
PROFILES

The CEO's role in talent management

How top executives from ten countries are nurturing the leaders of tomorrow

Executive: Thierry Porte

Title: President and Chief Executive Officer

Company: Shinsei Bank Limited

Location: Tokyo

CEO since: 2005

Age: 48

Previous position: President, Representative Director and Branch Manager, Morgan Stanley Japan

Sector: Financial services

Revenue (2004): US\$1.5bn

Some chief executive officers use innovative strategies to upgrade talent management. When Thierry Porte became CEO of Shinsei Bank, he thought the bank would benefit through the creation of a new position, Chief Learning Officer (CLO), to strengthen training and development, especially for the bank's senior executives. This was new ground for the Japanese bank. But Mr Porte looked at what a number of successful US organisations had done. He was also influenced by Harvard business school professor, Tom DeLong, who serves as a consultant to Shinsei.

The CLO works directly with Mr Porte and the head of human resources, who plays a more strategic role than in some companies and oversees other performance

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management-related operations, including salary and benefits. “What we found in surveys of our employees over the last two years is that they are interested in ongoing learning as a way of enriching their own experience, developing their careers, deepening their knowledge and improving their skills,” says Mr Porte. “Learning takes a variety of forms. Some of that is management development. Some of that is leadership development.”

Mr Porte took his position at a time of

significant change. In 1998 the Japanese government nationalised Long-Term Credit Bank of Japan, and two years later sold it to US-based Ripplewood Holdings. Long-Term Credit subsequently changed names to Shinsei and moved more into retail banking. The company now offers such services as deposits, investments and mortgages, along with bond sales, underwriting and public sector finance.

When he took his position in 2005, Mr Porte decided to shake up parts of the business. He abolished the seniority system and installed 360-degree performance reviews. The company also began hiring more aggressively from outside the bank. About 10% of Shinsei's workforce are recent university graduates who joined the firm after the creation of Shinsei, Mr. Porte says. Another 40% of staff are mid-career hires. The remaining employees were Long-Term Credit bankers.

Shinsei has contingency and longer-term succession plans. Once a quarter, Mr Porte expects to discuss succession and performance development with an inner circle of about 15 executives. He also reviews both areas regularly with his board.

Shinsei Bank's performance evaluations score employees in leadership and other categories and incorporate written feedback. The bank offers a range of formal development programmes. They include classroom work, role playing and testing. The bank tries to target specific skills and issues in each activity. Mr Porte said that Shinsei intends to add programmes, some managed in-house but others directed by outside consultants. Mr Porte plans to teach a leadership course that will meet once a week and run eight to 12 weeks. He envisions other Shinsei executives teaching similar classes.

Shinsei will also provide more opportunities for promising employees to pursue an MBA and shorter two- to three-month programmes. Two Japanese organisations, Hitotsubashi and Globis, enable workers to schedule classes after work. Mr Porte believes that these programmes help personnel to improve their skills and create networking opportunities.

Mr Porte spends 15-20% of his time on talent management. He is responsible for the development of employees throughout

Shinsei Bank. “Very specifically [my responsibility] is to work with the senior team in developing their capabilities but also to assist them in coming up with ideas, concepts, procedures, policies, to develop their workforce all the way through the organisation,” he says. “It is one of the most important things I can do.”

Sometimes foreign executives have difficulty managing employees because of cultural differences. Policies and programmes that may be just right in one country may be a poor choice in others. Communication can be tricky. That can be tricky, especially in Japan, which has long-standing business traditions. Mr Porte says that he has been careful about the changes and programmes he has pursued.

Among Mr Porte's biggest challenges is communicating the importance of talent management. “I'm making sure that it's not just something that people see as a burden but really as an opportunity both for personal growth as well as for a contribution to the company.” He adds that it is also important to install programmes that are right not only for a Japanese company but also to help his firm's foreign employees. “We are working very hard to create things that fit into the context of Japan,” he says. “We have to have things that actually work here and that's an area where we're creating the content ourselves.”