Competing Through Talent

My main job was developing talent. I was a gardener providing water and other nourishment to our top 750 people. Of course, I had to pull out some weeds, too.

- Jack Welch

1. Introduction

A recent study by the Aditya Birla India Centre at the London Business School shows that patents filed in the US by Indian subsidiaries of US multinationals have shot up from less than 50 in 1997 to over 750 in 2007. The study says that "Ideas originate in India, but come out of American corporations."[1] [2] [3]

To quote Rajeev Dubey, President of Human Resources at Mahindra and Mahindra Ltd., "Talent/human capital is the key to being globally competitive, and currently demand far outstrips the supply of human capital in the Indian scenario."

The future of business, nay society at large, depends on creativity, innovation, ideas, new patents, et al. The impact of the same depends on how organizations are able to spell success for themselves.

2. Definition Of Talent

Talent is a special, often creative, natural or acquired ability or aptitude in a particular field or a power of mind or body considered as given to a person for use and improvement. Thus talent is person specific quality or attribute. Thus, managing talent means managing people and all their attributes.

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[1] Talgeri, K.N., 'Matters of the Mind', Fortune India, December 2011 (pg.80)

[2] The challenge for talent in India is to ensure that ideas originate in India and also come out of Indian enterprise.

[3] China is the second-largest producer of innovation in the world. There companies invest 1.2% of sales on R&D (research and development) as against only 0.6% by Indian companies. Failure to encourage innovation may result into an exodus of talent.

IBM - IBM sends leadership SWAT teams around the world to coach local staff.

3. Organizational Objectives

Successful organizations continuously strive to attain, maintain and sustain high levels of performance[4] (P), in the wake of liberalization, privatization, globalization and unbridled competition. A successful organization is an entity which is able to meet or exceed the expectations of most, if not all, stakeholders on a continuous basis through:

➢ Maximization of the present value of future benefits of shareholders

➢ Maximization of employee welfare benefits

➢ Maximization of value for money to customers

➢ Timely payment of taxes to Government

➢ Maximization of returns to suppliers/vendors

➢ Timely honouring of amortization obligations to lenders

➢ Fulfilling corporate social responsibilities

➢ Maximizing return on investment on an ecologically sustainable basis

➢ Providing best of customer and investor protection services

Pursuing the above mentioned factors meticulously is the key to organizational success.

Box 1: High Performers – Key To Success

"High performers are key to organizational success. Those organizations that can increase the number of high performers through techniques like Deliberate Practice will clearly have competitive advantage.

- Allan Schweyer, Principal at the Center for Human Capital Innovation

Box 2: Deliberate Practice

According to Psychologist K.A.Ericsson, deliberate practice is "an effortful activity motivated by the goal of improving performance. Unlike play, deliberate practice is not inherently motivating; and unlike work, it does not lead to immediate social and monetary rewards."

Two points can be inferred from this definition: first, deliberate practice is fundamentally about effort; and second, the practice is specifically directed at continuous improvement in performance.

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[4] Performance can be defined as a ratio of output to input or profit to investment or results to resources or profit to sales. The outcome of performance is success/failure towards a desired goal. If performance exceeds benchmarks, it contributes to success and even beyond depending on the extent to which performance exceeds expectations. If performance belies expectations, organization is eluded of success. The factors contributing to success are tangible, financial/non financial, and intangible.

Box 3: Organizational Success

Organizational success is defined as the confluence of goals of individuals with those of the organization to promote goal directed behaviour resulting in performance levels which meet and exceed expectations with efforts towards voluntary stretching out to new higher levels of success. An organization can be said to be successful as and when there is an appropriate alignment between organization objectives and available human resources leading to superior performance.

Box 4: Select Definitions Of Talent Management

1) "Talent Management is about systematically utilizing IHRM activities (complementary HRM policies and practices) to effectively manage talent challenges consistent with the strategic directions of the enterprise in a dynamic, highly competitive, and global environment" (Tarique and Schuler, 2010)

2) "Planning for obtaining, selecting, motivating, developing, retaining, reducing and removing individuals based on competencies and motivation levels consistent with strategic directions and degree of inclusiveness of the multinational enterprise in a dynamic, highly competitive global environment." (Schuler, Jackson and Tarique, 2011)

3) "Talent Management is simply a matter of anticipating the need for human capital and then setting out a plan to meet it." (Peter Cappelli, March 2008)

4) "Talent management, as a mission critical process that ensures organizations of the quantity and quality of people in place to meet their current and future priorities. The process covers selection, development, succession and performance management life cycle of an employee." *(www.ddiworld.com)*

5) "Talent management also encompasses the instrumentation of unifying strategies or process in order to enhance the output by deploying ameliorate systems and processes for attracting, development, retention and utilization of required skills and abilities." (Schehar Bano et.al, 2010).

6) "The process of optimizing the "talent" in an organization - that is, the people who make any organization function. Talent management includes managing, training, developing, retaining, engaging, and planning for the future of a workforce." (www.concerstoneondemand.co.uk/glossary)

7) "Initially focusing on recruitment and retaining highly skilled employees, talent management may now also encompass organisational capability, individual development, performance enhancement and succession planning." (www.febrowse.org/home/glossary-of-terms)

GENERAL MILLS - Over 90% of management promotions are internal.

As a point of departure, for the purpose of this monograph, 'Talent Management' is defined as:

Box 5(A): Talent Management Definition

> 'a mission critical process, in a globally competitive environment, which entails a systematic utilization of human resources management activities duly aligned with organizational strategies and directions, to effectively manage talent, by anticipating the quantity and quality of people, attracting, recruiting, selecting, developing, motivating, engaging, retaining talent while making the optimum utilization of the human resources at different echelons of management, to ensure organizational success while making provisions for succession planning and also aligning wherever and whenever necessary.'

4. Organizational Success

Organizational success depends on the organizational culture, strategy adopted by management to ensure organizational success and most importantly the manner in which the strategy is implemented i.e. the execution or action.

$$\text{Organizational success} = \text{Culture} \times \text{Strategy} \times \text{Execution}$$

5. Performance-attitude And Competence

Organizations of current times tend to seek higher and higher levels of performance with a view to attain, maintain and sustain their competitive edge. It is in this context, performance and competence get their due importance and interrelationships. Performance is functionally related to attitude[5] (a) and competence (C) which is a composite basket of traits viz. Aptitudes (A), Skills (S) and Knowledge (K). Accordingly:

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[5] Attitude – 'A predisposition or a tendency to respond positively or negatively towards a certain idea, object, person, or situation.' Attitude influences an individual's choice of action and responses to challenges, incentives, and rewards (together called stimuli). Organizations fail because of lack of desire, dedication, direction and discipline on the part of employees. Not all balloons go high in the air. Only those balloons filled with special gas go up in the air, not the ones filled with ordinary gas or nothing. Same principle applies to organizations. It is what is inside the organization that counts. That is attitude. People can be the biggest asset or the biggest liability for an organization. The success of an individual, organization or country depends on the quality of their human assets. People with positive attitude turn out to be better team players. This also helps to cut down waste, improve loyalty and make their company a great place to work. Three factors namely environment, experience and education determine an employee's attitude. In a positive environment, a marginal performer's output goes up. In a negative environment even a good performer's output goes down.

$$P=a(ASK) \text{ and since } C=ASK, P=a \times C$$

Traditionally, performance (P) was perceived as a physical product of Will and Skill. In the enlarged and enlightened context, meaning of Skill, is assumed to be synonymous with ASK. Competence, which includes ASK – is similar to Skill.

Again, Will as traditionally used, is synonymous with attitude (a) which is already defined.

Thus performance even with the concept of skill and will, when revisited with the state of the art knowhow leads to the equation :

$$P=a \times C, \text{ where } C=ASK$$

6. Components Of Competence

Skill and Will, in their traditional and revised meanings, are two sides of the same coin, mutually complimentary and inclusive of each other. In other words, attitude *sans* competence (ASK) renders performance sterile and competence *sans* attitude makes performance defunct. However, attitude (a) well complemented with competence (ASK) can provide the necessary stimulus and impulse to sustained, higher levels of performance rising above and beyond modicum levels towards excellence and its extended, seamless, vistas. The three components of competence viz. ASK may be understood as follows:

Aptitude - Acquired or natural ability (usually measurable with aptitude tests), for learning and proficiency in a specific area or discipline. Aptitude is expressed in interest and is reflected in current performance which is expected to improve over time with training.

Skill - The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.

Knowledge - Knowledge includes human faculty resulting from interpreted information; understanding that germinates from combination of data, information, experience and individual interpretation.

ACTION (Execution) IS KEY TO MANAGEMENT and therefore performance, in the changed circumstances, is perceived as action warranted. In the context of talent management, knowledge can be understood as the 'capacity to act'. Knowledge when applied, results in performance which bears positive, negative or neutral results. When performance is positive, the results experienced are favourable and application of knowledge

PROCTER AND GAMBLE - Every single CEO of P&G started at the entry level.

bears fruits and success is experienced.[6] An unfavourable result is want of performance due to unsuccessful application of knowledge. In the same vein knowledge unsupported by the stimulus to act results in non-performance *ab initio*. In such situations, the presence of knowledge has no utility and is at par with illiterate or a scenario *sans* knowledge. Performance which is a product of attitude (a) and competence (C) gets hindered as and when :

- Knowledge is lacking or unapplied or under applied or over applied

- Skills are deficient

- Aptitude is lacking

Thus, performance (P) is hindered when competence (C) cannot be demonstrated which indicates inability, since ability is competence demonstrated and inability is proven incompetence.

Box 5(B): Talent of India - Demographic Dividend

Competing through Talent requires that attention is paid to various facets of human assets. While attitude, aptitude, skills and knowledge play an important role as components of the basket of competencies contributing to performance; India- the World's largest democracy, and one of the youngest nations (average age is 27), needs to address other larger issues like improved, reasonably uniform quality of education and training across the sub-continent, health management leading to well-fed, healthy individuals in the workforce and of course, a youth with the right set of values. India can successfully compete through talent in the global market place by reaping the demographic dividend of an exuberant workforce, if all aspects of human life are adequately and effectively addressed preferably on a war footing. *(Sudipto Mundle, Poised To Take Off- India must address demographic issues to fulfill its enormous potential, The Times of India, 26th January, 2012, page 21).*

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[6] Successful organization does not mean that the joy of success is always shared on a win-win basis between the individuals and the organization. There could be a mal-distribution of the joy of success and it may happen that the individuals are joyous but the organization is not (bureaucratic organization) or the organization is joyful with the individuals being unhappy (closely held companies). Win-win situation emerges as and when there is an optimal distribution of the successful outcome of performance by aligning and deploying of the resources so as to accomplish overall organizational objectives of concerned stakeholders. Johnson and Johnson for example, in its credo statement, gives the top priority to its customers (doctors, nurses, patients, parents of those who use their product), employees are the next in the rung, followed by the community and finally the stockholders.

