Talent Management in the Coming Decade
How your HRIS can help
Abstract

A perfect storm is brewing in your workforce. Baby boomers are reaching retirement age, employees are afraid to leave their jobs despite increased dissatisfaction, and a fickle generation is entering the workforce. All the while, it is getting increasingly more expensive to hire an external candidate for an open position.

Some people may look at what’s going on right now with nothing but negativity. We encourage you to look at it as an opportunity. Now is the time to prepare for the future. While no one can predict when the economy will truly recover, we can predict the consequences of economic recovery—baby boomers will be more likely to retire and dissatisfied employees will be more likely to search for a new position. Are you prepared for the rising challenge of recruiting, retaining and training employees in an increasingly mobile workforce?

The best way to prepare for the changing landscape of your workforce is with state-of-the-art talent management and succession planning tools. Chances are, you have the talent within your company you’ll need going forward—you just have to discover it, nurture it and find the best way to use this talent. Don’t be caught unawares when the economy improves and your employees start to leave. Instead, prepare now for the economic recovery so employees know they will have a bright future should they choose to stay.
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The Talent Exodus

When the economy rebounds, there are three main veins where you will likely lose talent:

1. Increased retirees
2. Dissatisfied employees
3. Generation X-ers and Y-ers

Knowing why people in these categories are leaving allows you to prepare accordingly. Though you can’t keep everyone from leaving, there are several things you can do to prepare your company for the future. You can create succession plans for filling positions opening due to retirements, find ways to increase employee satisfaction, and focus on strategies to increase employee loyalty—especially among younger generations. Having talent management and succession planning tools integrated with your HRIS makes these tasks less daunting and more achievable.

Increased Retirees

According to the U.S. Bureau of Labor Statistics, 20% of the labor force will be eligible for retirement in 2010 with the first wave of baby boomers turning 65. Employees may be staying in the workforce longer than ever before, but the type of employees retiring—executives and high-level managers—will create a leadership gap that may be hard to fill if you don’t start planning now. A study released by CPP Global found that 63% of organizations worldwide already find it very or somewhat difficult to hire good leaders. Forty-nine percent believe that this will be even more difficult in the next decade.1

The best way to avoid this challenge is by developing good leaders from within. With talent management and succession planning built into your HRIS, you can easily identify employees who have the potential to be top-notch leaders, and you can identify what additional training and qualifications they will need to truly be prepared for leadership roles.

Succession planning tools within Epicor HCM allows you to create a scheduled plan to groom employees for taking over managerial and executive duties. Decide what an employee’s needs are for growth within the company. As an employee completes training classes meeting these needs, they will be updated automatically in the system as qualifications. Set a timeline for when these qualifications should be met so an employee will be ready for promotion at the appropriate time.

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Succession planning

Before your top-level employees start to retire, take advantage of the opportunity for them to mentor succession candidates and share their knowledge and expertise of the company. Don’t get caught with “brain drain” when baby boomers retire. Consider having retirement-age employees host courses on leadership and growing an organization. Employees interested in growing with your organization into top-level positions can signup for these classes through your Employee Self-Service module, either achieving another step in a laid-out succession plan or simply satisfying a desire for personal growth.

You can also take this opportunity to be creative with your workforce. For retirement-age employees who want to retire but don’t feel financially secure enough to do so, consider offering part-time or consultant positions to help with the transition of new leadership.

With Epicor HCM, it is easy to change an employee’s status and pay grade to accommodate such programs. When employees decide to retire, it is easy to update your HRIS to reflect that choice. Epicor HCM will also immediately update the profiles of employees reporting to the retiree with the name of their new supervisor, saving you time and keeping employee records accurate.
Dissatisfied Employees

With unemployment still sky-high, most employees are happy to have a job. Whether they’re happy with that job is a different story. A recent study by The Conference Board reports that only 45% of employees are satisfied in their current jobs.2 This doesn’t mean that 55% of your employees will leave as soon as they feel they can find a new job, but it does mean that there’s a good chance of employee turnover in the future. To prevent employees leaving as a result of feeling dissatisfied, focus on ways to increase employee satisfaction, which will in turn increase employee retention.

