

Managing talent – what are our assumptions?

By Prasenjit Bhattacharya

The war for talent has brought back to fore an old idea – how do we get existing talent to contribute more. Organisations are finding managing in times of growth more challenging than managing down sizing and restructuring which happened in the nineties.

“Tell us how to retain the best talent,” was a frequently asked question during my conversations with industry leaders five years back. *Best talent* got replaced by *Talent* two years back. Today most Organisations are simply asking the question – How do we develop existing people in a more accelerated manner to meet our growth requirements?

Clearly there is a shortage of appropriate talent for all industries. For example in a recent study by Meri Trac, widely reported in the press it was quoted that only 10 per cent of applicants are fit for BPO jobs. Contrast this with another survey by Manpower Inc where India heads a list of countries whose managers are saying there would be increased hiring in future.

The demand supply gap has seriously impacted an Organisation’s ability to retain talent. No wonder, in the list of 25 Great Places to Work® published in *Businessworld* last February, only 5 companies have an employee turnover of less than 10 per cent.

The talent market has changed fundamentally, yet many Organisations continue to pursue talent management strategies suitable for an era of low growth and a more mature (in age) workforce.

Changing realities of the talent market

Some of the changed realities today are:

1. The psychological contract between the employee and employer is different

Organisations changed this contract during the downsizing which was required to be competitive in the nineties. Managers and consultants went about telling employees how the Organisation is trying to give employees “Employability” rather than “Employment security”

Employment is now a marriage of convenience for many. Robert Levering, Founder of Great Place to Work Institute in US once commented on the parallel of “Employability” as a concept with Marriage. Imagine getting married and your spouse tells you, “Honey, I am not sure if our marriage will last, but if it doesn’t you will be far more *marriageable!*”

Employees have taken the bit on Employability seriously. They have specific personal goals and conditions for joining and staying, and will stay as long as these are met. This is as true for the CEO as it is for front line employees.

2. The balance of power has shifted to the employee from the employer

For many middle age managers all we have to do is recall our first boss and compare him with what is our situation today. Organisations may or may not have become more democratic, but the power of managers over their team members have changed dramatically. Employees are no longer willing to put up with old patriarchal notions of submission to authority, limited self-expression, and sacrifice for unnamed future rewards. Nor are they willing to leave their careers in the “competent” hands of their managers.

Managerial assumptions impacting talent management

While most managers recognize the above reality, our responses are, in many cases, still conditioned by a previous set of beliefs. Illustrations I would like to give are:

1. Our mindsets about the employer- employee relationship

A large HR intervention on Job Evaluation was carried out in one Organisation with lot of fanfare. A leading consulting company was involved and the Management went about communicating that the objective of the exercise was to make jobs interesting for people, and thereby increase job satisfaction. One year of intensive work, and three years later the exercise is yet to be implemented. Meanwhile crores have been spent on the project.

Why is it that well-meaning initiatives involving people often fail?

In the above case employees refused to believe that they were being given the full picture, and they were proved right subsequently when compensation was sought to be linked with the results of the exercise (something which was not communicated explicitly at the time of launching of the initiative.

What sets apart Great places to work is the way in which the employee – employer relationship is defined. Great Places to Work® sets out consciously to avoid the following traps:

- a) **Relationship of Thinker and Doer** – where one set of people does the thinking and another set is supposed to carry out instructions
- b) **Relationship of Doctor and Patient** – where managers pretend to be physicians out to “motivate” employees by understanding their “inner blocks” and helping them deal with their resistance
- c) **Relationship of Boss and Subordinate** – similar to Thinker & Doer except that Boss pretends to be a “professional” and uses “Management by Objectives” (which are set by the boss). The employee is then left to sink or swim

- d) **Relationship of Evangelist and Convert** – where the “leader” has to use charisma and powerful “Vision” to inspire “followers” to give “breakthrough performance”

Of course, there may be a little bit of truth in all the above relationships. What come in the way are a set of managerial beliefs which is based on the implicit assumption that there is a managerial elite and the onus is on the employee to change his/her behaviour rather than on the manager to change his/her assumptions.

2. Talent Management Process in Organisations

I am impressed by the emphasis on talent management in organizations today. Recently, I met a friend who heads talent management for a very large IT firm. He and his colleagues have been collecting “Best Practices” on talent management and leadership development. The reality of the Organisation (perhaps like most IT firms) is that retaining employees is difficult, designations are being given to meet employee’s and customer’s expectations, not enough managers are available for middle management positions and employee cost is rising.

Some of the “Best Practices” collected by them are from another IT company which has employed well-known consultants to identify “key talent” in their management pool by designing a robust assessment process. The talent so identified will be groomed for key leadership roles.

