

STRATEGIC TALENT MANAGEMENT FORUM 2008

13 November 2008
Sime Darby Convention Center



The following slides were used by
the speaker at this event

Performance Management & Succession Planning

*- How Do You Accelerate
Your Talent Pipeline?*

*Leadernomics Seminar
Kuala Lumpur
November 13, 2008*

*Anand Shankar
Group Director
Talent2 International*

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it's who you know

The Leading HR Specialist in Asia



London	Singapore	Tokyo
Mumbai	Kuala Lumpur	Sydney
New Delhi	Hong Kong	Melbourne
Kolkata	Macau	Canberra
Hyderabad	Shanghai	Brisbane
Chennai	Beijing	Adelaide
Pune	Wellington	Perth
Bangalore	USA	Gold Coast

- > An HR Outsourcing Specialist
 - 20+ years in HRO
 - Asia Pacific Specialists
 - 1400+ staff in the region (and growing)
 - Best-in-Class People, Technology and Processes
 - Continued Investment in Regional Infrastructure
- > An Industry Leader
 - Publicly Listed company (ASX:TWO)
 - AUD 220M+ annualized revenues
 - 50%+ YOY Revenue & EBIT growth since 2004
- > A Trusted Partner
 - Solid and growing customer base of leading organisations from public and private sectors
 - 2,500+ corporate clients
 - Over 9,000 hires per year through onsite teams in the Asia Pacific region (last 12 months)
 - 1,400,000+ pays per month (payroll outsourcing)

> passion > innovation
> affinity

talent²

Focusing On Talent Makes Even MORE SENSE NOW!

➤ Your best performers outperform average performers by 50% on whatever measure you look at—productivity, sales, building employee commitment

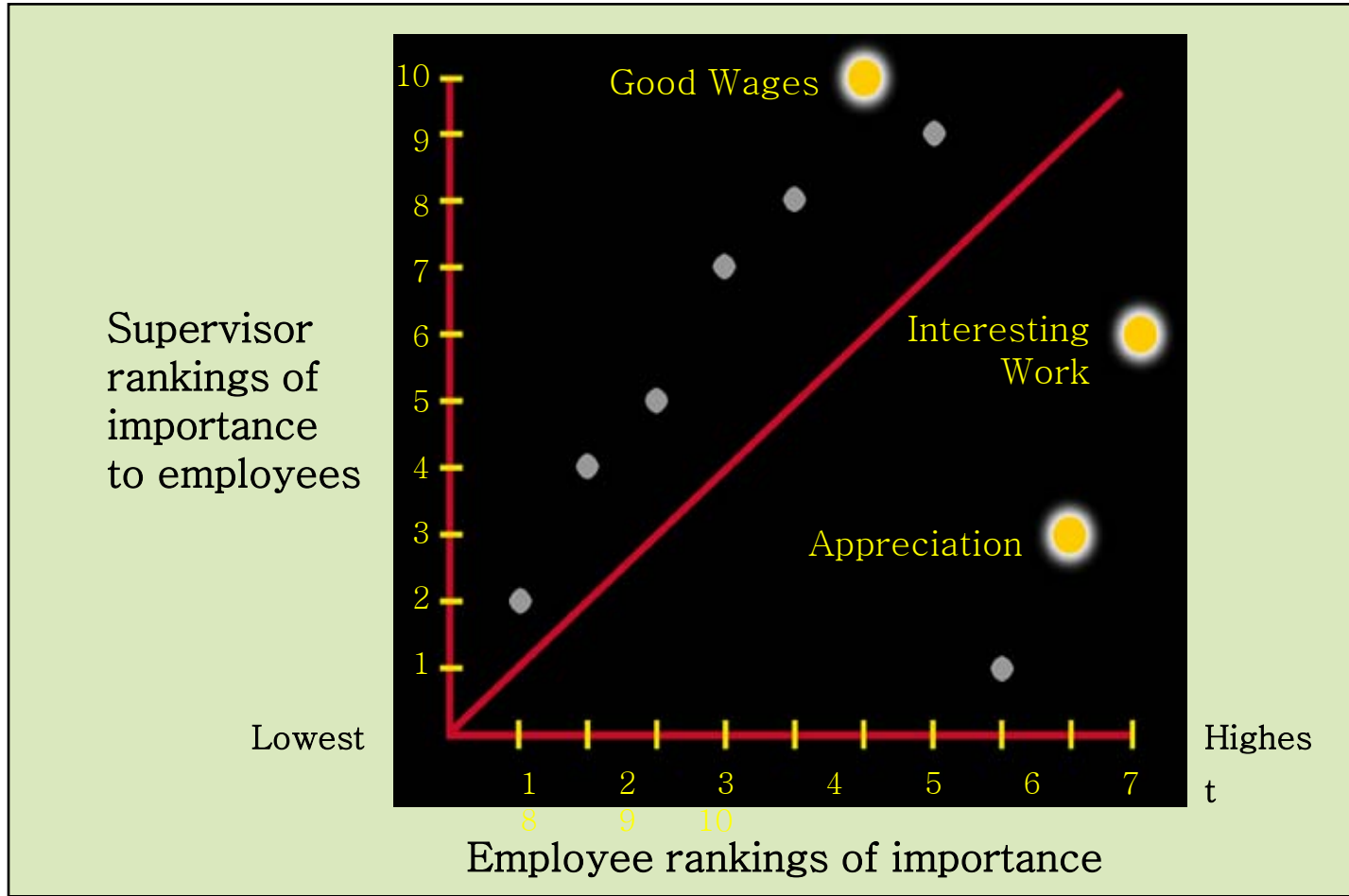
High Performers Are More Productive	
Difference Between Average and High Performers	
Job Type	Difference in Output/Productivity
Low-complexity jobs	19%
Moderate-complexity jobs	32%
High-complexity jobs	48%
Sales	48% to 120%+