Box 6: Attitude Tops Performance In Appraisals- View And
Contrarian View[7]

View: Some companies consider attitude and behaviour a better parameter to judge the performance of the employees rather than their ability to meet targets. The same principle holds good for Microsoft's Global Technical Support Centre (GTSC) in Bangalore, where a team of over 1,000 engineers solves problems for the Redmond, Washington-based company's blue-ribbon corporate customers, including the likes of the National Aeronautics and Space Administration and GE, the engineering and financial services major. The engineers here work under tremendous pressure. However, these engineers are not appraised on the basis of the fact that how fast they solved problems or how high they were rated in customer satisfaction surveys. The performance is evaluated on the basis of certain qualitative parameters such as readiness to ask colleagues for help, and the ability and willingness to learn from the problems they were solving. The willingness to share knowledge and the doggedness and persistence in solving problems are also high on the desirability charts at the Bangalore unit of the maker of Windows Software. Two years ago, Microsoft changed its performance review system for the engineers by linking it to the behaviour and how they performed the tasks than what they did. Thomas Payyapilli, Senior Director and Head of Microsoft GTSC told the engineers to do what is right for the customer. As a result, the company witnessed a 12% increase in employee satisfaction with a year of changing the appraisal process. Adobe Systems started giving greater weightage to behaviour two years ago and is now applying the new criterion to its India operations. Igate Patni increased the weightage for behaviour-related parameters in 2011 from 20% to 40%.

Contrarian View: ICICI Bank has linked a very small part of its compensation structure i.e. Employee Stock Options Plans (ESOPs) to behavioural dimension. ICICI's Executive Director and Head (HR, Operations & Treasury) Ram Kumar is of the opinion that bonuses or increments have to be linked to hard metrics. "Bonus has to be linked to performance metrics. Those who cannot deliver key business numbers cannot be leaders, no matter how good they are in other areas. The converse is not true," says Kumar. "Senior executives are checked for their ability to manage change, the middle cadre for nurturing talent and building organizational capability and the junior employees for their ability to troubleshoot and resolve problems," says Kumar.

[7]Source: Economic Times, 13th January 2012, "Attitude Tops Performance in Appraisals", Page 1

ADITYA BIRLA - Aditya Birla honours employees who teach villagers skills like composting and pump repair.

7. High Performance Through Talent

Flaunting talent always gives competitive advantage that is to say:

"An advantage that firms have over the competitors, allowing it to generate greater sales or margins and/ or retain more customers than its competition." (Investopedia)

Thus in a World where 'talent war'[8] is rampant, organizations which are rich in talent enjoy an edge over their rivals. This also helps them to generate greater value for themselves and all their stakeholders including shareholders as well as employees. The more sustainable the competitive advantage of an organization, the more difficult it is for competitors to neutralize the advantage. In today's knowledge economy, the performance of a company's talent increasingly determines the success of the company in the marketplace.

Organizations must develop and retain creative leaders. They are instrumental in transforming from their traditional role- of an instructor to a facilitator, "commander to coach, manager to mentor, director to delegator, one who demands respect to the one who facilitates self-respect".[9]

Box 7: Talent War At Restaurant Retail Chains[10]

For a company which delivers pizza in 30 minutes, it took six months to find the right person to lead its international expansion. Restaurant chains are regularly in search of executives who can adapt menus to international tastes and who can understand and interpret foreign regulations.

"We're twice as busy as we were 18 months ago, and there's a war for talent right now," says Guy Cote, who leads restaurant - executive searches for Heidrick & Struggles International Inc. (HSII) in Miami.

Demand for talented executives is so high that Domino's had to go outside the restaurant industry to hire international executives.

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[8] 'Talent war' an expression coined by Steven Hankin of McKinsey & Company in 1997 refers to an ever increasingly 'competitive landscape for recruiting and retaining talented employees'. According to a study conducted by McKinsey Co., talent is the most crucial resource for a corporate and the war for talent shall be more rampant in next 20 years, because it is a resource which is short in supply. HR managers in order to survive the 'War for Talent' have to fight against the limited and diminishing pool of qualified available candidates to replace valuable employees when they leave. It is a challenge for them to attract, motivate and retain the best employees in an organization.

[9] Excerpts from Dr.A.P.J.Abdul Kalam's speech at the 32nd Annual Convocation ceremony at Anna University, Chennai – 9th January 2012

[10] http://www.bloomberg.com/news/2011-10-14/global-talent-war-means-6-month-wait-for-domino-s-pizza-retail.html

Competing through talent requires that there are adequate abilities and capabilities in an organization- ability being demonstrated competence and capabilities referring to the unleashed hidden potential to demonstrate competence.

"72% of managers say that winning the war for talent is critical, yet only 9% are confident that their current actions will lead to a stronger talent pool in the next three years". [11]

Competing through talent means identifying best or at least competitive practices with respect to talent management in particular and human resources management in general. A systematic use of human resource policies and practices is a condition precedent for successful talent management. The issues hovering around talent management are multi-dimensional in nature cutting across several factors which appear in the equation (P=a * ASK) viz.

➢ Desired levels of ASK

➢ Timely and continuous amalgam of 'a' and 'ASK'

➢ An environment to motivate enactment of talent through demonstration of competence given the attitudes to bring the abilities and capabilities to the fore – this bears reference to organization's HR policy / management policy on position, person and performance commonly referred to as 3Ps

Thus, in the process of achieving higher and higher levels of performance, competing through talent has to address the issues regarding organizational success, 3 Ps viz. Person, Position and Performance and Reward recognition system. Box 8 makes a pictorial presentation of the said issues hovering around 'Talent Management'.

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[11] Source : The War for Talent, Organization and Leadership Practice, McKinsey & Company, April 2001

COLGATE-PAMOLIVE - The Colgate Leadership Challenge is seven-day event for the company's junior employees, with a team business project, presentations by senior leaders and charity work.

Box 8: Talent Management (TM)
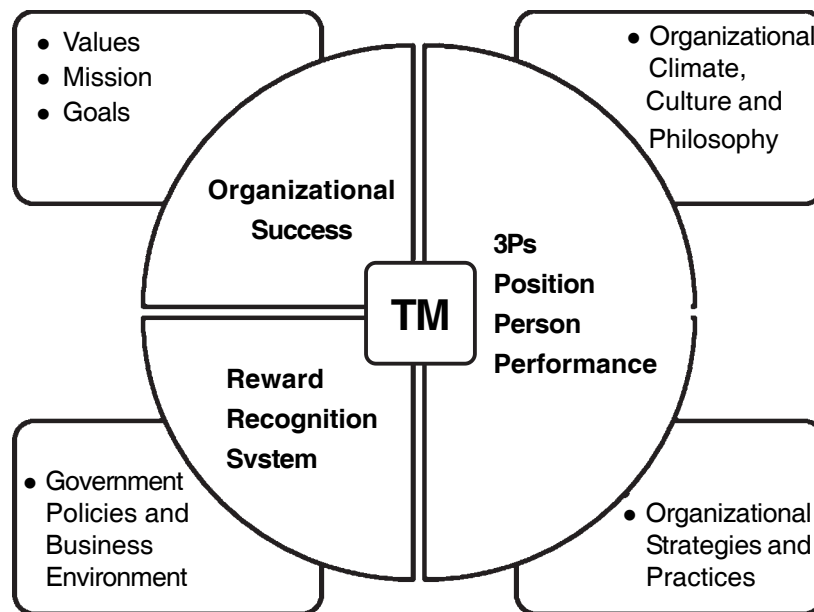
Given the nature, scope and meaning of organizational success, competing through talent has to address the issues concerning 3Ps.

8. 3P Compensation Management : Pay For Position, Person And Performance

3P is a Compensation Management approach, propagated by Mercer Human Resource Consulting, so as to help organizations to establish guidelines for an equitable grading structure, determining capability, requirements and creating incentive, as well as long-term reward plans.

The 3P approach to compensation management supports company's strategy mission and objectives. It is highly pro-active and fully integrated into a company's management practices and business strategy.

The 3P system ensures that human resources management plays a central role in management decision making and the achievement of business goals. The salient features of 3P approach are:

Pay for Position

> Develop an equitable grading structure
> Create a reference salary structure
> Leverage compensation costs with market survey information

Pay for Person

> ➤ Determine competency requirements and employee capabilities

> ➤ Pay individuals based on their competency match with the position

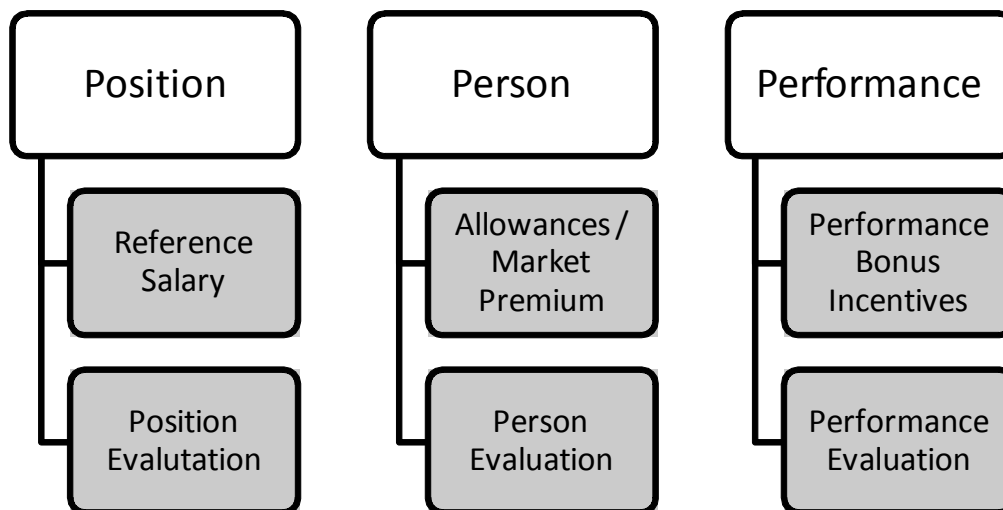> ➤ Identify and pay market premium for competencies in short supply in the market

Pay for Performance

> ➤ Design annual bonus and incentives plans that motivate staff

> ➤ Shift from merit salary increases to variable pay

> ➤ Create long-term reward plans- stock options, deferred compensation and phantom

All the 3Ps– viz. Position, Person and Performance need to be recognized and rewarded. Neglect of any one 'P' or overemphasis of another 'P' leads to imbalances in rewards leading to low morale and dissatisfaction towards remuneration packages.
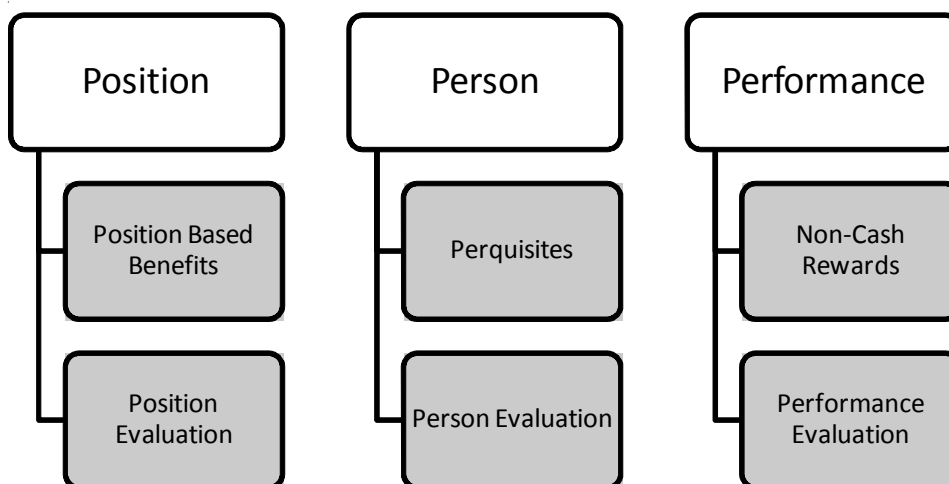
What is more important here is not the quantum paid to an employee, but the way it is paid and under what head. Thus, the 3P concept advocates two types of remuneration: Financial and Nonfinancial.

