

Aligning Talent Strategy With Business Strategy

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Talent management is of strategic importance to the overall business or organisational strategy, as such, there must proper articulation of the critical relationship between the two. Human Resource Management experts confirm that the creation of differentiating strategic capabilities signifies the relationship between business strategy and human resource.

Talent management is a strategic approach to creating a superior workforce and reflects an organisation's commitment to the attraction, development, motivation and retention of productive and motivated employees. Since the goal of talent management is to create a high-performing and sustainable organisation that meets its strategic and operational goals, an organisation's talent management strategy must be linked to its business strategy.

According to Mari Ann, an employee management expert, recruiting, developing, motivating and rewarding employees for job performance that is in alignment with the organisational goals are all essential aspects of talent management, and must be fully integrated into all employee-related processes, including job descriptions, training and development, performance goals, metrics and performance reviews.

It is noteworthy that the alignment of talent management with business strategy begins with a careful analysis of an organisation's strategic and operational goals and objectives. Based on this analysis, the management team, in partnership with the Human Resource Department, can identify and understand the implications on talent strategy and planning.

Once the team understands how the business objectives will impact the organisation's talent, members can then define specific talent goals and initiatives and formulate their talent strategy and commitments.

Definition of specific talent goals and initiatives and formulation of talent strategy and commitments include communication and engagement of employees in the organisation's business strategy; implementation of a leadership development programme for high-potential employees; development of a strategy for succession planning; conduct of assessments at all levels of the organisation to determine skills gaps; provision of comprehensive training that addresses skills gaps; alignment of performance goals with business strategy and reward for employees who meet their goals; design of recruitment programmes to identify and attract the right talent.

Organisations that recognise the importance of adopting a talent management strategy that aligns with their business strategy can expect to be more successful in attracting and retaining the talent needed to achieve their strategic goals and objectives.

I. Irony Of Conviction And Case Study

Even though many people and organisations agree that aligning an organisational talent strategy with business strategy is a worthwhile exercise, it is not many that make productive use of the alignment.

Research confirms that it is only about one-third of U.S. companies for instance, that claim to identify critical roles that talent strategy plays in the actualisation of business goals. And even only fewer companies, about 10%, have reached the stage where talent management is part of their annual business planning process and talent initiatives are truly owned by business leaders and line managers.

Madhura Chakrabarti, who leads the people analytics and employee engagement research practices at Bersin, Deloitte Consulting LLP says, "During the course of our research, however, we did find companies with exemplary processes for aligning talent and business initiatives. Right Management is one of them. If you don't know Right Management, you will likely know its parent company, Manpower. The company uses an excellent model to facilitate its talent strategy and planning process."

Chakrabarti says the process starts with the review of the company's strategic execution framework, which lists the goals and initiatives outlined in its three-year strategic plan. The business objectives are divided into five main sections: revenue, business development, profitability, thought leadership, organisation and culture.

From this strategic execution framework, the Human Resource team can then discuss the implications on talent strategy and planning. These are organised into four categories: (1) Mindsets; (2) Leadership; (3) Organisation; and (4) Skills. Once the team understands how the business objectives will impact the organisation's

talent, members can then define specific talent goals and initiatives which will become their “talent commitments” for the year.

These may include initiatives such as communicating and engaging employees in the company’s new strategy, deploying a new model for high-potential employees, expanding succession planning to the next level down in the organisation and creating an action plan for improving diversity.

Once the talent commitments have been determined, the model is used to communicate the objectives and commitments throughout the organisation. This way, the Human Resource staff members understand what goals and deliverables that are expected, and how these support the business strategy.

Right Management is a great example of a company with a mature process for talent strategy and planning. Many companies can learn from this model, which has been extremely successful in ensuring that talent initiatives are aligned with business objectives. This model is also used as a communication tool to help staff understand and work towards their goals.

The future plans of a business offer the greatest indication of the type of talent that is needed to deliver success. Many organisations focus on developing the next generation of leaders. However, cultivating a diverse pool of talent for the next leaders to lead is just as vital to future business success. Unfortunately, this complex strand of organisational development presents a number of potential pitfalls which can ultimately lead to talent management shortcomings and ultimately failure.

One of the pitfalls is wrong notion that talent alone can constitute a strategy. Talent activities alone do not constitute a strategy. A coherent talent management strategy aimed at identifying and developing employees at all levels, benefits each employee and is clearly good for the organisation.

Aligning talent management with the business strategy sets a course for individuals to achieve their potential, and identifies their possible future fit within the business. Clearly, it is the future plans of a business that provide the clearest indication of the talented employees that will be needed and who therefore need to be developed or brought onboard where they are absent. This complex process must enable people at every level to present and develop their potential.

Organisations that act only to identify potential for succession planning are wrong in believing that this constitutes strategic talent management, when it is just a single component of the process. Over-arching strategy is essential, as pursuing talent management in a vacuum is a wasteful exercise that can only deliver success by chance.

Another pitfall is the failure to develop the talent pool. It is a depressingly widespread problem that many organisations focus nearly all their efforts on developing the next generation of leaders. While an organisation requires leaders in order to continue to thrive, it will also require a diverse pool of specific talent for the next generation to lead. To build a strong future, tomorrow leaders need tomorrow skills and abilities, not just a younger version of today’s skills and abilities. The long time-frame of a talent management strategy requires the vision to predict the company’s needs for the next 15 or 20 years.

Evaluating the contribution people may make a decade or more into the future is incredibly difficult, but is vital to future business success. Just as talent operates in the context of an organisational framework, so also a winning formula operates in the context of its time and circumstance.

