The 5-C Framework for Managing Talent"

Randall S. Schuler

Rutgers University

94 Rockafeller Road

Piscataway, New Jersey 08854

schuler@smlr.rutgers.edu

(848) 445-4827

Executive Summary

Companies have been thinking about their special employees, their talented employees for many years, especially after Peter Drucker coined the term "knowledge worker" in 1959. These employees were different from those going before them, and had to be managed differently from the others, the non-knowledge workers. Fast forward to 21st century and we find that conditions for most companies have changed dramatically: more competition, more advanced technology, more globalization, and more highly educated individuals worldwide. We also find that the description of the knowledge worker today dramatically understates just how important some workers are to the success of companies today. With companies' success dependent on effectively managing this needed special group of individuals, their "talent workers", companies are actively seeking programs and approaches to managing this talent effectively. This article is about what some companies are doing in managing their talent as effectively as possible. The conclusion is that while talent management is complex and requiring a custom approach with continuous adjustments, it may be facilitated by a systematic analysis using the 5-C framework for managing talent.

The 5-C Framework for Managing Talent

What do Novartis, GE, Roche, Costco, Haier, IKEA, Google, Haier, Ford, Tata, Starbucks, LG, Siemens, P&G, Huawei, DuPont, Unilever, Apple, Disney, 3M, Johnson & Johnson, IBM, ABB, Toyota, Roche, Amazon, Ritz Carlton, Southwest Airlines, Wipro, Nestle, Shell, Panasonic, and Facebook have in common? The answer is that they all take very seriously the concept and practice of managing their people as valuable human capital, as talent, as a high value corporate asset. They link this talent to the leadership, values, company culture, strategies and the external environment of their companies. They use analytical tools and techniques that are understood and supported by everyone, all for the explicit purposes of being excellent, flexible and adaptable to serve the current and longer term interests of all their stakeholders. Not only has talent management become seen as totally necessary for organizational sustainability and competitive advantage, it has become one of the most widely discussed topics in management by academics, consultants, senior executives and managers for almost twenty years under the label of "talent management" or "global talent management." Because the conditions that have given rise to this phenomenon are only accelerating, without question it is very likely this will continue. Managing talent or practicing talent management (TM) or global talent management (GTM) extremely well is not a choice for companies but a mandate for companies that want to succeed and excel. To manage talent well requires managers to make choices, many choices indeed because there is no *one* best way or *one* best set of policies and practices. This article is about those choices and offering a framework for thinking about and acting upon those possible choices. It

reflects the experiences of the companies listed above and many others who have been working at managing talent as systematically and continuously as possible. These experiences are catalogued throughout our discussion.

THE 5-C FRAMEWORK

This framework identifies, organizes, suggests, and documents many choices (Cs) in managing talent that have been introduced into our most globally competitive companies, regardless of country of origin. The 5 major Cs that seem to summarize what is going on in companies managing talent in programs include:

- **Choices**
- **Considerations**
- **Challenges**
- **Context/Contingencies**
- **Consequences**

These are shown in Figure 1 and discussed in detail in the following paragraphs. It becomes apparent rather quickly as we discuss these Cs that they are filled with choices to be made by managers in pursuit of effective TM and GTM activities.

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<u>**Choices**</u>

There are many choices that need to be made throughout a design and implementation of TM or GTM program to manage the company's talent. Some of these choices reveal themselves in the discussion of the following Cs.

Considerations

There are several choices within this aspect of TM and GTM. These include:

The Degree of Inclusion: While academics tend to favor a more exclusive perspective, consulting firms and companies have been more varied. Academics tend to include only individuals who are "A" players and in "A" positions. While this group might be expanded a bit, it constitutes the top 1-5 % of the company. Companies like GE and LG have tended to have a more exclusive approach, while firms like ABB and Novartis are very inclusive. Novartis, using GE as a model, started with a more exclusive approach and then became very inclusive. HSBC did the same. Both Novartis and HSBC cascaded their TM programs down through the company as they developed the realization that many of their employees are valuable talent to the company and needed to be included in the TM programs. So essentially Novartis and HSBC have adopted the ABB philosophy that many employees can be included. It appears that the degree of inclusion a company chooses is likely to be influenced by several factors, including the values of the top leadership and the HR professionals and its culture and history.

