

Wake Up and Smell the 'Coffee'

... who are your 'STAR BUCKS'?

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The global 'Talent War' shows no sign of cooling down, and as we steam into a new decade the market can only get hotter and frothier.

Over-paid investment bankers and hedge fund managers are threatening to leave the UK... *"Let them go"* say some... I say so too.

Recruitment and headhunting agencies reported an upturn in business in Q4 2009, and the recruitment market continues to show positive signs of growth and recovery as we reach the end of February 2010, and on into the new decade.

THE THIRTEEN-YEAR WAR

Thirteen years ago McKinsey predicted what they called a *'War for Talent'*; which became a reality throughout the following decade.

Yes, we've had a recessionary blip, though already the first signs of an intensification of that talent war are poking through. Just as bankers are getting back to 'business bonus as usual', we're seeing a shift in power balance away from corporations calling the shots on recruitment, towards the candidate once again having a bigger say, and arriving at the table with a stronger negotiation stance... *"Buy me if you can afford me; I have choices, I have options, I might even go and work for myself!"*

The US Bureau of Statistics predicts a labour shortfall of 10 million workers in 2010, whilst Accenture estimate that intangible assets (largely people) represent 70% of the value of S&P and FTSE 250 companies on both sides of the Atlantic.

So, 'good' people will be in short supply in the next few years, particularly given that many have been 'treading water' whilst the recession bit hard.

The very best are in danger of walking, and will walk from organisations that do not value them, taking their value with them, and leaving those organisations less valuable (in every sense) as a consequence.

Assuming you're a business leader responsible for your most valuable assets, what are you going to do about it? What are you doing about it right now?

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Or maybe you're one of the people planning on doing the 'walking'... or running! If you are, I wonder how many of your top talent are 'wondering about wandering' too? Can you, do you blame them?

BATTLE OF THE 'TEENIES'

If you care about any of this stuff (and if you work in Talent Management your *own* job depends upon you caring and doing something about it), then you'll already be ahead of the 'cappuccino crowd'.

You won't be late for your latte or stressed about your ristretto; others won't dare mock your mocha, because you will have woken up, smelt the coffee and blown the froth off the market. You will already have prepared for the next battle... the battle for top talent in the 'Teenies'.

'Accenture estimate that intangible assets (largely human capital) represent 70% of the value of S&P and FTSE 250 companies on both sides of the Atlantic'

So, if your mission is to attract, retain nurture and grow the top talent within your own organisation, your own 'coffee republic' plantation, then where do you start?

What do you do? How do you ensure that you not only win the battle, but you also prevail in the longer-term war? It's not about a short-term caffeine high... it's about the longer term sustained, and sustainable, **performance boost**.





1 Identify Potential

Identifying the next generation of 'high-potential leaders', 'mission-critical specialists' and 'individual contributors' is vital to your battle plan.

What's your competitive advantage?

Firstly, you need to create, align and integrate your **talent strategy** with your **business strategy**, which hinges around your organisation's competitive advantage; it's point of differentiation compared to the competition.

Your talent strategy should then be focused upon getting top talent into the **pivotal roles** that align most strongly with your strategic advantage. If you're trading on the oil market, for example, you need the very best people you can find in your key oil trading and brokering roles. Sure, the IT manager is important, otherwise the position wouldn't exist, and a whole heap of things would go wrong if you didn't have a capable person in that role. But... is your IT Manager really going to be crucial to your competitive advantage, or leverage the kind of

impact that an oil trader can in an oil trading business?

Just to be fair to our IT colleagues, the roles would be reversed if the business were Google, Apple, Lexis Nexis or O2. Sure a technology firm will need an 'Oil Trader', but they will probably be responsible for negotiating the best terms for the company vehicle fuel card scheme!

In other words, your talent strategy should be to build your strategic competitive advantage even stronger than it is today, by filling mission critical functions with the very best talent you can source or develop internally.

The surest way of going backwards is to stand still, or to arrogantly assume that you will always retain that comfortable 'competitive advantage blanket', with the people you have working for you right here, right now; and without doing much to keep them motivated, developing and performing.

