

THE TALENT MASTERS

WHY SMART LEADERS PUT PEOPLE BEFORE NUMBERS

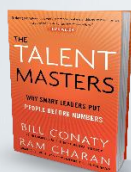
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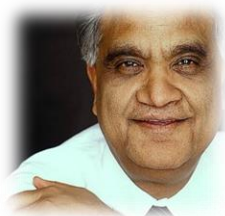
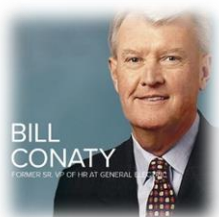
EBS by Stella Shi



CATALOGUE

1. Talent is the Edge
2. What a master does :Inside GE's talent management system
3. The special expertise of talent masters
4. Becoming a talent master
5. The talent master tool kit

This principled and practical human resource guide is a must-read for leaders of all levels. – Jack Welch



Overview

In the era of global competition, talent management is one of the core competitiveness of an enterprise, but there are only a handful of enterprises that do well. This book will provide readers with the first-hand successful practice of talent management from excellent enterprises, which has a strong reference value. The two authors of this book are leading figures in the field of human resources and leadership. They have deeply analyzed the best practices of talent management in nine world-class outstanding enterprises and systematically sorted out their valuable experience in talent management. At the same time, this book also tells more than 20 real cases of the growth of leading talents, which greatly increases the readability of the whole book, and helps us better understand the macro system of talent management in excellent enterprises.

Authors

Bill Conaty - Conaty spent 40 years with GE before retiring at the end of 2007. As Senior Vice President for Human Resources from 1993 to 2007, he has long been recognized as a world leader in his field. Conaty worked with Jack Welch and Jeffrey Immelt for many years and established the human resource system and leadership echelon construction system of GE.

Ram Charan - Dr. Charan is a world-famous master of management consulting. He has provided consulting and coaching services to Jack Welch and other top 500 CEOs for a long time. In his books, he has expounded the systematic method of leadership training many times, which has a profound impact on the business world.

➤ Calibrating Steve Jobs

Through the classroom discussion of Wharton Business School, we can find that Steve Jobs has demonstrated his great insight and excellent execution in developing the iPod and iPhone business. Jobs regards the product as an experience and uses advanced technology to perfectly integrate the user experience into the product. In addition, he is a master of communication, effectively communicating with customers and employees, making them become fans of the product and trust the Apple brand.

➤ Institutionalizing good judgments

Talent masters can judge a person's ability more accurately than ordinary people, and this ability is obtained through continuous practice. They introduce this skill to become a part of companies regulations, which can be acquired for leaders at all levels through learning in the daily work. Many companies have a set of personnel assessment system, but what needs to be noted is social process behind the scenes (p. 18). Through this process, talent masters can convey their attitudes and values in a verbal or non-verbal way to discover outstanding leaders and help them development.

➤ Principles of the talent masters (p. 19)

1. An enlightened leadership team, starting with the CEO.
2. Meritocracy through differentiation.
3. Working values.
4. A culture of trust and candor.
5. Rigorous talent assessment.
6. A business partnership with human resources.
7. Continuous learning and improvement.

Who are the talent masters?

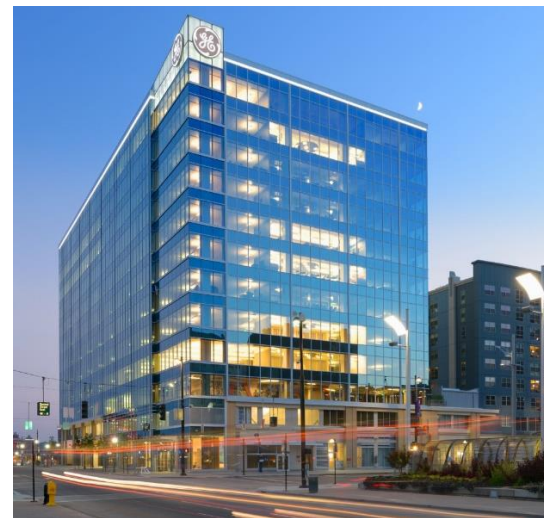


➤ GE finds a successor on the day the executive leaves

In 2000, Larry Johnston, CEO of GE's appliance business, suddenly decided to resign, leaving Conaty, Welch and Immelt, who would take over as CEO, by surprise. However, in less than half a day, they appointed a new successor Jim Campbell, the vice president of sales and marketing, and announced the personnel change before leaving get off work. Campbell's outstanding performance in the subsequent management affairs turned this resignation storm into a triumph, which became a benchmark in the corporate world. The reason why GE is able to make such rapid and accurate personnel changes is due to GE's talent management system and its core element : the Session C .

