TALENT

YOU'VE BEEN WARNED

THE BRIC TALENT ISSUE

TQ
INTER

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INSEAD

- Served on the Harvard Business School faculty for thirteen years
- Vice-Chair of the World Economic Forum's Global Agenda Council on Women's Empowerment and Chairs the Visiting Committee of the Harvard Business School
- Thinkers50 ranked #9 among the most influential business gurus in the world
- Her numerous articles are published in leading journals including the *Harvard Business Review, Administrative Science Quarterly, Academy of Management Review, Academy of Management Journal*, and *Organization Science*.
- Her research has been profiled in a wide range of media including *The New York Times, Wall Street Journal, Financial Times* and *The Economist*.

TQ: When CEOs and board members are surveyed about talent management, they regularly list it as one of their top three corporate priorities. They simultaneously express unhappiness with the current state of their company's talent. What do you think is coming between the positive intentions of CEOs and board members and the actual results of talent building in their companies?

HI: I have three hypotheses. The first is that everybody is busier. If you combine the huge pressure people are under to increasingly meet bigger, short-term numbers with their travel schedules that means that they're spending less time with people. And, because people are more distributed globally, at least in big companies, often times bosses are not co-located with the people that report to them. That creates fewer opportunities for development that now has to get crammed into travel schedules.

The second hypothesis is that people whose bosses don't manage them well don't learn to manage people. So you get the kind of leadership pipeline bottlenecks that Ram Charan talked about. Poor talent management trickles all the way on down because nobody's really doing their people development job.

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The third hypothesis is that most companies are still basically talent silos. I hear about this from people who are interested in finding opportunities in other parts of their company but don't know how. They have a hard time understanding the ways in which they could develop themselves or how they could take on a different role outside their business unit or the function.

Most of our talent management systems are outdated and there hasn't been that much thought on how to reinvent them. I think everybody was really struck by that Netflix PowerPoint presentation on talent management that was posted last year and got a huge number of views.

They described how they threw out formal performance evaluations and asked people to just have conversations. They threw out vacation policies and expense approval processes. Obviously the big companies can't really follow suit because they're too large and complex to do without those sorts of processes. But the talent systems we have are antiquated. The world has changed a lot since they were invented.

TQ: Do you see any fundamentally different talent needs or different ways that are needed to manage talent in developing markets? Or do you think that developing markets talent needs are relatively similar to what the rest of the world needs right now?

HI: You need to distinguish between a developing market and a high growth market. Take India as an example – an emerging market that was high growth until the recent slowdown. In really overheated labor markets people were cutting great deals out of college and jumping ship for a better offer less then a year into their job. Has that slowed down with the slowing economy? I don't know but there are two things that I've heard from people working in those markets:

First, when talent is scarce and you're competing more for talent, people must use more creative strategies to attract and retain talent. Instead of getting into a kind of a nuclear arms race with perks, bonus and salary, they should identify other ways they can retain the highly capable because retention is harder than in places like the U.S. or Europe, where people are hanging on by their fingernails to keep their jobs.

Second, when companies fail to retain talent, high potential middle managers are very hampered because they're chronically understaffed. The members of their teams are often quite junior and what ends up happening is that those leaders, even though they ostensibly have a senior title and set of responsibilities, actually keep doing a lot of the routine work pretty late into their careers.

It's difficult for them to delegate it because people are coming and going and they have very junior staff. That raises questions about how those leaders will be developed. Are they going to learn the delegation skills necessary as they keep moving up? Those are the two things I have observed but I'm not a specialist in the emerging markets.

TQ: Ram Charan's article a few months ago in HBR about splitting up HR created a flurry of discussion in the HR community. His critique was that his clients – CEO's of top organizations – had said that HR is essentially incapable of building talent and therefore should be divided. What's your reaction to that suggestion that HR is fundamentally not able to its job and so the function should be split and managed by others?

HI: I think he's right that there's a part of HR that's about compensation and benefits.   Then there's a part that's more about development and learning. It may well be that they're very different kinds of things. There's also a part of HR that's increasingly about IT and using big data to generate insights. So, maybe it does need to be divided or at least subdivided in that way.

