

Talent Framework

**Iconic
companies
can sizzle
for today's
hottest talent**



To compete for the 21st century's elite leaders, legacy companies must shatter the perception that they are “old school” and leverage their employer brand.

In changing times, talent needs and challenges escalate.

To attract customers, well-established “legacy” companies with long histories recognize the power of their multibillion-dollar brands so iconic that many of them are household names. What many of these organizations, which have flourished for a century or longer, fail to fully appreciate is the importance of another type of brand—their employer brand.

“Our rapidly changing workforce has very different interests, needs, and motivations that it did even just 10 years ago.”

– Julia Stewart
Chairman, CEO,
DineEquity

In the war for top talent, from the best and brightest college graduates to high-potential senior executives, legacy firms perceived to be “old school” often have difficulty competing with newer enterprises in the technology sector and mission-driven firms with a compelling purpose. For legacy companies across multiple industries—manufacturing, consumer goods, utilities, insurance, among others—the issue is more than the scarcity of top talent. Talent requirements everywhere are changing. Legacy companies in particular have an escalating need for the caliber of talent that can create change and leverage technology to respond to shifting consumer demographics and more channels to reach customers and end users.

To compete more effectively in the global marketplace, legacy companies must closely align their business strategies with talent strategies, both at the top of the organization and in the pipeline. Organizations that fail to do so not only will lose out in the talent marketplace but also very possibly may be unable to achieve their business targets and growth strategies.

While legacy firms may have a long history, attracting the right talent requires a dynamic present and an exciting future. Building a strong employer brand to convey that energy and purpose is one of the top five objectives of many boards; almost half of businesses also directly attribute increased engagement by current employees to investment in their employer brand (Futurestep 2015).

“Employer branding has never been more important than it is today. Our rapidly changing workforce has very different interests, needs, and motivations than it did even just 10 years ago,” says Julia Stewart, chairman and CEO of DineEquity, a full-service restaurant company that owns the Applebee’s and IHOP brands. “To appeal to a workforce with more generations than ever before, we must be certain of what we stand for, the type of team members we seek, and the value we offer.”

This paper illustrates why legacy companies must adopt talent strategies and practices to attract leaders in the C-suite and one to two levels below who have the courage and skills to create and manage change. Rather than following their more usual practices of recruiting—in “pockets” of certain functions, departments, or business lines, or by seeking one or two new players—legacy companies must develop talent strategies enterprise-wide. They also must recognize that talent that might have been good enough even a decade ago may no longer be adequate to face challenges such as establishing new go-to-market strategies and responding to heightening consumer expectations.

Competing for talent.

Shifts in consumer demographics and expanding channels to reach them call for talent that knows how to do things in a different way—those executives who are collaborative, inclusive, and comfortable with taking risks. The need for high-impact talent is greater than ever. Growth in the global economy has CEOs concerned about finding and keeping the right talent to achieve their growth goals. Indeed, a recent Korn Ferry online survey with more than 7,000 respondents, most at the C-suite level or above, found that only 17% of those surveyed are confident their organization has the right leadership to deliver on its strategic priorities.

But how can legacy companies attract high-caliber talent that is pulled in other directions, especially into the technology sector that remains a favored career destination for high-potential leaders at every level? With reputations for being disrupters and change agents in their industries, newer and nimbler firms capitalize on the power of association to attract talent.

Legacy companies also face competition from purpose-driven organizations that use their mission and vision to attract like-minded talent. Outdoor apparel maker Patagonia, for example, sees its mission statement—"Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environment crisis"—as crucial to recruiting people who are passionate about purpose (Heinneman 2011).

While millennials are often described as being motivated by purpose in choosing their employers, the same can be said for many executives. Having established a track record of performance and achieved a level of financial security, many of these executives are looking for more than just compensation from their next jobs. For them, joining organizations that are mission driven or focused on a broader overarching purpose can be compelling.