No... to stay ahead of the crowd you need to do four things exceptionally well:

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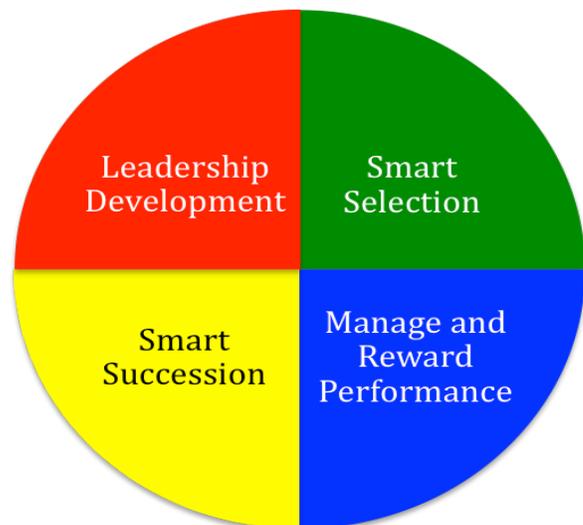
1. Smart Selection means hiring **better people** from the outside than the majority of your current staff (though you will of course have star performers internally); and selecting the very best from your internal pool for accelerated development.

You have to do both.

2. Manage and Reward Performance in a way that truly drives and reinforces a **performance culture**, and which is respectfully intolerant of mediocre or poor performance. Be hard on the issues, but gentle on the people - you know how to do this; if you don't, then find out or get out.

3. Smart Succession means using performance management data, together with information about the **potential** of each individual, to create a market leading 'succession management system'. If you don't know how to do this then email me at jon@blueiceconsulting.co.uk

4. Leadership Development to accelerate the **development** of key employees, particularly those with the highest potential from the junior to mid-level ranks... your leaders of the 'Teenies'.





2 Pick Winners

We all love to do this, in many aspects of life. But in the world of 'human winners' how do you know you're backing a 'dead cert' or something that's 'dead in the water'? How, for example, do you know if an individual is ready to perform at the next or higher level, as a mid-level leader, as a Country Manager or as the next CEO?

By integrating the four elements in the blue boxes on the right into your talent architecture you will begin to create superior talent in your pivotal talent pool, which will improve the performance of your organisation, further strengthening and sustaining its competitive advantage - a self-reinforcing, virtuous circle. Remember, your talent strategy has to directly link to your organisation's competitive advantage.

MATCH COMPETENCIES TO LEVELS

Next, as you examine the key levels of your organisation, you will discover certain competencies that are critical at one level and lead to early success, yet at another level might halt a career in its tracks - 'career derailers'.

Similarly, there are competencies required at the top that are not required further down, as well as some core competencies required at all levels.

It all starts with being crystal clear about the key things that you need to measure.

To fully assess your leadership talent be sure to measure and document these four things:

-  **PERFORMANCE** currently, and in the recent past
-  **POTENTIAL** to move to the next level as a minimum, and preferably two or more levels
-  **READINESS** to move to the next level
-  **FIT** within the organisation's culture

'Potential' is one of the trickiest factors to measure, but fundamentally it's one of the most important'

Yes it's tricky, yes it's difficult, yes many organisations either ignore it or get it wrong, and yes... that's how you will win this war and beat your competition for the best talent in the market.

We know that the best performing sales person is not always the best Sales Manager; the best golfer is not necessarily the best coach... or loyal husband!

Performance in the current job, even when combined with wider-ranging ability testing, is still insufficient to give you a true, total picture.

POTENTIAL IS WHERE YOU NEED TO FOCUS

What about the impact and importance of interests, predispositions, motivations, and experience? Do you ever think of and consider these factors in your assessment of an individual's

potential? Are these things part of your talent management process?

We all know of people with modest ability at best, who somehow ended up making a great success out of life. Equally, we know people with great ability (not only sports stars) who, for some reason, end up derailing their career. We have to consider multiple factors that predispose a person to success.

So, when considering the future, surely the most important thing you need to think about is how to identify those people who have the potential to take on roles of significantly greater responsibility in that future. The future is where I'm headed, as there aren't many alternatives, so I suggest you prepare for it as best you can.



STAR 'BUCKS' and HIPO's

The people in your organisation who have the potential to advance two or more levels in the hierarchy are referred to as high potentials, or 'HiPo's' in the jargon.

A high performing, high potential person is therefore a 'HiperHipo'.



