



Talent Intelligence

Leadership Risk Management



Innovative Approach to Beating the
Competition for Top Talent

December 2008

Situation

A global leader in interior automotive systems, with a proud history extending back over 120 years, was looking to its Human Resource team to respond to an urgent business need to staff a business expansion strategy in its Asian markets.

The Human Resources Director and the Executive Talent Director had been 'combing' the internal organization for internal talent over a number of weeks with little to show for their efforts. Given they operated in over 125 countries they quickly realised that their internal leadership depth, systems and development programs couldn't keep up with the future growth demands in the Asian region and as a result they realized they would have to 'top up' with external talent if they hoped to meet the expectations of the business.

In hindsight, a more pro-active, strategic talent pipelining strategy would have helped their situation. The ongoing development of an external talent pool against the critical roles that would drive the new expansion should have run as a parallel activity to the existing leadership development programs to counter the risk of over-reliance on the internal talent pool, particularly given the under investment in leadership training in recent years.

As a priority they needed to gather some detailed analysis and intelligence to establish an understanding of the local market conditions and the activity and bench strength of their key competitors in the region, many of which were unknown to them.

The task was further complicated by the cultural differences and language barriers that existed in the two key

countries in the region, Japan and Korea. The HR function also did not have the luxury of on ground representation to assist with the identification, assessment and selection of leaders and the regional management based in Singapore was too far removed from the marketplace to provide insight.

In addition, they were not the first Fortune 500 company to enter the region and other large multinational corporations had aggressively recruited in the last 2 years from the available 'talent pools', offering sign on bonuses and attractive retention packages, thus shrinking the available number of executives, at least on the surface.

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What was required was thorough research to uncover where the high potential talent was located in order to create a strong talent bench for the new operation now and into the future.

As they discussed the problem, and how to deliver to the business expectations, they both agreed there were some guiding principles necessary to appropriately frame the work ahead.



Those guiding principles were :

- The project had to generate insights into the market that would allow the crafting of a talent sourcing plan for further regional expansion.
- They needed to craft a 'strategic plan' rather than just conduct a tactical exercise to fill a 'job' in order to build a strong pipeline of future senior leaders who would feature on the Asian succession management plan due to be presented to the main Board in six months.
- They wanted to assist the successful on-boarding of the new General Manager by providing a clear picture as to what the top talent looked like in their competitors and the shape of their organizational structures .
- Both the HR and Talent Director needed to understand the regional markets as soon as possible in order to make a successful selection decision that met or exceeded the existing benchmark standards for executive appointments.

Traditional Talent Sourcing Practices 'Fall Short'

Having been delegated the tasks of finding a suitable Country Director, the Talent Director reverted to a past strategy that had been successful in her home country, the United States.

She picked up the phone and called a local search firm to commence the process of launching a fully retained search. It was a high risk approach given the patchy track record of the firm but given the time pressure and her lack of specific country knowledge she thought she had no other alternatives.

The initial briefing appeared to go well and the search firm embarked on its traditional process however because of the

offshore location of the role, control was placed with the relevant offshore office creating complexity in the management of the project. Additionally, the initial desk research to identify the potential Country Directors from each country was conducted from a centralized shared services facility outside the countries of interest. This raised major questions about the quality and depth of the information generated given the researchers lacked personal knowledge and experience of offshore talent markets and organizations.



After three months an update meeting was held and the Talent Director was becoming concerned. The presentation of the 'long list' seemed to only show talent from a small group of competitors and the biographical information was very thin. The sobering explanation was that prior to entering into the search firm agreement it had been highlighted by the search firm that there may be some 'off limits' issues with certain clients but the Talent Director discovered that more than half of the eligible talent in the market was excluded because of this factor. Perhaps more questions were in order up-front before engagement !

Little effort had been made to identify talent that was located in comparable roles in lateral industries which was critical as direct competitors over recent years had aggressively sourced talent from within the industry, effectively locking those individuals up with some lucrative retention packages for several years.

After digesting the weaknesses in the initial research it was apparent that the results were not conducive to a speedy completion of the task, which undoubtedly would result in a very active discussion with the business in terms of a delayed launch of the new strategy.

The situation was quickly deteriorating and the business was keen to see the 'top talent' from the market to push ahead with the expansion without having to go back to the Board to update them on a missed 'target'.

Key Lessons Learnt

The Talent Director pondered on a number of critical areas that would need to be addressed immediately –

- It was a reactive, not a pro-active process and as a result the human capital risk management profile of the company was higher
- They were still 'blind' in terms of the overall nature and structure of the talent in the marketplace and the demand and supply characteristics of executive labor for each country had not been made available by search firms
- Talented individuals in the local markets were 'missed' due to poor research and 'off limits' issues of the search firms
- The time delays were unacceptable to the business and created internal credibility problems for the Human Resources team
- The strategic pipelining objective was completely ignored leaving them exposed when the next business expansion occurred

- They had missed an opportunity to introduce innovation and diversity from other industries

A failure to address these concerns promptly was a major problem for Human Resources as the risk was that the business would take 'matters into its own hands' and start indiscriminate recruiting from a multitude of providers.