Purpose-driven organizations invite others to participate in a journey to change a business or industry. Google, named the No. 1 best place to work in 2015 by Fortune magazine, often quotes co-founder and CEO Larry Page on the importance of having "a healthy disregard for the impossible" (Google 2012). The excitement, energy, adventure, and passion that come with such opportunities define the employer brands of these cutting-edge firms.

Going head-to-head with talent magnets like Google and Facebook isn't easy, but it's not impossible for legacy companies, provided they offer the kinds of challenging opportunities that appeal to innovative, creative change agents. There are examples of strong No. 2 or No. 3 executives at technology or other entrepreneurial firms who found themselves blocked on their career paths within their current organizations. As they looked outside for the next move, they encountered interesting opportunities within legacy companies. The draw was the prospect of reinventing part of a well-established business, such as by using technology in a new way. With autonomy and the mandate to create change within a legacy company, these tech executives seized opportunities in what may seem like unlikely organizations.

Strong No. 2 or No. 3 executives at technology or other entrepreneurial firms are finding interesting opportunities to help reinvent part of a legacy company.

Talent today joins cultures—not just companies. And they stay with organizations whose cultures live up to their promises.

As soon as one person makes the move to a high-visibility position, others will notice. (When leaders are hired away from tech to join a legacy company, they bring with them a network of contacts that could become part of the talent pipeline at the legacy company.) And when a legacy company announces a high-profile talent “win” from outside the industry—for example, a technology executive—it likely will be on the radar of other high-potential candidates from outside the industry. In recruitment, legacy companies can take advantage of another factor: many are located in places other than Silicon Valley—meaning a more affordable “Middle America” lifestyle (and housing) that could appeal greatly to some candidates.

Geography alone, though, won’t be enough of a magnet to draw high-caliber talent. Talent today joins cultures—not just companies. And they stay with organizations whose cultures live up to their promise. A recent survey by Korn Ferry’s Futurestep found that nearly two-thirds (61%) of respondents identified organizational culture as the most important recruiting advantage for global organizations; more than one-quarter (26%) highlighted the importance of having a leading employer brand. Offering higher salaries (6%) and promoting quickly (11%) were of far less importance (Futurestep 2015).

Legacy companies must capitalize on their competitive position, reputation, and consumer brands to define the compelling stories they can uniquely tell to ignite passion and purpose. For example, the National Network for Manufacturing Innovation highlights the importance of strong brand identity and reputation to attract talent that can continually transform manufacturing to meet the challenges posed by globalization and change (President’s Council of Advisors 2014). Industrial companies that understand the power of their brands can boast in the talent marketplace that they are addressing some of the most pressing problems on the planet, such as food supply, clean water, energy, transportation, the environment, sustainability, and security (Kingdom 2015). These types of compelling stories are critical for attracting next-generation leaders.

What is your brand saying?

An employer brand is influenced by what a company says about itself and the value it places on talent, and also by what employees say about working there. Social media wields powerful influence. Employer branding also should be closely aligned with consumer marketing to ensure consistent messaging. In fact, some companies highlight the quality and dedication of their employees in their consumer marketing, which in turn makes them more appealing as potential employers.

In the past, human resources helped develop the employer brand, also known as the employee value proposition; marketing took charge of consumer brands and investor relations shepherded the corporate brand. Now, brand building occurs across all platforms. Promotion of the organization and its consumer, corporate, and employer messaging are blending. Consistency from one message to another enhances authenticity and builds trust. Many major enterprises are telling a unified corporate story, one that encompasses who they are and what they believe—not just the products and services they offer (Marshall, Wilke, and Wise 2015).

Just having a strong consumer brand isn't enough. Despite having a much-admired brand recognized around the world, Rolls-Royce realized it could not rely on its heritage or reputation for attracting top talent.

For one thing, its brand awareness varies, being much lower across Asia and emerging markets. "Add to this the continued confusion with Rolls-Royce Motor Cars and that we are often still seen as a very British engineering company, we have some considerable challenges," said, Daniel Perkins, global employer brand manager for Rolls-Royce.

