



Welcome to this executive summary of the recent Executive Briefing hosted by CorporateLeaders, the business transformation network, in partnership with Raytheon Professional Services. Entitled “Talent pipeline: Transformation to build and retain your most valuable assets”, the event took the form of a round table discussion.

Below we summarise the insights offered by Paul Swinscoe, Director of Business Development for Raytheon Professional Services, and keynote speaker Peter Bedford, Group SVP and Head of Talent for ABB, as well as the viewpoints of other executives in the discussion.

Introduction

Amid continued turbulence in global markets, it has never been more important for companies to identify, develop and retain the talent on which their future growth and success depends.

But in a climate of uncertainty, how can companies determine what talent they need now and in the future? And what can they do to find, develop and hold on to that talent? It was to explore these questions and share best practice that business leaders and senior HR professionals from some of the world’s leading companies recently gathered at the Commonwealth Club in central London.

Starting off the discussion, Jesper Lillelund, Partner at CorporateLeaders and moderator for the Executive Briefing, highlighted the urgent need to transform HR processes and systems so that they support strategic business goals. Only by integrating processes such as capability planning and learning and development with business strategy will companies be able to ensure that they have “the right people in the right place, at the right time”, he said.





Winning the war for talent

The “war for talent” remains a business reality, according to Paul Swinscoe, Director of Business Development for Raytheon Professional Services. He predicted that companies that find themselves on the winning side of this war will also be among the first to recover from the prolonged economic downturn.

However, participants in what became a lively and often intense discussion agreed that despite record numbers of young people going through higher education and high levels of unemployment in many developed economies, companies often struggle to attract and retain the right talent. The first step to overcoming this hurdle, said Swinscoe, was to develop insights into the reasons why people join organisations and stay with them – or not, as the case may be. Citing research by McKinsey & Company, he pointed out that people want interesting and challenging jobs, to work for great companies that are well led and managed and to feel recognised and valued for their contribution. Above all, talented people look for opportunities to learn and grow – opportunities which in today’s difficult market conditions are often in short supply. “But if you start cutting back on people development, that impacts on your ability to develop and grow the business,” Swinscoe observed.

A strategic role for learning & development

Part of Raytheon Company, which employs around 72,000 people worldwide, Raytheon Professional Services is a leader in global learning solutions and training outsourcing. Raytheon Professional Services is itself one of the largest training companies worldwide employing over 1,000 training professionals globally, and so faces many of the same talent management issues as its clients. Speaking from this dual perspective, Swinscoe argued that the key to transforming a business and the people within it lies in the ability of its learning and development function to understand and contribute to business strategy. “If we cannot operate at the business strategy level and understand where the business is going, how can we develop any interventions to transform people and processes?” he asked.

The learning and development function, he continued, needs to build the capabilities required to deliver the organisation’s business strategy. However, all too often, learning programmes fail to do this. Swinscoe related how, when designing strategic learning solutions for clients, Raytheon Professional Services has sometimes advised them to cut as much as 80 per cent of their existing training provision because it was not helping to drive the business forward.

The function also needs to create what Swinscoe described as an “on-demand” learning environment. “We are finding in our business that more and more people don’t want to go on courses that take them away from their work for two or three days at a time,” he said. “So we are seeing a lot more distributed learning –not just e-learning but all sorts of distance learning methodologies, including peer-to-peer groups and remote classrooms.”

Swinscoe argued that learning and development should also be managed as a business. That doesn’t necessarily involve running it on a profit and loss basis, but it does mean that the function needs to be able to measure and demonstrate return on investment in learning activities. Concluding his presentation, Swinscoe said: “It’s by being at that strategic business level that we can add value and avoid the problems of HR and L&D budgets being cut when times are tough.”





Linking strategy to people at ABB

ABB may be a global leader in power and automation technologies, but with few well-known brands in its portfolio of products and services, the group has to work harder than most large organisations to promote itself as an employer. “We are probably one of the world’s best kept secrets,” said keynote speaker Peter Bedford, Group SVP and Head of Talent at ABB.

Formed in 1988 from the merger of the Swedish engineering company ASEA and its Swiss counterpart Brown, Boveri & Cie, ABB now employs around 130,000 people and operates in over 100 countries. The 46 different nationalities represented in the group’s Zurich head office reflect this global reach.

ABB’s revenues, which totalled \$32 billion in 2010, are generated by five global divisions: power products, power systems, discrete automation and motion, low voltage products and process automation. These divisions in turn contain 67 separate business units, their number swollen by a number of major acquisitions in recent years. To complicate matters further, ABB’s country operations are grouped into eight regions, while functions such as HR, legal services, corporate research and finance provide group-wide support.

This organisational structure, the group’s huge range of products and its geographic spread combine to create a level of complexity that affects ABB’s ability to build sustainable talent pipelines. Shortly after joining the organisation three years ago, Bedford therefore embarked on an internal branding exercise that aimed to analyse the group’s culture and identify its strengths and weaknesses as an employer. This revealed highly positive perceptions of the group’s green credentials and its focus on customers. Interviews with 1,300 employees in 25 countries also showed that they felt valued and empowered, and appreciated the opportunities they had to work on challenging, global projects.

The exercise did, however, reveal some concerns about the group’s cumbersome organisational structure and the difficulty of communicating across organisational boundaries. These concerns are now being addressed both corporately and within HR.

The cultural analysis also enabled Bedford and his team to identify five cultural factors, which when reflected in individuals’ behaviour, appear to predispose them to success within ABB. These factors are:

- a ‘we’ culture
- innovative minds
- integrity and ethics
- multi-cultural
- customer-centric

“We have a hugely collaborative culture, so people who succeed within ABB are those who naturally use the word ‘we’ at interviews, rather than the ‘I’ word,” Bedford explained. The term “innovative minds” refers to the creativity needed to prosper within an environment at the cutting edge of a range of technologies, while integrity, ethics and compliance are a “religion” within ABB, according to Bedford. The group is also a real meritocracy, he added, pointing out that its top management team – in contrast to that of many other multinationals - is truly multicultural. Finally, a focus on customers runs through everything the organisation does.

