

To build or to buy: How savvy employers grow talent

Issued by [Sagea](#)

4 May 2021

Against the backdrop of the fourth industrial revolution, talent management must find the right balance between buying skills and building talent to ensure maximum business value. Cathy Sims, executive director at the South African Graduate Employers Association (Sagea), shares her views.



Not too long ago, as new technology first began to drive what McKinsey and Company termed 'the war for talent', companies who needed entirely new skills tended to hire external candidates to fulfill their new needs – effectively buying talent. Today, according to Josh Bersin, all this is changing. "In a world where new skills are in high demand and most professionals are fully employed, it is no longer cost effective to simply 'buy skills'," he says.¹

Organisations with visibly effective talent development strategies are also able to boost employee morale and engagement, leading to better talent retention and ultimately, better return on their investment in talent.

In the South African context, the build vs buy approach is also fueled by our moral imperative as private and public companies to develop talent and drive real socio-economic change. Building takes time and investment that may seem daunting but buying simply doesn't do enough to uplift previously disadvantaged young professionals.

The setting for successful talent building

The right setting is key for building talent. There are four elements that will impact an organisation's ability to do it successfully.

1. **Stability** – Too much volatility obviously makes it difficult to develop talent or offer job security. However, there is also such a thing as *too stable* – low growth, little to no staff turnover and no room for innovation will leave young talent all dressed up with nowhere to go.
2. **Growth** – In financial terms, yes, but also in terms of opportunities to innovate. New markets, new technology and the resulting need for new skills are important aspects of growth.
3. **Healthy staff turnover** – Particularly in industries where skills are scarce, losing good employees can seem like a disaster. But if no one ever leaves, there's nowhere for new talent to advance to and very little room for fresh thinking

and new ideas. Each company should make sure it understands what its healthy turnover rate looks like.²

4. **Career path** – Clarity in your organisational design, succession planning, good communication with employees and transparency on career progression are critical for retaining young talent.

FMCG, professional services – audit, legal, management consulting – and banking are sectors in which Sagea has seen particularly successful build strategies over the years, though these are by no means the only industries in which building talent is being done well.

Graduates appreciate the build approach

Through Sagea's Candidate Insights project, which has become one of the go-to pieces of research in the graduate employment space since its inception, we know that top graduates seek out employers who take a build approach to talent. Between 2008 and 2018, training and development was rated consistently at over 80% in terms of its importance to graduates when deciding where to submit their applications, peaking at 90% in 2018.³ So, companies that want to attract top performers do well to offer these kinds of opportunities.

With 'long-term career prospects within the company' increasing in importance for graduates from 75% in 2008 to 83% in 2018, and 40% of graduates indicating they intend to stay with their first employer for more than five years (up from 30% in 2008), it's also clear that the opportunity for companies to retain the talent they invest in, is on the rise.

Getting your build strategy right

Clearly, there is a strong argument for building the talent your business needs. To get your build strategy right, there are four key factors to bear in mind.

1. **Build in your core business** – Sagea has seen the most talent building success in organisations that focus on building talent in their core business. Accounting firms build excellent accountants, FMCG builds fantastic marketers, legal firms build great lawyers and so on. And they tend to retain them because they can offer them a clear route for growth.
2. **If you choose to build, build** – Don't just recruit. Graduates who are recruited for graduate programmes and who find themselves forgotten and ignored the moment the programme ends, will leave. Make sure you know what happens to your top talent every step of their career journey with you.
3. **Understand your South African responsibility** – Building talent in South Africa is just as much about giving back and driving change as it is about your success as a business.
4. **When they leave** – Young talent will almost certainly want to explore the world outside of your business, and this should be okay. Your approach to building talent should ensure that when they leave, they also come back – as clients, as partners, as brand ambassadors, as 'boomerang' employees.

There will still be times that buying skills makes more business sense. Perhaps your succession plan for a critical skill set fell through, or you have an unexpected need for a new skill set. But if you can design and implement a good build strategy, you can gain competitive advantage and reap the rewards of the most powerful strategy for business success.

References

1. Rethinking the Build vs Buy Approach to Talent, Josh Bersin, Senior Advisor, Whiteboard Advisors – https://joshbersin.com/wp-content/uploads/2019/10/Build_vs_buy_Bersin_1.0.pdf
2. Here's What Your Turnover and Retention Rates Should Look Like, Glassdoor – <https://www.glassdoor.com/employers/blog/turnover-retention-rates/>
3. The Sagea Employer Benchmark and Candidate Insights 2020 – <https://sagea.org.za/the-sagea-employer-benchmark-and-candidate-insights-2020/>

For more, visit: <https://www.bizcommunity.com>