

FAST FORWARD

The Financial Services  
Futures Forum

# Talent Priorities Paper

Helping to ensure a sustainable talent  
pool for Scotland's financial services  
industry

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# Executive Summary

The financial services industry in Scotland faces an unparalleled period of growth. Among many existing initiatives there is a need for prioritisation of collaborative effort to address the talent management challenges presented by this growth. Scotland has the opportunity to build on a position of global pre-eminence and to continue to attract industry growth and new businesses.

Following the inaugural event from Fast Forward: The Financial Services Futures Forum, the key talent management issues affecting the industry were identified as relating to the attraction of talented people to join the industry. Challenges in later stages of the talent pipeline tend to be more company or sector-specific.

The industry faces challenges in attracting talented people at several levels:

- School leavers
- Graduates
- Professionals
- Specific skills

These challenges provide a unique opportunity for the industry to build on existing collaborative efforts such as the Strategy for the Financial Services Industry in Scotland and its associated bodies by undertaking the following priority activities:

1. Creation of industry branding
2. Industry involvement in financial capability development
3. Defining 'work ready' for tomorrow's workforce
4. Creating an end-to-end view of the development pipeline for graduates
5. Increasing collaborative efforts to address professional skills shortages
6. Creating a virtual talent management community

Scotland is well positioned to focus on these priority actions and to transform the talent pool available in Scotland, encouraging prosperity for existing financial services companies based in Scotland as well as continuing to attract other global organisations to base their operations in a world-leading business environment.



*The industry faces challenges in attracting talented people at several levels*

# Introduction

The financial services industry based in Scotland is one of Scotland's major economic success stories. In the past year, the industry has grown at over three times the rate of the Scottish economy, Scottish-based companies have expanded their operations and some of the world's most successful companies have chosen to locate new operations here. The opportunities presented by such growth are significant, however growth also presents challenges. In order to continue to service existing needs and anticipate future needs, the industry must take steps now to ensure a sustainable, competitive talent pool for financial services companies from around the world. Among a plethora of initiatives, this paper highlights where the industry can prioritise resources to make the greatest impact on the challenges it sees.

This paper outlines the priority talent challenges facing the industry in attracting talent at entry level, senior level and in terms of specific skills requirements. It highlights the need for the industry to work collaboratively to attract people to the industry as well as the need to provide a collaborative approach to education at all levels.

The paper:

- Represents all sectors and the combined views of industry, talent providers, public sector and academics
- Highlights priorities and strategic direction for the industry in talent management as well as tactical opportunities to feed into existing work streams
- Emphasises the urgency of intervention
- Makes new recommendations for additional opportunities
- Provides a holistic industry perspective on talent

The paper is a result of Fast Forward: The Financial Services Futures Forum; an exciting new initiative from Scottish Financial Enterprise in association with Scottish Enterprise. Fast Forward has provided the mechanism for industry leaders to meet and focus on the specific theme of talent and how we can take a thought leadership approach to ensuring a long-term sustainable talent pool for the industry based in Scotland. Throughout 2007 other topics will be discussed in future roundtable discussion events.

This paper presents a clear view of the industry priorities in the talent arena and highlights further opportunities for innovative and collaborative solutions to current challenges which will sustain and grow Scotland's position of competitive advantage.

The financial services industry in Scotland has the chance to re-invent the modus operandi of talent identification, development and retention; and to use this to its advantage. We hope you will embrace these opportunities and look forward to seeing exciting solutions emerge.

# Fast Forward: The Financial Services Futures Forum

## Context

This paper is the culmination of the inaugural roundtable discussion event held for Fast Forward: The Financial Services Futures Forum.

Fast Forward was launched in April 2007 as an initiative from Scottish Financial Enterprise (SFE), in association with Scottish Enterprise. The forum aims to encourage innovative, industry-wide, collaborative solutions to some of the current challenges and opportunities facing financial services companies based in Scotland. The forum will stage a series of roundtable discussion events focusing on areas of innovation through which the industry can boost its competitive advantage. Each event will be followed by the production of a paper to be circulated across the industry highlighting the priorities and opportunities for collaborative and innovative actions.

The first event, held in April 2007 focussed on issues affecting the talent pool available to the industry and was attended by senior representatives from banking, life assurance and pensions, fund management and asset servicing companies. Leaders from education and the public sector also took part in a lively discussion of the talent challenges and opportunities for thought leadership approaches. Discussion focused on how to more effectively boost the talent pool available to the financial services industry. Financial services companies that invest in Scotland do so in the knowledge that there is a highly qualified skills base available to them, but this resource is becoming constrained as the industry continues to grow and competition for the best people increases. Fast Forward discussed how this talent pool could be developed to ensure it remains a source of competitive advantage to the industry and Scotland throughout the twenty-first century.

## Talent discussion summary

Scotland's premier Fast Forward roundtable discussion was attended by industry leaders, educational institutions, public sector officials and Scotland's financial services professional bodies. An invigorating and lively discussion was stimulated by three eminent speakers with diverse and challenging perspectives on talent management. Discussion considered questions and areas of key strategic significance to the industry as outlined below. The key challenges facing the industry and the opportunities for collaboration were confirmed as presented in this document.

