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