As a result of the branding exercise the group developed an employee value proposition that promises “the scope and freedom to build a legacy by helping to create a better world” to those who combine intelligence with integrity, international mobility and energy. This proposition - distilled into the employer brand strapline “A better world because of you” - supports the corporate brand proposition, “Power and productivity for a better world”.

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Integrated talent management model

The behavioural descriptors that came out of the cultural analysis proved so powerful that the group has now built them into its selection processes and a new competency framework. Currently being rolled out, this framework provides ABB with standard ways of describing roles in terms of responsibilities and competencies, and of assessing people against those competencies. That, in turn, creates a level playing field for both internal and external candidates, wherever they happen to be based, according to Bedford.

The competency framework is part of a global “people infrastructure” designed to mitigate the challenges associated with organisational complexity. Central to this infrastructure is a single global SAP platform that has replaced the multiple platforms used until recently by different parts of the group. The new platform incorporates tools for carrying out appraisals, global succession planning and recruitment – all of which are designed to help ABB get the right people to the right places.

Talent liquidity

“What the new global e-recruitment system has allowed us to do is establish a policy where all white collar jobs are now posted globally,” said Bedford.

This policy aims to enable people to move around the organisation – either to different roles within their existing business units or to other units or countries. To encourage such movement – or “talent liquidity”, as the group calls it – line managers are banned both from poaching talent from other parts of the business and from refusing to let their own team members make internal moves. “So if somebody from your team has gone through a proper application process and wants a job, you can’t say no, though if it’s an international move, it’s two months before it happens,” Bedford explained.

Conceding that it is impossible to be certain that all managers have stopped hoarding talent, he added that “lack of noise” around the policy indicated that talent has, indeed, become more liquid within ABB.

Capability planning

While a competency framework of the kind ABB has developed is concerned with the “here and now”, as one participant in the discussion put it, capability planning is more focused on the future.



Taking the pulse

Capable leadership ranks well above financial rewards in helping organisations hold on to talent, according to a pulse survey of those taking part in CorporateLeaders' Executive Briefing on building talent pipelines.

Asked what they saw as the most important factor in retaining and developing talent, participants put leadership at the top of the list. This was followed by career prospects, company culture, training and development programmes and financial rewards. Flexibility, often said to be a priority, especially for younger employees, surprisingly came last. Perks and mentoring, two of the other possibilities offered by the survey, attracted no votes at all, while one participant thought that the key to retention lay in embedding talent management throughout the organisation.

ABB defines capability as "a capacity for action". This may sound like a simple enough concept but as several of the participants in the discussion admitted, determining the capabilities an organisation needs to deliver its medium-term strategic goals is often far from simple. As one HR professional said: "We are great at building a three to five-year business plan, but when we ask our business managers to build a resource plan around that, they say, we'll deal with it later." The result is that this company, like many others, ends up buying in very expensive talent when the need to fill capability gaps become urgent.

ABB's approach to capability planning is different. It starts by looking at each division's five-year strategic plan, and asking what capabilities are needed to achieve the objectives within that plan, and what capabilities are already available. The differences between the two represent the division's capability gaps.

Having identified those gaps, the talent team is able to recommend appropriate people actions. These may include redeploying people from one part of the organisation to another, developing the missing capabilities, recruiting people with those capabilities, bringing in consultants, contractors and other flexible workers – or acquiring an entire workforce with the required capabilities. As Bedford said: "Acquisition is just a more expensive form of recruitment."

The capability planning process recently resulted in the talent team identifying skills sets such as project management that are going to be of critical strategic importance to ABB over the next three to five years. In response, a small, in-house head hunting team was set up to focus on recruiting individuals with these key skills and capabilities. The team is headed by the former head of research of an international search company, who has started building an external talent pool of project managers. However, as her role develops, it may well also include building internal talent pools to support the group's succession planning.

The advantage of linking capability – and succession – planning to the five-year business planning cycle is that it gives the talent team plenty of advance notice of the people actions that need to be taken. "The clever bit, of course, is recognising that all of these people actions affect your current state," said Bedford. "So within the natural business cycle, you need to go around every so often and check whether your capability gaps have changed because of what you've done – and if they have, take appropriate action."

He stressed that business units are not obliged to adopt this capability planning process. "It's not a must-do process like performance appraisal. It's a tool for our global business HR teams to use to coach their managers," he said. "The reason it's challenging is that it relies on managers being willing to translate what they are doing into people actions – and it relies on the HR community understanding enough about the business to be able to coach and challenge senior managers about the way they do business. For me, that defines the role of the truly strategic HR business partner."



Peter Bedford

Group SVP and Head of Talent, ABB

Peter has global responsibility for the talent pipeline at ABB, spanning capability planning, recruitment, learning and development, talent management, performance & competency management and global mobility. He was formerly Head of Recruitment at BBC and subsequently moved to Nokia Group where he was accountable for global resource planning, recruitment, employer branding and a variety of employment issues, from policy through to implementation. He was also a key member of the team that created and subsequently restructured the 60,000 strong, 100+ country joint venture Nokia Siemens Networks in 2006/07.

A Steering Board member of the World Economic Forum project on global talent mobility, Peter is also an executive board member of the CEMS alliance and of a charitable foundation providing engineering education for underprivileged students. He is, unusually, both a Chartered Engineer and a Fellow of the Chartered Institute of Personnel & Development.

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