This is a common practice in many Organisations. However, after some analysis we observed the following assumptions:

- a) There are more number of eligible candidates (internally or externally) than available leadership positions
- b) Employees are keen to compete for senior leadership positions
- c) Employees who are not identified as “key talent” will accept that the assessment process is fair
- d) The turnover rate of employees not identified as “key talent” will not go up (or if it does the Organisation will cope)
- e) Turnover of employees identified as “Key Talent” will not go up. These employees will not use this information to negotiate better roles/compensation with other Organisations
- f) If the information on “key talent” is kept confidential it will still achieve the objective of grooming high potential employees without any other unintended effect
- g) Managers will groom “key talent” identified through this process

I wonder how many of these assumptions are true in today’s context. One thing common in different practices of Organisations being quoted by my friend was looking at the talent management process purely from an *Organisation’s point of view*.

When we started looking at the process from an Employee's point of view the following questions came to mind:

1. What are my unique gifts?
2. What inspires me to give my best?
3. What are the career / development paths available in this Organisation?
4. How can I best leverage my unique gifts?
5. What help can I get from the Organisation in developing competencies for the career/ development path of my choice?
6. Do I have a fair chance? Do I have a choice within the Organisation?

Talent management processes developed purely from an Organisation point of view seem to look alike – Develop a competency framework, assess people, implement development plans and link with HR processes like career and succession. They might, however, be based on assumptions about demand-supply of talent which no longer holds true. I was impressed when an HR Head tried getting into the shoes of an employee and asked the question, “Why should I try to be a Superman and fit into your competency framework, when I have options for growth and career fulfillment outside the Organisation?”

Another example of fanatical following of a process is the question, “Should we adopt forced ranking?” Love it or hate it you cannot ignore forced ranking as performance management tool. This is a talent management tool in which performance levels of individuals are plotted along a bell curve. Many CEOs love it but few CEOs subject themselves to forced ranking. Is this practice as effective for all companies, as it is for GE? Is it as effective in growing economies where talent is scarce? Is it as applicable for Organisations with knowledge workers and no legacy of “deadwood” from past? Jeffrey Pfeffer and Robert Sutton in a recent HBR article (Evidence Based Management- January 2006) quotes a survey of more than 200 HR professionals from companies with more than 2500 employees reporting that forced ranking has consequences such as lower productivity, inequity, damage to morale, and mistrust in leadership.

Developing a framework for talent management

So what kind of talent management process will work? Will it be a similar process or will it be different for different Organisations? While different aspects of talent management will be discussed in my subsequent columns I am giving below a few steps which we have used effectively in various Organisations.

1. Define a competency framework for the Organisation

At the base of the competency framework would be a set of managerial competencies required for all managers. On top of managerial competencies will be a few Leadership competencies that need to be demonstrated by Leaders above a particular level who are responsible for leading businesses. These are the differentiating competencies that separate leadership potential from just managerial potential.

All competencies should be visible as behaviours that can be observed. The process of defining this framework would involve a cross section of employees, industry experts, and competency experts and would leverage the strengths of the existing Organisation culture and understanding of vision, values and aspirational goals of the Organisation.

Competency frameworks does not work when they are either too complex, made by a small group of “experts”, or defined in terms which are not observable. Employee involvement which is critical is often sought to be replaced by using expertise of consultants. The result is a competency framework that does not outlast the HR Head or the current CEO. In contrast, Crompton Greaves, for example, developed a leadership framework after spending months dialoguing with hundreds of employees. This framework is the corner stone for various HR initiatives like Employee Engagement and HR processes like career and succession. Such frameworks are likely to command more ownership from employees.

2. Articulate an employer brand

While the competency framework will define what competencies are required in employees for the Organisation to be successful, the employer brand articulates why employees should join the Organisation. For example, ability to stretch could be a leadership competency whereas; accelerated learning (which might be an outcome of stretch) can be an employer brand attribute.

Thus, the employer brand articulates why an employee should join and stay in an Organisation whereas the competency framework defines the competencies that the employee needs to demonstrate for Organisation’s success.

The Employer Brand should attract and retain the kind of employees who can and are keen to develop required competencies defined in the competency framework.

Of course, articulating an employer brand is easy compared to making the brand a reality. This requires aligning of all processes, particularly HR processes to ensure that the employer brand is reinforced in every employee interaction (Just as corporate brand needs to be reinforced in every customer interaction). Organisations like Federal Express, Sapient, Texas Instruments, Godrej Consumer Products, Dabur, Infosys, Forbes Marshall and Aditya Birla Management Corporation are doing good work in this area.

3. Design appropriate talent management process – with respect to career and succession

What kind of careers is available in the Organisation today, and what are likely to be available in future? Can I grow if I continue to be a technical specialist? How does the Organisation encourage growth of not just people who are high on leadership potential e.g. rain makers (people who get business), start makers (people who are good developers of other people) and experts.

