

BEST PRACTICES FOR MANAGING GLOBAL TALENT

More organizations have recognized the scale of the opportunity from developing a global talent portfolio.

As global organizations become more complex, they mirror societies' relentless pace of change, placing evermore and quickening pressure on human resources to respond. Add the broad social, geopolitical and economic trends, and the challenges facing global HR functions are far more multifaceted, complex and fast moving than ever before. But while the challenge is greater, the opportunities for human resources to cement its strategic value, develop new high-value capabilities and attract the best available talent to the profession are immense.

This article outlines five key trends confronting multinational organizations as they operate across borders and cultures, and shares best practice insights gained from the authors' experiences consulting with leading international organizations at the cutting edge of managing global talent.

TREND NO. 1 Global Talent Portfolios

Multinational organizations are quick to converge financial systems across borders and build integrated global supply chains, but, in the authors' experience, are often much slower to think of their talent portfolios in a joined-up manner. This lack of alignment can be attributed to cultural issues, differing educational standards, local labor laws and, of course, language. One consequence of this approach is that top talent typically originates almost entirely from headquarters, and the most senior positions remain the exclusive preserve of those from the company's country of origin.

In recent years, however, more organizations have recognized the scale of the opportunity from developing a global perspective of their talent portfolio. The process often starts with high-potentials, a much sought-after group that drives organizational performance in the short term and

By Paul Dinan and Marc Timmerman, Axiom Consulting Partners

builds leadership bench strength over the medium term.

At one London-based global consumer packaged goods company that operates in both mature and emerging markets, implementing a global high-potential program addressed one of its most pressing business risks, namely Western Europe's ticking demographic time bomb comprised of an aging workforce, mass retirement of Baby Boomers in senior positions and a lack of highly skilled workers. By identifying and developing highly capable and mobile talent from emerging markets with excess supply, and embedding a significant portion of these people in mature markets with excess demand, the company was able to implement a global talent arbitrage strategy. But unlike the typical developed-emerging world version where lower-value work migrates to lower-cost economies, in this case roles were reversed and the people moved to the work. The benefits of this creative thinking were both operational and financial in terms of filling key roles at a reasonable cost, but also cultural based on the infusion of talent from across Eastern Europe and Russia, helping to develop a much more diverse and culturally sensitive organization. For example, in corporate headquarters where key investment and strategic decisions were made, the company was able to use its much improved understanding of the high-growth emerging markets where many of its new hires were from to make better decisions about those markets and improve commercial and financial performance.

These kinds of benefits are on offer to international organizations that think about and act on their talent from a global perspective. And fast-tracking this approach does not necessarily require a massive revamp of existing HR and talent management systems and processes, which seems to keep many organizations from taking the first step. Rather,

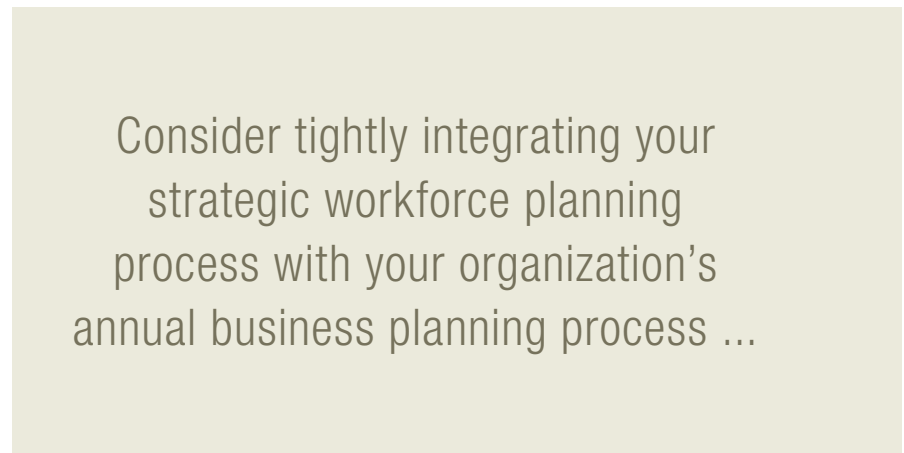
this approach is often best achieved by engaging leaders throughout the organization to have structured conversations about the capabilities required to support strategic and operational objectives, and then evaluating existing talent against these criteria at local, regional and global levels. In this way the cream will rise to the top, regardless of location.

