

NAVIGATING THE NEW TALENT MANAGEMENT REALITIES IN THE CONSUMER INDUSTRY

By Jacqueline Gillespie and Lelia Lim-Loges

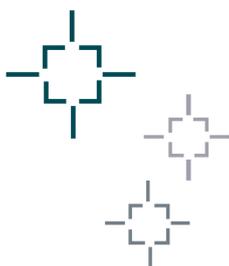
Key Takeaways

- Employee perception of leadership's strategic vision and treatment of employees during the downturn have long-lasting implications.
- Post-recession, an organization must rethink how it engages with key talent, assess changes in employee values and reinvigorate related management strategies.
- Leaders must continue to find ways to connect with and clearly communicate what the company stands for with their employees.

As we turn the corner into a new decade, many organizations are hoping to put the challenges of the past year behind them.

Organizations around the globe have been battered by unprecedented economic turmoil, as years of extraordinary growth gave way to a deep recession. Now, as whispers of an economic recovery grow louder, some anticipate that this too, will produce its own difficulties.

Korn/Ferry International sat down with a select group of human resource directors from consumer products companies across Asia Pacific to discuss the critical issues faced by HR professionals and the impact of the recovery on their organizations at large.



Consumer Confidence Index

Consumer confidence across Asia Pacific has been on the rise since mid-2009.



Source: InsightAsia, October 2009

Companies Face Post-Crisis Consumer

What comes next for organizations as far as talent and leadership retention is concerned? Many aren't sure. Globally, when asked if they felt their organizations were prepared to begin hiring again, half of talent acquisition professionals responded 'yes,' with the other 50 percent responding with a hopeful 'maybe.'

The recession has been felt particularly acutely by consumer product companies. Consumers across the globe tightened purse strings, and demand for products dropped across all sectors.

The industry is proving to be resilient; with consumer confidence in Asia on the increase and consumer spending following suit. A significant part of the rebound is attributable to consumers in China who continue to spend although, not to the "pre-recession indulgent spending of the West" according to InsightAsia.

At the same time, companies are facing a changed, post-crisis consumer – one who is mindful of how buying choices can reflect personal values such as ecological sustainability, ethical sourcing and fair trade.

The four emerging cultural shifts that are driving new consumer behavior, according to John Gerzema, co-author of *The Brand Bubble*, include consumers becoming less frivolous, with many shunning conspicuous consumption. They seek value and place a higher premium on socially responsible goods and services and sustainability. Lastly, there is a return to cooperative consumerism with many consumers leveraging the power of social communities or networks such as blogs and online forums to help guide their purchasing decisions.

As a result, consumer products company executives now grapple with decisions and actions that they have never had to consider; thinking about how to reengage with the consumer with products and services that resonate with them.

A forum participant with an FMCG company recounted how Asian consumers continued to seek cost-effective products during the downturn, resulting in adjustments to cater to changing consumer spending, such as repackaging items into smaller or single sachets for those with cost constraints.

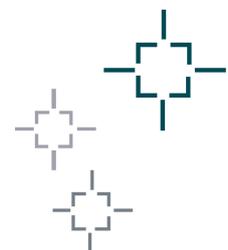
Indeed, the economic crisis meant that even HR professionals were focused on business aspects and cost management in recent years. Timeframes were tightened, performances closely watched and location overheads scrutinized. Headcount was reallocated to growth areas.

“During the recession, timeframes became a key focus,” said Stephen Richardson, Hewlett Packard’s Vice President of Human Resources, Personal Systems Group Asia Pacific and Japan. “We measured everything to the Nth degree, including our workforce planning, PC penetration and doing a cost benefits review. We also managed our headcount through non-replacement attrition, moving headcount to growth areas such as China.”

Richardson noted that their business rebounded quickly due to their more focused and talent-led strategy. “We aggressively went after market share by focusing on the youth and female markets by introducing products such as the Vivienne Tam notebook and our TouchSmart all-in-one system. As we restructured, we also became more focused, continued our drive for market leading innovative products and bringing in fresh talent to work with our existing strong team in the region.”

Re-engaging Talent

Despite greater attention on initiatives related to cost management and changing paradigms, participants were quick to point out that the talent and operational excellence concerns of past decades have not disappeared.



If anything, talent management issues have been heightened as HR practitioners seek to reignite and reenergize employee engagement, revivify the image and reputation of the firm, coach the next generation of leaders and anticipate tomorrow's forecast while continuing to respond to today's storm.

Said Gurveen Singh, Regional HR Director of Reckitt Benkiser, "One key learning is business continuity planning. Our volumes, especially for products like Dettol, exploded because of the H1N1 epidemic in Asia but we did not have enough capacity to cater to it. As growth is happening in Asia, our focus is on engagement... ensuring a smoother transition to leadership."

