

DEVELOPING A TALENT PIPELINE FOR THE GLOBAL INDUSTRIAL MARKETS



INDIA

The following article summarizes the key discussion points covered during an Executive Forum held at the Crowne Plaza Today Hotel, Gurgaon, India on October 19, 2007. Executives from multinational and local organizations alike convened with Messrs Scott Kingdom, Global Managing Director of Korn/Ferry International's Industrial practice; Deepak Gupta, Country Head, Korn/Ferry India; and Madhav Sharan, Leader of the Firm's Industrial practice in India, to talk about the developing a talent pipeline for industrial businesses around the world.



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Executives around the world are dealing with rapidly changing global markets and constant technological advances amidst relentless competition. Building and managing business growth in the industrial sector has been a major challenge as the industry restructures and realigns globally with demand for product, labor costs, talent resources and availability. These shifts are impacting all levels of industrial development and manufacturing.

Q: With constant changes, how do you keep company culture, values and ensure continuity?

Scott Kingdom: That is a big challenge and we are still experimenting with it. For one thing, the heart and soul of a company has to be the CEO. But I think where the pendulum currently stands in terms of turnover is not healthy, it's too much, and that is how you lose continuity. So the pendulum will have to swing back. In emerging markets the rules and traditional norms are stretched, they are out the window. Also, companies need to simplify their message; make it crystal clear, make sure they are on target with the message, etc. Cisco, for example, never changes its message, sticking to only two or three simple things.

Q: For an employee to work in an organization, it's all about the brand. What are your thoughts on the branding of the industrial industry as a whole?

SK: Is anyone here in energy, oil & gas? In the 80s everything was wonderful in that sector, then it became uninteresting and for 10 years no one wanted to work in energy. Only now have we noticed it, and this has cost us a whole generation. Right now, I'm worried about the same thing happening to the automotive sector. We have got to market the industry before we lose talent to the other sectors.

Q: At a macro level, do you have data on people movements and compensation?

SK: Yes, we do. In China people do move for compensation.

Deepak Gupta: It's happening in India in lower and mid-level management, and even sometimes at the top level. People have a second offer that pays more, and they take it.

Madhav Sharan: Most importantly, the company needs to be a brand that the executive is proud of, he needs to be thrilled to be working there, and the job needs to keep him on his toes. Otherwise the company will lose him.

Q: How do you drive the solutions to the challenges down to middle management? The top ten people already get it!

SK: Through over communication, and a constant drumbeat of reinforcement. This is not magic, but hard work. Companies that are able to adapt to new solutions better than others are those where you have a committed CEO. But the transition is very difficult; and sometimes it's easier to accelerate by getting a catalyst from the outside, whether it's a leader or a team.

Q: In the process of hiring a CEO, how important do you think it is that the candidate has global exposure, that he can manage socioeconomic and cultural needs? Not from a markets but from a people standpoint.

SK: It is difficult. If someone that has not been there before comes to head your country operation, it will be a tough job for them. It's not impossible, and sometimes great leaders adapt to and thrive in difficult situations.

Q: Now that the energy sector has been opened to the private sector, it is projected that about US\$300 billion investment will be made in the next 10 years. Similarly for electricity; about US\$160-180 billion has been estimated. How do you attract talent to these fast growing industries?

SK: What you have here is an exciting, massive growth project, that doesn't exist in the U.S. and this is a very attractive opportunity for top talent. We do lots of work in China and India where we look for people with experience in developed countries, expatriates. Those most successful at attracting talent are private equity firms, because they put the money behind it.

DG: Five years ago you couldn't attract NRIs, now we have foreigners coming here for an opportunity to work on such large-scale projects.

Q: There's a global infrastructure boom happening, an enormous war for talent, and India is competing with everyone else. What are your thoughts on observations that Indian companies are not open to change or embracing the experience that foreigners bring?

SK: If you have this level of growth, you must be prepared for change, change that will make you uncomfortable. It is always challenging to adopt other people's ideas in a society that has been homogenous for some time but we have to make sure there is a net transfer of knowledge and experience.

Q: Some of the most successful companies weed out the bottom 10%. Do other countries outside the U.S. do this? In India, with the current attrition rates, should I implement this?

SK: McKinsey did this long before GE, but they do it in a way such that all executives stay friendly with alumni. Every situation is different and you have to look at your ability to attract talent or if you have a big enough pool to weed out. With the right people in your company, you may be able to get more output with less numbers.

Q: One interesting observation: companies are promoting faster and more frequently. Assessment is great at mid-management, we have great tools there. Do we have these tools for top management as well?

SK: There is help out there. In a few years we'll have five years' of statistical data and will be able to help. If executives fail, they don't fail because of business skills, but soft skills and cultural skills. Now there is a lot of science and many assessment tools for CEOs that we use in most of our senior-level work.

Q: What tools do you use, and do you use them only for hiring or also for development?

SK: We have begun to invest heavily in tools to predict how people will perform in a few years. So companies also ask us to assess the very people that are already working for them. Not a weeding out process, but "what do I have and what can I do with it?" This is very useful in acquisitions. People never know the value of people they are buying.

DG: We've had several requests from private equity firms to assess management teams before an acquisition – to decide whether to move them out or not.

SK: We tried to be the first mover in assessment tools. In five years, I think there won't be anyone who doesn't use these tools.

About Korn/Ferry International in India

Korn/Ferry International, with more than 80 offices in 39 countries, is a premier global provider of talent management solutions and is currently ranked the number one executive search firm in the world by Hunt-Scanlon. Based in Los Angeles, the Firm delivers an array of solutions that help clients to identify, deploy, develop, retain and reward their talent.

Korn/Ferry International opened offices in India in Bombay (now Mumbai), New Delhi and Bangalore in 1995, 1997 and 2007 respectively, from which it serves its extensive international client base across the country. Today, the team offers personalized service, strategic guidance and world-class leadership to local companies and multi-national corporations alike, leveraging the Firm's sophisticated network of more than 490 search consultants around the globe.