## **What is talent?**

Companies within the financial services industry construe talent in many differing ways as do companies in other industries. Talent can be construed as an organisational construct or as well as an individual-level construct. For some companies, individuals with particular skills are regarded to be talented (such as the skills associated with fund accounting), in other cases talent is used more broadly to define individuals with high performance and high potential. Whilst the forum did not define a tight definition of talent, the elements of high performance and high potential were present throughout the discussion. In the context of a growing industry, the potential aspect is crucial to ensure future growth and sustainability.

It was also suggested that there is no such thing as the 'right' talent, only 'appropriate' talent for the time, situation, organisation and industry. In the current climate of growth and change in the industry, this is an important factor to consider.

## **Dimensions of talent management**

Talent management was discussed as creating an environment which attracts, retains, develops and utilises talented individuals, throughout the talent pipeline from attraction to deployment and performance management. Another definition was that talent management creates an environment which helps individuals to be able to honestly say "I can do that here".

*"An identifiable ability that is perceived to add immediate or future value to any prescribed activity, discipline or enterprise"*  
(Fast Forward Speaker)

*"Talented individuals are those who can make the greatest difference to organisational performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential"*  
(Fast Forward Speaker)

## Who owns talent?

The forum discussed the complex question of who owns talent within an organisation. Whilst there is still clearly a role for the Human Resources team or department, there was also an increasing emphasis on the role and responsibility of the line manager as well as the individual. Lastly, it was commented that unless talent management is a key focus for senior managers within organisations then it is unlikely to have organisational focus. The importance of talent management to the Chief Executive should not be under-estimated.

*"HR facilitate in terms of owning the talent"*

(Fast Forward Participant)

*"...you are increasing your organisation as a corporate asset and the person is a business asset."*

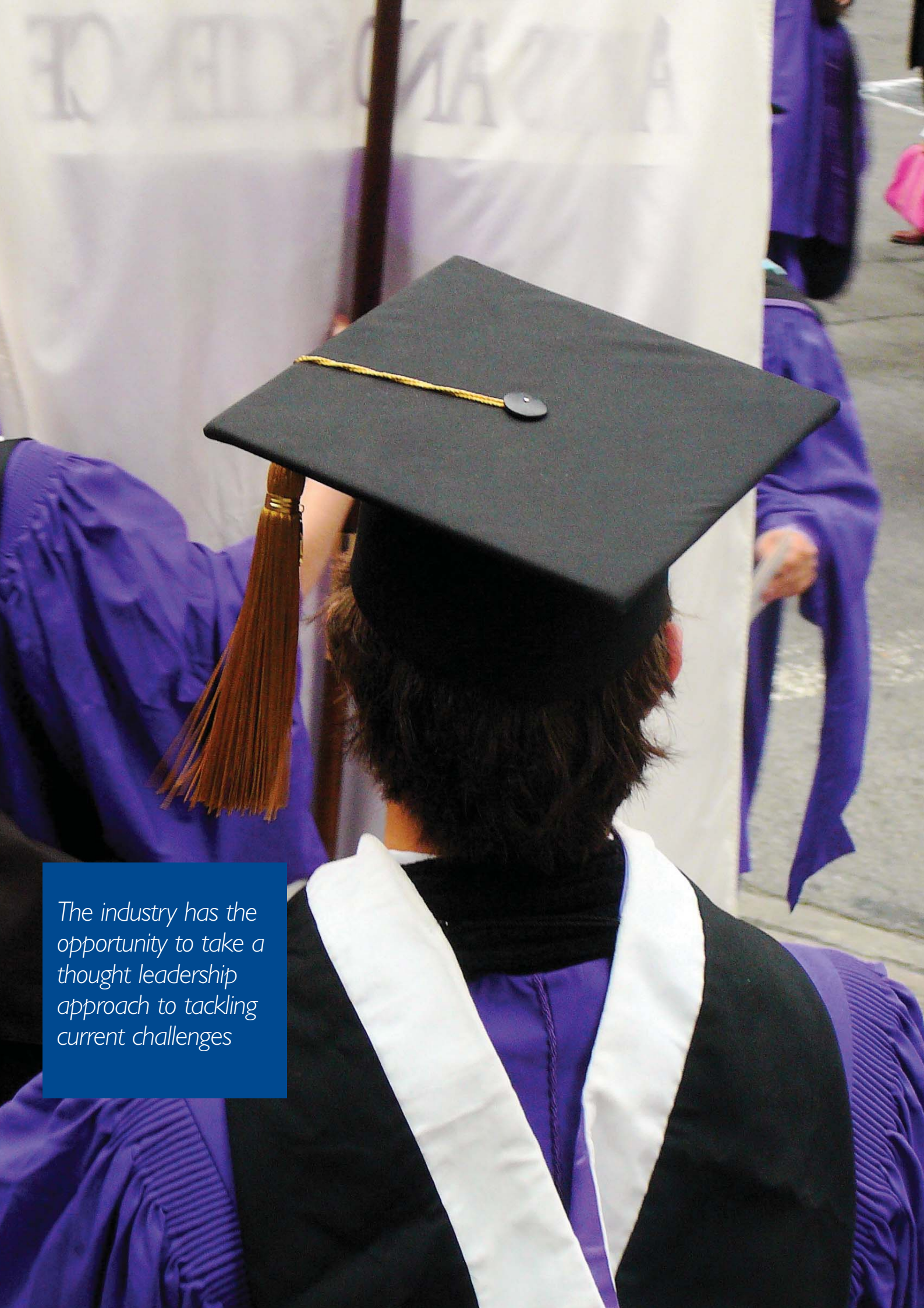
(Fast Forward Participant)