TREND NO. 2 Vanishing Talent

Many international companies operate in fast-growing markets serving the seemingly insatiable demands of emerging economies like Brazil, Russia, India, China and South Africa,

taken extraordinary measures, such as doubling average compensation over the past five years, but cannot escape the fact that they are fighting over an increasingly stretched pool of resources that one senior executive descriptively calls "vanishing talent."

Vanishing, or peak, talent is right at the top of the agenda for leaders at many growth-focused international organizations. To ensure this issue doesn't negatively impact financial objectives, it is critical to take a proactive long-term perspective when considering what talent will be required to support growth and expansion strategies, and how that



the so-called BRICS. Unfortunately, while demand can scale up pretty quickly in these markets, it can take much longer to develop well-stocked talent pools to service this demand.

The energy sector is a great example, as demand is closely linked to the maturation and increasing living standards of these economies. With demand for oil increasing against a backdrop of tight supply, oil companies are drilling in deeper, more complicated and less hospitable locations. And unlike the 1980s, when a lack of capital was the primary brake on growth, today it's a lack of talent that frequently crimps growth and financial performance in the energy industry. With money no object as oil hovers above \$100 per barrel, many companies familiar to the authors have

talent will be deployed in the right place, at the right cost, at the right time. Consider tightly integrating your strategic workforce planning process with your organization's annual business planning processes, and help to expand talent pools by encouraging hiring managers to evaluate candidates based on skills, knowledge, behavior and potential, rather than just the appropriateness of their prior work experience.

TREND NO. 3 Economic Battle Fatigue

There are signs that involuntary employee turnover is on the rise again, even within a relatively challenging labor market. More worrying, the authors' experience suggests that it is disproportionately top talent who

are moving on at this time, as a result of their recent experiences.

During the economic crisis of the past few years, smart leaders put their most talented and best-performing employees in the most critical situations and jobs. In order to minimize the effect of the recession, employees were asked to work harder, perform better and deliver more. For many, the company's very survival was at stake, placing inordinate pressure on the most critical employees. The consequences are similar to those experienced by armies in modern warfare when the military sends its best platoons on extended missions with compressed downtime between tours of duty; the company's foot soldiers suffer from what the authors call economic battle fatigue. But as the economy improved, rather than offering a welcome break for top talent, much like soldiers being moved from Iraq to Afghanistan, key talent was redeployed to a new front chasing market share and increased profits, while implementing strategic projects — all within an environment of fewer supporting resources following broad-based downsizing.

The consequences of economic battle fatigue among top talent are potentially extremely serious for even the best organizations and extend beyond involuntary turnover. For example, already stretched leadership bench strength is being sapped further as many high-potentials earmarked for promotion are turning down seemingly attractive new roles in search of better work-life balance, often to the astonishment of senior leaders who willingly made similar sacrifices to attain their positions in the past. Requests for long-term sabbaticals are also on the rise, which can have an immediate impact on an organization's ability to implement strategic projects and initiatives. Motivation and productivity are also an issue, with previously high-performers missing targets for the first time in their careers.

The challenge for those in HR and leadership positions is to proactively

find ways to provide affected talent with some rest, a fresh start, a new beginning and even some time for closure. The best starting point for those who believe economic battle fatigue may be an issue in their organization is to find an appropriate forum or channel to engage in a dialogue with those most likely to be affected, and then to develop appropriate actions to address their issues and concerns.

TREND NO. 4 Corporate WikiLeaks

Some companies have struggled to figure out what social media is, how it works and how it can be harnessed effectively. This was previously an annoyance to executives, who instinctively knew there was potential in new media and tired of hearing how competitors had managed to monetize it. But given the magnitude of other issues competing for their attention in recent years, social media rarely made it to the top of their agenda.

That seems likely to change in the very near future, as companies follow governments in springing to contain the fallout from social media. The risks presented by social media are immediately obvious once organizations begin to consider them. Many companies have seen years of hard work and millions of dollars spent developing corporate and employer brands consigned to the scrap heap in a matter of hours based on negative news going viral. In Ireland, for example, one of the leading professional services firms had to scramble to react after news rapidly emerged that new female recruits were being rated based on their physical appearance by some male employees. No doubt their considerable investments in talent and expanding diversity over many years won't have achieved anywhere near as many newspaper column inches or become a topic of water cooler conversations.