Source: Hunter et al, *Journal of Applied Psychology*, 1992

Gartner Group - Predictions on the Future Workforce

- > Number one thing the knowledge worker is looking for -- **meaningful work experience**
- > Today's managers **know little about what motivates** and drives their employees
- > Professionals will **scrutinize companies they want to work** for more than the companies will scrutinize them
- > A **sense of community** is a growing factor in retention of knowledge workers

Managers Intuition vs Reality...



Talent Gaps in Asia – Why is This Happening?

> The Retirement Gap

- The Ageing population in most Asian Countries with not enough back-fill
- The average company expects 1/3 of its executives to retire in five years

> The Development Gap

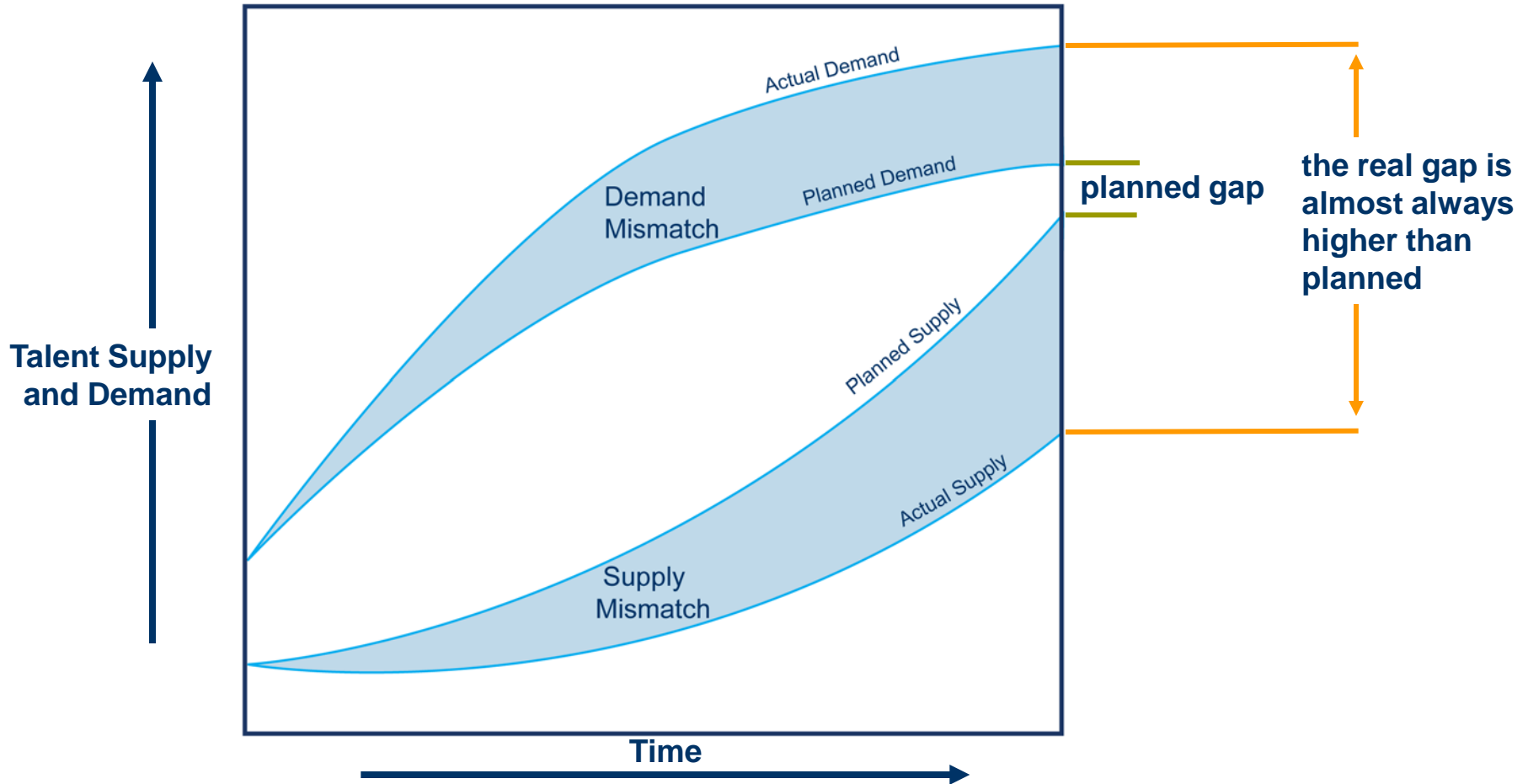
- 40% of organizations rate their approach to leadership development 'low' or 'very low'
- Only 25% of companies say they are effective at developing leaders

