

## Building a talent brand

How to attract and develop the best and the brightest – and remain competitive



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**In today's complex and dynamic business environment, companies are competing more fiercely for talent than they are for market share. Talent is perhaps the only remaining sustainable competitive advantage in a globalized economy where financial capital and technology flow freely.**

THE TRADITIONAL corporate battlefield is in the process of being redefined. In the global struggle for market share, winning the battle for the most capable managers can be decisive. Recent studies by renowned management and leadership experts Jim Collins and Nitin Nohria suggest that the quality of leadership has the largest impact of all on corporate performance and shareholder value.

While talent is critical to success, it is also becoming more scarce by the day. Demographic trends predict a continual decline in the experienced executive population, especially in Western economies. The “supply” problem is further compounded by the increasingly sophisticated competencies being demanded of executives in today's more complex and globally integrated environment. Besides traditional management skills, modern-day managers need to demonstrate cultural versatility, entrepreneurial ability and the influencing skills to manage geographically dispersed teams within matrixed organizations.

The growing dominance of private capital has further intensified the competition for talent. Well-financed private equity firms, unhampered by public pressure on compensation, are offering wealth-creation and business-building opportunities that many established companies cannot afford to match.

Three quarters of corporate officers surveyed in a recent McKinsey study indicated that their companies had “insufficient talent sometimes” or were “chronically



talent-short across the board”. This situation is only likely to get worse and companies that focus on and innovate in this area today will rule the markets tomorrow.

### **Aligning talent management**

So, how can companies best position themselves to compete effectively in the market for talent? In our experience, companies that align their talent management strategies not only with their strategic business objectives but also with the career objectives and aspirations of their top talent, and communicate this alignment effectively through a corporate talent brand, are best positioned to win and retain high potentials.

These companies manage their interactions with talent, both present and prospective, in much the same way as the best brands structure their interactions with consumers. In order to successfully connect with top talent, these companies invest in understanding the key drivers that influence executives’ decisions to join and remain with a company. At every touch point, these companies optimize the relationship by aligning their structure, programs and interactions with the interests and needs of top talent.

Talent-focused companies understand that, more than compensation, it is the corporate ecology, the challenge of the role, and the personal development opportunities that drive choice and loyalty. Top performers are active managers of their careers. They try to develop the skills, competencies, and relationships that are required for them to stay at their peak and continue to grow. Typically, they view their current assignment in the context of their long-term career aspirations and plans. They expect to be assigned roles that prepare them for increasingly complex and professionally challenging opportunities. Top managers seek out organizations that can partner with them in managing their careers and achieving their professional aspirations.

At the same time, executives have become more mobile and are rarely spending their entire career with one company. Given this trend toward decreasing loyalty, one might assume that companies that invest heavily in their talent run the risk of becoming the training ground for organizations that would like a free ride by poaching this investment. Contrary to this assumption, we find that companies that have diligently and faithfully built their talent brand – companies like General Electric, Nokia, Procter & Gamble and Pepsi – are also most effective at retaining their talent. At these companies,

building a talent brand is a mindset that is all-pervasive. The whole area of talent management is seen as a company-wide strategic imperative that is deeply rooted in the company’s operations and clearly communicated in every interaction with employees.

### **The halo effect**

To build a talent brand that attracts and retains top talent, companies must also continue to build their overall corporate brand. Executives respond quickly to calls from market leaders and innovators and are less likely to leave these organizations. These corporate brands create a “halo effect” that leads to the perception that economic and developmental opportunities at these organizations must surpass others.

Like a consumer brand, the talent brand also needs to be built through effective use of each channel of communication to reach the “target customer”. Talent brands need to be actively managed at every touch point with current and potential employees. There should be no ambiguity about the company’s commitment to a system of talent management in which employees are treated as vital customers of the business. This mindset then needs to be deliberately applied to the way companies interview, assess, create development plans, and even negotiate exits. The ground reality is that very few companies put much thought into who should do the interviewing, what they should be assessing and the value proposition they should be communicating. Word of mouth, within and beyond an organization, is built on these interactions and goes a long way in reinforcing the talent brand.

Great brands are built on the back of great experiences, not just great messages. Paying mere lip service is not enough. Companies need to go beyond simply putting talent management on the corporate agenda. Talent management needs to be a part of the DNA and structure of the organization. In order to do this, it is critical to get the basics right. As John Hofmeister, President of Shell Oil Company, says, “planning is to talent management what accounting is to financial management.”

There are certain rules of talent management that must be followed and institutionalized. The cornerstones of talent management are an effective competency-based assessment mechanism for both internal and external talent, an objective review and feedback process, recognizing and providing development opportunities for top talent, and decisive action in the case of underperformers.

These talent management basics must be sponsored at the very top and embedded at every level of the organization. Nothing short of a complete cultural change is required. Only when talent management is a CEO priority can an organization align its strategic and business processes with its talent management objectives. However, this mindset needs to percolate down to every manager in the organization – each of whom should be held accountable for the quality of talent in their teams, as well as for the time and effort they spend in developing and grooming the next generation of managers. When sponsorship begins at the top and is infused throughout the organization – when it is part of the DNA and culture – talent within and beyond the organization gets the message that their needs will be understood and met by this employer.

### **The art of on-boarding**

One area where even good companies often fail is in the on-boarding of senior executives. Success at a new organization should never be a sink-or-swim proposition, no matter how strong the talent being hired. A sink-or-swim policy results in more sinking than swimming. Consequently, a well orchestrated on-boarding and integration process is critical to enhancing the likelihood of success in the new assignment. It is imperative for top management or the board to take responsibility for the success of the new hire, and to facilitate the cultural acclimatization and learning of the new executive in the critical first months. It is equally important to establish a two-way feedback mechanism that highlights and resolves early integration issues and challenges. These initial months are perhaps the most crucial for building loyalty and ensuring eventual success.

Talent will only be retained if it is continuously nurtured, invested in and built upon in tandem with the company's business needs and strategies. Development plans and retention strategies, however, must be customized, and organizations must find solutions to specific and individual challenges and complexities. One-size-fits-all retention strategies are no longer likely to deliver the desired results. To an increasing extent, companies are looking to tailor communications and rewards to different groups of employees, in order to make the experience more personalized and to ensure alignment with individual needs and goals. The focus must be on making individual employees feel valued by even large, distributed organizations and ensuring that

this customization drives desired behaviors across an increasingly diverse workforce.

If an organization is to stay aligned with the needs of its high potentials, talent management cannot be a one-time systematic review, but must be an ongoing part of a company's core strategy. The talent market is highly dynamic. The needs of the organization and the needs of top talent are in constant flux and require a continuous assessment and renewal of organizational capability. Companies must be innovative in terms of when and where they look for new talent, and insightful enough to anticipate the new types of role that will emerge as the business environment and talent market change. Recognizing these organizational gaps promptly and proactively building the talent pipeline is another way to build a competitive edge in the talent market.

As we have seen, the war for talent is a fact of today's economy and tomorrow's; and few fields of conflict are as important to the success of firms of all kinds. The companies best positioned to win this war are those that can successfully align themselves with the needs and concerns of high potentials and top performers, and capture their loyalty by continually renewing this alignment. Building a talent brand that is known for taking these needs and concerns seriously – and more importantly a company with the organizational capability to deliver against them – is and will remain as the ultimate competitive advantage.

## **THE AUTHORS**

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