Retaining employees

Employees are more likely to stay with a company if they feel as though they have some control over their careers, and if they feel as if their employer is supportive of personal and professional growth. According to Spherion’s 2009 Emerging Workforce Study, “Only 24% of workers [are] satisfied with their current growth and earnings potential—yet it is the top reason workers stay [with a company] beyond pay and benefits.”3 Employees want to know that their company is investing not just in the company’s future, but in the employees’ futures as well. It is beneficial for a company to make an investment in their employees’ futures, and not just to increase employee satisfaction. CPP Global’s study reports that 37% of North American respondents find it very or somewhat difficult to retain good leaders today, with that increasing to 68% when asked how difficult it will be to retain good leaders in the future. By investing in a new generation of top leaders now, you can worry less about retaining leaders down the road.

Encourage employees to set their own career paths and career goals within your organization by using Employee Self-Service to view positions within the company. When an employee identifies a position they are interested in, Epicor HCM can show them what skills and courses they will need to qualify for the position. Employees can set goals for themselves to obtain these qualifications. When an employee completes the training required for a specific need, Epicor HCM will make a record of the newly acquired qualification on the employee’s profile. If a position is open for which an employee is qualified, employees can easily nominate themselves. When creating a new open position, you have the option to determine how far in advance employees can see open positions before the listing is available to external candidates.

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Training and development

Even if employees are not working towards a specific position within the company, they can still access training and development opportunities offered by your organization. List all courses that are available to employees and include information such as the instructor, course fees and class schedule. Employees can then search through courses by type of class and enroll themselves in desired classes online. Epicor HCM will also track the progress employees are making towards certain skills or course completion.

When an employee completes a skill or course towards their desired career path, Epicor HCM adds it to their employee profile as a qualification, putting that employee one step closer to reaching their professional goals.

You can use Epicor HCM to communicate other ways your organization supports training and development. If your company offers tuition reimbursement for approved courses, post necessary paperwork and information on Epicor HCM so employees can easily research this opportunity. The more you educate employees on available training opportunities, the more satisfied they are apt to be. Any employer-funded training is automatically added to an employee’s total compensation report, showing employees their net worth to a company.

In addition to allowing employees to chart their own career paths and professional development, Epicor HCM allows managers to set goals, both long-term and short-term, for employees in their department. Managers can decide whether to set independent goals for employees or to set sub-goals that contribute to a larger goal. If managers choose to set sub-goals that contribute to a larger goal, employees can see how their efforts directly impact larger company goals. Set goals at a corporate, departmental or project level. By allowing employees to see how their efforts are helping the company while viewing how they are progressing professionally, you have the opportunity to increase employee satisfaction, in turn reducing the risk of employee turnover as a result of dissatisfaction.
New Generation

Gen X-ers (born between 1965 and 1981) and Gen Y-ers (born between 1982 and 1995) are already the new faces of the workforce. As more Gen Y-ers enter the workforce, organizations need to take different approaches to meet the unique needs and challenges this new generation of employees presents. Gen X-ers and Gen Y-ers are your company’s future, so it is vital that you invest the resources now to retain these employees. Retention, however, may be more difficult than ever. Talent Management reports that employees under the age of 35 spend an average of just 20 months per job.4

While Gen Y-ers tend to have a higher sense of entitlement than Gen X-ers, employees in both age groups were raised as high achievers, with the mindset that they can do pretty much anything. Gen X-ers and Gen Y-ers are not accustomed to paying their dues and tend to expect high amounts of feedback. In return, employees of these generations will go above and beyond what is asked of them. The good news in the current economy is that these employees tend to be less motivated by compensation and more motivated by a good work/life balance. A study by Fidelity Investments in 2008 shows that 70% of Gen X-ers and 63% of Gen Y-ers consider work/life balance the primary driver of their career choices.5

Work/life balance is achieved by offering employees more flexibility and options when it comes to absence plans and other benefits, in addition to allowing employees to chart their career paths and continue their professional development. Gen X-ers and Gen Y-ers are more likely to stay with an organization if they feel as though they can grow within the organization and can make a meaningful contribution. After being raised as “special snowflakes,” these generations view themselves as top talent, and expect companies to work around their schedules, not vice versa. Employees of this generation have supreme faith in their ability to find a different job easily, and expect increased flexibility to be happy. These employees will especially benefit from educational opportunities, career planning and goal tracking.