> The Availability Gap

- Three-quarters of corporate officers stated that their companies had “insufficient talent sometimes” or were “chronically talent short across the board”
- More than 60% of companies don't identify high potential leaders
- 66% of senior managers, hired from external sources, experience failure within the first 18 months

Identifying the Core Issue in Asia

Talent Supply and Demand



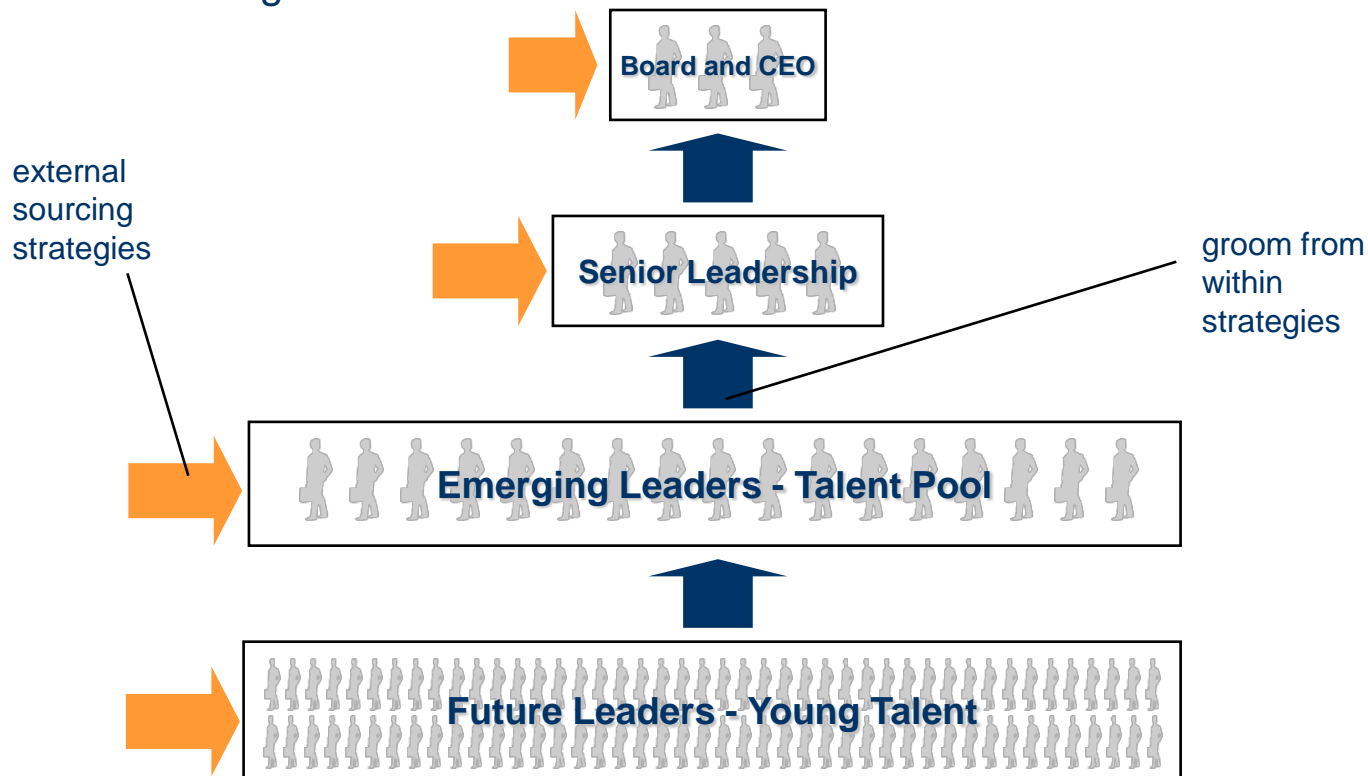
There is No Magic Solution to Talent Management in Asia