➤ How GE links people and numbers

Most companies manage the rhythm of their organization's operations through periodic reviews and summaries. A seven-day cycle is a common practice; but for these companies, the problem is that these reviews often exist independently and lack horizontal connections resulting in ineffective integration. While, GE's approach is to connect these. The results of the previous review are used as factors to be considered at the beginning of the next. Meanwhile, the leadership of GE associates everything with talents from a strategic height, so as to continue to business closely connected with people. This operating system originated from Charles Coffin, Edison's successor (p. 35), and was subsequently inherited and carried forward through every successful GE's leader.



THE GUTS OF GE'S OPERATING SYSTEM

The following diagram is a highly simplified view of the GE operating system. It shows the timing of several major types of reviews throughout the year and their interconnections.



These are the key points to understand about it:

- Leaders commit time and energy to talent. They put people before numbers.
- Reviews are rigorous and robust and linked to one another.
- Coaching and feedback are constant, direct, and substantive.
- Observations are accumulated from multiple sources over time and in comparison with others.
- Dialogue is candid and ongoing throughout the year.

◆ Jack Welch's reform

Jack Welch raised GE's operating system to a new height through drastic reforms that crystallized the company's values and culture into rigorous operating mechanisms and social systems. The main reform content include (p. 36) :

1. Workout and Change Acceleration Process (CAP)
2. Bringing Session C alive
3. Hardening the Soft Skills
4. Follow-up and Recalibrating

◆ Intimacy in succession planning

GE's close relationship with other leaders will extend to the board of directors, making the company's judgments about future leaders extremely accurate. In GE's model, the board of directors will receive reports from the company's overall leadership talent and is required to conduct field visits to the leadership talent. After in-depth understanding of the company's leadership talents, the board of directors is well prepared for succession issues.

◆ The crossroads of culture

— Crotonville

Crotonville is officially called “the John F. Welch Learning Center, and offers basic and executive-level courses for rising stars” (p. 42). It is also a driver for management innovation, change and adaptation, a melting pot to bring people and businesses together, and the central transmitting station for GE culture and values. Most of the nearly \$1 billion a year GE spends on education and training goes to Crotonville.

✦ The dynamics of a management development course

A. the Management Development Course (MDC)

This course is the first-level executive course and one of the company's core development programs.

B. Leadership-Innovation-Growth (LIG)

This course is a new course created by Immelt in 2007, which brings intact senior business leadership teams to Crotonville to learn as a group.

◆ Everyday values

Every company has a stated set of values. In GE, the working values actually influence how people deliver results. People don't get promoted if they don't exhibit company values. After Jeff Immelt became CEO, he simplified the values to reflect more contemporary challenges. The new ones fall under the four themes of “imagine,” “solve,” “build,” and “lead” (p. 48) .

➤ Talent training has made GE gain a lot

Because of their understanding of employees, senior executives at GE not only familiarize themselves with employees, but also establish close relationships with them, which can play an important role in GE's talent management system. The following is an example.



◆ GE's Crotonville Management Campus

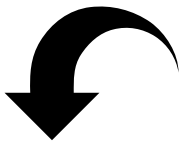
Example : Mark Little, the current leader of GE's Global Research Center, has encountered a career crisis. During his tenure as the vice president of engineering at GE's Power Systems Group, the performance of the power system failed to complete the target for three years, and he was deemed unable to perform the part of the power system. Little suffered a major blow to his self-confidence and heart. In this case, Welch and Conrad still considered him to be an outstanding talent, and showed the company's retention of him through direct conversation. Subsequently, Little's maturity in the face of setbacks and his outstanding performance after the change of duty brought his career recover.