## Scottish geography & talent mobility

Scotland has a unique opportunity as a distinctive geographic base from which to deliver financial services to the rest of the world. This distinction is centred on the concentration of talent found in Scotland, and the cluster-effect associated with an increasing number of financial services companies choosing to base their operations in Scotland. During Fast Forward discussion centred on how this geographic base can be used to market the industry to potential new entrants - both at senior level and at entry level. Amid discussion of the strengths of the industry and the opportunity it presents, there was also a recognition that more can be done to create a unified branding for the industry which emphasises these strengths and targets talented people to join the industry. To be successful the industry must overcome the challenges of individuals' lack of mobility, by putting in place support mechanisms for relocation. This is in most cases a company-specific activity, however it can build upon the creation of industry-wide employer branding recommended by Fast Forward.

## Talent competition

Participants at Fast Forward highlighted the increasing competition for talent from other industries. The financial services industry has not typically been seen as an employer of choice among school and college-leavers and graduates. Energy and engineering are increasingly attracting more young people. The financial services industry has the opportunity now to offer strong articulation of the offering to young people in terms of careers, benefits and opportunities. Additionally, discussion highlighted the need to raise the profile of the industry as an employer of choice to those in other geographies, as highlighted above.



*The industry has the opportunity to take a thought leadership approach to tackling current challenges*

# Priority talent challenges

The talent challenges discussed in Fast Forward need urgent attention. Whilst the industry thinks about its response to the challenges, other geographies are already acting to take leadership positions. The challenges currently facing the industry in Scotland are not new news. Whilst the industry is highly successful overall at retaining and developing talented individuals (as evidenced by the increasing number of companies choosing to base their operations from Scotland, citing the local talent pool as a critical factor in the decision making), the continued growth of the industry puts increasing pressure on the earlier stages of the talent pipeline and presents a number of challenges to ensure sustainable development. Now is the right time to address these issues whilst there is still time to prevent a crisis situation as seen in Dublin and, increasingly in Luxembourg.

As described above and in the appendices, a number of activities are already underway under the umbrella of the Strategy. These actions are welcomed by the industry. This paper highlights the industry's current most significant challenges and as such outlines the key priorities from an industry perspective. As the first talent-focussed forum, the roundtable discussion had the focus and attention in order to conduct an intensive review of the current talent situation and to determine the key challenges of critical importance. These challenges focus on attracting the right talent to join the industry. Companies are seeing fewer suitable applications from candidates at almost all levels

The industry faces three distinct challenges in attracting talented individuals to join the industry. Each of these challenges present different opportunities for collaborative and innovative approaches.

Each of the challenges is linked and can be tackled individually or collectively. The industry has the potential to learn from other industries and to take a thought leadership approach to developing innovative solutions to transform the talent pool available to the industry.

## Entry level attraction

Attracting entry-level candidates to join organisations is critical to ensuring continued growth and to providing future leaders as well as replacing managed and unmanaged attrition.

Organisations in the financial services industry based in Scotland face a number of challenges in attracting suitable candidates at entry level. Specific challenges highlighted in the roundtable discussion were as follows:

### *1. Attracting candidates to the industry*

School-leaver and graduate level candidates do not proactively seek a career in the financial services industry in Scotland. Sufficient numbers of entry-level candidates are essential to ensure organic growth in organisations and to ensure the continued depth and breadth of talent pool, but it is increasingly becoming difficult for companies within the industry to attract the required number of applicants

*"There is a very low level of understanding and knowledge about the financial services sector among school leavers and indeed so low is that level that they aren't progressing to be a preferential career choice"*

(Fast Forward Participant)

## *2. Attracting suitably qualified candidates to the industry.*

Gaps identified in entry level knowledge and skills focused on both industry knowledge and 'soft skills'; such as communication, team work, analysis and problem solving.

## *3. Attracting candidates who are willing to be mobile, either initially or on an ongoing basis.*

Candidates may not be prepared to relocate initially (for example from the west coast of Scotland to the east coast of Scotland); or they may be unwilling to be mobile once they have started a job. In the global marketplace served by the industry in Scotland this is of particular significance. Candidates may need to be mobile in order to meet the needs of the organisation across the UK and the rest of the world.

## **Senior level attraction**

In addition to the challenges associated with entry level candidates, the industry also faces a challenge in attracting experienced professionals to relocate to the industry based in Scotland. Whilst this appears to be a less significant challenge than the entry-level attraction challenge, there is still a need for the industry consider what collaborative approaches may be of benefit, particularly in combination with actions targeted to address challenges relating to specific skills.

Organisations seeking to attract experienced professionals to relocate to the industry in Scotland can face a significant difficulty in encouraging individuals to geographically re-locate. Whilst the decision to re-locate is now perceived as less risky than before, due to the increasing concentration of companies based in Scotland and the resulting opportunity to change jobs within Scotland, it is still a significant consideration and Scotland is not always perceived to have the attraction of other financial services bases such as the City and Wall Street.