- > Wages alone is not enough
- > Think differently:
 - ***Performance Management & Succession Planning have to be a BUSINESS STRATEGY – not an HR program***
 - Greater diversity of Gender – Ethnicity – Age
 - ***Learning and development is draw card***
 - Training programmes, communication
 - Employer 'brand' has to be unique (EVP)
 - Better career planning and mentoring

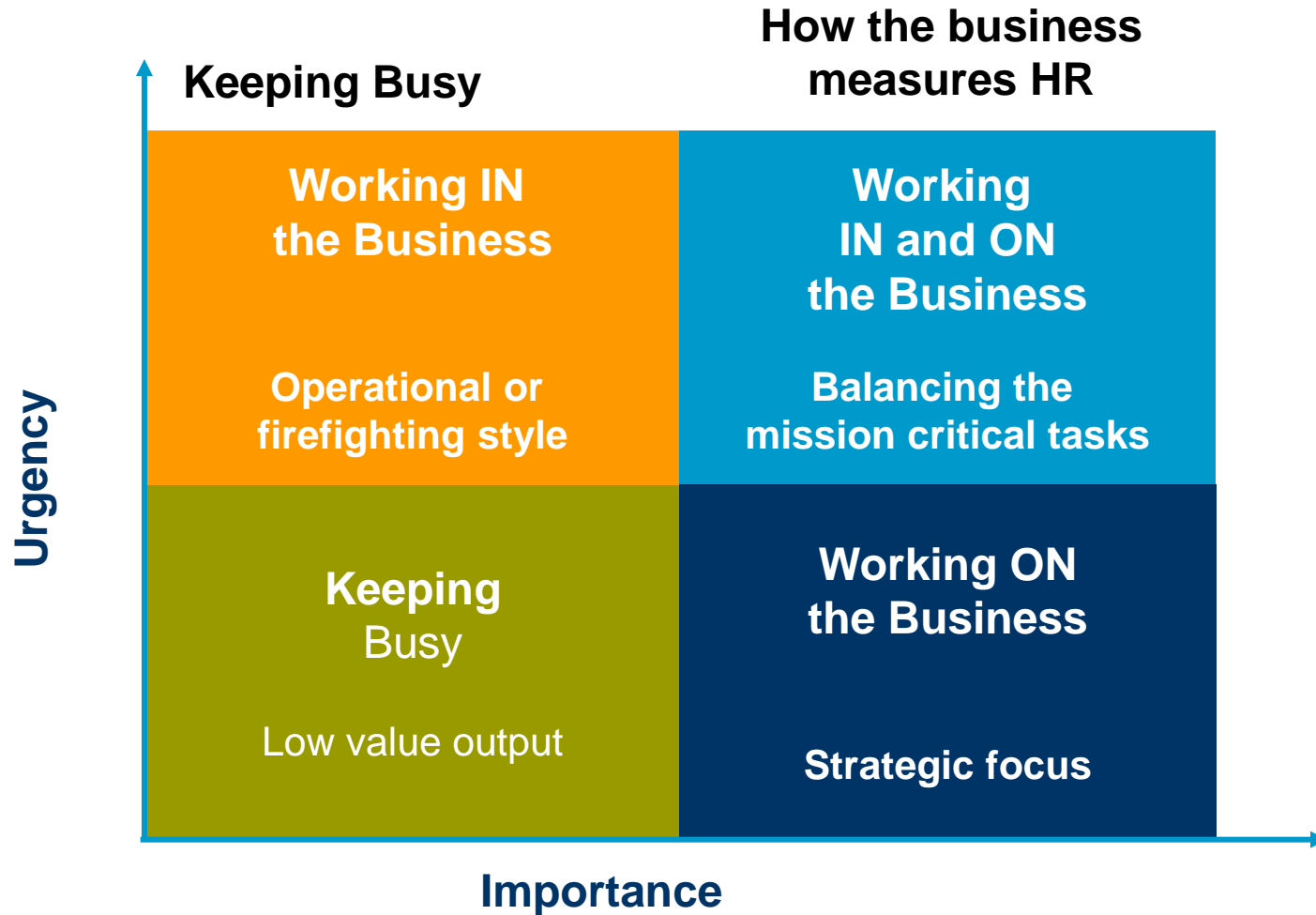
Business Strategy - Converting Talent to Results

Ideas for Acceleration

It is critical to view talent management strategies not from an 'across the board' one size fits all perspective but by dividing the workforce into specific tiers appropriate for slightly different strategies.