While leak containment is an important reactive strategy to develop and have ready to deploy at a moment's notice, the permanent required

response is for organizations to strive for sincerity from the entire leadership team. Where Baby Boomers could reconcile differences between “the walk” and “the talk,” this proved to be more difficult with Generation X and is now almost impossible with Generation Y. These demographic groups want complete consistency between what the leadership team preaches and how the team behaves. And looking toward what the future has in store with Millennials — based on their current behavior, such as teenagers all over the world writing blogs about their teachers' perceived competence with no sense of disciplinary ramifications — the need for transparency, accountability and sincerity will only increase.

TREND NO. 5 Mass Customization

Human resources has typically championed a one-size-fits-all approach, or in the case of many international companies, a one-size-fits-headquarters approach. The somewhat predictable outcome has often been a lowest common denominator, with nobody being particularly happy with his or her “deal.” But as organizations became increasingly complex, and more sophisticated roles required highly developed and commensurately demanding talent, the employer-employee relationship morphed into one that more closely resembled that of a company and its customers. With the correlation between employee engagement, performance and retention well established, human resources in many leading international organizations is implementing a mass-customization approach to talent management.

Mass customization requires that organizations translate their vision, strategy and values into a flexible employee value proposition that resonates for as broad an employee population as possible. Some organizations go one step further by suggesting a need to develop multiple unique employee value propositions to appeal to particularly diverse

subgroups. Analyzing and segmenting employees into families or archetypes enables surveys and focus groups to develop a comprehensive understanding of what really matters to each group, and consequently where investments should be made to sustain the most appropriate and highest-impact employee value proposition(s).

The results of tailoring the value proposition to unique groups can be profound. Consider the IT department of a U.S.-based fixed-line phone company that was experiencing high turnover and low performance among its programmers. To stem the significant costs associated with replacing these specialists, management made several significant investments in base salary based on information from both an employee survey and exit interview process. To management's surprise, attrition remained stubbornly high. Following an analysis, the authors identified that for this particular employee group, employability and using the latest technology were more important than salary increases over a certain threshold level. By rolling back some of the salary increases and replacing them with a personal training budget and five days of paid training leave per year, turnover fell and performance improved. Furthermore, the organization was able to leverage new cutting-edge Web development skills, which would never have been a development priority for IT managers focused on maintaining legacy mainframe systems.

A critical early step in mass customization requires that organizations segment their employee population. Achieving the greatest business impact and returns requires that you evaluate each role's strategic impact during this process, meaning that roles and subsequent investments are prioritized based on their relative strategic importance. Many organizations struggle with this concept, believing that everyone is important to the organization's success. While this may be partially true, by focusing on roles rather

than individuals you can dispassionately develop a powerful segmentation framework that forms a solid foundation for all future HR initiatives and investments, which in turn can dramatically improve most employees' satisfaction with their respective employee value proposition.


Conclusion

Human resources is playing a different game today as a consequence of becoming an integrated business function that significantly impacts both performance and strategy execution, and because of the global socioeconomic changes that are affecting economies worldwide. The stakes are higher and the potential rewards greater. For organizations operating across national borders, the issues are magnified and complicated still further.

Moving forward, leaders will need to accomplish much: 1) champion personal and systemic transparency and authenticity; 2) ensure that high-potentials and other top talent are treated sympathetically as human beings as well as challenged like superheroes; 3) develop and upgrade creativity and business acumen; 4) find hidden gems wherever they are in the world, whatever their age, gender and cultural background; 5) remember that keeping people engaged and motivated won't be achieved by writing a check; and 6) deepen employee relationships with line management while also cooperating more closely with strategy and marketing functions to formulate and communicate their programs and messages, and to ensure complete alignment with both business strategy and external market branding.

For those working with international organizations it sometimes seems like the world is spinning faster and faster around its axis, with ever more competing priorities and increasing execution complexity. A laundry list like the one in the previous paragraph

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can seem pretty daunting, but at the same time, the authors are convinced that HR professionals around the world wouldn't have it any other way, as they all point toward tighter integration of their efforts with business strategy and leadership decision making. Indeed, the common calling for all leaders operating across our inconceivably integrated world is to continually appreciate and respond to the challenge articulated almost a century ago by Paul Valéry, a famous French writer, who sagely noted: "The problem of our times is that the future no longer is what it once was." 

Paul Dinan is a partner at Axiom Consulting Partners in Dublin. He can be reached at pdinan@axiomcp.com.

Marc Timmerman is a partner at Axiom Consulting Partners in Brussels. He can be reached at mtimmerman@axiomcp.com.

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