To attract and retain the best people at all levels and be viewed as an employer of choice in key markets, Rolls-Royce has sought to understand the motivations and needs of its difference audiences, build an employer brand that engages and resonates with them, and deliver on its promise to employees, Perkins added.

A recent Korn Ferry survey answered by more than 200 global executives across multiple industries revealed the need for more prominent employer brands, both inside and outside the company. While 59% of those surveyed said they work for companies with strong employer brands, nearly one-fifth (16%) said "maybe." This noncommittal response is eye-opening: If executives are not sure if their employers have strong brands, then how can anyone else be sure? (Distefano 2014)

Building an employer brand.

DineEquity, with more than 2,600 Applebee's and IHOP restaurants in 18 countries and a 99% franchised system of more than 350 franchisee partners, has invested significantly in its iconic consumer brands. "We invest greatly in our efforts to develop a consumer brand. We can't afford to invest any less in developing our employer brand," says Julia Stewart, chairman and CEO of DineEquity.

Ideally, an employer brand begins with a firmly established vision and a set of values for its foundation. By articulating what they stand for, organizations allow current and potential team members to opt in and become engaged—or, conversely, to opt out and find a workplace that is more suited to them, Stewart observes. "With this foundation in place, employers have the ability to trumpet their employer brand, but it should not be a scattered approach," she adds. "Instead, it should be a highly strategic and targeted effort ... Like any other marketing initiative, you must start with an understanding of your target audience and create messages that appeal to them."

Innovation, creativity, agility, and an entrepreneurial mindset are hallmarks of best-in-class companies—and are not exclusive to the tech sector. But it takes more than a mission statement to persuade high-potential talent that a legacy company has, for example, an entrepreneurial culture or that it gives people opportunities to grow beyond their function. When an organization has an authentic culture and a compelling purpose, employees at every level can become “in-house brand ambassadors.” When they describe the work they do—whether at an industry presentation, at a networking event, or in a conversation with a candidate—their passion, excitement, and energy speak volumes about a company and its culture.

Authenticity is paramount. A company cannot pretend to be something it’s not (e.g., on the cutting edge when it’s really traditional). Whatever a company values is the heart of its employer brand. Playing to that strength will attract like-minded talent driven by the same mission, vision, and values.

Breaking the mold.

Entrepreneurial initiatives and “incubators” help break the mold of how legacy companies are perceived.

Legacy companies also can break the mold of how they are perceived by creating an entrepreneurial initiative, or incubator, within the organization; this requires a different kind of talent. In some instances, they are even venturing onto technology’s rarefied turf. Ford Motor Company, for example, opened a Research and Innovation Center in Palo Alto, Calif.—the technology epicenter of the United States—amid companies such as Google, Tesla, Skype, and Apple, among others. Describing the space, Ford called out the “culture of design and hacking...providing a start-up like vibe” and an “open floor layout [that] helps to inspire collaboration...” Ford sounds more like a high-tech company than an automaker when it describes its “innovation in connectivity, mobility, autonomous vehicles, customer experience and big data” (Ford Silicon Valley Lab 2015).

Another example, also from the automotive industry, is the BMW Project i electric car venture. It required the creation of a completely separate team. The objective to launch “a concept that breaks all of the paradigms” likely would not have been possible within BMW’s traditional corporate structure. By taking an incubator approach, however, BMW Project i was able to integrate ideas from the outside and people from other industries to construct a team that could take on the challenges of a cutting-edge project (Donkin and Binvel 2015).

Employee-driven task forces and committees also can encourage creativity and generate new ideas within companies by inspiring and empowering people to think differently. When employees are recognized for their ideas, a culture shift occurs to engender more innovation, which becomes part of the employer brand.

Change in thinking at the top.

As compelling as the case for employer branding is, senior leaders do not always recognize its importance in attracting talent with highly valued skills, perspectives, experiences, and knowledge of different ways of doing things. Among legacy companies there are firms in which the need for change is acknowledged at the second or third tier of management but not at the uppermost level. One executive, for example, related the need for his firm to rethink its employer brand after a highly sought-after candidate turned the company down because he felt the culture was not inclusive and diverse enough. This became a wake-up call to take a hard look at corporate culture and how the company presents itself in the talent marketplace.