Successful organizations are demystifying the process of career growth and succession. Even if the Organisation cannot provide careers to everyone, everyone knows what it takes to build a career in the organization. Career mentoring is becoming a part of the performance management process and IT is being used to make information available to all e.g. internal job posting Amex, one of world's most admired service brands, for example, posts jobs internally on a global basis. Employees in many such Organisations are offered a free job market by the Organisation. They do not have to go through their boss whose remarks might be sought only at the last stages. To make sure that the credibility of the process is maintained Amex declares "Strong internal candidate" wherever candidates are available within the department where there is a vacancy. Aditya Birla Group offers career-counseling service through the intranet. Employees can explore options within the group before looking outside.

4. Assess demand for managerial and Leadership competencies

This pertains to the growth plans and likely requirements for managers and leaders in future keeping in mind possible attrition. In reality, demand is not a constraint in today's context. Organisations who are well known for their effective leadership development processes in the present or in the past e.g. HLL, Asian Paints, Eicher, Wipro, GE, Marriott hotels, McKinsey etc have looked at leadership development as a part of core management belief rather than a demand- supply equation. If the supply outstrips demand you end up producing leaders for others. However, all these Organisations realize that they are winners precisely because of their ability to produce leaders many of whom go on to become their customers.

5. Design and implement a talent appreciation process

Our experience of designing and implementing talent appreciation process indicates that it is most effective when

- i. There is Top management commitment
- ii. Process is designed collaboratively with a cross section in the client Organisation – communication is managed well
- iii. The process is developmental
- iv. Multiple raters and multiple sources (both internal and external) is used
- v. Feedback is given close to the appreciation
- vi. Coaching methodology is used in feedback process

- vii. Development plans are specific, and
- viii. Organisation has a structure/ process for monitoring development plans

The talent appreciation process is a rare opportunity for managers to get a “talent check up” from credible people and a credible process. Most managers acquire new insight about themselves as a result of this process.

6. Monitor and implement ongoing development plans

This is the weakest link in many Organisations. This is the stage where management has back their commitment with money and time. For the leadership development process to be effective it needs to be linked to ongoing Organisation development. Leadership is developed through

- i. On the job experiences – new roles, exposure
- ii. Live projects to build aspects of leadership e.g. Entry strategy for Chinese market will develop strategic thinking skills if potential is there in the manager
- iii. Coaching and mentoring – External coaches assigned for high performers with high potential, and mentors assigned internally
- iv. Teaching – One effective way of developing a leadership competency is to teach it

Organisations like Siemens conduct yearly “Roundtables” to review developmental opportunities being given to high performers with high potential.

The Global Leadership Program (GLP) is a consortium of 8-10 corporations headquartered in Asia, Europe, and North America working with Mesa Research (and Grow Talent in India) to deliver an executive development program on three continents. Handpicked executives from a few Organisations are provided opportunities for experiential learning which is relevant to their Organisation and their role. e.g exploring markets in Europe or joint venture partner in China.

7. Designing tailor made Leadership Development Programmes

As opposed to sending people to ad hoc training programmes, Organisations known for leadership development create their own LDPs tailored around the leadership and competency frameworks they have. Managers who are assessed as high on a particular competency often become teachers in that competency. A set of tailor made competency development programmes are made mandatory at specific stages of an individual’s career.

Unlike in the past these LDPs are now tied with live projects and coaching to ensure that competencies learnt in a training situation is translated to business results.

Depending on the size of the Organisation and their ambition, Organisations e.g. GE, L&T etc design their own Corporate Universities.

8. Align all HR processes to support the Leadership development initiative (including the Employer Brand)

Of particular significance is the performance management, recruitment and induction, T&D, reward and recognition and communication process. For example in CSC Corporation Self Development has 20 per cent weightage in the performance management system. A well-known IT company uses a normal distribution curve not in their performance appraisal process but in their competency development process. The same company takes pride in turning around more than 70 per cent of those in bottom quadrant. Career mentors are assigned to both top and bottom quadrant employees. The Organisation culture is marked by trust, pride and camaraderie.

The process of designing and implementing all the above must generate pride in employees. The rationale of how this is essential to realize the Vision of the Organisation need to be communicated. Employees should be given the opportunity to see what others are doing and learn. This cannot be an “HR initiative” Using Large Scale Interactive Processes and other innovative means large sections of employees can be involved in design and implementation of the above processes. A performance-oriented culture comes when employees believe “We are different and unique” This is, for example, what made employees of GCMF believe in their ability to fight and establish their superiority in the market place against more formidable international competitors.

*Prasenjit Bhattacharya is CEO of Great Place to Work® Institute, India. He can be contacted at pbhattacharya@greatplacetowork.in
The views expressed in this article are personal. An abridged version of this article was first published in Human Capital*