"People will come here if we say there are career opportunities not just with the organisation they are coming to, but potentially in the centre and the great thing about what we are seeing now in Scotland is the fact that we have got a well developed life assurance business, banking business, we have got global names coming here now and the individual deciding to come to Scotland isn't in such a high risk position"

*"I was transferred to Edinburgh and I thought well that's it - that's the end of my career. ...they saw talent management as being developed by the corporate headquarters and the corporate headquarters were in London so they felt that it was out-of-sight, out-of-mind"*

(Anonymous)

*"It's not as sexy as New York or Singapore so it's a struggle to get some of the leaders. . .to come to a new location. We need those people to come and bring the footprint of the organisation and to manage that talent within Scotland."*

(Fast Forward Participant)

*"People will come here if we say there are career opportunities not just with the organisation they are coming to, but potentially in the centre and the great thing about what we are seeing now in Scotland is the fact that we have got a well developed life assurance business, banking business, we have got global names coming here now and the individual deciding to come to Scotland isn't in such a high risk position"*

(Fast Forward Participant)

## **Specific skills attraction**

Particular sectors within the industry face challenges in attracting individuals with specific skills. Whilst the entry-level and senior-level attraction challenges may be addressed in the medium term, the shortage of particular skills is an urgent issue to be resolved today.

For example, the asset servicing sector cannot currently recruit enough qualified fund accountants to service the needs of the sector. Individual companies have stated that if they cannot resolve this issue it may force them to relocate elsewhere.

*"The reason why Edinburgh is attractive to us is the talent that we find here, but there is a limit...we are going to be moving thousands of jobs to lower cost centres, Edinburgh is one of those lower cost centres potentially, but we will only come here and have further investment here if we can be sure we have got the right talent. It is important to ensure that we grow the talent so that I can grow my company here. If we fail to do that then we will leave, it is as simple as that."*

(Fast Forward Participant)

# Talent Opportunities

During the Fast Forward event a number of opportunities for collaborative action were discussed. These have been expanded and are presented here as opportunities for the industry to collectively work to develop innovative approaches to the priority challenges outlined in this paper:

Within the overall environment outlined in this paper, some of these initiatives can be taken forward through existing channels, whereas others may require the establishment of new groups to take them forward. The opportunities presented focus on aspects of talent management where it is sensible and advisable to take collaborative action. This primarily relates to the attraction of talent to the industry. It is recognised that organisations and sectors within the industry are already engaged in many activities to address the challenge of talent management. These opportunities seek to support that effort by focussing on cross-industry activity to:

- encourage individuals to develop a career in financial services in Scotland
- provide industry-wide development opportunities for talent
- support professionals involved in talent management across the industry
- encourage sharing of talent management best practice and thought leadership

## Industry Branding

### *Industry branding overview*

To address the attraction challenges facing the industry there is a need for industry-wide branding. The financial services industry in Scotland should create a brand to position the industry in Scotland as a leader in the employment marketplace with a number of opportunities, careers and job prospects in a global industry.

Industry branding has proven to be successful in other industries and is a key opportunity for collaboration between industry sectors to develop a cohesive brand. For example the recent branding of 'The Army' has looked to position the variety of jobs available within one sector and has attempted to promote a holistic view.

For the financial services industry in Scotland, there is the opportunity to create a new, vibrant and attractive brand identity with key messages, target audiences and nuances.

### *Industry branding opportunity*

Discussion at Fast Forward identified the need to highlight both the concentration effect of the financial services industry and the geographical uniqueness of the location. Specific elements highlighted included the exemplary quality of life, high quality housing, education facilities and the opportunities for multi-faceted careers in the industry. Scotland offers an outstanding quality of environment for financial services companies and the people that run them. Scotland provides a winning proposition with its transport connections, wide choice of attractive locations, modern and cost-

*"How can we as an industry make sure that people coming through the education system to whatever finishing level, know and understand that there is an opportunity to have a career within the industry in Scotland, rather than necessarily looking at one organisation or one particular job as you may do at the age of 16....What does that look like? And what is the brand? And how can we as an industry make sure that young people are aware of it as well as people who are already established in the financial services industry?"*

(Fast Forward Participant)

effective office premises, comfortable housing, top quality healthcare and education, and unparalleled leisure opportunities with some of the most beautiful countryside in the world only minutes away from its city centres.

An industry brand could harness these key selling points and be used across a number of different channels - fresher and careers fairs, press, online job sites and more widespread media coverage (mirroring for example the NHS employer branding).

Creation of industry-wide branding will provide companies with a springboard from which to develop their particular market positioning for recruitment. Instead of having to cover the entire spectrum of the industry brand offering, companies will be able to focus on the differentiation associated with working for them. This should allow more focus and energy on the competitive elements of talent.

Additionally, the work being conducted by the FiSIG industry and university collaboration delivery group will help to develop an end-to-end curriculum which can be used as the centre of the branding (see appendix II for terms of reference). This branding would position the industry well in both existing recruitment and marketing channels (for example [talentscotland.com](http://talentscotland.com) and [fsc4u.com](http://fsc4u.com) as well as new channels).

