



Making a pledge

A strong people development programme can help garner trust and long-term commitment from key talents

By Warwick John Fahy

The rapid, persistent change in which we live here in China has contributed to a labour market with increasing turnover and spiralling compensation packages. A survey by Hewitt Associates put average turnover in China at 14 percent last year with an increase of 8.4 percent in salaries. Meanwhile, turnover in sectors like technology can run up to 25 percent.

Adding fuel to the fire is the shortage in skilled managers, which is evident in most industries. A recent McKinsey report predicted that

75,000 managerial jobs would be created in the next five years by multinationals in China with fewer than 5,000 managers qualified to take up those positions.

Talk to any manager working in China today and human resources are most likely at the top of their list of concerns. Retaining scarce top talent is a challenge everyone must face. A recent Cornell University study confirmed that compensation and benefits is still the number one reason for leaving a company in China; second

is pursuit of better career opportunities; and third, stronger training and development programmes.

While having a competitive compensation package is a given, the value of a good people development programme can be seen in the Cornell study, which found that IBM benchmark their compensation packages to be in the top 25 percent of the market. One reason why IBM does not need to pay the highest salaries to attract the best talent is that its reputation for training and development is world renown and established over many years.

Training and development has increasingly become a proven method to retain staff, and China is already investing heavily in training hours. An American Society of Training and Development (ASTD) survey found that in China, 88 percent of employees receive 35 hours of training per year, compared with the USA where 79 percent of staff receive 28 hours.

While training hours is one indication, a

key question is how can you spread know-how throughout the company and prepare for the day when key talent leave? How much of their experience is left behind, and how well have their teams been prepared to step up to fill the new leadership role?

One approach involves choosing carefully the talent to develop, aligning their ambitions with company goals and then putting in place systematic programmes that cascade know-how down the organisation. Involve human resources as a business partner to help overcome obstacles in the development programmes, while at the same time using your company culture as a retention strategy.

Retaining the right people

Philips Lighting starts by selecting the right people to retain. Often referred to as "talents", these potential leaders are invited to a leadership assessment centre where they are put through their paces in an intensive day-long programme designed to discover lead-

ership competence. They take personality and aptitude tests, take part in role plays designed to demonstrate leadership skills and are observed by senior managers or external consultants who take detailed notes on their behaviour. All this is put into a report, which is compared with a leadership competency model developed by Philips.

Senior business HR manager Jessica Wang credits this rigorous assessment process with the low turnover rate of five percent in their leadership team. Since 2001, Philips Lighting has adopted a more transparent leadership development approach. They inform talents that they are being invited into the programme, whereas prior to 2001, Philips did not inform talents that they were being groomed for management. This is common, as companies fear managers who have not been selected will leave the company. Philips addresses this by working on an individual development plan that shows the manager areas they need to improve in order to be accepted onto ▶

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► the leadership development programme. One factor is performance, in which each candidate needs to achieve 80 percent of KPI (key performance indicator) goals.

Aligning personal and company goals

Talents are then interviewed about their career aspirations, which highlights gaps in personal and company goals. Such interviews allow talents to feel that they are being supported and helps HR build a career plan that incorporates their aspirations where possible.

Such open communication is an important part of building trust and also commitment from the talent. Once a career path is mapped out, the talent is more likely to make a long-term pledge. The company can also find unbridgeable gaps earlier by understanding the talent's personal motivations. Philips' Wang cited several examples where talents decided to leave to pursue a different lifestyle. This open communication can predict and plan for these changes and lessen the impact on the organisation.

HR involvement in mentoring programmes

Another feature of a strong people development programme is the involvement of the talent, their line manager, and the HR department. Busy executives will seldom devote enough time to self-reflection, so HR involvement can provide a friendly reminder. At Philips, coaching and mentoring programmes show just how important the HR role can be in business areas. Each talent is assigned an internal mentor. Mentors are selected to be a good fit. Both mentor and talent take Myers Briggs Type Indicator (MBTI) psychometric tests to find similarities in thinking styles and values. HR plays an active role in matching and also sits in on some monthly sessions to see how the relationship is developing. Obvious problems can be resolved, or in some cases the mentorship dissolved if both parties do not click. This proactive management of relationships helps spread experience to the upcoming leaders as well as build strong friendships within the company. From the outside, the mentoring session appears to

be an informal monthly lunch or meeting. However, a structured format is used and both mentor and talent fill out a feedback report which indicates behaviors that need to be modified.

Obstacles to effective coaching

Obstacles to effective coaching and mentoring include time and workload pressures. Busy executives will likely push this relationship down the priority list when faced with other operational pressures. Some companies write succession planning into expatriate contracts. Terms include the selecting and grooming of a successor. Companies would be advised to write these terms into all executive level contracts for all staff. Putting succession planning as a KPI would help spread know-how to future leaders in a more structured, measurable way.

All good relationships are built on good chemistry. While this is hard to measure, some tools do exist to help match mentor and talent. Torry Orton, an executive director with Skill and Will, uses MBTI as a development tool which helps create a language for exchange. The test fosters better understanding of how people are "wired" differently, thus increasing tolerance and avoiding unnecessary conflict.

Another obstacle can come from top management. A company general manager may not approve the coaching programme if they have not experienced the benefits of coaching themselves. Orton recommends that top managers receive an initial coaching programme, before rolling out to the next level.

Committed to culture

As well as individual programmes, companies need to take a whole company perspective to create more commitment. The massive transformation that people in China have experienced in their lives has resulted in a struggle with personal values. Companies can fill this void by providing a welcoming culture. While Chinese companies can offer a more familiar and comfortable environment for staff, multinationals can leverage their history and established corpo-

rate culture to attract and retain staff.

Companies use annual and quarterly meetings to reinforce and spread the positive values of their company culture. Chinese staff value the opportunity to understand and discuss the company's culture and commitment to the community, environment and social causes. In fact, any company that is not taking a wide view of its stakeholders in China, including the staff's extended family and community, needs to reassess.

Merging cultures

As more mergers take place in China between multinationals and also between local and multinational firms, a shared culture is needed to unite the new firm. Company-wide activities are now becoming popular. Some include family and sports days. Others run by professional facilitators take a day or two to get the whole company together and create an environment for better understanding. They allow staff to share their past experiences, discuss the challenges of today and help build a shared vision of what the future could look like. Getting issues out in the open and sharing them allows people to feel respected, and in some cases blow off steam. By engaging the staff to help build a future vision, companies are starting to create a spirit of long-term commitment to the company.

It is essential to remember that in China, people development takes place in the context of the overall rapid persistent change that has occurred throughout the previous two decades. Achieving long-term committed employees requires a wider view be taken to consider personal, family and community, as well as the business expectations.

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