Time for HR to STEP UP and Be Counted – adding more strategic “value”



*Case Study
“Stepping
Sideways” –
to Grow in Adverse
Conditions*

*Approaching Talent
Acceleration with a
Growth Agenda*



Large Asian (Global) Infotech Major

Background

- > One of Asia's largest (by market cap) software and IT services companies
- > Extreme growth orientation – desire to build a global franchise
- > Strong presence in the US and local country, building franchise in Europe and Asia
- > Growth through remote IT services (off-shore model)
- > Highly innovative, nimble company
- > Visionary leadership at the top – considered one of the top IT visionaries in the world
- > Significant growth opportunities in IT outsourcing and services
- > Rapidly building capability to compete with global giants
- > Restructured in 2005 to focus on solutions and services rather than products

The Problem Outlined

- > Given the way the market started moving in the last couple of years – they saw ahead of time need to push through a different growth strategy
- > “Making the shift from a product push to a services model is proving more difficult than expected. We are still considered a product provider in the marketplace – our people are not being perceived as credible solution providers.”
- > “Our main issue is around talent – most of our managers have grown through managing people, sales and product development. We have never groomed top management capability around client leadership, thought leadership and business leadership.”
- > “We don’t have the leadership firepower to take on Global Players”

Thinking Through the Challenges

- > We could hire from outside into senior leadership ... but we have learnt the hard way that it doesn't change the company's culture
- > We could develop our people through training ... but we don't have the time or resources to train everyone
- > We could acquire consulting/outsourcing capability by taking over an existing firm ... but integration will remain an issue
- > We could tie up with other organizations ... but that will give us only technical capability, what we need is a shift in management capability
- > **We could abandon or postpone this strategy ... but that will mean abandoning all chances of success in the future**

Building a Solution Framework

A simple model to ascertain leadership imperatives



Determining Leadership Mix

Position	Leadership Imperatives					
	Applying Advanced Technology to Solve Client Problems	Building the Business in New Geographies	Leading the Thinking of our Clients	Motivating and Energizing People	Managing a Portfolio of Investments and Risk	Managing Large Client Relationships
Country Managers	-	3	3	3	3	2
Technical Leaders	3	-	3	-	-	-
Line of Business Mgrs	1	2	2	3	3	2
Solution Owners*	2	-	3	2	2	3
Large Acct Managers	1	1	2	2	2	3
Service Leaders	2	-	-	3	1	-

Note: *at the time of planning, this role did not exist in the organization chart

1 - Some proficiency required

2 - Significant proficiency required

3 - High level of expertise required

Understanding the Future Needs

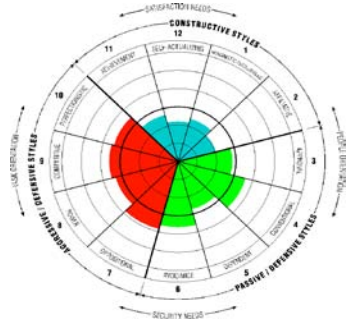
Three Year Strategy Scenario A (Aggressive)

- > Grow aggressively in Europe
- > Build presence in four new markets
- > Moderate growth in Asia with two key markets
- > Build two new business lines (outsourcing and embedded software) in our established markets
- > Seed investment in three new technologies
- > Launch key applications in two new areas in all our markets
- > Target client list moves to 50

	Full Contribution	Contributing	Learning
Technical Leader	3-4	2-5	
Country Manager	3-4	2-3	2-4
Solution Owner	12-15	7-9	3-6
Large Account Manager	27-35	24-28	12-18
LOB Leader	7-9	5-6	
Service Leader	3-7	4-6	