#### *Industry branding benefits*

Establishing a cross industry brand for the financial services industry as an employer of choice, and as a place where you can grow your career in financial and non-financial jobs could benefit the industry in attracting talented individuals to join the industry as well as re-recruiting those individuals who may be considering moving to an alternative industry.

The knock-on marketing benefit of highlighting the role of the financial services industry in Scotland and its importance as the largest employer in Scotland should also not be under-estimated.

## **Education Opportunities**

The financial services industry has a strong and urgent need for work-ready individuals at school-leaver, college-leaver and university-leaver levels.

Individuals who are ready to work in the financial services industry possess not only basic knowledge of the industry but also key business skills including communication, problem solving, analysis, entrepreneurship and team working. Additionally, as highlighted previously there is a desperate need for increased awareness of the opportunities within the industry to encourage more applications at entry level.

Actions taken to address industry branding and to position the industry as the number one place to work in Scotland will help to raise awareness of entry-level candidates as to the breadth and depth of jobs and careers available within the industry. Additionally, there are specific education-based opportunities for the three key target groups - school leavers, graduates and professionals.

### *School leaver opportunities*

The financial services industry of tomorrow is dependent on the school leaver of today. Today's school leavers are the talent pool of tomorrow and in order for the industry to successfully grow, they will need to possess the following:

1. Awareness of jobs, opportunities and careers in the financial services industry
2. Understanding of the primary roles of the financial services industry
3. Skills, behaviours and knowledge to make them 'work ready'

In order to achieve this, the industry needs to continue existing initiatives as well as mobilising resource to increase collaboration between industry and education providers to ensure a match between talent required and talent provision. Specifically, the following are key priorities for the industry:

1. Create and promote industry branding to encourage young people to join the industry (see above)
2. Raise careers awareness through collaborative effort to careers fairs involvement etc (see above)
3. Increase engagement in schools through a collaborative engagement with the potential workforce through financial capability effort (see below)
4. Define what's required in terms of 'work ready' young people by working with the government and schools (see below)

Creation of industry branding will help to address priorities one and two above. The remaining priorities can be addressed through collaborative action by the industry using existing mechanisms and partnerships.

### *Industry involvement in financial capability development*

Existing initiatives are underway to enhance the level of consumer awareness by educating today's young people in financial capability, both formally within the curriculum and more flexibly, for example the Chartered Institute of Bankers' Financial Education Partnership initiative. This effort is underpinned by involvement from the financial services industry and will help to ensure that tomorrow's consumer has the ability to manage their finances more successfully and that they understand the role of financial services organisations in helping them to achieve this.

There is an opportunity for this work to be conducted under a comprehensive umbrella and for a more targeted approach to regions across Scotland to ensure that some areas do not receive more capability development to the detriment of others. Additionally, the industry has the opportunity to provide input to the development of the Curriculum for Excellence; this input should be provided under the FiSIG umbrella to ensure collaboration and a comprehensive review.

### *Defining 'work ready' for tomorrow's workforce*

Further work is required to ensure that the industry works with government and education providers to ensure that young people are offered the opportunity to develop the necessary skills required to work in financial services. Skills and competencies are being more closely defined through university collaboration work and this can be translated into school leaver requirements. Building the skills, knowledge and behaviour required for individuals to work in the industry into the curriculum will help to ensure that school leavers are able to maximise work-based learning and to develop from a common starting place of basic skills and behaviours.

### *Graduate level opportunities*

The industry faces similar challenges in recruiting suitably qualified candidates at graduate level. Organisations find that there are insufficient applications for the number of graduate entry jobs available, both in terms of quantity and quality.

Work has recently started to ensure closer collaboration between universities in Scotland and the industry and this move has been broadly supported and encouraged by the industry.

Objectives of the working group

- Creation of a Joined up approach to bring all parties together to provide clarity
- Provision of a central point to connect in existing initiatives such as Fresh Talent and mentoring
- Evolution of an approach to be taken forward by the FiSAB initiative.

(See appendix II for terms of reference)

As the work of this collaborative body develops over the coming months it is important that it maintains focus on developing a high number of job-ready candidates who have the financial knowledge and skills as well as more generic working skills and behaviours. Additionally, the international dimension present in the work of this group presents significant opportunity for developing an exciting and innovative end-to-end curriculum for professional excellence, including links to professional qualifications as and when appropriate. This end-to-end view of the development pipeline will ensure visibility for the current and future workforce as well as talent providers and the industry. By creating an umbrella model for development the industry will be able to identify how to utilise resources to best effect in order to increase the width and depth of the talent pool. This working group will also examine the components of the end-to-end curriculum, including specific skills-based modules, internships and links with Fresh Talent. In combination with this, the industry-university collaboration group will also examine the opportunity to develop further industry-relevant degree courses.

The activities undertaken by the working group must be of sufficient rigour and include in-depth consultation with the industry to ensure development of the most appropriate solutions. Through FiSIG and the SFE HR Forum there is the potential for direct consultation with small, medium and large organisations in all sectors of the industry. Additionally, the work being conducted to identify what training and education is already being conducted by the industry will help to make use of industry best practice.