Box 9: Pay For 3Ps: Financial Rewards

Position	Person	Performance
Reference Salary	Allowances / Market Premium	Performance Bonus Incentives
Position Evalutation	Person Evaluation	Performance Evaluation

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HINDUSTAN UNILEVER - HUL sends young managers to live in Indian villages so that they can understand the needs of rural customers.

Box 10: Pay For 3Ps: Non-financial Rewards

Position	Person	Performance
Position Based Benefits	Perquisites	Non-Cash Rewards
Position Evaluation	Person Evaluation	Performance Evaluation

In Boxes 9 and 10, one can observe that, all the 3 Ps viz. Position, Person and Performance get remunerated both in terms of financial as well as nonfinancial rewards. This concept, of adequate compensation/ remuneration in terms of nonfinancial incentives, is most important since organizations cannot and need not remunerate a good performer always in terms of financial rewards alone.

This approach is equally satisfying to business sense advocates as well as the conservative viewers who swear by the time tested and promoted motivators of performance concept recognized by Herzberg in terms of two factor theory[12].

The 3P Compensation Management (3PCM) approach, in an ideal situation, seeks equal distribution of compensation among the 3 Ps. However in practice what is observed in general and in particular among a few US companies who practice this concept, 'performance' constitutes close to 60% of the 'compensation' and the remaining 40 % is attributed to 'position and person' combined. Here the logic is money is still a motivator and performance is driven by the urge to earn more money.

Conservative organizations including those Indian organizations that have linked compensation to performance, link at best 40% of the compensation to performance and attribute the remaining 60% to person and position combined. What governs the policy

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[12] Herzberg in terms of two factor theory is a theory of motivation, which states there are some job factors that result in satisfaction (hygiene factors e.g. salary, physical working conditions, job security, status, fringe benefits, etc.) while there are other job factors that prevent dissatisfaction (motivators e.g. challenging work, recognition, responsibility).

here is a safety net for the person who is holding the position and an assurance of less risk in earnings.

Earnings in terms of onetime bonuses and incentives as well as profit sharing for top level positions, if any, are generally exempted from the origin and spirit of compensation management in a 3P framework.

Organization success, as already defined, includes tangible (financial and non-financial) and intangible factors. Competing through talent requires that organizations with a view to be successful should draw succour from resources vested in different positions, persons and performance.

9. Reward Recognition System

The next dimension of talent management is the reward recognition system.

"People will forget what you said,

People will forget what you did,

But people will never forget

How you made them feel."

Reward Recognition is a great motivator for employees. Organizations need to adopt a pro-active approach to nurture talent. It is the duty of the organization, not only to fulfill employee needs, but also recognize their efforts and reward them accordingly. This would boost their morale and they would be partners in the progress (success) of the organization. Along with increase in productivity, it can also lower the attrition rates. Motivated and dedicated employees can change the fate of an organization. The WorldatWork and National Association for Employee Recognition (NAER) survey 2003 found that companies use Reward and Recognition programs to achieve strategic goals. Out of the 65% of companies with formally documented programs, 97% directly align their reward and recognition program with the organization's business strategy. Reward recognition programs also help in producing a positive return on investment. A 2005 Watson Wyatt Worldwide study found that companies with an effective reward recognition program realized a median return to shareholders that is nearly double that of companies without such programs. A study conducted by IOMA in 2004 found that 91% of companies cite "boosting employee morale" as the main objective of their reward and recognition program. A study conducted by the Society for Incentive and Travel Executives (2006) found that properly constructed rewards and incentive programs can boost employee performance by up to 44%.

| ICICI BANK - ICICI assigns 2500 talent scouts to identify promising employees. |

Monetary Rewards	Non-monetary Rewards
- Rise in Salary - Incentives - Movie Tickets - Vacation trips / Family paid holidays - Redeemable coupons - Cash bonuses - Gift certificates - Stock awards - Free health check-up - Company Car - Utility Bills Payment - Scholarship for family members - Fitness Centre - In-house day care	- Trophies - Certificates - Letter of appreciation - Dinner with boss - Redecoration of employee cabin - Membership of recreation club - Suggestion awards

N.B.: The above list is illustrative only.

Box 12: Reward Recognition Mechanism (B)

Value-Based Worker Benefits (new tie-breakers)	Basic Worker Benefits (negotiable)
- Cultural Diversity - Shared Authority and Self-Managed Work Teams - Paid Time Off for volunteerism, study - Flexi-time or Job Sharing for Work - Life Balance - Maternity, Paternity, and Adoption Leave of Absence - Career Planning and Job Coaching	- Salary plus Incentive Pay - Paid Holidays and Vacations - Long-Term Retirement Savings Plan - Employee Educational Assistance - Medical and Hospitalization Insurance with Dental and Vision options - Salary Continuation Plan (Sick Leave, Long-Term Disability Insurance)

10. Three Ps Of Reward Recognition Program

Rewards should be personal, proportional and pleasurable:

➤ Personal – Each individual would be motivated by a different reward some by money, some by award and some by gifts. Some people like to be rewarded in private while others prefer in public.

- ➤ Proportional – The type and size of reward must balance the individual's accomplishments/contribution.
- ➤ Pleasurable – Rewards may be given in an event filled with fun, joy and entertainment. There could be some creativity in the selection of the reward.

Again, recognition can also be expressed through a 3P recipe viz. precise, principled and prompt:

- ➤ Precise – It should give detailed information regarding the relevance of the action which is to be recognized. It should tell what was the action worth mentioning, when, where, why and how it was done.
- ➤ Principled – Individuals and groups which support organizational beliefs and values through their dedication, commitment and accomplishments are acknowledged. Such a sincere and honest recognition sustains the principles adhered to by an organization.
- ➤ Prompt – Acknowledgement must be timely.

Reward recognition must ensure internal and external benefits for the recipients. Internal benefits include feeling of pride, satisfaction and sustained self -esteem. External benefits refer to what can be seen, touched, used by the employee(s).

11. Intrinsic Human Capacities

Competing through talent focuses on developing certain intrinsic human capacities which include:

1. Capacity to learn (measured as learning quotient LQ)
2. Capacity to think (measured as conceptual quotient CQ)
3. Capacity to relate (measured as relationship quotient RQ)
4. Capacity to act (measured as action quotient AQ)

In addition to all these, value system is an important factor which guides an individual in taking decisions.

Thus we can say that:

$$\text{Talent} = (LQ+CQ+RQ+AQ) \times \text{Values}$$

MCDONALDS - The Officer Development Program trains rising talent in Finance, HR and Marketing plus exposes them to other cultures.

Talent is an important ingredient for an organization to compete successfully. Hence, talent needs to be identified, nurtured, maintained and developed, if competing through talent has to bring the intended results of sustained competitive edge.

Box 13: Development Dimensions International's (Ddi's) Views On 'Best Practices'

1. Start with the end in mind – talent strategy must be tightly aligned with business strategy
2. Talent management professionals need to move from a seat at the table to setting the table
3. You must know what you are looking for – the role of success profiles
4. The talent pipeline is only as strong as its weakest link
5. Talent management is not a democracy
6. Potential, performance and readiness are not the same thing
7. Talent management is all about putting the right people in the right jobs
8. Talent management is more about the *"hows"* than the *"whats"*

12. Employee Engagement

Leading organizations have invented a powerful competitive tool i.e. *'Treating Employees like Customers'*. The assumption is *'When you treat them well, then they will treat your external customers well.'* Organizations with happy employees are sure of having happy customers. This can be achieved through employee engagement initiatives. Measuring engagement and engagement drivers are simple, reliable, less costly and do not take more than 10 to 15 minutes per employee. There is a direct correlation between levels of engagement and business success and hence competing through talent is rendered effective through employee engagement.

Higher the level of engagement higher the business performance

Research shows that –

1. Employee engagement has a direct impact on customer's loyalty and profitability.

2. Increase in engagement levels by 2 points results in direct increase in customer loyalty by 2.5% and profitability by 6%.

Employee engagement has a positive impact on various factors linked to business success.
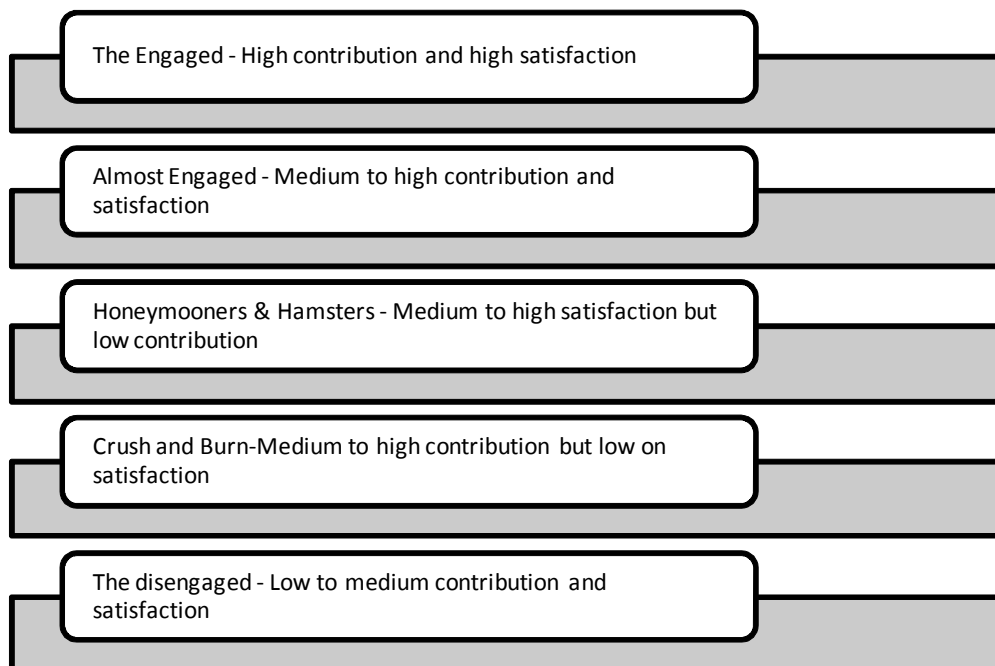
Box 14: Factors Linked To Business Success

HR Anexi and Blessingwhite[13] did a study on employee engagement in India, in which they have pointed out significant differences between what motivates workers in India and what motivates workers in other countries. In this study, they identified five different employee segments:

Box 15: Employee Segments

The Engaged - High contribution and high satisfaction

Almost Engaged - Medium to high contribution and satisfaction

Honeymooners & Hamsters - Medium to high satisfaction but low contribution

Crush and Burn-Medium to high contribution but low on satisfaction

The disengaged - Low to medium contribution and satisfaction

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[13] http://www.hranexi.com/Employee_Engagement_Report_2008.pdf

WHIRLPOOL - A dozen senior executive serve as 'innovation mentors' tasked with evaluating business ideas.

This study found that 34% employees in India are fully engaged and 13% are disengaged. The study also revealed that Indian workforce is the most focused and satisfied globally.