   Regardless of the degree of inclusion chosen by these groups and companies, their definition of talent or talented employees seem to be based on individuals *who are special, have competencies valued by the company, behaviors aligned with the company's values, are hard to find, are hard to replace, can add a great deal of value to the company, have options to leave at*

any time, and can help shape the future strategic directions of the company.
This is a fairly robust definition, and can include experts in chosen fields in medical science, software engineers, managers, athletes, scholars, consultants, and many others. They may be at any level of the company. In fact, it is a choice of the company to decide who it wants to include in its programs, and also how many programs it wants to construct. For example, it may want to have talent management programs for research scientists and another one for high potential managers. And while great competencies are important for being considered a great talent, it appears that great behaviors are also necessary. Whether in Novartis, LG, GE, Google, Facebook, the Ritz Carlton, or any of the other companies listed, if employees with great competencies fail to also exhibit the behavior deemed necessary, e.g., strategic thinking and teamwork, in the attainment of the company's strategic objectives, they fall outside the company's definition of talent.

Related to the degree of inclusion is the degree to which employees are informed about whether or not they are included in the talent management program of the company. This choice appears to be influenced by several factors, including the values of the top leaders and the HR professionals and the company's culture and history. While inclusion may seem desirable, some employees may feel a sense of discomfort or unease, especially if it implies a requirement of promotion to a higher position, rather than solely continual improvement in a current position. To obtain a positive benefit of the program, it seems that employees need to know if they are included and need to be comfortable with the conditions of being included in the program.

Talent Management Policies and Practices. Talent management policies and practices are those that are specifically created and implemented for the

purpose of managing talent to meet the talent management challenges (discussed more as the next C) facing the company, such as: a) attracting, selecting, retaining, energizing and focusing the most talented individuals; or b) reducing or relocating these same individuals either because there is a surplus of talent; or they are in the wrong place at the wrong time; or even because there is equally valued, but less expensive talent available elsewhere. The talent management policies and practices used in managing talent include specific types of recruitment, selection, diversity programs, appraisal (assessment), compensation, career development, coaching, cross-cultural learning, feedback, training, relocation, and even reduction. Examples of these might include:

> --the nine box approach to assessment popularized by GE. Novartis
>
> and LG adopted this nine box approach that assesses talent on their
>
> objectives *and* behaviors. Objectives and behaviors are each
>
> measured on a three point scale from "partially met expectations ,"
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> to "fully met expectations," to "exceeded expectations."
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> This creates a three by three matrix representing nine combinations
>
> of performance using objectives *and* behaviors;
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> --an organizational talent review process that identifies current and
>
> future talent development needs;
>
> -- activities that identify talent potential to adapt and contribute to the
>
> company's needs for continual adaptation and strategy renewal

--diversity management programs to help ensure the most extensive

access and opportunities to the best talent possible;

--extensive and generous fringe benefits that serve virtually all the

needs of employees;

--global team and diversity opportunities;

--opportunities to collaborate with other highly talent individuals;

--first time leader development programs; and

--above all, a data-based decision making approach to managing

talent through the use of people analytics, e.g., analyzing what

leader behaviors are most highly associated with employee

performance, development and retention.

Far from being just a subset of human resource policies and practices, talent management policies and practices are those intended for those the company regards as its high value corporate assets. A key point is getting the appropriate talent management policies and practices aligned and consistent with each other and with the strategy of the company so that the talent of the company is energized (engaged and passionate) to be highly productive and highly focused on the strategy of the company. Siemens ties all of its talent management policies and practices together to ensure that all of them are consistent with each other. IBM combines qualitative and quantitative data to ensure that its practices are introduced and implemented consistently. Google executives have calculated the performance differential between an

exceptional (most energized and most talented) technologist and an average can be almost 300 times. When that energized and talented technologist is aligned with the strategy of the company, the benefits to the company's success are significant.

A major choice companies may choose in managing their talent is how many talent management policies and the type and scope of the talent management policies to develop. Noted Silicon Valley consultant John Sullivan estimates that Facebook has at least 45 talent management policies, unique and unlike those at Google, Twitter and Apple. Another choice is how many individuals will be managed with these talent-management policies, and to what extent do they get adapted based on the characteristics of the individual, such functional area of the company or even the location of the company. As reported in the research of Fang Lee Cooke and her colleagues at the Monash Business School in Australia, the talent management policies created and implemented differ in India and China (discussed further under Context).