#### *Professional level opportunity*

Building on the collaborative efforts with universities, there is also an urgent need to foster closer working relationships between the professional bodies and the industry. Where there are specific skills shortages (for example the asset servicing sector requirement for fund accountants) it is crucial that these are responded to with appropriate speed and focus in order to allow the industry to continue to hold a position of competitive advantage.

Organisations based in Scotland would rather recruit individuals based in Scotland who have recently added to their professional knowledge and capability than have to re-locate individuals from elsewhere due to cost efficiency. The recently launched Chartered Banker qualification has attempted to address this challenge for the banking industry. Whilst it is still early days, to date it has been well received.

Scottish Financial Enterprise has recently commissioned a study to be conducted by Edinburgh University into the requirements for an industry branded module which can be later accredited for professional qualifications. Such collaborative efforts are welcomed by the industry to help ensure that talent provision keeps abreast of changing needs.

#### *Education opportunity benefits*

Raising awareness of the career opportunities within the industry to the target entry-level talent pool should lead to an increase in applications for entry-level jobs. Increasing levels of financial education will then help to raise

the quality of candidates applying for jobs in the industry and should therefore help to provide industries with a more level starting position and thus reduce initial training and development needs.

Collaboration with education providers will help to ensure that entry-level candidates have more job-ready skills and knowledge and should therefore help improve the relationship between talent providers and the industry. Additionally, true collaboration will help to ensure continued relevance of education programmes as the requirements of the industry change over time.

## **Raising Awareness within the industry: Creation of a virtual talent management community**

### *Overview*

There are many significant initiatives underway to help widen and deepen the talent pool in Scotland at both company and industry-wide levels. During the roundtable discussion however it became apparent that there is a lack of awareness among industry professionals of these activities. As a result the initiatives may not be achieving maximum benefit for the industry as a whole.

### *Community creation opportunity*

Given the nature of talent management there are a significant number of stakeholders in each organisation. There is an opportunity to undertake work to identify these (and as such to go some way to answering the question of who owns talent), and to connect these individuals as a talent management community. To maximise benefits and encourage wide participation, this community should be virtual and should provide members with access to a variety of existing resources and information as well as the opportunity to share innovative approaches, solutions and challenges with others in the industry. Establishing a virtual community could be achieved with development of a simple homepage with community message boards, links to other existing sites of relevance and a central electronic resource library (for example of case studies and other relevant material). The community site could be structured based on the talent pipeline with a focus on attraction and recruitment as these are current hot topics.

The community could be used as a sounding board for central activity at an operational level such as curriculum development and could provide access to a broader based focus group than might otherwise be achieved.

In order to succeed, the community would need to be well promoted and published, exciting, engaging and relevant as well as a source of innovative material. Over time the community could develop to include professional development (for example monthly virtual master classes on particular topics of relevance, promotion of HR forums etc).

The forum could have tiered levels of access or open access depending on the needs of the particular audience. In order to ensure a broad based community, the initial target groups should be as wide as possible including the following categories:

1. HR professionals
2. Line managers
3. Strategic leaders

This initiative would build on existing collaboration provided by Scottish Financial Enterprise and FiSAB, by providing opportunities for wider consultation at a detailed level, to build on strategic collaboration provided by existing forums.

#### *Community creation benefits*

Three main benefits would arise from the creation of a virtual talent management community:

- Increased awareness of existing and new talent management related initiatives
- Stronger networks and a resulting increase in collaboration
- Creation of an operational-level industry-wide sounding board

Creating a virtual cross-industry talent management community would help to maximise the benefits of existing and new collaborative initiatives by providing a single point for two-way communication with the relevant individuals in the industry.

Such a community could also offer a consultation channel for industry professionals looking to build on best practice.



*Creating a talent management community would stimulate innovative thinking.*

# Additional opportunities to explore

The following opportunities were mentioned briefly during the roundtable discussion event; however time did not permit a full discussion of the opportunities presented for the industry in Scotland. These are opportunities that the industry may wish to explore further:

## **Generational talent**

What can be done within the industry to attract Generation X, Generation Y, baby boomers and veterans? Equal Opportunities Commission Research estimates that there are 2.9 million graduates out of work or working below their potential who would have made different choices or could be encouraged back to work if flexibly working were more widely available (EOC, 2007).

## **Alumni**

Price Waterhouse Coopers and other professional services firms take active steps to maintain contact with individuals who have left the organisation in pursuit of other opportunities. Innocent ([www.innocent.co.uk](http://www.innocent.co.uk)) maintain a list of all former employees, their photographs and a testimony to them on their website. The industry may wish to investigate opportunities for maintaining contact with individuals who leave the industry based in Scotland in order to continue a relationship which may be mutually beneficial. This model operates successfully at the Global Scot network level (run by Scottish Enterprise) but there may be opportunity to expand this networking to other talent pools.

## **Benchmarking & best practice**

Texts on talent management are heavily populated with case studies of companies which have employed talent management practices to achieve business benefit. Talent management is ultimately linked with shareholder value and as such there is a drive for companies (and the industry) to understand current performance relative to other companies and industries as well as potential future performance. The industry may wish to undertake benchmarking against other industries against key measures of talent management, as well as undertaking a more comprehensive review of best practice (through examination of case studies for example) against other industries and against the financial services industry in other geographies. In the search to remain a global employer of choice the industry should be aiming to be a leader rather than a follower.