Building A Talent Pipeline to the Top

Hindustan Unilever Starts at Day one



The headquarters of Hindustan Unilever Limited.



No other company like HUL recruits and trains people from day one with the explicit aim of growing leaders able to reach the highest levels. This special talent management system support HUL grow their leadership. As successive generations of leaders progress from apprentice to mentor, HUL's virtuous circle of leadership development continuously builds, which sepcific elements can be pinpointed (p. 79) :

- ◆ The special pipeline for leaders from recruitment onward
- ◆ Consistent focus on the *what* and *how* of leadership
- ◆ Senior managers' joint calibration of their frequent direct observations, evaluations, and mentoring of future leaders
- ◆ The attention to coaching by managers at all levels
- ◆ The always-demanding approach to individual leaders' development paths, with significant leadership opportunity and both cross-functional and crossdivisional experience in the crucial first three years of a future leader' s career
- ◆ Growing great leaders with great challenges

"It is remarkably easy to spot people who are real leaders. They stand out because of their results and the way they do their jobs. There is only one key to this: senior people must cut through two, three, or more levels to spend time with junior people." - Vindi Banga.



The talent training process of HUL

Developing Capability and Capacity Through Experiences that Matter

How P&G Develops Global Leaders

➤ P&G's talent strategy

P&G has always been a pioneer in talent training. Over the past few decades, the company has continued to innovate, showing that the company has a unique vision and can choose leaders who adapt to the times. In 2000, Lafley became the CEO of P&G and saw the huge potential market in developing countries, so he shifted the focus of the company's talent management process to strategic innovation, market research and consumers. Among them, the most important point is to cultivate the global perspective of P&G leaders. Overseas work tasks are the key to P&G's cultivation of employee talents and established abilities to make preparation for promotion.

Leaders must adapt to a large number of different new things when facing a new environment. This situation is bound to provide them with growth opportunities. Leaving leaders out of their original comfort zone will help them improve their recognition and judgment skills and build relationships with people of different cultures and backgrounds. This approach helps to enhance the ability to cooperate and work across borders.

A. Deb Henretta once helped P&G revitalize its baby products business, fulfilling what the company calls a "crucible role." After serving as the President of P&G's Global Baby Products Division for nearly five years, in order to better improve her talents, she was sent to Singapore to manage P&G's business in the Asia-Pacific region.

B. Melanie Healey, who was the president of P&G North America Group, was born in Brazil. After helping P&G expand the Brazilian market, she was sent to Mexico, Venezuela and other places, and finally was promoted to Cincinnati in 2001.

EXAMPLE

- ✦ Personal traits
- ✦ Leadership skills
- ✦ Interpersonal relationship
- ✦ Judgment

↑ UP FOUR AREAS



Focus on Two Technology Companies

➤ How Agilent Turns Technologists into Business Leaders

In technology companies, a common difficulty for managers is that leaders not only should master professional knowledge but need to carry business skills to operate the company. So, how to shift technologists into business leaders is an advantage in Agilent.



Bill Sullivan faced this dilemma when he took over as Agilent Technologies' CEO in 2005. He clearly knows what he needs to do to solve the problem and lead Agilent to become "the world's premier measurement company" (p. 98). The key elements of this plan called a best-in-class general management bench, which includes the following sections.

1.

- Change the company from a functional type to a decentralized structure, and all departments are responsible for their own profits and losses

2.

- Tailor-made "corporate courses", including cultivating leaders' basic trade-off ability; analyzing customer needs and market segmentation

3.

- Establish the new performance evaluation method: strategic direction, financial results, and building organizational capability

4.

- Establishment of parallel social system with Sullivan at the center (informal evaluation)

5.