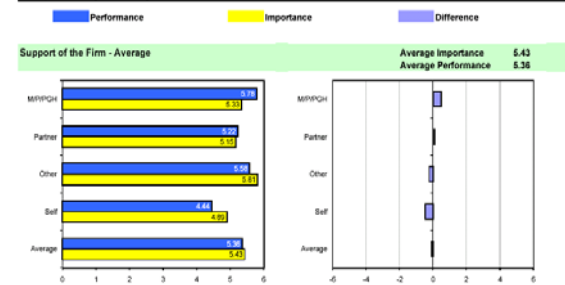
Assessing the Talent Pool

LSI – Leadership Styles Inventory or Success Profiles

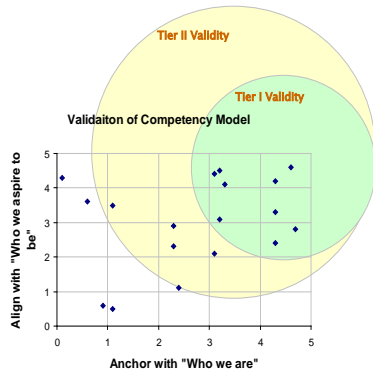


Assorted Leadership Assessment Tools

Capability Analysis

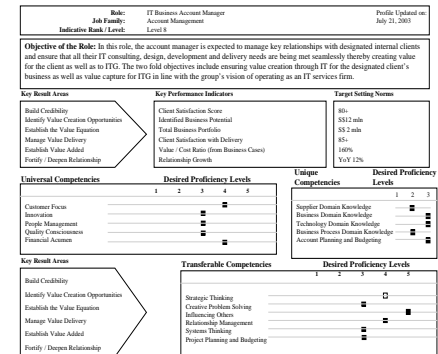


Individual Performance Maps



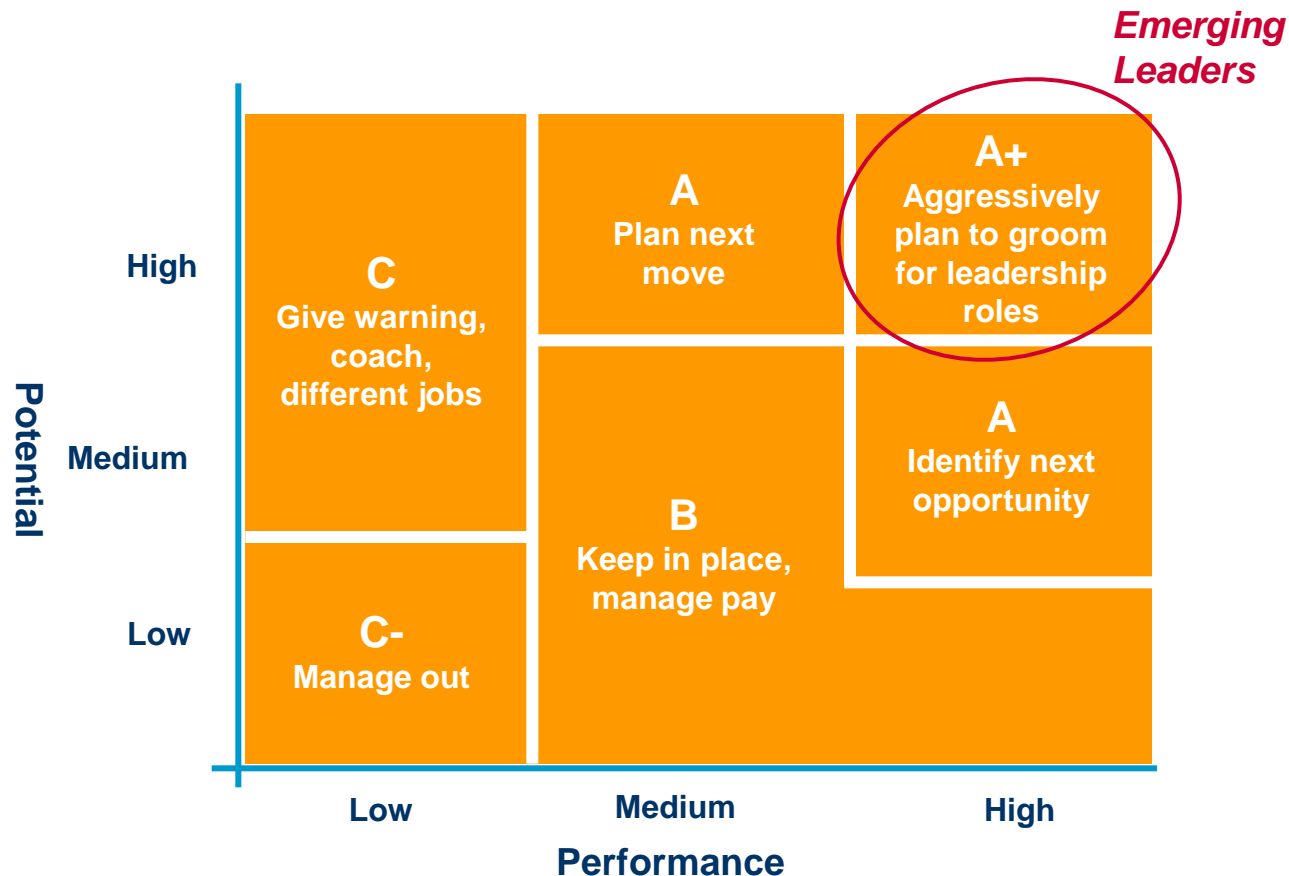