# Fast Forward: Concluding recommendations

Discussion stimulated through the first Fast Forward event should be capitalised on to start progressing opportunities to transform the talent pool available to the industry based in Scotland. A clear recommendation from the forum was that this effort needs to be given a strong sense of urgency and priority. Existing efforts should continue, however the recommendations for collaborative actions must be addressed.

In order to progress the collaborative actions the first steps should be to tie this work in with existing efforts under the umbrella of The Strategy by updating FISAB and FISIG and identifying the most appropriate sub-group(s) to take these initiatives forward.

Forum members who have offered to be involved should be kept up to date and connected with the activities to ensure that the work from the forum is continued.

Finally, forum participants should be offered the opportunity to feedback on activity undertaken to address the issues affecting the talent pool in Scotland and to have a review at a point in the future to determine any further activity required.

# Acknowledgments

Our thanks go to the participants of the inaugural roundtable discussion event for Fast Forward, held in April 2007. Their enthusiasm, candour and commitment to change have helped shape this paper and will continue to take forward opportunities for collaboration. Roundtable participants represented all sectors in the industry and came from the following organisations:

Accenture

Alliance Trust

Bank of Scotland

Citigroup

Dunfermline Building Society

Lloyds TSB Scotland

Martin Currie

Morgan Stanley

Royal Bank of Scotland

Standard Life

Scottish Executive

Scottish Enterprise

The Chartered Institute of Bankers in Scotland

University of Glasgow

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Professor Rob Briner      Birkbeck College, University of London

Andy Pellant      EmergentEdge

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Finally our thanks to the staff of National Museum Scotland for their professionalism and help in hosting the roundtable discussion event.

# Appendices

## Appendix I: Industry Context

Scotland has a distinguished history in financial services that dates back over 300 years as home to a number of long established companies including Royal Bank of Scotland, Dunfermline Building Society and Standard Life. It is now one of Europe's leading financial centres and the second largest financial hub in the UK next to London. Scotland is particularly recognised for its strengths in banking, life assurance and pensions, investment management and asset servicing. It also has vibrant general insurance and corporate finance and broking services sectors, and a strong community of professional advisors and other companies that support the industry. The international financial services industry based in Scotland has a long-held reputation for innovation and excellence and provides financial products and services to businesses, private and public organisations, and individuals across the world.

By any measure, the financial services industry is of major importance to the Scottish economy. The industry accounts for £7bn (7 per cent) of Scotland's GDP (measured as Gross Value Added). It includes both Scottish companies that are leaders in global markets and international companies that are investing in Scotland. Financial services continue to be one of the fastest growing industry sectors in Scotland. From Quarter 1 2000 to Quarter 3 2006 the financial services industry in Scotland grew by 55 per cent while

the overall Scottish economy grew by 13 per cent and the whole of the UK financial services industry grew by 44 per cent in the same period. The financial services industry accounts for one in ten Scottish jobs, with over 108,000 people directly employed in the industry and around 90,000 more employed in support services.

Scotland is enjoying outstanding success as a financial services centre: Aberdeen Asset Management, HBOS, RBS and Standard Life all have their global headquarters here; half of the world's top 10 banks have substantial operations across Scotland and international firms such as Alliance Trust, Aviva and BNP Paribas are supported by their operations in Dundee and Perth. Added to this, over the past year, major Scottish and international companies have significantly increased their operations or invested in Scotland including Alliance Trust, moneyQuest, ACE Insurance, Barclays Wealth Management, First Data International and JP Morgan.

However, it is vital that Scotland takes urgent steps to maintain this leadership position. Other centres for financial services such as are facing increasing threats to their talent pool. Those quoted by participants included Luxembourg and Dublin. Challenges are caused by the local labour market, interpretation of European legislation and local employment law among other factors.

## Appendix II: Existing initiatives

Scotland has a number of existing initiatives which include activities relating to the talent pool available to the industry. The vast majority of these initiatives fall under the unique and pioneering umbrella of The Strategy for Financial Services in Scotland published in 2006.

### *II.1 The Strategy for the Financial Services Industry in Scotland*

Scotland has a long history of innovation and new approaches to challenge. In 2003, the industry took a further significant step by forming a unique partnership between industry, government and trade unions. The Financial Services Strategy Group (FSSSG) set out to define the environment which would ensure that Scotland is home to an innovative, competitive and thriving industry in the future. Global and domestic pressures on the industry, and a fluid competitive environment, informed the FSSSG debate.

The result was the creation of a unique umbrella Strategy for the Financial Services Industry in Scotland (the Strategy). Created by the Financial Services Strategy Group and published in 2005, the Strategy outlines a vision for the industry of:

"An innovative, competitive and thriving international financial services industry in Scotland underpinned by world-class infrastructure and universally recognised as a leader on the global stage".

The Strategy focuses on further strengthening Scotland's world-class workforce and business environment, further increasing Scotland's profile as a financial centre, and further enhancing the industry's competitiveness by supporting product and service innovation.

Underpinning the Strategy is the creation of Financial Services Advisory Board (FiSAB), to ensure the delivery of the strategy, and the Financial Services Implementation Group (FiSIG) and its associated sub-groups. Of particular relevance to the topic of talent within the industry is the work of the skills sub-group and, on a more peripheral basis, the financial capability sub-group (see below).