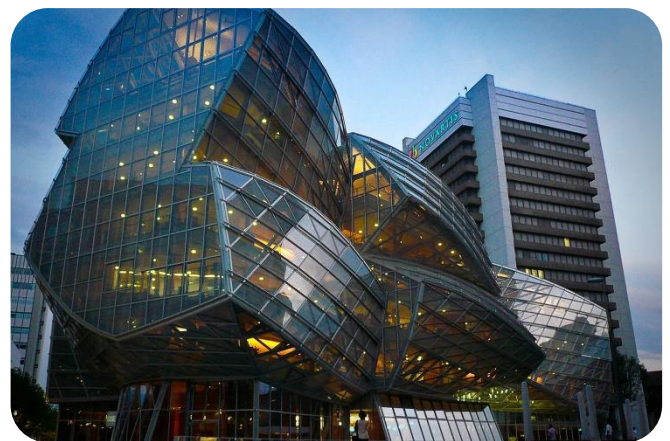
- Create opportunities for talents

➤ How Novartis Builds Leadership Capability with Self-Knowledge

People's drive, psychological likes and dislikes, motives to achieve goals, and the values by which people achieve those goals are all part of the emotional etchings buried in people's inner core. "Becoming aware of and dealing with the inner core is at the center of leadership effectiveness and development" (p. 111).

Novartis chairman and former CEO Dr. Daniel Vasella pays close attention to selecting and developing leadership talent. He lists three leadership qualities: technical and interpersonal competence, ambition, and integrity. But he especially includes **self-awareness** among the development goals for his leaders.

Novartis creates the sophisticated psychological assessment system to help leaders know who they are to align their actions, decisions, and behaviours at work with their deepest values. Greater self-awareness in leaders has improved Novartis's strategy execution by preventing unconscious fears or needs from getting in the way of collaboration and calculated risk-taking.



➤ Get the Right Leaders

Growing talent masters must recognize the short-term and long-term impact of talent selection. The leaders selected by masters not only grasp business skills but also affect the whole organization's ability to grow talent.

❖ GOODYEAR : Renewing with help from outside

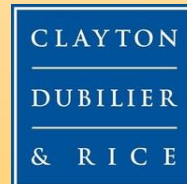
Goodyear Tire & Rubber was in trouble when Bob Keegan joined it as COO in 2000. However, Keegan, who became CEO in 2003, had turned Goodyear into a growing global power player with a promising future before the decade was over. He turned manufacturing-oriented, which insulated and driven by the automakers, into the market-focused model.

Under the new strategy, Goodyear has eliminated prioritizing tires' sale to large-scale parts manufacturers to obtain meagre profits and directly facing consumers. The so-called retail market has allowed Goodyear to subdivide its products, and Goodyear's core resources have been brought into play.

❖ UNICREDIT :Using the talent system to execute a new strategy

Alessandro Profumo was a young executive in an Italian bank before created UNICREDIT. When he decided to merge other banks and create UNICREDIT, talent management became a central part of his strategy; it was the means to unite disparate people and cultures in common values and goals.

The reshaping of UniCredit's leadership began with a key hire in July 2005: Rino Piazzolla, most recently as the vice president of HR for GE's Infrastructure business. Piazzolla supported Profumo establish a new and unified value, social system and talent training system within the company.



❖ PRIVATE EQUITY : New talent for a new game

It has been a defining moment in the evolution of private equity. One of the famous private equity companies CDR turbocharged its new competitive game by recruiting Welch, Lafley, and Banga, who joined other seasoned former public company leaders. "These executives are lending their eye for talent and hands-on approach to coaching other leaders" (p. 129). Like CDR and other PE firms are themselves becoming talent magnets, opening new career paths for bright public company leaders and not just retired CEOs or second-tier managers.

❖ LGE : Acquiring global talent

A company deciding to be a serious player in the global marketplace must take a close look at its existing talent. LGE (Whose majority owner is the LG Corp. Holding company) CEO Yong Nam found an innovative way to bring the right people in without hurting its Korean leadership. Yong Nam knows that his organization "needed a big infusion of outside genes to change cultures driven by manufacturing and R&D to ones in which leaders understood global consumers and markets, and could seamlessly coach, support, and mentor others across borders" (p. 129).

When Yong Nam became CEO in 2007, he believed that the homogeneous Korean talent that had made the company successful had to be globalized. In order to show LGE's commitment to becoming the best on a global scale, hiring the world's best functional experts.