Specific Leadership Competence Tracks

Manager/Peer Feedback



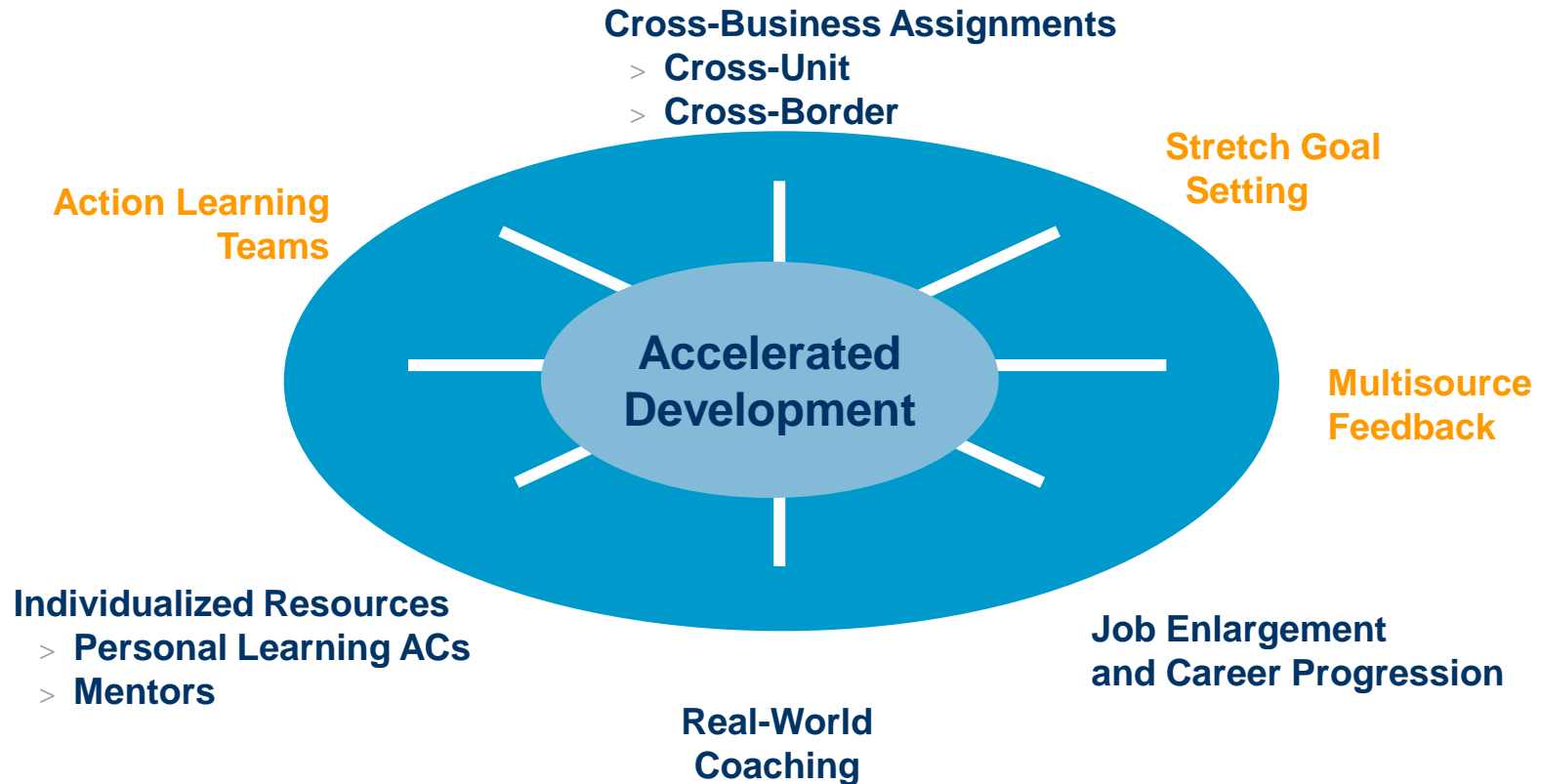
Building the Future Leaders

Identifying the High Potential Group



Accelerated Development

The Portfolio Approach



Items in **orange** identified as aggressive development investment areas for the next three years