Table 1: Employee Engagement Across Countries

Region	Disengaged	Honeymooners and Hamsters	Crash and Burn	Almost Engaged	Fully Engaged
India	13%	13%	11%	29%	34%
Australia & New Zealand	20%	18%	12%	24%	26%
Europe	21%	15%	13%	28%	23%
China	33%	9%	16%	32%	10%
Global Average	18%	12%	13%	28%	29%

13. Stretch Goals

Achieving organizational success though deployment of a wide variety of HR tools cannot bring results unless there are quantum jumps in productivity. Such quantum jumps are an important mantra for competing through talent. Thus, individuals and groups have to go much above and beyond the routine target achieving process. The goals need to be stretched to newer, increasing heights to ensure sustained organizational success. Hence, organizations these days use 'stretch goals' in order to augment the performance of the employees with an aim to achieve major change and continuous improvement. The whole purpose of 'stretch goals' is to inspire efforts to go well beyond what is currently feasible and such 'stretch goals' are only achievable if they stimulate and inspire creativity, inventiveness and innovation in people.

'Stretch goals' are, by definition, ambitious goals, and they must be outside the normal, distant and desirable, however within the reach of the team. Jack Welch coined this term 'stretch goals' for the General Electric workforce during GE's golden years. He wanted GE leaders to think out of the box. The idea behind stretch goal-setting is to make every effort to reach apparently unattainable goals using currently available resources.

Stretch goals are used, not to drive short-term action, but to inspire longer term innovation processes aimed at making desirable outcomes, that are *currently impossible* - nevertheless achievable at some future time. This can be amply proved with the following examples:-

Box 16: Stretch Goals- Examples

> ➢ **Du Pont** Du Pont has been pursuing a goal of 'zero accidents' for the last 200 years. While it has not yet fully achieved this goal in every factory around the globe it has cut its accident rate to a level that is very substantially under the industry average and it continues to lower its accident rate every year. This is an example of a stretch goal that has been substantially but not yet completely achieved.
>
> ➢ **USA during President Kennedy's tenure (1961-1963)** Getting humans to the moon in 10 years and bring them back safely, was a stretch goal set for the US by President Kennedy in the 1960s that was achieved in full - even though, at the time the goal was set, it was not technically feasible.
>
> ➢ **General Motors (Alfred Sloan, My Years With General Motors)** "Standards should be difficult to achieve but not impossible to attain"
>
> ➢ **J&J Quality Policy** "Getting it right the first time every time."
>
> ➢ **Lufthansa Cargo** "Perfection is the objective. Excellence will be tolerated."

GE's gaming process makes an interesting case about target negotiations and stretch goals. In every meeting, there would be the '2-4-3' argument. The BU (Business Unit) would set the target of 2. The management would have a target of 4. They finally seek equilibrium at 3.

GE introduced 'stretch goals' by bringing about transparency in their planning and budgeting process and align themselves well with the organization, introducing 360 degree communication and initiating participative management. This created a sense of belonging towards the organization and people took ownership of such 'stretch goals'. Further, there was a feeling of responsibility and accountability among the employees. However, the organizational structure had to be reinvigorated and restructured to accommodate this culture. GE adopted decentralization by initiating a flat organizational structure. There was greater involvement of employees which fostered a sense of trust and ownership among them.

Employees' mindset has to be tuned to achieve the stretch goals and they must also be provided with the necessary resources along with a conducive environment.

PEPSICO - PepsiCo creates 10-year growth plans for individuals who are thought to have C-suite potential.

Companies these days use performance management systems to enumerate the stretch goals to the employee. Also the goals are employee specific. There is a regular evaluation through performance appraisals. Box 17 gives a snapshot of the techniques used across companies to assess the employees and is based on an article from Economic Times.
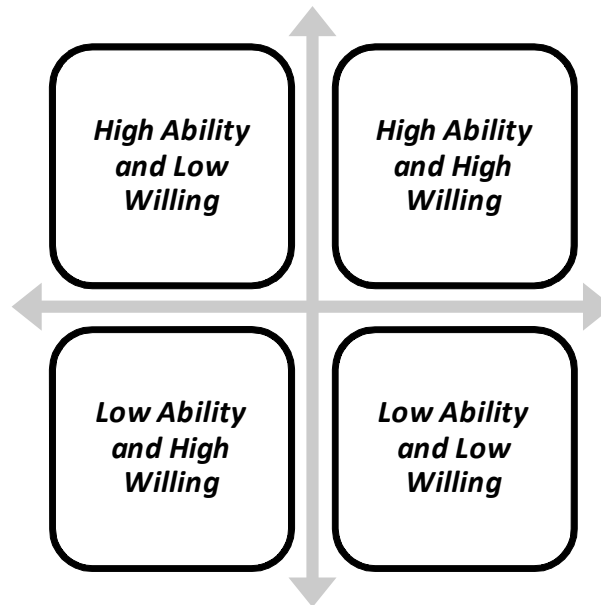
Box 17: Shades Of Grade[14]

Name of the Company	Model	Assessment Methodology
MTS India	All in One	Quarterly appraisals with various functional and Individual KPI's (Key Performance Indicators)
JSPL	Going to the Core	Jindal Leadership Model, Key Result Areas (KRA's) and behavioural competencies, standardized at all levels
Godrej Consumer	Leadership Counts	Performance Management System (PMS) based on Balanced scorecard and Godrej capability framework.
Igate Patni	Quarter Cut	PMS every quarter, judged on task and goals achieved, potential competency & behavioural patterns
ICICI Prudential Life Insurance	Employee Judge Thyself	Balanced mix KPI's in qualitative and quantitative parameters with process involving self appraisals
Net App	A Wider Universe	KRA's and Expectation meeting to expectation falling below range in parameters.
Spencer's Retail	Check Goals, Targets Online	Balanced business scorecard and financial goals

14. Stretch Goals- Can Do / Will Do Matrix

Competing through talent is all about getting extraordinary results from ordinary people. This is a real challenge for the manager. It is interesting to discuss the Can Do / Will Do Matrix:

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[14] Source : Economic Times, 13th January 2012, "Shades of Grade" page no.8

Box 18: Can Do / Will Do Matrix

High Ability and Low Willing	High Ability and High Willing
Low Ability and High Willing	Low Ability and Low Willing

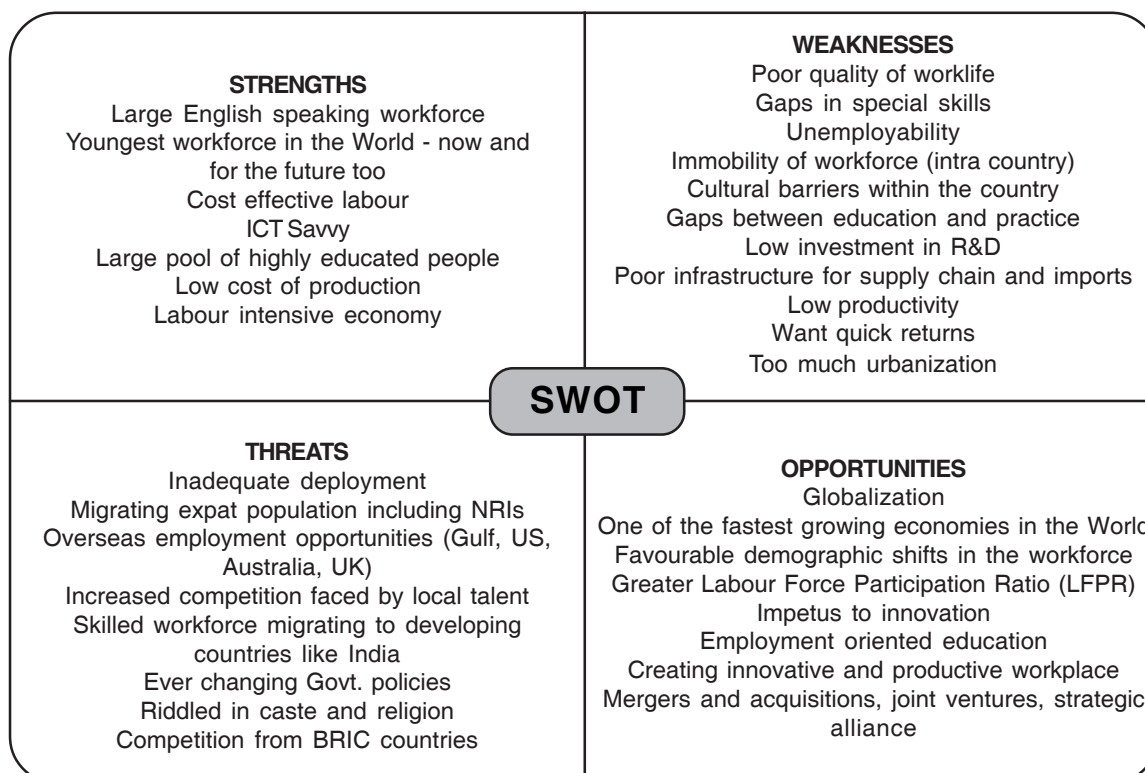Managers should try to categorize the employees in the Can Do/Will Do Matrix.

1. Employees with high ability and low willingness need to be warned, challenged and their skills should be acknowledged. It is important to set performance goals for them. They must be rewarded conservatively.

2. Employees with high ability and high willingness should be recognized, appreciated, given necessary training and resources for their further development. It is necessary to chalk out a fast forward career path for them. Every effort must be made to reward, recognize and retain them.

3. For the employees with low ability and high willingness, it is important that the company provides necessary training. Assignment fit also may be reconsidered. They must be assured supervision and need to be motivated to earn their rewards on their own merit and contributions.

4. Those employees with low ability and low willingness must have their performance plan reviewed regularly. Rewards can be given selectively. If required they may be separated amicably.

GENERAL ELECTRIC - Chief executive Jeff Immelt devotes about 40% of his time to leadership development.

15. SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

Competing through talent requires that an organization should perform a SWOT analysis[15] of its talent profile. Box 19 presents a SWOT analysis of Human Resource Talent in Workforce of India.

Box 19: Workforce Talent In India – A Swot Analysis

STRENGTHS	WEAKNESSES
Large English speaking workforce Youngest workforce in the World - now and for the future too Cost effective labour ICT Savvy Large pool of highly educated people Low cost of production Labour intensive economy	Poor quality of worklife Gaps in special skills Unemployability Immobility of workforce (intra country) Cultural barriers within the country Gaps between education and practice Low investment in R&D Poor infrastructure for supply chain and imports Low productivity Want quick returns Too much urbanization
THREATS	**OPPORTUNITIES**
Inadequate deployment Migrating expat population including NRIs Overseas employment opportunities (Gulf, US, Australia, UK) Increased competition faced by local talent Skilled workforce migrating to developing countries like India Ever changing Govt. policies Riddled in caste and religion Competition from BRIC countries	Globalization One of the fastest growing economies in the World Favourable demographic shifts in the workforce Greater Labour Force Participation Ratio (LFPR) Impetus to innovation Employment oriented education Creating innovative and productive workplace Mergers and acquisitions, joint ventures, strategic alliance

SWOT

Indians and Indian companies apply hard power the soft way, while the Chinese apply even soft power the hard way.

- Shashi Tharoor,
Member of Parliament and former diplomat

Talent management process has to make an effort to improve the strengths, mitigate weaknesses, capitalize on opportunities and effectively combat threats.

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[15] Sometimes in the middle of the fiscal year, many enterprises conduct a multiday off-site meeting to work out their strategic plan. In this meeting the executive leadership team reviews and updates the company's strategy in light of changing circumstances and the new knowledge gained since the last strategy was formulated. The update involves many of the traditional techniques of strategic planning, including environmental scans, SWOT (strengths, weaknesses, opportunities and threats) analysis, competitive analysis, five-forces model and scenario planning.