➤ Set the Right Values and Behaviors

"Becoming a talent master means establishing the values and behavioral norms that sustain candor, rigor, and meritocracy" (p. 132). It is useful to train talents in the direction of evaluation and reward, but it is far from through role modelling. Any company intent on becoming a master of talent must attend to the soft side of talent mastery because it is the core factor.

1. GOODYEAR : A MANIFESTO FOR CHANGE

Under Bob Keegan's leadership, the new Goodyear would have to improve efficiency and cut costs, but also created a new mind-set geared toward generating profitable growth : Rely on updated products and strong marketing to attract new customers. Keegan created several means to get the new leaders to work as a team including :

- ✓ The market-focused business model
- ✓ A monthly business operating meeting

MARKET-FOCUSED BUSINESS MODEL	
OLD MODEL (MFG)	NEW MODEL (MARKETING)
<ul style="list-style-type: none"> • Insulated 	<p>Leadership</p> <ul style="list-style-type: none"> • Blend of talent from inside/ outside • Proven performance
<ul style="list-style-type: none"> • Engineering focused • OE-driven 	<p>Product Leadership</p> <ul style="list-style-type: none"> • Consumer-relevant innovations • Launch of first replacement market • Outstanding new product engine
<ul style="list-style-type: none"> • Take orders • Push product based on availability 	<p>Leveraged Distribution</p> <ul style="list-style-type: none"> • Build our dealers' businesses • "Pull" product orders based on customer demand
<ul style="list-style-type: none"> • Focus on volume • Fill the factories • Absorb raw materials costs 	<p>Build Brand Strength</p> <p>Advantaged Supply Chain</p> <ul style="list-style-type: none"> • Intense focus on targeted segments • Targeted OE fitments with high replacement pull-through • Profitable growth focus • Price/mix to offset raw materials • Investment in emerging markets
<ul style="list-style-type: none"> • New manufacturing facilities • Acquisition of manufacturing assets • Filled high-cost plants 	<p>Lower Cash Structure</p> <p>Cash Is King</p> <ul style="list-style-type: none"> • Drive efficiency in all parts of the business • Upgrade existing facilities to HVA • Target investment for high-growth markets • Exit nonstrategic businesses • Reduce high-cost footprint/ expand low-cost • Low-cost sourcing/ procurement • VEBA/USW agreements

2. UNICREDIT: VALUES THAT UNITE A CONTINENT

UniCredit's pan-European strategy required unprecedented levels of teamwork across national boundaries. For the strategy to work, people had to transcend cultural differences. Profumo and Piazzolla began by focusing on values to break the cultural barriers :

- ✓ Launch a document called *the Integrity Charter* in September 2005
- ✓ Promote an Integrity Charter day
- ✓ Bolster the Integrity Charter with an ombudsman system

3. PRIVATE EQUITY : CHANGEING THE MIND-SET

The transition to new era in private equity had to begin with a major shift in values. Joe Rice, a founding partner of CDR, believed that one of the reasons for the slow development of the private equity companies is that they are all founded by successful people in the financial industry. Fiancial people are not willing to share the economic situation and make decisions together with others, which leads to the inability to manage people well.

To solve this problem, CDR intensifies its talent management with former GE CEO Jack Welch, an advisory partner since 2001, and Bill Conaty, who has been working with the firm since 2007 to build a human resources infrastructure unique among PE firms.



➤ Get the Right Talent Management Processes

"Companies need a consistent, disciplined rhythm for revisiting talent. Formal processes provide discipline in identifying leaders with high potential, pinpointing individuals' talents, giving them opportunities to grow, and tracking their development " (p. 139).