The opposite could be described as a 'LoperLopo', but I strongly advise against labelling people in this way... particularly in writing, on social networking forums or to their face!



Incidentally, don't confuse these people with the 'Oomper Loompas' from Willy Wonka's Chocolate Factory. Those guys might not have been going anywhere stellar in terms of individual performance or career development, but they certainly knew how to produce the world's best chocolate!

'Whilst more than 2/3rds of companies do some form of identification of human potential, less than 1/6th are satisfied with their procedures'

Aside from the last paragraph, I would hope that everything else you've read in this article sounds like common sense. However, research shows that whilst more than 2/3rds of companies do some form of identification of human potential, less than 25% of these organisations are satisfied with their procedures. I can also assure you that having worked in this field for many years it might be common 'sense', but it certainly is not common 'practice'.

Why? Because most of the usual organisational indicators used to assess potential are inadequate, and many are worse than chance. For example, nomination of an individual by their boss is a common method for identifying high potential; after all, why wouldn't you ask the boss? However, the problem is high subjectivity. What if your boss is a Loperlopo for instance?

RECENCY, FAVOURATISM, HALO & HORNS

Ratings and opinions are also notoriously inconsistent between managers, and heavily biased towards an individual's current or recent performance - a phenomenon known as 'Recency'.

There are also other distortions such as the 'Halo and Horns' phenomenon, in which a manager forms an initial 'good', 'bad' or 'ugly' opinion towards an individual, which then colours a great deal of what they subsequently perceive. An opinion, once fixed, can take a good deal of counter-evidence and time to dislodge.

Outside of talent management, financial institutions continually warn us "*The past is not a predictor of future performance*". So too in career success and senior level competence. Whilst past performance is an important factor, the personal competencies required for individual success in future (usually more senior roles), are often unobservable in current positions because the challenges and requirements at the next level up can be markedly different, and rarely encountered by the next couple of levels down.

Could you do your boss' job?

How would you know?

Could you do your boss' boss' job?

How would you know that?

Could your boss do his or her boss' job?

How would you know?

How would they know?

How would their boss know?

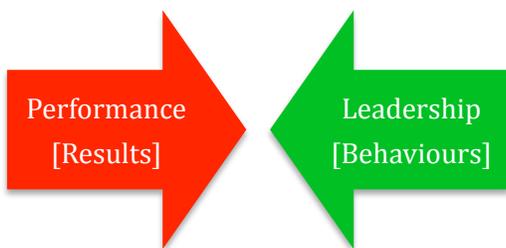


A supervisor in your company may not have had the opportunity or role requirement to think strategically. It's not their fault, they haven't been paid or expected to do it? Can they do it? Who knows?

Well... maybe you can gain an inkling, or even a strong indication about potential if you follow my advice.

3 The Winning Formula

Firstly, you need to assess basic entry-level requirements, which include two things:



There are then six factors to consider when assessing potential; the first three are:



These are an individual's **'hard-wired'** capacities: who they are, what drives them and the quality of their mental horsepower?

Then there are the **'Accelerators'**; factors that transform raw potential into true potential:



For example, a person's career goals and preferences would indicate whether they have the focus and drive to advance to higher management levels and whether they would find the work meaningful and interesting. Do they actually want to do it? Never assume!

All this sounds simple on paper, but the real questions you have to honestly answer are...

1. "Do you, or your organisation actually do this?"



2. "Do you or they take a measured and holistic approach to measure what really matters in terms of human capability, potential and value?"
3. "Do you or they do it across a range of components in a comprehensive way, and feel confident and comfortable that you're doing the very best you can in a complex and hugely important strategic area?"

Summary

Talent is a key battleground for organisations that seek competitive advantage.

The recent market shift will once again place talent at the focal centre of enlightened business leader's and senior HR professional's minds.

All of this needs an effective, market leading approach to talent management.

The architecture described above, and the methods for identifying high-potential individuals (male star 'bucks' and female star 'does'), needs to be part of your talent assessment and development model for 2010 and beyond.

What are you waiting for?
Get on with it.
My coffee's getting cold!

LINKS

Further information

◆ Jon Lavelle is a Key Note Speaker, published author and Director of Blue Ice Consulting Ltd. He writes extensively on Talent Management, Leadership Development, and the science and art of Influence and Persuasion.

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