With its rich pool of human resources, India is poised to touch greater heights. Its demographic, economic and cultural factors as shown in Box 20, bears testimony to the same.

Box 20: India: Demographics, Economy, Culture[16]

Demographics/Economic Factors	Cultural Aspects
• Cultural Diversity • Independence from British rule in August 1947 • Government: Federal Republic • Estimated population: 1,147,995,898 (www.cia.gov), 1/6 of the world's population • Median age: 25 years • Economic growth rate: last five years average growth rate is 8.1% (http://mospi.nic.in) • India's growth is fueled by an increasing middle class, estimated at 300 million people (www.indiaonestop.com)	• Collectivist culture: an individual's decision must be in harmony with family, group and social culture • Business is not conducted during the many religious holidays • Business in India is built on relationships • Kinship and friendship are very important • Education is considered an investment in economic well-being and prestige • Hospitality is associated with doing business

Box 21: Talent Management In Indian Companies[17]

Finding Talent	Developing Talent	Retaining Talent
• Scarcity of talent with required skills/competencies • Competition from other sectors • Competition from global firms • Mindset to change jobs frequently • Unrealistic employee expectations	• Focus on different groups-young people, managers, etc. • Emphasizing a learning culture • Customized training • Patnering with Universities and professional institutes • Recruiting from varying geographic and demographic areas- in India and worldwide	• Emphasis on benefits of sector- culture, growth, rewards • Focus on employee engagement • "Home- grown leadership" through leadership development programs • Corporate social responsibility activities- volunteer opportunities • Domestic and global special training assignments

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[16] Source: Corporate Indian Companies: Forging New Talent Pipelines and Creative Career Pathways (SHRM India, 2008)

[17] Source: Corporate Indian Companies: Forging New Talent Pipelines and Creative Career Pathways (SHRM India, 2008)

BBVA - The Spanish bank offers theatre workshops to help boost managerial communication skills.

Leadership, particularly creative leadership, plays an important role in talent management to ensure that goods and services are delivered to all sections of society including the bottom of the pyramid. If creative leadership can forge itself effectively with the talent of the organization, the wealth producing resources of the society are augmented. A self sustained process of prosperity through growth is initiated and inducted. Thus creative leadership will play an important role because there is an inextricable link between national economic development and creative leadership.

Box 22: Linkage Between National Economic Development And Creative Leadership[18]

> A nation's economic development is powered by competitiveness.

> Competitiveness is powered by knowledge power.

> Knowledge power is powered by technology and innovation

> Technology and innovation is powered by resource investment.

> Resource investment is powered by return on investment.

> Return on investment is powered by revenue.

> Revenue is powered by volume and repeat sales.

> Volume and repeat sales is powered by customer loyalty.

> Customer loyalty is powered by quality and value of products.

> Quality and value of products is powered by employee productivity and innovation.

> Employee productivity is powered by employee loyalty.

> Employee loyalty is powered by employee satisfaction.

> Employee satisfaction is powered by working environment.

> Working environment is powered by management innovation.

> Management innovation is powered by creative leadership.

16. Talent Management- State Of The Art

State of the art talent management process embraces within its fold *'acquire, develop, deploy, retain'* as presented in Box 23

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[18] Excerpts from Dr.A.P.J.Abdul Kalam's speech at the 32nd Annual Convocation ceremony at Anna University, Chennai – 9th January 2012

Box 23 (A): Talent Management Process

In the traditional talent management process, the focus was on acquiring and retaining talent.

1. Acquire- Talent Acquisition is the process of attracting, finding and selecting individuals who are highly talented and possess the required competencies to meet the organizational objectives.

2. Develop- Talent development is bringing high potential into high achievement.

3. Deploy- Talent deployment in simple terms refers to 'right person, for the right job, at the right time, for the right duration'.

4. Retain- Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs.

Box 23 (B): Tips For Attracting And Retaining Employees[19]

1. Pay the employees as per the going market rates. One common mistake made by organizations is to base the salary on their budget without taking into consideration the contemporary market rates.

2. Employee benefit programs viz. insurance coverage of medical facilities for self and family, other perks and fringe benefits, in addition to job security.

3. Life style i.e. to say quality of life.

4. Emphasize the benefits offered by your business.

5. Offer creative perks.

6. Chalk out a career path for employees.

7. Employee incentive program - tangible and non-tangible incentives.

8. Institute a profit-sharing program to motivate employees.

9. Sweeten the pot through attractive bonus plan.

10. Widen the scope of advertising by using multimedia viz. websites, job portals and also through campus interviews.

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[19] Courtesy : Dr. K.Suryanarayanan

NATURA - Every year, all managers are asked to reaffirm their commitment to the company or else leave.

However traditional talent management process focuses on acquiring and retaining talent to the exclusion, sometimes detriment, 'develop, deploy and connect' model. Hence it can be said that traditional talent management in India, has not successfully met the emerging socio-economic needs of the business order of the changing milieu of our times. A new model that would focus on development, deployment and connect in lieu of exclusive attention to acquisition and retention needs to be identified, evolved and developed.

To quote Saugata Gupta, CEO-Consumer Products, Marico, "In a challenging environment, an organization with higher depth of talent is better positioned to face a slowdown and quickly effect a turnaround. Therefore, it is critical to keep the top talent ring fenced and motivated."

Box 24: Talent Management Framework Cycle[20]

1. Finding Talent

    a.   Recruiting: executive, mid-career, client service

    b.   Knowledge of hires: traits, values, beliefs, purpose and strengths

2. On-Boarding

    a.   Delivering early productivity results

    b.   Effective and measureable orientation program

    c.   Utilizing interview information to build on

    d.   Manager's Guide

    e.   Cultural awareness guide

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[20] www.maximisetalent.com

3. Developing Employees

    a.   Talent identification and development

    b.   Career, value and strengths mapping

    c.   Team and individual development

    d.   Effective measureable mentor program

4. Managing Performance

    a.   Continuous appraisals- both ways, employee and employer

    b.   360 degree feedback and plan

    c.   Fully utilizing information captured

    d.   Career development and monitoring

5. Planning for Succession

    a.   Talent strength/ gap reviews

    b.   Build leadership qualities

    c.   Develop communication effectiveness

    d.   Executive project plans

    e.   Coaching/ mentorship initiative

6. Retaining Employees

    a.   Thought leadership

    b.   Team and individual development

    c.   Recognition

    d.   Creative aligned incentives

    e.   Organization health survey

    f.   Corporate compass sessions

7. De-boarding

    a.   Exit questionnaire

    b.   Exit interview and feedback

    c.   Utilize information captured

    d.   De-boarding kit

DEERE - CEO Sam Allen personally mentors 20 to 30 employees at various levels of the company.

Box 25: HR Intervention Tools[21]

Integrated Performance Management System	• Performance Management System • 360 degree appraisal • Assessment Centres
Competency profiling	• Method utilized to identify the specific knowledge, skills, abilities and other qualities needed to complete and achieve particular tasks and activities
Align HR to business needs	• Alignment of HR to fit in to the business demands • Balanced Scorecard
Benchmarking	• Process of identifying and adapting superior practices from organizations locally and world wide to help organization improve its performance
Career Track Management	• It will guide employees to their growth prospects in the organization
QWL-QL Gaps	• Quality of Work Life • Quality of Life
Have Good	• GMP-Good Management Practices • GCP-Good Customer Service Practices • GLP-Good Labour Practices

The traditional model merely focused on the end points of the chain. With increasing competition to hire the best talent, it is a challenge for organizations to manage their Human Resources, so that they can successfully compete through talent. Thus, exclusive focus on acquiring and retention is inadequate. The new model has a greater focus on developing ways and means of exploring capabilities of people who could successfully meet the expectations of 'stretch goals'. It is called the develop-deploy-connect model.

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[21] Courtesy : Dr. K. Suryanarayanan

Box 26 : Develop-deploy-connect Model
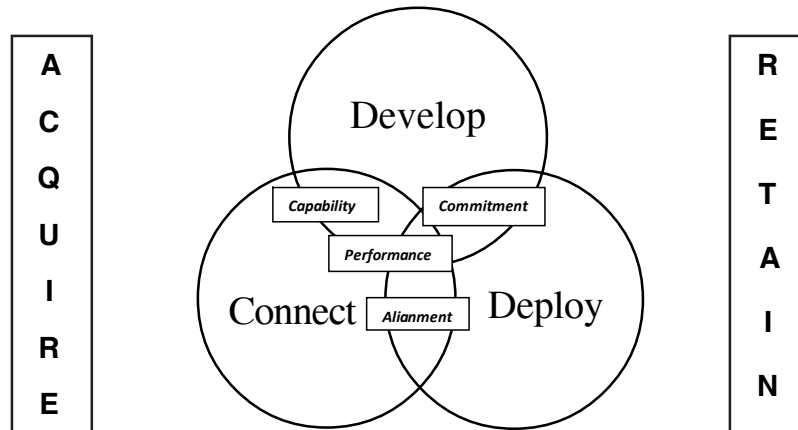
Develop refers to providing real-life learning, which will help the employees to perform better in their jobs. They learn from their experiences, from peers, mentors and others. The learning process is exhaustive and employees of the business feel that they are a part of the learning organization.

Deploy means working with key individuals to identify their skills, interests and knowledge; trying to know where they fit best in the organization and crafting the job design and creating a conducive environment that will help them perform to the best of their abilities and to go beyond- rather much beyond.

Connect involves providing critical employees with the necessary tools and guidance they need to build networks to augment the performance of the individual as well as the organization; and also to improve the quality of their interaction with others. Business problems are becoming more complex. They require help in decision-making and knowledge of key individuals both inside and outside the organization. With the increasing complexity of the problems, collaboration has become the need of the hour. 'Who you know' is increasingly becoming more important than 'what you know.' It is all about networking, communication (internal and external), camaraderie, teamwork, group dynamics, interpersonal dynamics et al.

People are changing jobs frequently; they are transitioning between organizations. Management needs to realign their expectations from their newcomers by evaluating an incumbent's core competencies and providing them an atmosphere to thrive on their competencies to achieve organizational goals.

3M - Over 300 senior managers teach in leadership programmes, which are customized by country.

The effectiveness and adequacy of competing through talent depends not merely on 'Acquire and Retain' but also promptitude and thoroughness with which manpower acquisitions take place and on the energy, enthusiasm and enterprise with which the acquired human resources are 'Developed, Deployed and Connected.'

