TALENT 2.0: REIMAGINING HOW TALENT DRIVES SUCCESS
The world has changed. Talent and succession management is finally catching up.

Thought Leadership

The world of work has changed dramatically in recent years. What hasn't changed is the way we approach talent and succession management. The issue is not only that our methods are outdated—it's also that for all the time invested, most companies are still left without a clear answer to whether they have the talent and successors they need, when and where they need them.

Over the past two years, Korn Ferry has collaborated with leading global companies and academic institutes to understand how the most innovative companies have reimagined their talent and succession management by embracing the following three fundamental shifts:

- They shift **from static planning to dynamic** talent and succession.
- They move **from "owning" to "having access to"** talent and build talent ecosystems and teams.
- They replace process-driven HR with **human-centered, business-embedded impact**.

The most innovative companies look well beyond designing processes and tools. They focus squarely on delivering lasting business impact and achieving three main outcomes, which align with the identified trends:

- **Improving the certainty** that they will have the talent and successors they need—where and when they need them.
- Utilizing data to understand their **key talent risks**—predicting, anticipating, and managing these risks 3 to 5 years into the future.
- Having **better—and more—options** for how they address their talent and succession challenges.

Why this matters is clear...
Companies embracing these shifts don't just manage talent but create a competitive advantage through their talent and succession approaches:

- Up to 20% increase in productivity
- Twice as agile in responding to market changes
- 25% lower employee turnover
- Two and half times more likely to have a strong talent pipeline

Here are three talent and succession trends leaders should follow:

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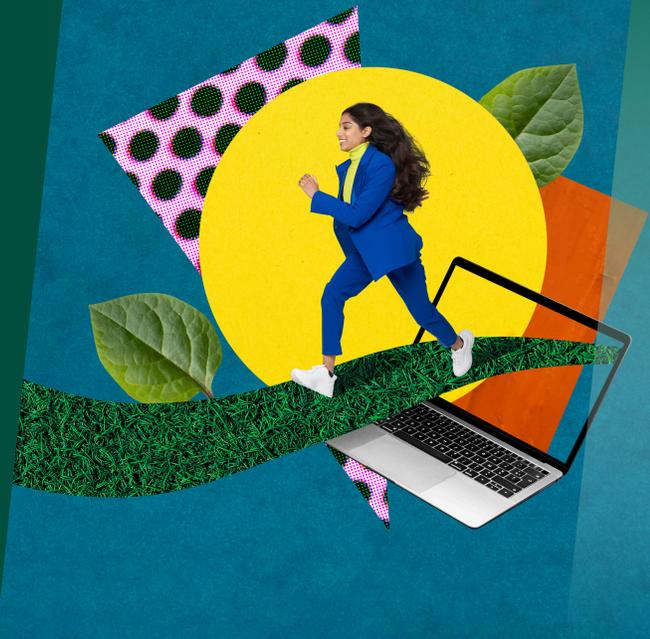
3 TRENDS IN TALENT AND SUCCESSION MANAGEMENT

1

From Static Planning to Dynamic Talent & Succession

- **Business-Aligned Talent Strategy:** Talent and succession must drive business outcomes and ensure business continuity even in turbulent times.
- **Agile & Predictive Talent Decisions:** AI-driven insights help forecast risks, anticipate gaps, and provide real-time talent solutions instead of reactive planning.
- **Expanding the Definition of Talent:** Success isn't built by the top 3% to 5% of employees alone. Companies must tap into broader talent pools, recognizing diverse types of potential across their organization.

2

From Ownership to Access: The Rise of Talent Ecosystems & Teams

- **Ending the "War for Talent":** Companies no longer seek to "own" talent; they build ecosystems to ensure they "have access" to the right capabilities, when and where needed.
- **Putting Super Teams Over Superheroes:** High-performing teams, not individual superheroes, are the backbone of success. Talent management must shift to optimizing team performance and cohesion.
- **Redefining Careers and Growth**: Employees expect careers on their terms. Companies must create transparent, self-directed pathways to growth.