Failure to build the business case for investment in talent development constitutes another pitfall. Through informed alignment of talent management strategy with business strategy, organisations can identify the capabilities that are really needed (thus providing a realistic business case for the development investment).

Strengthening this **business case** raises another challenge, that is, developing effective criteria for selecting the right candidates for development and thereby using available resources as effectively as possible to support the maximisation of potential.

This effective long-term thinking can override short-term pressure from shareholders, who are often reluctant to invest in talent management. Future vision also has to be applied to prevent current performance being the basis for selection, as it is not a reliable indicator of an employee’s performance in a subsequent role.

Line managers and supervisors have the closest and most accurate view of current performance. However, this isolated perspective does not automatically translate into a clear view of future potential and presents a common trap that many organisations fall into.

Other subtle pitfalls stemming from organisational structure can also have adverse effects on the success of a talent management strategy. Assessment and selection of learners’ individual characteristics, proven learning agility, openness to learning, motivation to learn and improve performance and payment of dividends in terms of the subsequent transfer of new skills are good, but it is also striking that these are elements of talent development where the trainer, facilitator or coach has least influence.

In businesses there is often also a critical disconnection between training and daily organisational life of a scenario in which learning and training are applied indiscriminately and learners subsequently receive little support, and the little context, in applying the learning that they have acquired.

Organisations achieve and maintain success through the actions of the people at all levels that constitute them. As a multi-faceted process, talent management has many parallels with the change management process. In all its aspects, from attracting and retaining the best talent to engaging, developing, deploying and supporting its people, bringing a dynamic 'change management' view to the talent management strategy enables organisations to help individuals develop into the roles that the changing organisation will require in future.

This responsive, forward-thinking approach ensures that organisations are equipped with talent at every level to deliver continued and enhanced business success in the short, medium and long terms. A great talent strategy has to start with where your business is going—and what your leaders need in their toolbox to take you there. At this analytical juncture, it is necessary to use the case study of AT&T.

Case Study of AT&T's Alignment of Talent Strategy with Business Strategy

"Harvard Business Review" recently published a case study of effective application of talent strategy during turnaround by the board and management of AT&T. The publication was written by John Donovan as the chief strategy officer and group president at AT&T and Cathy Benko as the vice chairman and managing principal at Deloitte.

It is reproduced as follows:

Having built the United States' telegraph and telephone infrastructure in the last century, AT&T could once claim to be the company "where the future was invented." But now the Dallas-based firm, like many in the technology sector, faces a future in which its legacy businesses are quickly becoming obsolete. With its industry moving from cables and hardware to the internet and the cloud, AT&T is in a sprint to reinvent itself.

The overhaul presents an enormous HR challenge. AT&T employs about 280,000 people, most of whom got their education and foundational job training in a different era. The average tenure at the company is 12 years—22 years if you don't count people working in call centers. But rather than hiring new talent wholesale, AT&T has chosen to rapidly retrain its current employees while striving to engender a culture of perpetual learning. One of us (Donovan) is championing this effort at the company.

For the past three years, AT&T's CEO, Randall Stephenson, has been making large strategic bets on a diverse range of wireless technologies—most recently the \$63 billion acquisition of satellite television company DirecTV. Asked about the decision to venture into new businesses, John Stankey, the head of AT&T's Entertainment Group, says, "We have no choice."

Customers are demanding constant connectivity; from 2007 to 2015, for example, data traffic on AT&T's wireless network grew by more than 150,000%. The company forecasts that by 2020, 75% of its network will be controlled by software-defined architecture. That percentage was virtually zero in 2000. This means, says Stankey, that most of AT&T's global employees "signed up for a deal that is entirely different from the environment in which their business operates today."

The new landscape requires skills in cloud-based computing, coding, data science, and other technical capabilities. Many of these fields are advancing so quickly that traditional methods of training and development cannot keep up. As Scott Smith, AT&T's senior vice president of human resources operations, puts it, "You can go out to the street and hire for the skills, but we all know that the supply of technical talent is limited, and everybody is going after it. Or you can do your best to step up and reskill your existing workforce to fill the gap."

Since 2013, when the initiative began, AT&T has spent \$250 million on employee education and professional development programs and more than \$30 million on tuition assistance annually. AT&T estimates that, all told, 140,000 employees are actively engaged in acquiring skills for newly created roles. (And the expectation is that every four years they'll change roles again.) From January to May 2016 employees who'd been retrained filled half of all technology management jobs at the company and received 47% of promotions in the technology organization.

It's too soon to measure the full results, but one encouraging sign has been an increase in speed and efficiency. In the past 18 months AT&T has reduced its product-development cycle time by 40% and accelerated time to revenue by 32%. Recently, when the company decided to develop an "on demand" capacity that let large business customers expand their bandwidth in real time, it took only six months to scale it up from an idea to a service with more than 450 customers in over 175 markets. Prior to 2014, developing and rolling out that kind of offering would have taken at least a year.

The first task of AT&T's program—dubbed Workforce 2020 (or WF2020)—was to identify the skills the firm would need and create a blueprint for sourcing them internally. Managers documented existing gaps and formulated "future role profiles" for themselves and their teams. Every manager in AT&T's network and technology strategy organization, which constitutes roughly half the firm's professional workforce, was assigned a new role and expected to get the training or credentials to fill it.

To help employees with the transition, in January 2014 human resources launched an online self-service platform, which provides a host of tools and processes for performance management, career development, and talent planning. It also offers workshops on a wide range of topics, such as virtualization and cloud computing, “technologies in motion,” and “the communication transformation.” So far the platform has gained good traction with workers, who accessed it 6 million times last year alone.

Last Words

For any talent strategy to have the desired business impacts, it must be designed in alignment with the overall business strategy of an organisation.

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