17. GE – The People Factory

Jack Welch states that at GE they build great people, who then build great products and services. Variance is everything as far as the people are concerned. Over the years, after using all kinds of bell curves and block charts to differentiate talent, they finally arrived at the idea of '360-degree evaluations'. They gradually developed the vitality curve. Every year, each of GE's businesses was asked to rank all their top executives. This forced the business leaders to differentiate their leadership. Thus they were forced to categorize people in their organization into top 20 percent (A), vital middle 70 percent (B) and the bottom 10 percent (C)– by name, position and compensation. The underperformers had to quit. Thus the bottom line is:

```
Encourage 'A'    Nurture 'B'    Discard 'C'
```

Box 27: The Bell Curve
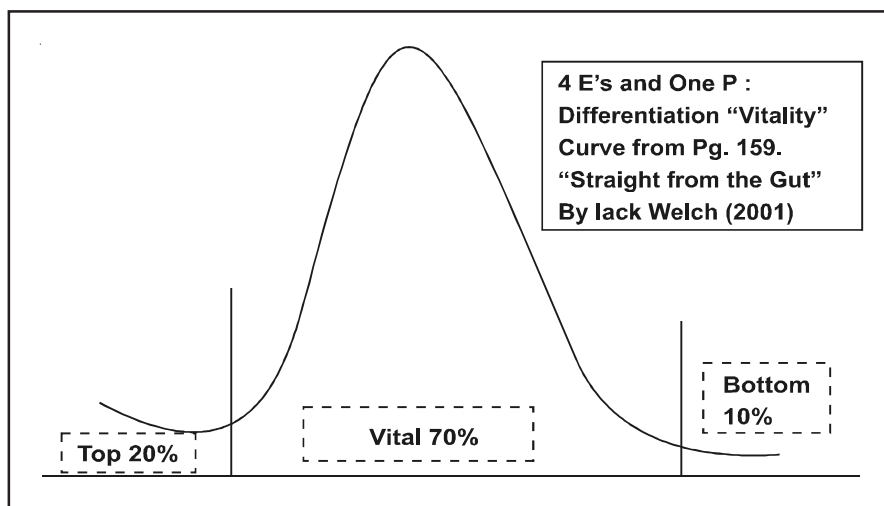
The bell curve presented in Box 22, shows the categorization of people at GE using the GE 20:70:10 formula. The important messages for talent management were as follows:

1. Ensure that people in top 20% are retained. Compete with the competitors to ensure that the 20% is not a victim of talent war.

---

2. The middle 70% can improve their performance by augmenting their 'a' and 'ASK' i.e. to say their Attitude, Skills and Competency. Effort should be made to push them to A category and also to see that they do not slip to category C.

3. Hasten the exit of C category from the organization, unless there is some chance of shifting them to B.

It was indeed very difficult task to make their judgments on 20:70:10. The bar is raised over the years and the chances of building an all-star team have improved dramatically. Raising the standards on a year on year basis improves the overall caliber of the organization and therefore its increasing ability to compete successfully through talent. GE's performance over the years bears eloquent testimony to the same. The positions are not permanent and people have to struggle to stay in the top group. They have to prove it continuously that they deserve to be there.

Box 28: GE's The People Factory

Managers are like farmers who have to hunt and gather talent. Thus the biggest challenge is to grow better 'farmers'.

Four 'Es' model at GE
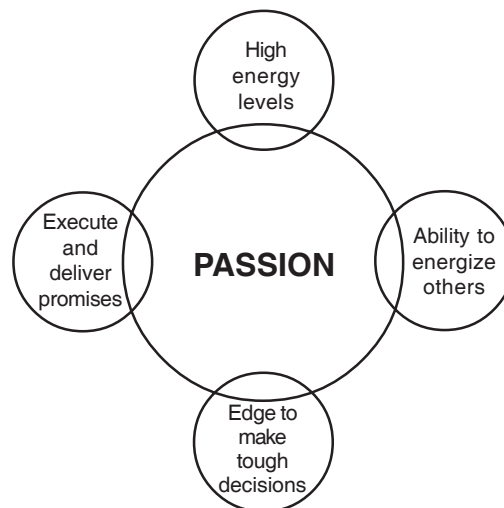
Employees are differentiated through a 'A,B,C' classification. 'A' are the people filled with passion, committed to make things happen, open to new ideas. They are energetic and energize others also. They are highly productive and fun loving in nature. They exhibit

ELI LILLY - Half of variable compensation for senior executives is influenced by mentoring skills and other leadership behaviours.

all the four Es mentioned above. Initially the model talked about only three Es. The fourth E i.e. execute was added later when it was found that the managers were lacking in the ability to deliver numbers. These four Es are connected by a very strong thread of P i.e. passion[22]. Passion is something that separates As from the other two. Bs are also a critical for the organization. A little effort can push them to the category of As. The manager must motivate and help the Bs to get there. Jack Welch was of a very strong opinion that organizations need not waste time on Cs at all.   He also says that "managers who can't differentiate soon find themselves in the C category." [23]

18. Values v/s Performance

Competing through talent cannot be a compromise on the value systems governing the retention (or otherwise) of the employees.

Table 2: Values v/s Performance

Values	Performance	Management Decision
High on Values	High on Performance	Retain
Low on Values	High on Performance	??[24]
High on Values	Low on Performance	?[25]
Low on Values	Low on Performance	Exit

As shown in Table 2, some employees are high on both values and performance, organizations must make every effort to retain and develop them. They are an asset to the organization. A few are unfortunately low on values but high on performance. It is a true challenge for the organizations, whether to retain such employees or not. In case they decide to retain, they need to be given training and moral suasion on ethical dimensions

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[22] Passion refers to the intense outburst of emotion, enthusiasm, energy and enterprise resulting in a compelling feeling to goad individuals/groups towards organizational goals.

[23] In an era of talent crunch, the question is whether to get rid of 'C' category human resources or to nurture and groom them, so that their migration to 'B' category is facilitated after they meet or exceed the modicum expectations. In a country like India such an approach to talent management will promote the cause of inclusive growth.   Further such a policy will also help government and government related organizations, which are leading employers in India, to improve productivity because firing, post hiring is not a simple proposition. This approach to talent management will be consistent with Peter Drucker's philosophy that the challenge to management is "to make ordinary people do extraordinary things."

[24] **??** – A not so difficult situation if values come first and performance next. However, if performance becomes the key factor, such a situation can become dicey. Nurturing an employee low on values is a difficult proposition. Choice governing decision in such cases will be guided by organizational values.

[25] **?** – Can be handled through training and development initiatives.

and value systems. People high on values but low on performance are comparatively easier to handle. They can be encouraged to sharpen their skills and improve their performance with the help of few HR interventions like training and development, assessment centers, competency mapping, et al. It is the best for organizations to get rid of employees who are low in both values as well as performance.

19. Approaches To Talent Management

Competing through talent is possible if talent management practice is used as a differentiated product/ service to provide unique, special and exclusive benefits to an organization.

Korn/ Ferry International is a global talent management company. It launched a proprietary competency-driven approach to talent management and floated the idea of having companies and consultants with a common language and framework throughout the recruitment process. This helped the company to mitigate the chances of candidate being misfit/ oddity for a job.

There is a growing demand for companies with distinctive capabilities. High performing organizations have specialized workforces with technical, functional and industry expertise and experience. Organizations must first define their talent requirement and then discover and deploy it.

Talent Management process has to contribute value to the company on a sustainable basis. To manage sustainable value addition process, an enterprise must have effective alignment among three elements viz. value creation logic, organizing principles and people processes. Such an alignment has to posit certain features vis-à-vis key characteristics of an organization viz. corporate culture, roles and relationships, organizational structure, business processes, focused orientations and outcomes, presented as follows:

MCKINSEY - Job applicants receive coaching between interview rounds.

Box 29: Features And Characteristics Of Organizations

CHARACTERISTICS	REQUIRED FEATURES
Culture	responsible autonomy, result orientation and competitiveness
Roles and Relationships	self-initiated, self-sufficient, multiple role sharing, strong support / link/ liaison system and vertical teams
Structure	strong vertical links and reduced decision making steps, autonomous and faster response to change and high adaptability
Processes	team based interactive information flow, self-controlled, cohesive consensus oriented, reward-centered with appropriate checks and balances
Orientation	result oriented, well knit group, well defined, self-directed and highly focused groups
Outcomes	multilateral, committed mental compliance

20. Talent Challenges- A Deloitte Study

Deloitte conducted a detailed research study on the Talent challenges for enterprise. The study directed a questionnaire to 334 senior managers globally.

The objective of the study was to explore talent strategies adopted across the global network, concerns of multi-national companies and the emerging employee trends of enterprise which is facing a new set of challenges that are emerging in the immediate and near future. The key findings of the survey include, inter alia, the following:

1. Companies are facing the challenge of developing the next generation of leaders. Many enterprises are facing the retirement of senior staff and an expertise deficit is likely to emerge. Hence enterprise all over the World are busy revamping or initiating leadership development programs.

2. The talent race, in fact the talent war, is global. There is tremendous pressure on recruiters to get new people in jobs in new locations. This is because the new global hubs, like China and India, are emerging and they have become the rendezvous for talent recruiters.

3. World class talent leaders are pursuing a different agenda with stronger focus on retention, effective development, proper deployment and the right connect. The focus is on investment in human assets (talent) as a long term proposition.

It is interesting to know that the talent concerns of 334 respondents were analyzed using the 15 questions shown below:

➢ Competing for talent globally and in emerging markets
➢ Developing leaders and succession planning
➢ Retaining employees at all levels
➢ Managing and delivering training programs
➢ Creating career paths and challenges job opportunities for employees
➢ Sustaining employee engagement/ morale
➢ Providing competitive compensations and benefit packages
➢ Managing a globally diverse workforce
➢ Recruiting hard-to-find skill sets
➢ Reducing employee headcount and costs
➢ Deploying critical talent around the world
➢ Providing critical talent around the world
➢ Providing flexible work options
➢ Evaluating and implementing HR/Talent technology systems
➢ Aligning HR and Talent with line of business priorities
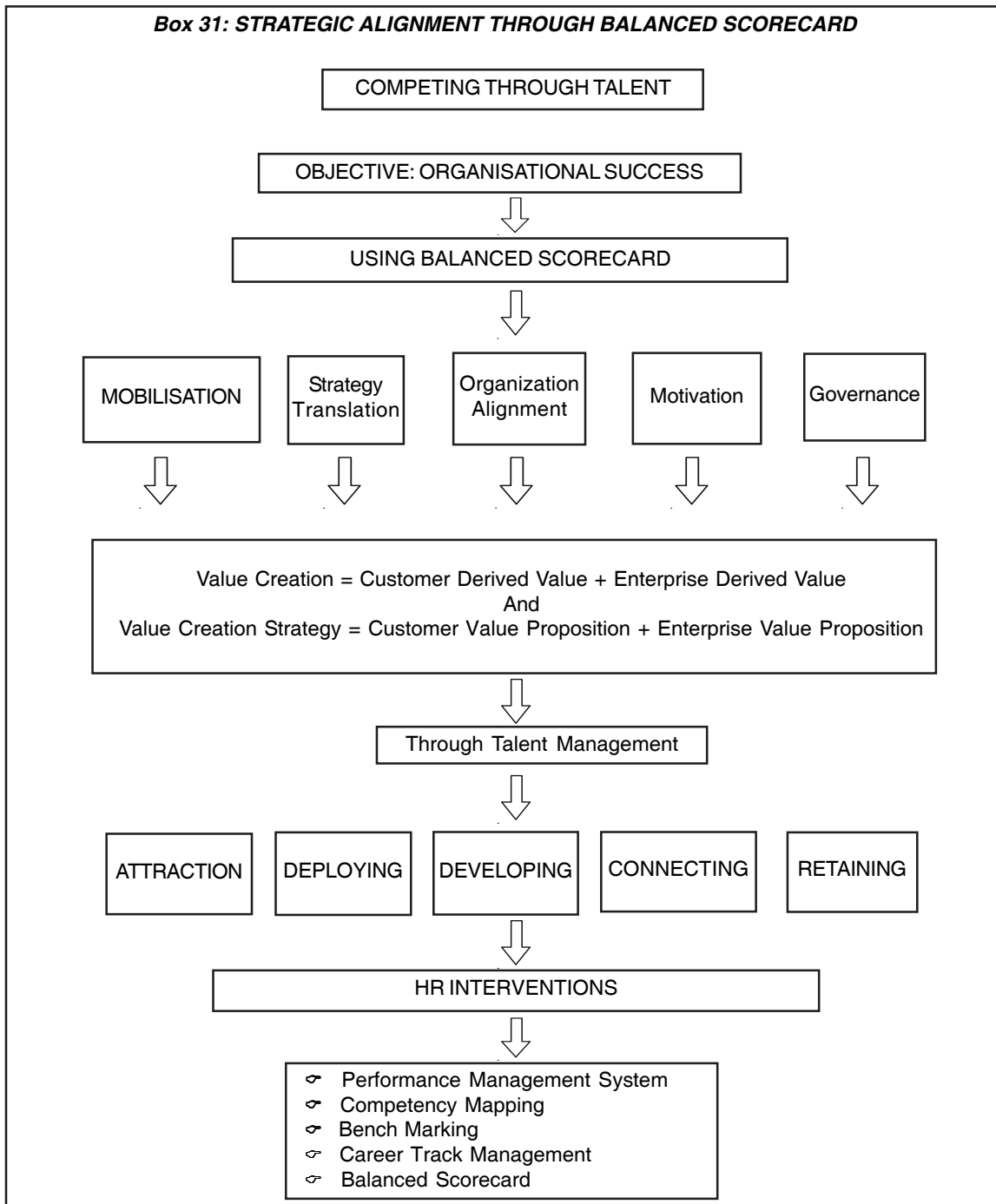
Box 30 : Talent Management Best Practices