Using your HRIS to retain Gen X-ers and Gen Y-ers

Recruiting and retaining Gen X-ers and Gen Y-ers goes far beyond talent management. Having a stand-alone talent management suite does not allow you the flexibility in reporting or the comprehensive data you need to offer a flexible work environment to young employees. When your talent management suite is included with your HRIS, you can also take advantage of other tools your HRIS offers to keep these employees engaged and happy.

Perhaps you offer time off for elder-care or for volunteer work, two programs that are being used to recruit young employees. A complete HRIS like Epicor HCM allows you to manage multiple and varied absence plans, so you can easily give employees more flexibility and a better work/life balance. Employees are able to log on to Epicor HCM through Employee Self-Service and see exactly how much time off they have, and can plan for future absences as well. This increased sense of control over their work situation will help retain young talent.

4 Sladek, Sarah L. “Back to the Future,” Talent Management: January, 2010
5 “While Most Don’t Equate Success with Wealth, Money Named as Their Biggest Concern,” August 2008, Fidelity Investments Corporate Communications, www.fidelity.com
In addition to managing multiple and varied absence plans, Epicor HCM also allows you to manage multiple benefit plans. Gen X-ers and Gen Y-ers understand the importance of benefits, and the rise of “Google Culture” has created higher expectations of what companies should offer. Nontraditional benefits such as child care coverage, paid maternal and paternal leave, free lunch once a week, telecommuting, and flexible start/stop times are all benefits that attract young professionals. No matter how many benefit plans you offer, Epicor HCM helps you keep track of all of them. Employees can also see what benefit plans they are enrolled in through Employee Self-Service.

With the rise of the Internet and Web 2.0, Gen X-ers and Gen Y-ers expect a certain level of transparency within organizations. With Epicor HCM’s total compensation report for each individual employee, employees can see how much your organization is investing in them, affirming their worth to the company. A 2008 study by MetLife shows that the more effectively an organization communicates and educates employees about available benefits, the more satisfied they are with their benefits, and the more likely they are to stay with their company. The same study shows that 98% of employees who work for organizations offering total compensation reports found these reports effective in helping employees understand the true value of benefits. Seventy-three percent of employees found these reports to be very effective or extremely effective. By offering employees total compensation reports through Epicor HCM, you can clearly communicate to employees the true value of their benefits, which increases employee satisfaction and retention. Gen X-ers and Gen Y-ers feel validated when they know their worth to a company, and are more likely to stay in a place where they feel valued and appreciated.

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High Replacement Costs

While zero percent turnover is an unreasonable and undesirable goal, it is much more cost effective to retain and train employees from within your company than it is to hire external candidates. The average cost to replace an employee in 2008 was estimated to be $21,000. Despite this, 87% of organizations worldwide said that the pressure to cut costs was severely limiting their leadership and development plans. Investing in employee development now, however, can save substantial costs later.

Before you decide to let go of an under-performing employee, evaluate their needs and determine if these needs can be met through training and development opportunities. If they can be met in a timely manner through training, set goals for the employee to complete courses by a specific date.

Investing in the development of existing employees may seem like a higher cost up-front, but it can save time and money down the road that would have been spent hiring and training a new employee. Training and development tools within Epicor HCM allow you to allocate which departmental budget will be covering a course fee for a specific employee, making it easier to track expenses going towards training and development.

Hiring an external candidate

In the event you do need to hire an external candidate, using an HRIS with built-in talent management tools saves your HR department money by reducing the amount of duplicate data entry necessary and allowing for more efficient evaluation of candidates’ skills. Through Candidate Self-Service, Epicor HCM allows applicants to search and apply for jobs online. Customize the application for each position and create knock-out questions to automatically limit your talent pool to those who have key qualifications. Epicor HCM can create a custom URL for each job posting that can be distributed through various online channels. When a candidate completes an application, their data can be stored in a separate database. Decide how long you want to keep a candidate’s application and resume for consideration.