3

From Process-Driven HR to Human-Centered, Business-Embedded Impact

- **Developing Radically Human Talent Strategies:** Transparent, fair, and engaging talent processes that empower employees and build trust.
- **Designing for Experience, Not Just Efficiency:** Talent strategies must be built around both business needs and employee expectations to drive engagement and retention.
- **Abolishing Traditional HR Silos:** The outdated HR model is being replaced with agile, cross-functional teams focused on solving business problems. Traditional HR COEs cease to exist.

1. FROM STATIC PLANNING TO DYNAMIC TALENT AND SUCCESSION

Moving beyond outdated processes to real-time, talent strategies that solve our most pressing business challenges.

Business-Aligned Talent Strategy

Talent and succession must drive business outcomes and ensure business continuity, even in turbulent times.

Despite its critical importance, few CEOs and boards are confident that their current approaches guarantee that they have the talent they need— when and where needed. In fact, in a Korn Ferry study, a staggering 90% of organizations recognize the importance of succession planning, yet only 37% back this up with substantial financial commitments.

The most innovative companies are redesigning their strategies to:

- move beyond static succession plans to dynamic, agile talent approaches that focus squarely on ensuring talent is available to deliver their strategic priorities.
- focus on talent density rather than annual reviews and rigid successor lists. They build a deep, high-quality pipeline that strengthens the entire organization.
- proactively identify and mitigate their talent and succession risks, using scenarios to understand and plan for potential talent implications.
- work to creatively expand their options for meeting talent needs instead of relying on traditional approaches.

Agile & Predictive Talent Decisions

AI-driven insights help companies forecast risks, identify gaps, and provide real-time solutions, shifting from reactive to proactive planning.

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In many ways, AI is transforming talent and succession management, evolving it from static planning to dynamic, predictive decision-making. Although many companies are exploring AI, only a few have fully integrated it into their core talent processes.

Those companies gain three key advantages:

1. They improve their ability to forecast future talent needs across multiple time horizons.
2. They can better predict talent supply and attrition risks to proactively address future talent gaps.
3. They get better—and more—options to identify the most effective interventions to address their talent risks.

The most innovative companies use AI to inform their talent and succession strategies in three ways:

1. Clarifying organizational capability needs
2. Assessing talent gaps
3. Aligning workforce planning with business priorities

AI-driven insights help leaders transition from subjective nominations to a data-driven approach, empowering them to make more informed and objective decisions. Crucially, AI allows these organizations to continuously learn and improve by tracking talent flows, accurately identifying top talent, and ensuring career decisions are based on data rather than individual biases. The result? Faster, smarter talent decisions that strengthen both leadership pipelines and business performance.

Expanding the Definition of Talent
Success isn't built by the top 3% to 5% of employees alone. The innovative companies tap into broader talent pools, recognizing a need for diverse types of potential across their organization. In a world of talent scarcity, they broaden their definitions of talent and potential, ensuring they retain and develop critical capabilities across their entire organizations.

They also recognize that potential isn't limited to leadership roles and comes in many forms. They move beyond a narrow focus on senior succession to cultivate talent at *all* levels, whether for vertical advancement or lateral growth.

The key is not ranking potential as "better or worse," but understanding different types of contributions and enabling employees to realize their aspirations.

These companies make talent criteria transparent, allowing employees to self-assess and engage in more open, objective career discussions. They see potential as dynamic—something that can evolve with effort and opportunity. By expanding their talent pipeline and deepening internal mobility, they increase retention, strengthen expertise, and unlock new sources of talent from within the company.

2. FROM OWNERSHIP TO ACCESS: THE RISE OF TALENT ECOSYSTEMS AND TEAMS

Innovative organizations rethink how they acquire, develop, and deploy talent—moving beyond the traditional employment model.