### *II.II Financial Services Implementation Group (FiSIG) and sub-groups*

FiSIG is the implementation body for the Strategy. Under its remit a number of sub-groups have been created with specific objectives. Those pertinent to talent management are outlined below:

#### *II.II.I FiSIG Skills group terms of reference*

##### **Strategic aim**

To ensure Scotland offers a labour market which supports the internationally competitive financial services industry, by meeting the industry's current skills requirements and anticipating future requirements.

##### **Purpose and remit**

To provide the mechanism for all FiSIG skills and labour market activity to be taken forward. This includes:

- Completing an audit of financial services skills initiatives and training and compiling information sheets for the industry
- Delivery and continuous improvement of the range of targeted skills initiatives
- Raising awareness of the initiatives and training available to the industry, through, for example, presentations to the SFE HR Forum
- Working with the industry to assess any gaps and weaknesses in skills provision.

All of the above actions will support the commitment between FiSIG and the FSSC to work together to deliver the complementary aims of the Strategy for the Financial Services Industry in Scotland and the FSSC Financial Services Sector Skills Agreement for Scotland.

#### *II.II.II FiSIG Industry and University Collaboration Delivery Group Remit*

Collaboration between the industry and Scotland's universities is critical to ensuring a match between the talent needs of the industry and the talent produced by universities. The recent creation of the FiSIG industry and university collaboration delivery group is a key milestone in further developing this partnership. The role of this group is to:

Increase the level of collaboration between the financial services industry and universities in Scotland to contribute to the Strategy for the Financial Services Industry in Scotland.

Three overarching areas of activity have been identified, encompassing:

- Skills, knowledge and experience
- Research
- Internationalisation

Detailed work to be conducted by this group will include the following:

- Input to course development
- Provision of higher education opportunities for non-graduate employees of financial services companies
- Increasing industry "mentors" and visiting teaching / lecturing posts
- Increased availability of work placements in financial services companies
- Research into skills required by financial services professionals in the medium to long term
- Increased opportunities for international "internships"

#### *II.II.III Financial Education in Scotland*

There is currently a significant focus on increasing the financial capability of young people in Scotland. This effort is being coordinated by the FiSIG financial capability group which has the following aims and remit:

##### **Strategic aim**

To see a sustainable increase in the financial capability of young people and the wider population in Scotland by building on Scotland's existing lead in this area.

## Purpose and remit

To provide the mechanism for FiSIG financial capability activity to be taken forward. This includes:

- Taking forward the SCFE Framework for Financial Education by:
  - Developing an action plan to implement the framework (key focus areas are capacity building for the SCFE, joint promotional activity with FiSAB and enabling industry leaders to be Financial Education champions by creating and distributing key messages)
  - Compiling a map of all financial education activities in Scottish schools
- Continuing to support the FSA's existing financial capability activities out with the school setting, such as the workplace and NEET programmes and ensuring that new FSA activities include Scotland in an appropriate way, taking account of any specifically Scottish dimensions.
- Considering the need for any post-school action additional to that of the FSA, such as mapping financial education activities out with schools and linking to adult numeracy and literacy partnerships
- Contributing to the Scottish Executive's 2007 review of the Financial Inclusion Action Plan
- Feeding into / supporting the wider FSA and HMT financial capability agenda and other related initiatives
- Capturing Best Practice in Scotland, the rest of the UK and elsewhere.

Financial capability is defined as the abilities required to manage their finances successfully. In Scotland schools are asked to involve young people in activities that help to develop:

- Financial understanding - knowing about sources of income, saving and spending, taxation, rights and responsibilities and so on
- Financial competence - day-to-day money matters such as being able to budget or assess value for money
- Financial responsibility - including thinking about the impact of their own decisions and those of others on society and the environment
- Financial enterprise - for example, evaluating risks and returns or using resources in an innovative way.

(Financial Education in Scottish Schools: A Statement of Position)

### *II.II.IV Fresh Talent*

The Fresh Talent initiative, which has attracted 3,300 international graduates to Scotland to gain work experience, has expanded the international emerging talent pool available to the industry. Additionally the Talent Scotland financial services micro site launched this year now has 1,500 registered users across 80 countries.

## Appendix III: References Documentation

A Strategy for the Financial Services Industry in Scotland (2005)

Equal Opportunities Commission Report: Working outside the box: Changing work to meet the future (2007)

Financial education in Scottish schools: A statement of position

FiSIG financial capability sub-group terms of reference (2007)

FiSIG financial skills sub-group terms of reference (2007)

Learning money matters in Scotland

SFE MSPs' briefing: Increasing Scotland's global competitiveness (March 2007)

The Strategy for the Financial Services Industry in Scotland 2006 Annual Report

The Strategy for the Financial Services Industry in Scotland 2007 Annual Report

### Web-based resources

[www.sfe.org.uk](http://www.sfe.org.uk)

[www.fsc4u.co.uk](http://www.fsc4u.co.uk)

[www.talentscotland.com](http://www.talentscotland.com)



Scottish Financial Enterprise  
24 Melville Street  
Edinburgh  
EH3 7NS  
Tel: 0131 247 7700

[www.sfe.org.uk](http://www.sfe.org.uk)