Where. Another important choice in our list of considerations is where the TM or GTM program is to be applied, in the home country headquarters only or in all global units of the company?   If the company is based solely in one country, then the program is appropriately labelled a TM program. If it is based in several countries its program is appropriately labelled a GTM program. Because a GTM program is substantially more complex, companies sometimes start with a more local focus and then expand outward to other regions. Japan-based Panasonic started its GTM program in Europe and then expanded globally. Which raises the question: "Does there have to be consistency in the application across the various regions?" The consideration,

as with some of the others, depends in part upon discussing the Context factors in the section below. Please see Table 1 for various definitions of talent management and global talent management.

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Insert Table 1 About Here

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Who. Who is involved in the TM or GTM program? Stages from formulation to implementation and revision are very important considerations. Who should be included? Should all or only some of senior management, external consultants, HR, and the employees themselves be included in the program? Ed Lawler, CEO of the Center for Effective Organizations at the University of Southern California, suggests that managing talent offers the HR function a significant opportunity to be seen by the company as a real contributor to its success because it requires that HR be aligned with the strategy and company stakeholders. Positions in talent management can be found throughout companies, such as DuPont and Novartis, within the HR function for the express purpose of maximizing the talent contribution to the global strategies of both companies. At Google, the head of the "People Operations," Laszlo Bock, plays a significant role in managing talent along with CEO Larry Page. Enhancing Bock's success in managing the talent at Google is his complete commitment to data based people management practices, i.e., the use of HR analytics, a practice that Lawler highly recommends that HR incorporate in their contributions to managing talent.

Challenges

As shown in Figure 1, the major challenges in managing talent include:

- **Dealing with talent shortages;**
- **Dealing with talent motivation, engagement, energy and focus;**
- **Dealing with talent surplus, reduction and removal;**
- **Dealing with location and relocation of the talent; and**
- **Dealing with the need for constant adaptation and flexibility**

Shortage. **In the late 1990s, several consultants at McKinsey created some of our earliest attention to TM and GTM in their seminal article entitled *The War for Talent*. Business conditions and external events at that time could best be described as: worldwide economic growth, open markets, intense global and local competition, more globalized organizational structures, vastly increased numbers of consumers/markets, technology that enabled instant communication of large amounts of data, and a growing, highly educated workforce throughout the world. Together these conditions created what McKinsey characterized as a shortage of talent and the need for companies to compete against each other to get the best and the brightest (i.e., the talented ones), wherever they might be.**

Motivation, Engagement, Energy and Focus. **In part because there was a war for talent going on and the millennial generation has their own values and preferences, companies found it somewhat difficult to locate individuals who were highly engaged and willing to direct their energies and behaviors on the directions and productive needs of the company. So when they found this special talent, a response to help minimize the potential attrition was to offer higher salaries and benefits, thus driving up the cost of the newly hired talent.**

Surplus. **Many of these events changed during the first decade of the 21st century and companies started to face additional challenges in relation to managing their talent.   Just as firms were chasing too few talented people, global economic events started to slow dramatically leaving companies no other choice than to reduce their talent count, or engage in disinvestment programs. These programs had to be done in ways that would be understood by those remaining in the talent pool in order to avoid disengagement and retention issues with the remaining talented employees.**

Location and Relocation. **Although disinvestment programs helped to pare expenses, companies continued to face cost pressure from the high salaries and benefits provided to hire and retain many talented local employees. The search for greater globalization took off in the search of equally qualified talent at lower cost (value-driven talent) around the world. Within a period of ten years, many of the *Fortune* 500 firms went from having a majority of their talent domiciled in the United States to having fewer than half. These events created the GTM challenge of choosing the locations throughout the world that had sufficient talent pools to select from and aligning using this talent to make strategic decisions for the company. Further to these needs was the challenge to keep the talent engaged and motivated to stay competitive with competitors, both known and unknown.**

Change and Flexibility. **One further challenge in managing talent that resulted from these events was the need for constant change and adaptation by the talent that remained in the company. This was the recognition that events were unfolding so fast that talent had to be available for the present as well as for the future positioning of the company.**

The events of the past twenty years created many GTM challenges including: managing the shortage, managing the surplus, managing the need to find alternative locations with equal talent at a lower cost, reducing talent when necessary, and all the while engaging the existing talent to achieve higher levels of productivity than thought possible only a few years before. While all of these TM and GTM challenges confronted companies all around the world, they crafted unique approaches to address them. This resulted from several internal context factors and external context factors. Understanding these factors helps provide a deeper understanding in what companies have been doing, can be doing and/or should be doing in managing their own talent situation.