Ending the "War for Talent"
The most innovative companies no longer seek to "own" talent. They build ecosystems to be able to access the right talent, when and where needed. In other words, the "war for talent" is over—but only if companies rethink how they access talent. Traditional models of "owning" talent through permanent hires are unsustainable, especially for in-demand skills.

The real challenge isn't just sourcing talent—it's ensuring access to the right capabilities to drive innovation faster. Companies must shift from talent ownership to building talent ecosystems that enable them to tap into a network of partners to source expertise as needed.

While this approach brings structural challenges—such as contracts, systems, and governance—the bigger shift is cultural. Companies must:

- redefine what it means to be an "employee,"
- find ways to foster cohesion beyond traditional teams and "ecosystem colleagues, and
- rethink how their organizational culture and memory evolve in a more fluid workforce model.

Super Teams Over Superheroes

What if talent and succession management focused on teams, not just individuals? Innovative companies are answering that question by recognizing that <u>business success hinges on teams</u>—not "superheroes." While individual talent remains critical, organizations are now focusing on strengthening teams as the core performance driver.

Traditionally, HR has prioritized individual employees—setting personal objectives, giving specific feedback, and rewarding solo achievements. But these practices often create internal competition rather than optimize team cohesion and performance. The future of talent and succession management lies in integrating <u>team-based talent strategies alongside individual development</u>.

The implications are numerous:

- **Talent Attraction:** Hiring moves from filling individual roles to understanding team needs. Like sports teams recruiting for specific strengths needed for the wider team, organizations must prioritize skills, traits, and motivators that enhance team dynamics and overall success.
- **Talent Identification and Promotion:** Companies will complement individual potential with "team potential," promoting and moving entire teams where needed—just as sports leagues advance top-performing teams, not just players.

- **Career Growth:** Success will be measured by collective achievement, not individual progression. This challenges traditional career mindsets, requiring leaders and employees to think beyond personal accomplishments.

While this shift is significant, much remains familiar. Objectives and key results (OKRs) already set team goals, team performance assessments exist, and we know how to build high-performing teams. The challenge is not capability but mindset—embracing teams as the foundation of talent and succession. Korn Ferry's research shows that leaders who foster a shared mindset <u>can improve team cooperation, chemistry, and overall effectiveness</u>.

Redefining Careers and Growth

Employees expect careers on their terms. Companies must create transparent, self-directed pathways to growth.

Most companies direct their talent and succession efforts toward identifying the top 3% to 5% of employees with the potential to assume senior positions. The problem? No company can succeed relying solely on this small pool of talent.

In a world of talent scarcity, innovative organizations are <u>redefining talent and potential</u> to:

- **Incorporate more inclusive definitions.** They know that everyone has potential and aspirations— only for something different.
- **Acknowledge that all types of potential matter.** They understand that potential is not just for leadership roles but also for critical expertise and capabilities across the organization.

Case Study

A Korn Ferry client based in the UK needed a significant number of data scientists but couldn't hire them quickly enough. To address this, we helped them build an ecosystem of partners that provides them with a flexible, just-in-time, multi-directional talent flow.

- **Shift from static to evolving definitions.** They treat potential as something that evolves through opportunities and development—not something people either "have" or don't.

And these companies take action by:

- **Making potential transparent:** Openly sharing the criteria for potential and enabling employees to self-assess and engage in objective conversations about their growth.
- **Designing broader career pathways:** Helping employees see a wide array of future opportunities within the company, not just at the top.
- **Embedding succession deeper into the organization:** Being able to fill vacancies on all levels faster, ensuring critical capabilities are retained, and reducing dependency on external hiring.

Korn Ferry's research shows that when organizations tap into this potential, they achieve 2.5 times higher revenue compared to less engaged competitors. By broadening the definition of potential, companies unlock more opportunities to discover talent from *within*, building a more robust and sustainable talent and succession pipeline.

Companies that tap into talent potential achieve 2.5x higher revenue compared to less engaged competitors.

3. FROM PROCESS-DRIVEN HR TO HUMAN-CENTERED, BUSINESS-EMBEDDED IMPACT

Radically reimaging human resources to deliver value where it matters most and balance people and business needs.