Both the Human Resources Director and Talent Director agreed that a fresh approach was necessary and they terminated the traditional recruitment engagement and proceeded to deploy a new plan to get the situation back on track.



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A New Strategy to Beat the Competition

Given speed was now of the 'essence', since three months had been wasted, both executives set about the challenge of building a clear view of the two relevant regional markets and the broader region. Instead of risking the same results with another search firm they engaged Talent Intelligence to implement a Talent Growth Planning solution in the region to address their needs. A customized approach was adopted and in a short space of time a number of tasks were defined and completed namely :

- Along with the general management role, other critical regional roles for the growth strategy were identified and a risk review assessment was undertaken to determine the depth of internal applicants and successors for each of those positions.
- A list of roles was finalized where external talent needed to be identified to improve the risk planning for the longer term growth and succession management plan.
- 'Pools of talent' were quantified for each of the critical roles by the dedicated Talent Intelligence account team that were also integrated with the internal talent pool.
- In addition to the development and management of "live" talent pools there was extensive competitive intelligence generated from targeting the organizational structure of key competitors and lateral companies in the region. This included the identification of roles, reporting lines and profiles of existing incumbents including tenure, experience, performance, potential, mobility, compensation and likely degree of acquisition.. This would allow the commencement of a pro-active sourcing approach to identified passive high potential talent in the market on a continual basis.

- A comprehensive map on the location of each of the individuals was also completed on a country by country basis to assist with positioning for the future growth of the manufacturing plants.
- The 'talent pools' for each role were also shaped to assist with meeting the objectives of the organizational 'diversity' strategy.

The results of this activity were also shared with the Merger and Acquisition team and the Marketing Division, both of whom had a keen interest in utilizing business intelligence, primarily to understand who was making critical product and pricing decisions at their competitors. Hopefully this would allow some pro-active talent 'poaching' in the future to de-stabilise the sales and marketing opposition !

Major Success – the Key Benefits

A post implementation project review was held between the Human Resources Director and the Director of Talent that was shared at the annual Talent Review session with the executive leadership team.

There had been some very positive developments in the way Human Resources had been perceived internally because of its more business aligned solution and the CEO was anxious to hear about what had been done differently to win over some long term critics.

Feedback had also come back from the regional markets that competitors had been surprised at how quickly they were making market share gains and growing their business development pipeline, much of this attributed to the targeted acquisition of high potentials and talent with extensive regional relationship ties in both business and government. The Country General Managers had been sourced from a lateral manufacturing industry segment with a very strong customer service ethos and a reputation for having a technological edge and this new infusion of innovative thinking and knowledge transfer had paid immediate dividends.



There were also a number of key benefits created by the 'competitive intelligence' approach provided by Talent Intelligence which the leadership team wanted to discuss given it was the first time that this method had been adopted by the company.

- 'Pools of talent' were created that could be tapped for future growth plans
- The talent identified immediately commenced a screening and assessment process to reduce future vacancy and integration risks
- The comprehensive research work uncovered some critical insights into organizational structures and the business priorities of key competitors which was shared with executive management at Head Office

- It was possible to identify the high potential employees of competitors allowing for a targeted talent sourcing approach that also weakened the opposition at the same time
- The identification of locations assisted with remuneration planning and in the discussions surrounding the decision on locations for future plant expansion
- Valuable insights were gained when studying the CV's of individuals, one example being the propensity of senior executives to move on after very short tenures. This allowed a much more focused retention planning strategy to be employed in the region.
- Intelligence was also gathered on the types of leadership development and career planning tactics employed by competitors
- Research also uncovered a previously 'hidden' alumni network operating in the region which allowed the talent sourcing team to significantly boost its recruitment leads
- Relationship building and brand promotion accelerated as the internal recruiting team started to build contact and relationships with key thought leaders in both Japan and Korea. The Talent Director was hopeful that this would lead to direct sourcing and referral of talented executives.
- The company had now positively differentiated itself from its competitors by understanding where talent was positioned in lateral industries to alleviate the 'talent shortages' within its traditional industry segment

Following discussions at the annual Talent Review, the Talent Director continued to invest in the gathering of market intelligence and it became a key platform for gathering and storing information on the movement and performance of external executives. The company planned to actively leverage this information allowing it to increase its direct sourcing of key executive talent rather than work through a traditional search model.

Even better, the information on the talent available in the external market enabled a benchmark on the quality of the internal executive talent to be established, further improving the quality of internal talent management decisions and the quality of leadership talent overall.

It had been a difficult journey but both the Human Resources and Talent Directors through their shared experience had created an innovative way of building a strong, strategic talent sourcing model to help cope with the global 'talent shortages' of the future.



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■ **About Talent Intelligence:**

Talent Intelligence advises the Board, CEO and senior HR executives of leading global and local companies on how to achieve best practice leadership risk management through the deployment and application of integrated talent intelligence solutions.

We use innovative research and thinking on succession planning and leadership risk with actionable insights in to the organizational structures and talent inventory of competitors and lateral companies. We help our clients shape strategic alignment, improve operational performance and sustain competitive advantage.

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