Recruitment and Staffing	Training and Development	Retention Management
• Instead of hiring for specific positions, companies can adopt Talent pool strategy • Campus Recruitment • Employee Value Proposition - strong emphasis on global branding • Focus on values • Cultural fit • Continuous assessment • Talent inventories for selection/ succession • Employer branding • Induction program • Succession Planning	• Leadership development • Promotion from within • Training Need Analysis • Training Audit • Performance Management System • 360 degree feedback • Career development- job rotation, international transfers • Involvement of Line manager (coaching, mentoring, etc.) • Assessment Centres • Job rotation • Multi-skilling	• Attrition rates to be monitored on a continuous basis • Succession planning • Highly competitive compensation • Career plans tailormade to suit individual requirements • Senior management involvement • Flexible working arrangement • Programmmes on diversity management • Employee Stock Ownership Plans • Economic Value Added • Employee welfare

L'ORÉAL - 23% of the cosmetic giant's senior leadership team are women.

Talented people want:

Employee Value Proposition = Personal Development + Meaningful Work + Sustainable Lifestyle + Value based Organizations + Inspirational Leadership

Box 31: STRATEGIC ALIGNMENT THROUGH BALANCED SCORECARD

COMPETING THROUGH TALENT

OBJECTIVE: ORGANISATIONAL SUCCESS

⇩

USING BALANCED SCORECARD

⇩

MOBILISATION	Strategy Translation	Organization Alignment	Motivation	Governance
⇩	⇩	⇩	⇩	⇩

Value Creation = Customer Derived Value + Enterprise Derived Value
And
Value Creation Strategy = Customer Value Proposition + Enterprise Value Proposition

⇩

Through Talent Management

⇩

ATTRACTION	DEPLOYING	DEVELOPING	CONNECTING	RETAINING

⇩

HR INTERVENTIONS

⇩

☞ Performance Management System
☞ Competency Mapping
☞ Bench Marking
☞ Career Track Management
☞ Balanced Scorecard

21. Strategic Alignment Through Balanced Scorecard

Competing through talent can facilitate organizational success through goal directed behavior. The effort is directed towards attaining, sustaining and enhancing value for shareholders of an enterprise. Balanced Scorecard[26] is an important tool to ensure strategic alignment of different segments of business with a view to contribute to organizational success through *inter se* synergies. It is reported that the differentiating feature between Hall of Fame organizations and others is organizational alignment. This chasm, according to Kaplan and Norton[27] can be filled in through the Balanced Scorecard, which is one of the top tools of the Hall of Fame organizations; to create organizational integration. Such integration helps all segments of business to offer a unique, special and exclusive differentiated mix of products and services which can produce all round synergies to the enterprise.

Organization's measurement and management systems need to be aligned to the organizational strategy. Five key principles in this direction are:

1. Mobilization- Mobilize change through executive leadership
2. Strategy Translation- Translate strategy into operational terms
3. Organization alignment- Align the organization to the strategy
4. Motivation- Motivate to make strategy everyone's job
5. Governance- Govern to make strategy a continual process

Alignment may be likened to a winning crew which rows in beautiful synchronization. Similarly, different segments of business ought to function with rhyme and rhythm well tuned with power and consistency well orchestrated by an organizational coxswain. Only such coordinated effort can help to link business unit strategies to the 'Enterprise Value Proposition'.

Organizations these days consist of constellation of business units and shared-service units. Synergies can be created only when organizations are able to align operating and service units. This leads to creation of enterprise-derived value.

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[26] The Balanced Scorecard (BSC) is a strategic performance management tool - a semi-standard structured report, supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions. (Source : http://en.wikipedia.org/wiki/Balanced_scorecard)

[27] Kaplan,R.S., Norton,D.P., Alignment, Using the Balanced Scorecard to Create Corporate Synergies, Harvard Business School Press, 2006

UNILEVER - All 100 top leaders submit two-page career plans to CDO Paul Polman.

> Value Creation = Customer-Derived Value+ Enterprise Derived Value
>
> Value Creation Strategy = Customer Value Proposition + Enterprise Value Proposition

Enterprise Value Proposition refers to the value created for shareholders through improved customer relationships alongside outstanding internal processes. The processes can be improved on an ongoing basis by aligning people, systems and culture. The four perspectives of Balanced Scorecard in this context can be determined as follows:

- ➢ Financial- What are shareholder expectations for financial performance?
- ➢ Customer- Is there a value creation for the customers?
- ➢ Internal Process- What processes should the enterprise excel at to satisfy customers and stakeholders?
- ➢ Learning and Growth- How best to align intangible assets- people, systems and culture- to improve the critical processes?

These four perspectives are linked in a chain of cause and effect relationships. E.g. A training program to improve employee skills (learning and growth perspective) improves customer service (internal process), which in turn leads to greater customer satisfaction and loyalty (customer) and eventually increased revenues and margins (financial).

Employees are a key to organizational success. It is the prime responsibility of the organization to attract, retain, develop, connect and deploy talent which is an intangible invaluable resource at its disposal. HR interventions like Performance Management System, Competency Mapping, Benchmarking, Career Track Management, Balanced Scorecard et al are tools used by the HR department for the functional alignment.

22. Best Practices Examples

1. **Ecolab** - It has designed and implemented a Talent Pipeline framework. This model explains the required skills and activities at five important levels.

- Managing oneself (an individual contributor)
- Managing others (front-line leaders)
- Managing managers (mid to senior-level leaders)
- Function managers (leaders responsible for an entire function)
- Business managers (leaders responsible for an entire line of business)

Ecolab places greater emphasis on individual development. It has developed a '180-degree assessment tool'; wherein assessment is done by an associate as well as his manager. This pipeline is also linked to performance management system.

2. Executive Development at Bank of America

Box 32: Attract, Retain, Develop Great Leaders At Bank Of America
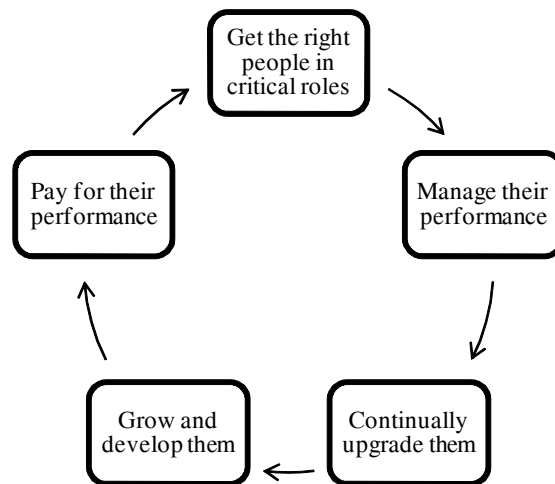
3. Godrej - 'Take yourself lightly and take your job and your responsibilities seriously' is the motto of Godrej. They truly believe that 'work itself is fun'. GALLOP (Godrej Accelerated Learning Leadership and Orientation Programme) was instituted in 2002 as a structured induction-training programme. Godrej uses GALLOP to portray core competencies and convinces the new joinees that the company is indeed a great place to work. The objective of GALLOP is to develop newcomer into a professional by giving him exposure across departments and inculcating a sense of belonging.

4. CISCO - In an era of ever changing human aspirations and corporate complexities, CISCO's management of its talent pool not only aims to solve the complex technical requirements, but also to meet the talent requirements as well as retention. This model is amazing as well as worth studying.

CISCO - a networking IT company established in 1984 was like any other start up till 1991 with no acquisition or merger and believed in its own organic growth. CISCO went for its first acquisition in 1991. Between 1991 and 2001 – next 10 years – CISCO had 64 acquisitions and 25 minority investment in other companies. Till September 2010 Cisco has to its credit 145 acquisitions – meaning almost one acquisition every month. What is noticeable here is during this period CISCO's head count increased from mere 5,000 to 30,000. Since every acquisition brought in new technology and the human resource

SIEMENS AG - Each year, 10 junior Siemens employees are named 'stars of the future'.

associated with it, it was a major challenge to CISCO to retain them intact lest their skill leadership will be lost. In spite of adding 10,000 employees on an average, per year CISCO could manage retention of their top 10% of their Human resource as well as contain attrition within 5%. These figures in an Economic environment, which is dominated by unprecedented market growth in virtually all sectors, but still with a 4.3% unemployment rate in the country is commendable.

CISCO could manage it through- leadership and alignment, focus on the customer, change before the market requires, solutions based on internal development, partnerships and acquisitions, organizational capabilities and use of technology

5. Larsen and Toubro (L&T)- The aim of talent management programme at L&T is to attract prospect with the right potential, develop skill sets of employees and help them achieve their best, retain them by enriching their experience and providing them opportunities for continued development of public reputation for being a great place to work.

L&T conducts extensive training for employees across locations to meet the requirements of expansion and growth plans of the company. The company has recently launched Management Education Programme in association with IIM-Ahemdabad, in addition to core development, competency-based and e-learning programmes. The Management Development Centre at Lonavala (near Mumbai) is expanded to meet the need of changing times. Progammes on Leadership and simulation of corporate entrepreneurship are some new initiatives introduced by L&T. More than half the employee strength is below the age group of 30. Special management initiative are undertaken to cater to the requirement of this workplace demographic.

6. Bharti Airtel- Global presence of Bharti Airtel has improved over a period. People still continue to be a strategic driver for their business. The company tries to promote local talent in overseas market. This is further complemented by selective induction of expat talent as a part of the company's global talent management plan.

7. Southwest Airlines- Talent management in Southwest Airlines is a globally recognized unique special proposition. The airline 'hires attitudes, not skills'. One of the competencies required is 'HUMOUR'. Thus, no matter what Continental and United Airlines do to mimic South West Airlines, the organizational capabilities of South West are uninimitable because "these exist in a complex web of social interaction and may even depend critically on particular individuals." It is difficult for any airline to reproduce South West culture of fun, family, frugality and focus. Thus competing through talent requires a uniquely differentiated approach to managing talent in order to continuously sustain the winning edge.