Radical Human Talent Strategies

Transparent, fair, and engaging talent and succession processes empower employees and build trust. Research shows that companies embracing these radically human principles will be better positioned for future success. Yet, most current approaches are the exact opposite of "radically human"—they prioritize the company's needs over those of the employees.

In most companies, few employees know if they are considered talent or successors, for which roles, and why. The criteria for potential are rarely transparent, and the process itself often excludes those it impacts most. We talk more *about* our talent than *with* them, spending more time labeling people than understanding their career aspirations and building agency. And talent and succession processes often remain disconnected, failing to create a seamless, meaningful experience for the employees. This results in:

- cumbersome, dogmatic, and wasted efforts to identify and nurture key talent.
- a loss of key talent—because they never knew they were valued.
- low trust in the process due to lack of transparency.

Radically human talent and succession management puts people first. These processes are simple, engaging, and rewarding, helping employees define their career goals, self-assess against clear criteria, and visualize future paths. They don't just tell people they have potential—they enable them to self-nominate and raise their hand if and when they want to be considered talent or successors.

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Designing for Experience, Not Just Efficiency

Talent strategies must be built around both business needs and employee expectations to drive engagement and retention. Yet, most talent and succession processes are designed for business needs alone, focusing on workforce planning and securing critical talent. This is despite global engagement data consistently showing that career development remains a major issue. In fact, lack of career advancement opportunities is the second most common reason people cite for quitting their jobs, according to Korn Ferry's Workforce 2024 Survey. Employees see their company's talent and succession processes as exclusive and elitist, thinking they're "not for me."

Innovative companies take a different approach. They reposition talent and succession management to serve both business and employee needs, focusing on building a compelling people experience (PX) that attracts and retains the talent they need. Rather than focusing solely on efficiency, they prioritize how leaders and employees experience these processes.

Two things set them apart:

1. **PX-First Design:** They start with the desired people experience and work backward from there.
2. **Inclusive and Codesigned:** They involve a broad and diverse population of people in shaping and testing new approaches to ensure they work for everyone.

By designing talent and succession with their people—and not just for them—these companies create systems that drive both engagement and business success.

Abolishing Traditional HR Silos

The prevailing HR model is being replaced with agile, cross-functional teams focused on solving business problems. As a result, traditional HR centers of excellence (COEs) will cease to exist.

The challenge with traditional HR COEs? They are built for vertical depth, efficiency, and consistency—not horizontal integration or great people experiences. This leads to:

- HR service delivery becoming fragmented, bureaucratic, and one-size-fits-none.
- HR struggling to operate agile, cross-functional problem-solving teams that tackle systemic issues.
- leaders bypassing HR altogether when urgent, complex people challenges arise.

The most innovative companies are reimagining HR and moving toward more flexible, people-first models, such as:

- **Persona-Focused HR Teams:** Instead of siloed COEs, HR teams are structured around specific populations (e.g., executives). One leader integrates all HR services end-to-end, ensuring a seamless, tailored experience rather than simply delivering the "best" HR process—on paper.
- **Issue-Based, Temporary COEs:** Rather than focusing on process refinement, HR deploys temporary cross-functional and COE expert teams to solve pressing business issues. These teams prioritize problem-solving over perfection and return to their roles once solutions are implemented.

The result? A more adaptive, responsive HR function that aligns with real business needs.

CONCLUSION

Embracing these innovative talent and succession management strategies is not just about keeping pace with change—it's about creating competitive advantages through talent. Companies that adopt impact-focused, dynamic, ecosystem-based, and human-centered approaches can significantly boost productivity, agility, and employee retention while ensuring a robust talent pipeline. These shifts drive sustainable business success in today's rapidly evolving market.

To learn how Korn Ferry helps companies transform their approaches to talent management, read about our Talent Management capabilities.

Sources include Korn Ferry, the Society for Human Research Management, and Gartner Research.

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