Some Principles We Followed

- > Corporate ownership – build a super-manager ownership of the process
- > Make it known – clearly tell emerging leaders that they are to be groomed for leadership roles – but warn them that consistent performance is essential to make it
- > Use the assessment process for feedback and development
- > Review the talent pool periodically – clearly identify individuals who are not pulling their weight
- > Invest disproportionately – for every dollar spent on development of the workforce, spend ten or more on the emerging leaders
- > Coach and mentor the emerging leaders by using internal/external coaches throughout the process
- > Know the target – for each individual, develop the top two/three roles that are being targeted in the three year period

The Outcomes

- > Strong talent pool – succession ratio of 1.75 and increasing
- > Focused development helped contain overall spending on development
- > Retention (big worry at the beginning) not affected adversely
- > Percentage of full contribution leaders moved 30% to 70%
- > Strategy execution on track – staffing issues critical in only three strategic execution points
- > Culture change in middle management – ten degree shift to desired
- > Strong business performance – goals are likely to be stretched further next year

Lessons from this Case Study

- > **Act** like employees matter – don't just say it
- > **Emulate** what great companies think, not what they do
- > **Spark** passion, a collective will, a strong competitive desire
- > **Drive** accountability and eliminate barriers
- > **Enable** top talent to thrive, resist 'managing to the middle'
- > **Excel** at the few people practices that most impact performance
- > **Provide** clarity of purpose, direction, and priorities

***Debunk the Best
Practice Myth...
Emulating Best Companies...
There is Best Thinking
NOT
Best Practice***

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Performance Management “Best Practice” Approach

- > Companies with PM systems that have these four core components perform better in the marketplace
 - > **Goal setting at the beginning of the year** —Goals are cascaded from the top. Managers and employees use these goals to define what needs to be done, by when. This provides a line-of-sight for each person.
 - > Coaching and feedback—Managers and employees informally discuss what is being done well and what could be done better throughout the year
 - > Reviews—Managers and employees sit down formally once a year to discuss results, including which goals were met, which were not met, and what could be done better
 - > Rewards—Managers make decisions about how to allocate base and/or bonus based on performance results

Research Finding :Financial Comparison Between Companies With Performance Management & Without

> Financial Indicator	Without Program	With Program
• Total Shareholder Return	0%	7.9%
• Return on Equity	4.4%	10.2%
• Return on Assets	4.6%	8.0%
• Cash Flow Return on Investment	4.7%	6.6%
• Real Growth in Sales	1.1%	2.2%
• Sales per Employee	\$126,100	\$169,900

Source: *The Impact of Performance Management on Organizational Success*, Hewitt Associates, 1996

Performance Management “Best Practices”

- > Managers are involved in the design and execution
- > A common approach is used throughout the organization to allow for comparison of talent
- > Goals are linked directly to the business strategy, generally through a cascade process
- > Business and developmental goals are set
- > Managers coach employees throughout the year on performance issues—nothing at the end of the year is a surprise
- > Managers are trained and are provided tools to limit common mistakes (e.g., performance discussions focusing on the rating, not the message)
- > Executives participate, even if it means developing a separate process

Succession Planning “Best Practice” Approach

- Organizations that do this well, follow these steps

1

Determine level, role, and/or population you need to target. Ask: where are the pivotal roles/levels? Where is there high turnover? What roles/levels will be crucial in the future?

2

Assemble the CEO and corporate and BU leaders together to define success for these roles/levels. Develop a common language to discuss talent

3

Conduct performance and potential assessments formally and informally. Involve the Board in evaluating talent. Calibrate assessments within and across BU's

4

Create succession pools *AND* slate candidates for specific roles where placement is near-term. Discuss development for candidates publicly and create development plans

5

Hold leaders accountable for developing others via 360's or ee surveys where ee feedback on manager actions can be assessed. Discuss ee development progress in regular meetings

6

Place ee's in new roles. Create on-boarding plans to better ensure success in new role. Assign internal sponsor. Continue to assess development and progress regularly

Training “Best Practices”

- > Training happens throughout each employee’s career, especially when hired, when job changes occur requiring new and different skills, and when management levels are entered
- > Training is focused on technical skills (when they can be learned through a training program), understanding the culture, and understanding the business
- > Technical training and introductory management skills training is offered internally and externally, while most leadership development is achieved through inside development programs rather than external seminars
- > In-depth learning comes from action learning projects, developmental assignments, and coaching/mentoring relationships

***talent*²**

The logo features the word "talent" in a white, lowercase, italicized sans-serif font, followed by a superscripted "2" in a grey, lowercase, italicized sans-serif font. The background is a dark blue gradient with large, stylized, semi-transparent numbers "1" and "2" and horizontal line patterns.

it's who you know

anand.shankar@talent2.com