Just as companies are thinking about how to re-engage the consumer, they must also consider re-newing their relationship with key talent – many of whom have been called on to make sacrifices during the downturn. Questions organizations have to grapple with include the impact of the recession on employee values; the type of leadership required post-recession and the talent management strategies that need to be reinvigorated.

Employee Engagement

Organizations that are looking for the right indicators will recognize employee engagement when they see it. Engaged employees:

- Are more productive because their work behavior is energized, focused and more aligned to the needs of the organization;
- Are likely to remain with the company because they are challenged by their work in the context of a supportive environment with a caring, encouraging and empowering boss;
- Feel appreciated, listened to and supported; and
- Believe in the mission and vision of the organization and sense that the executive leadership of the organization can successfully lead it into the future.

Source: FYI for Talent Management – Korn/Ferry International powered by Lominger.

Taking the Cue from the Top

Today's HR Directors must support colleagues in the C-suite in addressing their acute short-term concerns without losing sight of longer term people strategies. At an earlier roundtable discussion for Asian CEOs organized by Korn/Ferry, leaders stated their top priorities going forward into the new decade were:

- Investing heavily in the second layer of leaders;
- Making the strategy simple and focused;
- Communicating key messages clearly with employees;
and
- Turning the crisis into an opportunity.

Not surprisingly, the professionals at the HR forum all agreed that driving employee engagement is critical. Said Bernadette Rolton, HR Business Partner, Diageo Singapore (Regional Hub Office), "People need clarity now. They need to be able to see a clear position and career path. It's also important to drive engagement and build the image and reputation of the company and the integrity of its leaders so that employees can see what we are doing to give back."

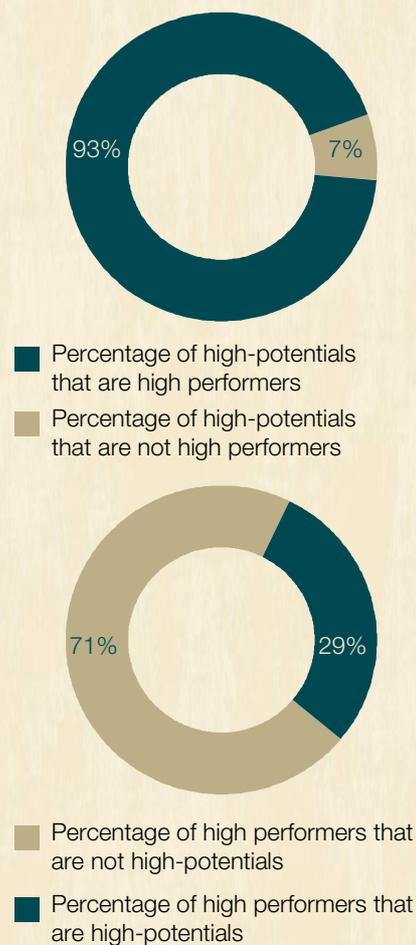
Rolton says Diageo makes it a point to share the company's business and performance plan with employees so they know where they are against the firm's aspirations. "Many of our employees stay with the company because of the brand and talent. They are constantly asking 'How I am adding value and contributing?' It is therefore important to connect people to where they will make a tangible difference."

How employees perceive their leadership's strategic vision and treatment of employees during the downturn could have long-lasting implications. It is therefore critical to find the right balance between reducing workforce and operational costs and maintaining effective long-term strategies that can adapt to changing economic needs.

With that in mind, HR practitioners have taken on a more holistic approach to performance management. Many have centered on initiatives such as enhancing the brand and reputation of the organization, corporate social responsibility (CSR) initiatives, communication and reducing complexity, leadership development and re-energizing and re-engaging the workforce.

High-Potentials vs. High Performers

Identifying high-potential leaders: High performers are not necessarily high-potentials



Source: High-potential Management Survey Corporate Leadership Council, 2005.

As Jo Bennett, Regional Human Resources Director of Cadbury, pointed out, “There’s no denying that the economic climate has changed. The market has cooled and that is providing some very real opportunities to engage our people. We now have the breathing space to build the right culture, one which focuses on attracting and retaining talent; and one which embraces wider responsibilities to the communities in which we work.”

Melody King, Head of Human Capital for Pan Pacific Hotels Group agreed, noting one of her company’s key imperatives is forging great relationships through people development initiatives and encouraging a caring spirit through social efforts that give back to communities.

Driving such messages demands opening communications channels to all levels in an organization; the only way to clearly spread the company’s vision, as well as hear and address employee concerns.