Context/Contingencies

In designing, constructing, and implementing programs for managing talent many factors help shape the size, scope, direction, intensity and purposes of them. This is in large part due to several context factors. These are factors that in essence are contingencies for the way a particular program for managing talent is designed, constructed, and implemented. For example, the decision about who to include in TM programs and who will be involved in the implementation will be contingent on the leadership of the company. The consequences that are more valued than others may be dependent on the home country of the company.

Internal Contextual Factors. Some of the important factors that impact how companies approach managing their talent include:

- Leadership in the top management that is committed to and deeply involved in hiring of the best talent. Tim Cook's hiring of Angela

Ahrendts, CEO of Burberry to run Apple's online and offline retailing, was orchestrated largely by Cook over a period of 18 months. Cook's predecessor, Steve Jobs, always said that recruiting was his most important activity, and he always wanted to find people who had the passion for technology on their fingertips. Mark Zuckerberg at Facebook was instrumental in the development of 45 talent-management policies to attract, motivate and retain the very best talent available. He assumes the role of chief recruiter by publicly visiting colleges and speaking with faculty and students about opportunities at Facebook and works closely with Lori Goler, head of People at Facebook. In large part their relationship and these 45 policies led Glassdoor to rate Facebook No. 1 for employee satisfaction and its employees (their talent) to rate Zuckerberg No.1 with almost perfect 99% approval rating.

- Company values, brand, and culture:

 What the companies listed at the start of this article have in common are values (yes, these are "talent management values") that articulate the philosophy that the employees they regard as having talent, and this could be the top 3% or all 100%, include that:

-- employees are a high value corporate asset;

--employees want to be aligned with and involved in the strategy and success of the company;

-- employees want to make a big impact;

--employees can bring their special talent to the company and they can develop it within the company through the right opportunities;

--employees can continue to evolve the strategy and success of the company because they are flexible and adaptable; and
--the ones needed for the company to succeed in the short and long run.

    In addition, these companies also have in common is an excellent "brand." These companies (e.g., Marriott, Lexus, Apple, Google) have some of the best employer brands. These brands convey to potential and current employees that you can do the best work in your life here with us and that in doing so you can improve the world.

    The company culture appears to be very important in attaining and retaining talented individuals. The company culture at Facebook that seems to reasonate with talented individuals is filled with phrases such as:

--If you're not failing enough, you're not taking enough risks;
--Greatness is done in collaboration with others;
--It's performance that counts; and
--Quantify the value of employee contributions and reward accordingly.

    While not all companies may have culture identified in exactly the same words, they do find that talented individuals enjoy many of the same things and ways of being treated. Regardless of the specific company culture, companies like IBM, IKEA, Google, Facebook, Infosys and Samsung know that to attract and retain and motivate their best talent, it is important to select talented individuals who want that

type of culture and set of values. Having a well-known brand certainly helps to convey the essence of the company's culture and values.

- **Strategy and Structure of the firm:**
  The strategic directions and paths being taken by a company have a major impact on identifying the type of talent needed and managing this talent. The talent the company has can have a major impact on the strategic directions and paths the company takes. This is true both for the crafting of the strategy and as well as its implementation. Jeff Immelt, CEO at GE, describes the company's talent management program as its most powerful strategy implementation tool. GE thought that as a consequence of its growth strategy, it needed to have more technologists for successful implementation. This in turn triggered the staffing activities to focus more on getting the most talented technology people in the respective industries in which GE operates.

  Facebook and Google have a strategy best described as continuous innovation because the industry demands nothing less. Their superb talent management practices are designed to recruit and select the very best engineers and technologists possible. But it is one thing to identify the very best engineers and another to get the most appropriate ones for the company's strategy. The candidates also need to fit into the company's culture and values as described previously.