If you haven’t already, chances are you will be receiving an increase in applications as more qualified candidates are searching for new positions. Once you start receiving applications, save time by using Epicor HCM’s filtering tools to electronically search applications and resumes for key training, qualifications, and skill sets required for a position. The sophisticated search function can also search files that candidates upload to their applications, such as cover letters, resumes, or letters of recommendation. Limit the file size candidates can upload to save space on your server. With Epicor HCM doing the legwork in making a list of the most qualified candidates, you can start interviewing candidates for a position sooner. Managers can also view applications and resumes for candidates who apply for open positions that will report to them. Epicor HCM helps you track the status of all candidates’ applications, including fees associated with the recruiting process, who has been in touch with a candidate, and notes from any interviews with a candidate.

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Onboarding

When you decide to hire an external candidate, Epicor HCM makes onboarding easy by seamlessly converting the selected candidate’s data from the candidate database to the employee database and prompting HR to enroll them in benefits programs upon eligibility. When you are hiring a new employee, use Epicor HCM to generate an email or letter to your new employee congratulating him or her on the new position, and automatically send an email to the rest of the candidates informing them the position has been filled. If additional action is needed from a manager or executive to hire an employee, use Epicor HCM’s routing tools to easily and efficiently make sure all the proper people are receiving relevant information about a hire and are approving decisions when necessary.

New employees can have immediate access to their own data online, view important paperwork and employee handbooks online, and browse courses and career paths offered at your organization. The first six months an employee is with a company is essential to his or her happiness. By allowing new employees to explore long-term development opportunities from the beginning, you increase the likelihood of an employee staying with the company. Hiring quality talent and engaging them early on reduces turnover and saves money in the long run.

Performance Management

An important part of succession planning and talent management is performance management. Managers working with an employee on a daily basis are great barometers of an employee’s potential for leadership or promotions. When managers are already using your HRIS for daily tasks such as approving absence requests, they are more likely to consistently track an employee’s development using talent management tools built into the HRIS. Performance management is essential to identifying qualified employees who are deserving of merit increases and are capable of taking on additional responsibilities. With Epicor HCM, create electronic performance reviews tailored to each individual department. Set questions that are required of everyone in the corporation, then allow specific questions for each department or division.

With electronic performance reviews, managers and peer reviewers can answer questions from the convenience of their own desk. When completed reviews are submitted, Epicor HCM makes sure the correct parties have access to view these reports and stores them indefinitely. Never risk losing a performance review again. Instantly access performance reviews for a specific employee spanning the length of their employment with your company when looking internally for talent to fill a position—performance reviews can be essential when choosing between two equally qualified incumbent candidates.
Conclusion

With uncertainty about the economic future and the impending talent exodus, now is the time to focus your energy on talent management and succession planning. Talent management should be synonymous with employee management. Unfortunately, most companies do not always see it that way. Only 18% of North American companies feel their organization is well prepared to develop the leaders it will need over the next ten years.9 It is now more important than ever to make the most out of talent management software to create employee development programs and succession plans. By having talent management and succession planning tools integrated into your HRIS, you can most effectively keep employees engaged with your organization and help plan not just for their future, but for your company’s future as well.

A true HRIS offers more than just talent management. The Epicor Software best-in-class Epicor HCM gives you complete core HR functionality in addition to full talent management and succession planning tools. Epicor HCM allows you to:

- Manage multiple benefit plans
- Keep track of multiple absence plans
- Take advantage of state-of-the-art salary planning tools
- Generate performance reviews
- Benefit from powerful report building
- Manage employees throughout their entire lifecycle, from application to retirement

With the ability to interface with payroll systems and benefit carrier systems, you can manage all aspects of your workforce from one intuitive interface. Are you ready to look towards the future, and change not just the way you look at talent management but also the way you look at your HRIS? Contact Epicor HCM today at +1.800.477.3287, and an expert representative will be happy to speak with you.

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About Epicor

Epicor Software Corporation is a global leader delivering business software solutions to the manufacturing, distribution, retail, and service industries. With more than 40 years of experience, Epicor has more than 20,000 customers in over 150 countries. Epicor solutions enable companies to drive increased efficiency and improve profitability. With a history of innovation, industry expertise and passion for excellence, Epicor inspires customers to build lasting competitive advantage. Epicor provides the single point of accountability that local, regional, and global businesses demand. For more information, visit www.epicor.com.