Other strategies used to boost retention, increase engagement, and bolster career development include graduate programs with a long-term perspective, swap programs and international assignments. Said Gurveen Singh, “Communication is key as is keeping graduates working on value-added programs. International mobility is also crucial to keeping them engaged and happy.”

In addition to renewed emphasis on employee engagement, another positive trend that has emerged post-crisis is the importance of identifying talent pools. Organizations have increased their focus on talent mapping by first being able to identify the required organizational capabilities that will underpin their business strategy and linking this to a new competency model. Secondly, they are using a more structured process to identify where the talent lies within the organization.

There is also renewed emphasis on finding high potential talent at all levels of the organization. High potentials demonstrate learning agility – the ability to learn and grow through experiences and apply that learning to new situations.

This is especially important in a high-growth region like Asia where many leaders are facing business environments and market challenges dissimilar to other parts of the world.

In our experience, the ability to differentiate between high-performers and high-potentials is critical. Leaders and executives need to ‘talk talent’ openly and objectively. Once talent is identified, it is critical to map out the long term experiences that provide the right development that people need to run your businesses in the future. Organizations that do this right will have a competitive edge over their competition.

Forum participants all highlighted the issue of addressing pent-up demand for recruitment. In addition, talent development programs have been accelerated to keep up with growth in developing countries such as Laos, Pakistan, Vietnam, China and India.

Development programs cited by participants included secondments and skills transfer projects of eight to 10 weeks. Another executive with a leading luxury brand discussed beefing up their numbers in China as well as creating awareness and knowledge about the treatment of the Chinese consumer. Training has been intensified to ramp up service talent, help them keep up with the pace of growth, grow the management depth and imbue staff with the company culture.

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A Basic Schema for High-Potential Development



*70% of learning should ideally be gained from on-the-job experiences, 20% from people and 10% from courses.

Source: The Leadership Machine, Michael M. Lombardo, Robert W. Eichinger, 2003.

“In terms of engagement, it’s important to strengthen the next level and get them to step up as leaders.”

Bernadette Rolton
HR Business Partner
Diageo Singapore

What Got Us Here Won’t Get Us There

As the war for talent prepares to reignite, particularly in Asia, it is clear that companies must become more dynamic in the ways they identify and develop their best performers.

The reputation of an organization and its brand is becoming critically important as employees ask “What’s in it for me?” It is therefore the duty of company leadership to provide the goals and guidance and inspire communities and networks of consumers and employees so that they feel a deeper sense of pride in the organization and connection to changing brand values.

To weather future storms, companies need to reassess the mission-critical capabilities for key talent and leaders. There needs to be a shift from succession planning to succession mapping, where a deeper knowledge of talent within the organization is mined. For example, some companies are taking their succession planning process deep into their organization – identifying where their key people sit at all levels. In addition, they are mapping the on-the-job development experiences that will grow the mission critical capabilities. This ensures that key talent sitting on the succession plans develop through on the job experience within their own organization.

Talent development is also enhanced by diverse work experiences – what Korn/Ferry refers to as “assignmentology.” Putting high-potential people in specific jobs can serve the dual purpose of moving the business forward and developing the individual for a future leadership role.

Finally, and most importantly, leaders must continue to find ways to connect with and clearly communicate what the company stands for with their employees.

Aligning all the moving parts with the same common goal will serve to be the likely important differentiator in a fast growing region like Asia, where talent is going to be a scarce and important commodity as companies prepare themselves to sail ahead into uncharted waters.

Best Practices for Employee Engagement

- Align the workforce to the business objectives – Ensure the organization’s vision, mission, values and strategic objectives are clearly communicated to all employees
- Stick to a comprehensive plan – Measure engagement, develop an action plan and re-measure
- Make line managers accountable for employee engagement – Immediate managers are crucial to building engagement. They affect all aspects of an employee; emotionally, cognitively, physically, behaviorally and financially
- Get commitment from senior management – Senior leaders set the tone for employee engagement. Trust in senior leadership is key; employees who trust their leaders reciprocate with loyalty, support and pride in the organization
- Make HR the owners of the process – They should manage the process, remove barriers and make sure there is consistency in implementation
- Pay more attention to top talent – Top performers and those with potential count the most and their loss hurts the most. Organizations that identify high-potential employees early, develop their careers and reward them accordingly are more likely to engage and retain them.
- Establish an organizational culture of engagement – Engagement needs to be institutionalized into the culture of the company. It is a proactive, strategic and dynamic tool that creates and sustains a high performing workforce.

Source: FYI for Talent Management – Korn/Ferry International powered by Lominger



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About Korn/Ferry International Asia Pacific

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