  Companies can also decide to engage an acquisition strategy to obtain the best talent possible. This is particularly attractive/necessary, if time is of the essence. With more time, career development and succession

planning activities can be created to develop talent over a longer period of time.

Many companies today have a strategy of innovation and globalization. Emerging markets are where the most potential for major growth will come from.   It, however, also fits with the value-driven talent strategy that enables companies to get the very best talent at the very best price in developing economies, often much lower than sourcing the same talent in the developed economies. With a strategy of globalization comes a requirement for managing globally. For many companies, such as GE, Novartis, LG, and Huawei, successful and efficient operations require that talent be acquired and/or developed through programmatic international developmental assignments. These assignments are for the development of the talent as well as for the sharing and dissemination of company practices throughout its global operations. Facilitating this sharing and dissemination in a company which has some degree of centralization and decentralization is often onerous.   Centralization enables talent management policies to be developed and shared across units, while decentralization enables these same units to adapt centralized talent management policies into practices that fit with local conditions.

The concepts of strategy and structure are important internal contextual factors that can be thought of as a contingency factors. That is, depending upon what strategy and structure are chosen, the impact on the company's talent programs will be immediate. This impact is as much the nature of the specific talent, e.g., software engineering and it is the behaviors of the individuals being sourced. Of course, the impact of

the strategy and structure will also be influenced by the nature of the industry and the country culture, discussed below.

External Contextual Factors. Some of the important external contextual factors that impact how companies deal with many of the global talent management challenges and address many of the considerations include information regarding:

- **Country competitiveness:**
  As Michael Porter so clearly identified twenty five years ago, country competitiveness can include many factors, such as labor market talent and size levels, unemployment levels (percentage and absolute size), education quality at all levels, training, compensation levels, labor regulations, quality of infrastructure, and levels of innovation.   Current information on these factors is conveniently identified by in the Global Competitiveness Index compiled by the World Economic Forum; Performance Indicators of Student Achievement (PISA) scores collected by the Organization for Economic Cooperation and Development (OECD); Doing Business Factors compiled by the World Bank; the Global Talent Index compiled by a collaboration of Adecco, HCLI and INSEAD. Information from these sources can help in choosing the location/relocation where the greatest pools of likely talent are and at what cost/value. Country educational levels might not be the only reason for a company moving operations to particular areas: IBM and Novartis, for example, moved many operations to India and China to be closer to a highly talented labor force, and also to their large customer base.

- **Country culture:**

While having these data indicates where talent pools are likely to be found, additional country culture information can suggest things like the work orientation, importance of work, comfort with uncertainty and the need for structure at work. Country culture can help determine the appropriateness of the many possible talent management policies a company can use in a particular country. The research of Cooke, Saini and Wang does an excellent job of describing the country culture characteristics of India and China and how they impact the talent management programs of companies in those countries. For example, one of their findings is that the Chinese respondents are likely to value life-long learning and growth advancement as key criteria for joining and staying in the firm. These reflect Confucian values of life-long learning and advancement. Consequently, companies may need to choose to tailor their programs for managing talent with sensitivity to local country culture conditions. Because of the need to manage their talent within a global framework, companies like Huawei, YUM, IKEA and LG encase their talent management program within a global/local context.

- Level of economic development:
Developed market versus developing market economies are major factors in shaping the content of programs for managing talent, according to Frank Waltmann, Head of Corporate Learning at Novartis. For example, as the economy of China has grown, multinationals from the developed economies have decided it is important to have operations in China. The costs of staffing operations in China with expatriates are so high and the need for local knowledge so great, these multinationals have also decided it is important to staff

with local country nationals. The research of Xiaowen Tian, Michael Harvey and John Slocum describes this movement from an ethnocentric (parent company hires all staff from its headquarters) to a geocentric (hire the best talent wherever it is located) staffing policy and the subsequent need by multinationals in China to hire more local talent. Because these multinational companies need to compete with the highly successful indigenous companies, the multinational companies often need to pay substantially more to attract and retain talented local employees. Programs for career development and global mobility are also necessary to entice the local talent to remain. The research by Tian, Harvey and Slocum also describes the effectiveness of a variety of compensation-based and non-compensation-based programs multinational companies are using to retain their talented local Chinese managers.

