

Plan ahead to avoid the talent pinch

Designing and delivering an effective leadership development programme can encourage gender diversity and improve talent retention, says Alex Martin of Korn Ferry

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The chemical industry continues to grapple with attracting and retaining appropriately talented and experienced people to ensure strong performance in the C-suite and board room. The sector has a well-recognised talent gap in middle management, as an ageing senior management cohort approaches retirement over the next five years.

The challenge is to avoid this pinch point by identifying and nurturing up-and-coming talented managers and to accelerate their rise to the top C-suite posts, whether they come from inside the company or are recruited externally in mid-career.

This talent gap is a global phenomenon, says Alex Martin, global sector leader chemicals & process manufacturing, at US-headquartered recruitment specialist Korn Ferry, but plays out differently across the globe according to the maturity of the industry in various regions.

"The situation is certainly more acute in Europe and the US, but not yet so pronounced in places like India and China." Here, he notes, there are plenty of people mid-career and thus less of a gap. But it is only a matter of time before the issue begins to become more important. "The problem may well catch up with them in 20 years' time," he says.

The shortage of suitable candidates in mid-career – say in their 40s – who are ready to come through is not a short-term problem. "It's likely to become a five-year issue for companies to put right," says Martin. One result is that people are being promoted to the top more quickly than before.

YOUNGER SENIOR EXECUTIVES

A recent survey by Korn Ferry across the top 100 companies in the US, across all industry sectors, shows that executives are joining boards at younger ages. In 2014, it found 16% of new board directors were under 49 years of age. This compares with a figure of just 4% of directors under 49 for boards overall that year.

The encouraging news, says Martin, is that



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ALEX MARTIN

Global sector leader chemicals & process manufacturing, Korn Ferry

companies are beginning to think about and address several issues that have the potential to solve the talent gap indirectly, so to speak. One of these is diversity in the board room, and notably gender diversity; the other is specific programmes to identify rising stars and accelerate their development.

Positive actions in both these areas, he believes, will bring talent through more quickly and help retain the chosen high flyers, as they will choose to stay in the company to make their way to the top.

Diversity is clearly in companies' minds in the western hemisphere, right now, adds Martin, although Korn Ferry has yet to see as much concern in the Middle East and Japan and little if any in Asia as a whole, as their thinking lags in this respect. But, he adds, just like safety and environment matters, he expects the diversity agenda will spread to other areas as multinational companies espouse policies globally.

There is indeed a glimmer of interest arising in the GCC region in the Middle East. The industry trade association GPCA recently sponsored a study into the role of women in the chemical supply chain – which concluded they can bring business advantages. And the CEO of Tasnee, Mutlaq Al Morished, recently argued at last November's GPCA Annual Forum for more diversity at board level, not just in terms of gender and race but also "in terms of education, experience and thought".

DIVERSITY BRINGS BENEFITS

It is now well documented, says Martin, that companies with more diversity at the C-suite and board level financially outperform those that do not. The problem to resolve is how to make sure that the large number of women entering the workforce – graduate recruitment into companies is generally split 50:50 men and women – have the same opportunity to make it to the top as male entrants.

A 2010 study published in the Harvard Review showed that from this near-equal gender split at intake level, a one-third to two-third split develops in favour of men at senior management level, and that at C-suite level, women account for only 20% of executives.

What is required to redress this situation, believes Martin, is the same as needed to nurture talented high flyers – notably effective senior leadership support and sponsorship of younger male and female staff, and the opportunity for potential high flyers to gain experience in a number of different business units and functions on their career development path.

"Subconsciously, things go on in companies that play into the gender gap. People get touchy if there is talk about doing positive things on gender diversity," he says.

Korn Ferry has found that sponsorship is very important to people moving up in their careers. "A lack of it for women, for several reasons, may be a contributor to lack of gender diversity," Martin suggests. "Often, subconsciously at least, people are more comfortable with others who

Identifying and developing future leaders brings a range of beneficial impacts on company performance

are more like themselves, in dress, behaviour, socio-economic background, etc..."

Other research shows that, in the US at least, many women believe hard work alone is going to help get them to the top and, in the process, they fail to cultivate work relationships that are crucial to reaching the C-suite or the boardroom. Male advocacy and networking are important in overcoming this self-imposed barrier.

As an example of what can be achieved, Martin points to a well-implemented talent development process that was instigated at Rohm and Haas in the mid-1980s and ran for many years until the company was acquired by Dow Chemical in 2009. Potential high flyers were carefully selected and mentored and moved every five years or so to gain experience in operations, marketing, finance functions, etc... in various business units.

Those chosen represented significant geographic, gender and race diversity. And the remarkable thing is how many of them have gone on to achieve high ranking posts across the chemical industry, including the women involved.

THE ROHM AND HAAS EFFECT

For example, Martin has just helped recruit Rohm and Haas alumnus Kim Ann Mink as CEO of Innophos, an international producer of nutritional specialty ingredients, with applications in food, beverage, dietary supplements, pharmaceutical, oral care and industrial end markets.

Mink was at Rohm and Haas for more than

20 years in various senior roles, latterly corporate vice president and global general manager for ion exchange resins. She then worked at Dow post-acquisition as business president of Dow's elastomers, electrical and telecommunications unit and as global general manager, performance materials and president/CEO of ANGUS Chemical Co.

Nancy Dicciani is another beneficiary of the Rohm and Haas programme, who went on to become president and CEO of Honeywell Specialty Materials for many years. Then there is Michelle Williams, now managing director of Arkema's PMMA (Altuglas International) business unit, who began her career in 1987 at Rohm and Haas and held manufacturing, sales, marketing, strategy, and general management positions there and at Dow.

Martin also points to Pierre Brondeau, president and CEO of FMC Corp since 2010. Brondeau was at Rohm and Haas for many years, rising to president and chief operating officer, and then became president and CEO of Dow Advanced Materials.

And there are many others who benefited from the programme. "It's uncanny how many senior people in the industry you come across who worked at Rohm and Haas during this period," says Martin.

The success of the Rohm and Haas approach was down to the commitment and support of the then CEO, Larry Wilson and his successors, and their top management. The initiative was designed to identify and develop

potential managers for the company and was run for close to 25 years.

Selection to such programmes is also critical, explains Martin. "You need a proper definition of what you are looking for. The potential senior executives are people who act the part, have the right contacts and intellectual abilities.

"It's very rare that companies really evaluate what they want in future leaders. Organisations that have done well have usually thought about it and brought in outside help (and not just in HR) to identify the people rigorously and evaluate them fully, in terms of psychometrics, aptitude, on the job performance and drive and motivation."

Once a company has recognised that potential can be developed and this process has been completed, "it can invest in these folks and actively develop experience pathways for them." They should, he believes, undertake a series of very different roles and be left in them long enough to achieve results, not just learn the ropes.

Companies who do this will find they not only produce a flow of suitable talent, but that they retain these people for longer as they have the promise of senior advancement to motivate them, says Martin. By focusing on talent development and reward and recognition, the issues of gender diversity and the talent gap can be addressed effectively, he concludes. ■



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