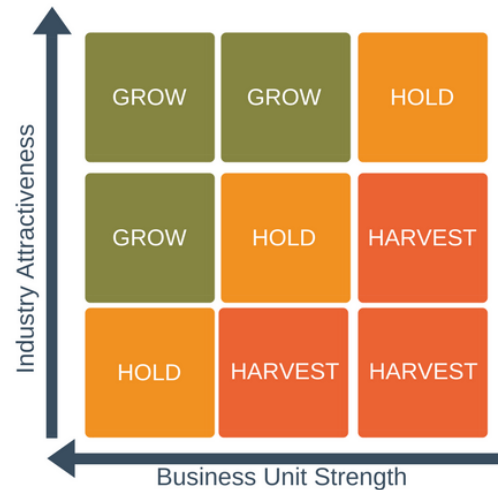
1. GOODYEAR: STEPPING UP FROM INFORMAL TO FORMAL

- ✓ Develop individualized development plans for Goodyear's top 100 leaders
- ✓ Upgraded the HR talent
- ✓ Experiential learning-learning in different and challenging job

2. LGE: AN INNOVATIVE TALENT TRANSPLANT

- ✓ Build non-Korean functional experts corporate center
- ✓ Four new leadership criteria
- ✓ Create the formal and informal people reviews

GE McKinsey Matrix

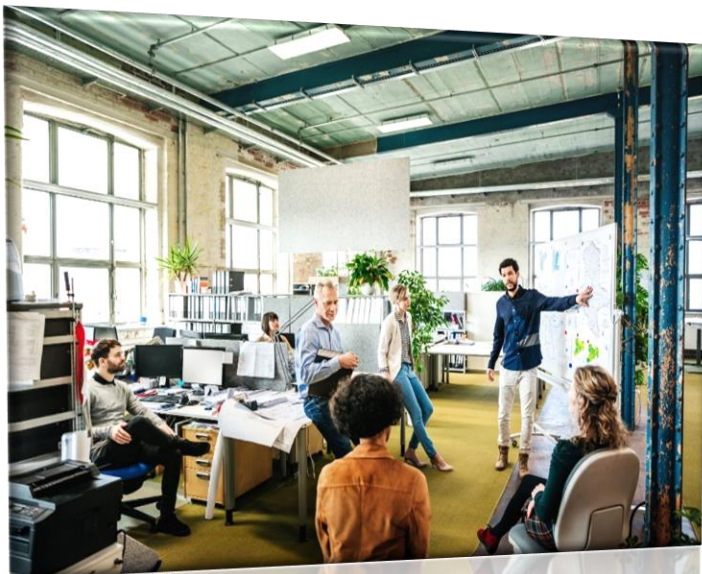


3. UNICREDIT: SYSTEMS FOR CHANGING A CULTURE

- ✓ UniCredit's Executive Development Plan
- ✓ A nine-block matrix evaluation
- ✓ Unimangement- training center
- ✓ Understand the implications of the feedback culture

4. CDR: LEARNING FROM GE

- ✓ An informal apprenticeship system
- ✓ Hire GE former leaders
- ✓ Organize CDR Human Resources Council



The last section of this book is designed to help the reader translate the ideas and practices described in the earlier pages into actions including :

- ◆ Principles of Talent Masters
- ◆ Does Your Company Have the Culture of a Talent Master?
- ◆ The How-tos of Mastering Talent
- ◆ A Mechanism for Differentiating Talent
- ◆ FAQs and Answers
- ◆ Guidelines for Your Next Talent Review
- ◆ Crotonville on Any Budget
- ◆ Six Ways HR Leaders Can Become More Effective Business Partners
- ◆ How to Ensure Smooth Successions
- ◆ What Feedback Should Look Like
- ◆ Leadership Pitfalls
- ◆ Lessons Learned on Talent and Leadership Development

Each of these tools can be a powerful helper when you encounter difficulties as a leader in organizations.

➤ Summary

The most significant purpose of this book is to point out the way forward for all companies, help companies build a strong talent team and make a succession plan in place on the day. Through the introduction of a large number of examples, it provides practical guidance for different enterprises in talent development.

If a company wants to become a talent management master, it must have a visionary CEO who can shoulder the company's future development responsibility. Through their actions and decisions, talents become the same wealth as other resources to help enterprises develop. In talent management, leaders need to link dialogue, rewards and talent development and use keen insight to increase their talent management level.

Reference :

Conaty B. & Charan R. (2010). *The Talent Masters: Why smart leaders put people before numbers*. Crown Business.

Discussion Questions :

1. In your opinion, what is the most important knowledge you learned from this book summary ?
2. Do you think the methods of cultivating talents mentioned in the book can be applied in the field of education? Please give an example.