Revamping the culture, however, is not without challenges. Among companies with long histories and well-established ways of doing things is a tendency for certain kinds of thinking and behaviors to become ingrained, particularly at the top. A Korn Ferry analysis of executives in legacy companies showed that these individuals tended to score lower in such areas as interpersonal skills, motivation, energy level, optimism, boss relationships, compassion, and composure when compared to executives in newer companies. The analysis further suggested that selection bias in promotion practices (i.e., the tendency to hire and promote people who are “similar to me” in their traits and behaviors) further ingrains thinking and behaviors, particularly at the top.

However, ingrained thinking is not true of all legacy companies. The same analysis revealed a handful of examples of legacy companies in which executives scored higher than their peers because they exhibited traits and behaviors that were more similar to executives of newer companies. This suggests that it is possible to infuse new thinking into well-established legacy companies to positively influence culture and develop a compelling employer brand.

For such changes to occur, they must be supported at the highest levels. Executive team members must have good rapport, as evidenced by transparency in their dealings with each other. The importance of a diverse, inclusive culture must be upheld as a corporate value and a competitive advantage that extends beyond the chief human resources officer. The more broadly these beliefs are embraced across the C-suite, the better they can be operationalized to enhance the employer brand.

Ingrained thinking at the top of the organization can undermine attempts to revamp its culture.

Welcoming diverse talent.

Legacy companies with long histories and storied consumer brands remain highly relevant in today's global economy. They are companies with well-established product lines and an extensive consumer reach. When it comes to reaching the right talent, however, these firms often need to rethink their strategies. What can they uniquely offer high-potential talent that is in high demand, especially within the sector? Answering that question calls for the creation of a strong, compelling, and an authentic employer brand reinforced by authentic culture to communicate an organization's appetite for change. This will place a welcome mat at the door opening to a different kind of talent.

References

Distefano, Michael. 2014. "The Greater the Brand, the Bigger the Career." Korn Ferry Institute Blog.

Donkin, Chris, and Yannick Binvel, Y. 2015. "Accelerating Change: An Automotive Leadership Wake-Up Call." Los Angeles: Korn Ferry Institute.

Ford Silicon Valley Lab. 2015.

Futurestep. 2015. "Futurestep Survey: Organizational Culture and Employer Brand Are Top Competitive Advantages When Recruiting Talent." Los Angeles: Korn Ferry Media & Press.

Google.com. 2012. "Investor Relations, Update from the CEO." I

Heinneman, Todd. 2011. "Patagonia Fills Payroll with People Who Are Passionate." Workforce.com.

Kingdom, Scott. 2015. "Help Wanted: Talent to Tackle the World's Most Pressing Problems." Los Angeles: Korn Ferry Institute.

Marshall, J., Richard Wilke, and Rick Wise. 2015. "The Resurgence of the Corporate Brand." SensePerspective; Lippincott.com.

President's Council of Advisors on Science and Technology. 2014. "Report to the President: Accelerating U.S. Advanced Manufacturing."

Contributors



Neil Griffiths

Global Practice Leader,
Talent Communications and Employer Brand



Alan Guarino

Vice Chairman, Board and CEO Services



Denise Klecka

Senior Partner



Caroline Nahas

Vice Chairman and Senior Client Partner,
Board and CEO Services



J. Evelyn Orr

Senior Director, the Korn Ferry Institute

About Korn Ferry

Korn Ferry is the preeminent global people and organizational advisory firm. We help leaders, organizations and societies succeed by releasing the full power and potential of people. Our nearly 7,000 colleagues deliver services through Korn Ferry and our Hay Group and Futurestep divisions. Visit kornferry.com for more information.

About The Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.



www.kornferry.com

© Korn Ferry 2015. All rights reserved.
ICHTL2015