A GLOBAL APPROACH TO TALENT MANAGEMENT

HIGH-QUALITY LEADERS ARE THE KEY TO COMPETITIVE ADVANTAGE

DDI’s recent global-leadership forecast found that worldwide, organizations with the highest quality leaders were 13 times more likely to outperform their competition in terms of financial performance. Whether causal or consequential, in an increasingly competitive global marketplace, the importance of an effective talent-management strategy cannot be underestimated.

Managing talent is a strategic priority in today’s complex, global business environment. Global organizations are looking to align their international HR strategy and align their various systems and processes. Leadership and management skills are not uniformly available and the war for talent is more prevalent in different parts of the world. In China and some other Asian countries, for example, firms are encountering a constant dearth of talent and a lack of qualified candidates. As a result, they may be forced to fill roles with expatriates. Global talent management is not only about recruiting the right talent for certain countries, it is also about identifying good talent and transferring skills and expertise around the world.

Resistance and push-back

A global approach to talent has led to an increase in demand for talent-management systems, tools and processes that can be successfully applied worldwide. Yet developing a global strategy can have pitfalls. Stumbling blocks tend not to be about the skills required in leadership, neither is it that businesses do not seem to understand how leaders grow. Rather, it is in less obvious areas relating to organizational alignment and execution of talent-management initiatives and in the sustained pursuit of strategic outcomes. Initial stumbling blocks can be more about culture acceptance and local resistance than practical differences:

> Will it work here? A program that is developed in a different country will naturally raise questions around whether it will work here; a natural caution that can hinder a talent-management program before it even starts.

> Who will pay for it? Globally created programs are often paid for locally, creating inevitable tensions that should be minimized and carefully communicated.

> Who is accountable? When a talent-management strategy goes global, who will be accountable for rolling it out in each region and how will it be measured? An effective talent-management strategy needs talent “ambassadors” who are committed to driving and measuring it.

> Will the tools and processes be appropriate? Will the tools that are part of the talent-management program translate well culturally? Will it take...
account of qualities that are less desirable in some parts of the world, but may not be as undesirable in others?

Organizations are looking for the benefits of economies of scale and of adopting a more unified approach to their systems and processes across the globe, yet they are also mindful of regional differences that must be overcome if a global talent-management program is to work.

**Global approach to talent at Philips**

One company that has realized the benefits of a global approach to leadership development is electronics company Philips, a diverse organization with more than 60 businesses and 120,000 people employed worldwide, across more than 60 countries. Before working with DDI, the company took a decentralized approach to training and development, where regional offices took responsibility for buying in and developing their own training programs. While this may have worked reasonably well in the past, the company had a broader strategy designed to streamline, standardize and consolidate a wide number of business areas across the world. As a result, Philips’ approach to talent management was reviewed to provide greater economies of scale and a more unified approach to its leadership development.

A structured global-leadership curriculum was developed, comprising more than ten courses. To help to drive the program regionally, a global team was created comprising a single project leader and lead consultant in each region, with a delivery team of training facilitators working alongside each consultant. This global team helped to drive the program through the organization and ensured that any objections or concerns could be addressed at a regional level.

The result has been greater economies of scale by working with fewer training providers. A centralized approach has made it possible to establish a single language of terminology across Philips and has provided a highly desirable career path for the future leaders of the company, which has helped to attract and retain some of the industry’s best talent.

**Finding the right global-assessment tool**

Many of the qualities found in leadership are the same the world over, such as a leader’s ability to motivate a team, drive and facilitate change, execute strategy and innovation and coach and develop others, yet there can be nuances which are best addressed at a local level. For example, in India, the style of management can be much more “command and control” than in other countries.

Increasingly, organizations have been looking for global consistency in their assessment tools, yet they also need to relate the findings at a local level. One area of assessment that has been able to do this is behavioral assessment. It can offer consistency in approach, yet interpretation of the results can be undertaken at a local level.

**Behavioral assessment being used more extensively**

Behavioral assessment is based around a series of business simulations and is a highly accurate predictor of how someone is likely to behave, particularly when under pressure. A validation study has indicated that those who score highly in these types of assessment are 3.6 times more likely to excel in job performance than those whose score is low. The study also shows that individuals who were top rated in leadership skills are 5.7 times as likely to excel in the application of those skills, when compared to those who were rated lower.
Traditionally, behavioral assessment has been the reserve of senior leadership, often requiring a whole day off-site. The considerable time and investment involved has meant that, for larger leadership populations or for assessing leaders globally, companies have instead opted for lower-cost diagnosis tools, such as psychometrics or 360-degree feedback, which arguably deliver data that is less rich.

This trend is set to change, though, as technology is for the first time enabling behavioral-based assessment to be used more extensively in organizations. Increasingly, it is being used as a tool for longer-term talent-management planning, not only focused on senior roles. It can also be used to assess front-line leaders and managers as high potentials and is relevant across different countries and cultures.

Quintiles trials new behavior assessment

Quintiles, a global biopharmaceutical-services provider, piloted a new behavioral assessment which is online-based and easily deployed as a global solution to assessment. Initially trialed in the USA and Singapore, it is now being introduced in other offices around the world. Quintiles has found the system to have been particularly useful to identify training needs and to help to ease the transition for team members who are moving into front-line leadership positions for the first time.

The behavioral assessment takes into account global norms that can sometimes differ across regions. It presents candidates with a number of highly engaging, realistic challenges that require them to interact with team members, take action and solve problems. These challenges accurately reflect the role-specific responsibilities that define a front-line leadership position in Quintiles. For example, a participant may be asked to coach an underperforming direct report, ask team members probing questions to uncover the source of a problem or resolve a conflict between two associates.

The responses to these simulations are collected electronically and evaluated using a combination of highly skilled assessors and data analysis to produce a report that captures a participant’s readiness for a leadership role, as well as in-depth evaluation of individual development areas.

Benefits of behavioral assessment

Today many organizations are redesigning their businesses models and strategies. As a result, they are re-evaluating the skills and competencies required from their global teams. More astute organizations ask themselves whether their leaders have the right skills and competencies to drive through new business models and are re-evaluating their criteria for leadership.

Behavioral-based assessment is increasingly seen as a reliable method to inform people decisions, not just at the selection stage, but also to inform in many areas of leadership planning, such as to:

> assess strengths to use and areas to develop as part of an individual’s structured-development plan;
> help to identify high potentials;
> aid the selection and placement of new hires or for internal promotions and succession; and
> form part of a broader leadership audit; does the organization have the leaders it needs to deliver the business strategy?
The nature of the assessment solution will depend upon a number of factors – seniority, number of people to be assessed and most importantly, what information the organization needs from the assessment. However, businesses are increasingly looking for assessment tools that are adaptable, so that the information derived is reliable enough to be used again and again and for various situations.

The best leadership talent-management programs cover the entire pipeline of leaders and involve selection, promotion, development, high-potential identification and succession-planning decisions. Behavioral assessment is a key tool in enabling an organization to take a long-term, strategic approach to its global leadership pipeline, objectively evaluating junior leaders, middle management and senior leadership and developing a talent pool and subsequent development program that will provide a continuous pipeline of future global leaders.

About DDI

DDI is an integrated global talent-management consultancy, helping clients to build the leadership talent they need to deliver their business strategy. With more than 1,000 associates in 42 offices in 26 countries, DDI advises half of the Fortune 500 companies on areas such as: succession management, high-potential identification and assessment; accelerated development for managers and senior leadership; screening, simulations and behavioral interviewing systems; performance-management systems and competency models linked to business strategy. For more information about DDI, visit www.ddiworld.co.uk