8. A leading pharmaceutical company, which has been highly successful over the years, competes through talent in global markets. The Company understands that success of the corporation largely depends on the performance of its employees worldwide.

The Company considers that employees themselves are responsible for managing and developing their own careers. Both the employee and the manager have a role to play in the career development. The Company already had processes for employee developmental opportunities like Succession Planning Process within the company or across the companies which are being managed through the announcement by VP of the department to Corporate Office.

Company's Innovative Talent Management Program (called Career Path program) maps out possible levels/positions within each function (marketing, finance, quality etc.) and the skills required for those levels/ positions in form of a matrix.

This matrix is termed as Common Skills Matrix (shown below) which also has linkages to the company's leadership program which defines individual's leadership traits like mastering complexity, innovation, customer focus, interdependent partnering and organization and people development for six different career levels/positions.

Box 33: Common Skills Matrix- Relation to Leadership Standards as defined by the company

Masters Complexity	• Autonomy • Managing Complexity / Technical Accountability
Innovation	• Continuous Learning / Managing Risk • Fueling Business Growth / Impact on Systems and Practices
Customer Focus	• Delivery of Results / Customer Value
Interdependent Partnering	• Team Contribution • Relationship SKills
Organization and People Development	• Developing Others • Creating the Environment

INTEL - An internal network of executive women mentors female talent.

Every item in Box 33 has been detailed by the organization so that communication to employees is transparent and effective. The company wants to ensure that common skills matrix is used as a Career Development Tool and not just as a job description.

Career Ladder: In company's Career Ladder, job functions in any typical department are plotted on X-axis while the six possible job opportunities/levels in each of these functions are shown on Y-axis. The six ladder levels are broad and have growth opportunities within each level. Career ladder does not make distinction between managerial and technical jobs. Company understands that in today's business environment most job positions require appropriate mix of technical, business and relationship skills. As employee changes responsibility from one level to the next, combination of these skills is likely to change e.g. mix of technical, business and relationship skills required for level One (i.e. entry level) position is substantially different than the level Six which is the vice president position.

The Company goes on to describe details of Roles and Responsibilities and Technical Skills required for each level for every function within every department of the company. It serves as a calibration tool for processes such as Career planning, Evaluation of promotion readiness, Identification of skill gaps and developmental coaching discussions and Recruitment and succession planning opportunities.

Box 34: Talent Management From The Operations Management Lens – HBR View

Talent management is the process through which employers anticipate and meet their needs for human capital. Many modern organizations recognize talent management as an essential ingredient for winning in the marketplace by attracting and retaining human capital. However, considering the copious, ineffective, reactive and bureaucratic models that sprouted in the era of stable, predictable business environment, it has become necessary to adopt a new approach to talent management that takes cognizance of the volatility and unprecedented uncertainty faced by businesses today. The research in Operations and Supply Chain Management stimulates a fundamentally different approach of talent management better suited to today's realities. This new approach has evolved through favourably comparing the Operations and Supply Chain practices viz. just-in-time manufacturing, forecasting, reducing bottlenecks, et al. with the issues and challenges of managing an internal talent pipeline – employees advance through development jobs and experiences. The factors that address uncertainty on the demand side are: how to balance make-versus-buy decisions and how to reduce the risks in forecasting the demand for talent. On the other hand, the factors that address

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the uncertainty on the supply side are: how to improve the return on investment in developmental efforts and how to protect that investment by generating internal opportunities that encourage newly trained managers to stick with the firm.

In the past, many employers have lurched from surpluses of talent to shortfalls and back again. Hence, it is worthwhile to obtain clues from the operations management field in this regards as operations managers are generally aware that the understanding of the cost involved in over-estimation or under-estimation is *sine qua non* of managing demand uncertainty. A deep bench of talent – producing too much talent – is expensive, and equated with inventory. Furthermore, unlike other forms of inventory, talent does not willingly stay on the shelf until it is called on; rather, it walks out of the door for better opportunities elsewhere. Therefore, companies have to undershoot their estimates of what will be needed and plan to hire from outside to make up for any shortfall. Another perspective insinuates at adapting to the uncertainty in talent demand by breaking up development programs into shorter units. For example, instead of organizing mammoth three-year functional programmes for management trainees, companies can bring employees from all the functions together in a programme that teaches general management skills for about a year and then send them back to their functions to specialize. In this manner, it would be possible to take advantage of shorter, more responsive forecasts, conceptually similar to bringing small batches of components more often to avoid long predictions of demand.

Although concerted efforts are made to attract talent it must be realized that still talent development is a perishable commodity and in order to preserve investment in development efforts as long as possible, it is necessary to balance the interests of employees and employer by having them share in advancement decision. In supply chain management, suppliers can have long-term partnership with the organization just as employees' career decisions can be made by managers. As we are moving toward agile network philosophies, internally developed employees may not serve the long-term needs and may leave if they don't get the jobs they want inside the organization. Therefore, key is to negotiate solutions that balance interest of all parties, for example by utilizing internal job boards to make it easy for employees to apply for openings and change jobs within the organization.

Reference: Cappelli, P. (2008) 'Talent management for the twenty-first century', *Harvard Business Review*, March, pp. 74-81.

CHINA VANKE - The property developer discourages 'displays of dogmatism' by employees.

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23. DR VN BRIMS Annual Seminar And Workshop

After going through the monograph it is obvious that 'Competing through Talent' will help organizations to:

a) align the mindsets of individuals and groups inter-se, in an organization, with a view to seek congruence with respect to values, vision, mission and overall objectives of the organization

b) evolve and develop human assets' acquisition policies which are directed to recruit the best and most competent and competitive talent at all echelons of management

c) identify deployment and engagement policies which permit the cause of the best alignment between position, pay and performance which in turn can contribute to the overall organization objectives and therefore long run success of the organization

d) identify talent development through appropriate and effective human resource development initiatives of education and training with a view to enable, empower and enact individuals and groups in favour of creativity, innovation, deliberate practice et al. to achieve better or most competitive, superior performance

e) help employees connect inter-se and also with all other stakeholders through effective networking and meet or exceed expectations of all stakeholders

f) identify retention, retirement and succession plans which develop the right bondage between the organization and the employees and put in place transparent succession plans that maintain continuity of quality leadership in the organization at all times

g) develop reward recognition systems which are transparent, fair, equitable and sharply motivate employees to voluntarily 'stretch goals' continuously to newer, seamless heights given current or future resource constraints of time and money and constant threats of loss of competitive advantage

h) continuously assay the performance of individuals, groups and practices of the business against the best, state-of-the-art, in the industry, country and the World at large so as to maintain the lead in an ever growing competitive World

i) inculcate in all employees the attitudes of a learning organization which is ever ready to absorb, assimilate and also transfer knowledge to the cause of welfare of all stakeholders including society at large

j)   motivate talent to emerge as ethical, socially responsible citizens, capable of contributing to the cause of human resource development which in turn allows the business to always ride at the crest of the wave of a knowledge society.

The seminar will address each one of the above issues in turn and should provide value additions to all students, teachers and other stakeholders of management institutes and other individuals, groups and institutions concerned with human resource development and management.

The specifics of the Seminar 'Competing through Talent' will include:

➤   Vision, Mission, Objectives and Talent Management

➤   Human assets, acquisitions, deployment, engagement, development, connection, retention, retirement, succession, reward recognition policies

➤   Talent management in a knowledge society

➤   Talent as a socially, ethically responsible entity in society

➤   Talent management- best practices

Box 35: Corporate Recruitment- Focus on Youth

"We Recruit Fresher's as they help us Build Products for the Generation Next"

"Talent without enthusiasm is like a Ferrari without fuel." This is one of the reasons why Freescale Semiconductor ropes in youngsters, who are bright and full of passion, from the engineering college campuses. Not only this, the company has interesting HR practices, which, on the one hand, are aimed at grooming the fresh talent to contribute innovatively to the company's products and projects, and on the other hand, creating an environment that energises and motivates these young recruits to stay on with the company for long spells.(Surinder Bhagat, Country Manager-Human Resources, Freescale Semiconductor, India, http://news.efytimes.com)

WIPRO - More than 100 Wipro executives have gone on to start their own business.

Competing Through Talent

24. News And Views
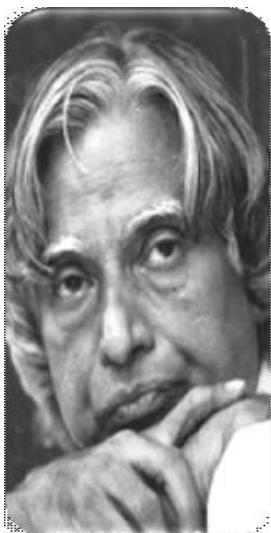
"When I was travelling in an aircraft in the United States, I was told that much of its controls were software driven and most probably developed in India. When I presented my credit card, I was told that it was being processed in the backend server located in Mauritius. When I walked into software development house in Bangalore, I was fascinated to find that it truly presented a multicultural environment. A software developer from China working under a project leader from Korea, working with a software engineer from India and a hardware architect from the US and the communication expert from Germany. All working together to solve a banking problem in Australia". *(Dr. A.P.J. Abdul Kalam, 32nd Annual Convocation of Anna University, Chennai, 9th January, 2012)*. Talent management today poses the challenge of competing successfully in a multi-cultural environment. India, by definition, is a multi-racial, multi-lingual and multi-religious country and is an object lesson to the rest of the World as to how to live through a multi-cultural environment.

Competing through Talent, in a globalised environment, should lead to a better India and a better World. According to Shri N. R. Narayana Murthy our future development should be based on education -professional management of education, good value system - courageous leadership, good entrepreneurship and governance, socio-economic systems which can create wealth through inclusive growth and globalisation, procuring the best of inputs from the best of places, at the best of prices and marketing quality output in the best of markets, at the best of prices. This is a great challenge for talent across the globe if competitive edge has to be successfully sustained. *(N. R Narayana Murthy, A Better India: A Better World, Penguin Books India, 2009)*.

25. Women Empowerment In India

A Challenge to Talent Management

Women are increasingly important to the Indian workforce. Recruiting women to work in call centers can dramatically increase the labor pool. In some industries, the percentage of female workers jumped from 10 percent to 50 percent. But this isn't happening at senior levels of the workforce. Avon's Effron said he was struck by the lack of women in management-track positions in India, where he was involved in coaching more than 40 Indian leaders over three years. "There was not a single woman in those groups," he said, which was especially striking given that India has had prominent female political leaders, including Indira and Sonia Gandhi. "So it's certainly not a country that you could say holds women back from positions of power.

But for some reason, we simply don't see this in many companies." Effron said Avon seeks to address this. "India is a key growth market for us, and we'll do our absolute best to make sure that we have women in key leadership roles in the organization."

Source: Managing and developing talent in China and India –At a pre-conference to The Conference Board's Talent Management Strategies Conference in New York City in March 2006, Development Dimensions International, Inc.

Box 36: Women Empowerment

❖ "Educate a man and you educate an individual: educate a woman and you educate a family." - UNESCO

❖ You can tell the condition of a nation by looking at the status of its women.
- Jawaharlal Nehru

❖ A woman is the full circle - Within her is the power to create, nurture and transform. - Diane Mariechild

BHARTI AIRTEL - A 'reverse mentoring' programme enlists junior employees to tutor senior ones about new technology.

NOVARTIS - The Swiss pharmaceutical giant runs a two and a half day mentoring programme to help leaders understand their 'core purpose'.

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