It actually makes a lot of sense to me. What I've seen in HR in big companies is that they get very, very siloed. I've been part of reviews of talent management processes and leadership programs and the discussion very quickly gets to "who owns this" and "who owns that" and "we can't change this because

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it's related to that." So for the same reasons it's hard to change anything, it's hard to change the way HR has always worked.

TQ: A CEO comes to you and says, "Herminia, you have seen many organizations, many problems and many CEOs over your career. Based on the wisdom and learning you've gained over that time, distill for me the three things that I absolutely must do to be a great CEO and the one thing I must avoid doing." How would you respond?

HI: This is easy because it's the topic of my new book *Act Like a Leader, Think Like a Leader!* You need to make sure that you are doing the right job, that you are informing yourself through the right network, and that you are continuously growing and adaptive personally.

The first lever is your job: Look closely at how you're spending your time and what's your day job. And I mean how you're actually spending your time not how you think you're spending it. We allocate far too much time to operational and routine work, to solving today's problem, and not enough to thinking strategically about what's next. We also allocate far too much time to mobilizing people personally when

we should also be thinking architecturally about the kinds of systems, processes and procedures needed to support the direction we're trying to establish. We get the mix wrong because we stick to what has worked and been rewarded in the past. So, understanding what's the job I need to do today and not to getting trapped in yesterday's job is the place to begin.

The second lever is your network: You need to diversify your network so that you connect to and learn from a larger range of stakeholders. Most people get their advice or information, their support, from a pretty narrow range of the usual suspects. That range doesn't mirror the diversity in the outside world and or reflect how quickly the environment is changing. So that leader develops an insular world-view because they have an insular network. Both your world-view and your self-view are a function of your network. You have to make sure that network is growing with you otherwise you're not growing.

Your third lever is yourself. This is much more than matter of leadership style. It's about who you are, what you stand for and what you mean to people. Today we talk a lot about authentic leadership and

the importance of being authentic. But, just like you can get stuck in a way of operating that's suboptimal, you can also get stuck in an identity – a way of seeing yourself and being seen by others -- that's outdated. It may feel authentic, but that's because it's become second nature. In that sense, authenticity can be a trap, keeping you from growing further and fulfilling your potential.

An important point is that changing your job, your network and your self are all active, not reflective, tasks. You learn what you should be doing, who you should be meeting and how you might be adapting by doing new and different things (often outside your company and business) that open you eyes to the possibilities that you would not uncover by introspection and insight. The "outsight" you get will allow you to update yourself and not just what you do.

TQ: And the one thing not to do?

HI: The one not to do is don't rest on your laurels. What got you here won't get you there. Don't wait until your next assignment to figure out what needs to change or what's your 90-day plan. Your next assignment is now. Those jobs are evolving very, very quickly.

TQ: The readers of Talent Quarterly are Chief HR Officers and other executives with an interest in effectively managing talent. Any other insights, wisdom or advice you would like to share with them?

HI: For me, the big headline is really to focus on learning by doing, through assignments and projects. I really do truly believe that sacred cow of the 70/20/10 rule where 70% of a person's development comes from their assignments. But not all assignments create that kind of development and learning potential. That's the hardest thing to track, because it's really the line managers who have ownership of the next assignment.

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This is a big issue when it comes gender diversity. Companies try to fix gender gaps by putting in mentoring programs and training courses when they should be looking at developmental assignments. Only now are companies starting to track the gender mix in mission-critical roles. Previously they used to just count how many men and women at each level, and all the women would be in HR and all the men would be in the line roles. The only way to break that is to focus on mission critical roles. How can we get high potentials to rotate through those roles? When promotions are not available, how can we assign them to hot projects that get them visibility or put them on a cross-functional task force or get them exposed in different ways?

Helping people to learn more by doing is really important. We've gone off the deep end on introspection. Everyone has programs on how to be more self-aware and introspect and understand themselves. I talk about this in my book. Aspiring leaders actually need to get more outsight than insight – they need more external perspective, otherwise they're going to get stuck in the past.

Our biggest job is not to have the leadership programs with all the bells and whistles on them. It's to help people get into the assignments that will help them learn, develop and become the leaders they have the potential to be. **TQ**