- **Industry characteristics:**

  In conjunction with the strategy the company is pursuing is the nature of the industry. Just as there are some strategy imperatives, there are also some industry imperatives. For example, to operate in the automobile and pharmaceutical industries requires certain knowledge. But noting this, Alan Mulally had no background in automobiles, having come from Boeing; and Joseph Jimenez had no knowledge in pharma before coming to Novartis, having been at P&G. So while the industry specific knowledge may be important for a majority of the talent that needs to be selected, there may be opportunities to acquire individuals who are flexible and able to apply their talent across industries as Mulally and Jimenez have done.

While many of the examples of companies included here may imply that managing talent effectively is mainly or mostly a concern of those in the high tech and pharma industries, but this would certainly be very misleading. In fact, as the list of companies at the beginning of this article indicates, companies in virtually all industries need to be concerned about and will benefit from managing their talent effectively. Together these internal and external contextual factors provide many contingencies to companies as they move forward in crafting programs to manage talent.

Consequences

The final C in our 5-C Framework for managing talent are the potential consequences associated with doing a great job in managing their talent. Shown in Figure 1 are three levels of consequences companies can use as metrics to determine how well they are managing their talent.

The first level, the individual level, is the most immediate. A company can choose to attain some or all of them depending upon many of the internal and external factors. The second level consequences are associated with attaining good results on the first level consequences. These can also serve as criteria for the longer term metrics of effective talent management. The third level consequences in turn are associated with companies doing well in managing their talent *vis-à-vis* the metrics of the first and second level consequences. The third level consequences are also important to countries in which companies operate.

Together doing well on these three levels of consequences of managing talent effectively should help result in serving the needs and objectives of a company's multiple stakeholders, namely, the company itself; employees, society, customers, investors, and other organizations such as suppliers. For example, companies managing their talent effectively are more likely to have: a) a sustainable competitive advantage; b) engaged and productive employees; c) good relationships with the communities in which they operate; d) highly satisfied customers; e) satisfied investors; and f) good relationships with their suppliers. This impact in turn will have a reciprocal influence the activities of the 5-Cs, as shown in Figure 1.

- **Individual Level Consequences:**
  The first level consequences that companies associate with managing their talent effectively start with several individual outcomes including: job/life satisfaction, development opportunities, career possibilities, compensation, value fulfillment, mobility, and chance to make a difference. Increasingly, high talent individuals, who are also often, but not always, millennials, want to have the freedom to make a contribution to the company and society, and the chance to make a difference. Steve Jobs was famous for using the expression that these individuals want to have a chance to "make a dent in the universe." These individuals also value the opportunities to develop their leadership competencies. In other words, highly talented individuals (almost regardless of age/occupation) want to work in companies that have the "talent management values" (as we discussed under "Company values, brand and culture"). While some individuals want to the chance to make a dent in the universe, others may be equally satisfied being

able to continually improve their competencies and do their jobs better than before and see their company excel.

Of course, not all companies prioritize these individual consequences in the same way. Companies in China stress importance to continuous education and self-improvement more than their Indian counterparts. So while these individual consequences may vary in relative importance to the company in a particular country, reaching them is necessary in being able to attain the next set of consequences.

- Company Level Consequences:

The company level consequences include: attracting a big pool, being able to select the right ones, retention, engagement, productivity, talent value, flexibility, knowledge sharing and collaboration, branding, workforce relocation and reduction. All these consequences reflect the global talent management challenges. While many of these consequences are associated with attracting and retaining talent, some are associated with the need to relocate some and even deal with the surplus of otherwise talented individuals. Companies need to choose which of these second level consequences to use as metrics for how well they are managing their talent depending upon many of the contextual factors.

- Country Level Consequences:

The country level consequences include: economic development, global competitiveness (as measured by the 14 Global Competitiveness Index factors of the World Economic Forum (WEF), job opportunities, educational attainment, stability, and sustainability. Increasingly, metrics are readily available on these consequences for countries to evaluate how well they are doing. The WEF, the World Bank and the

ILO are just a few of the organizations that score countries and their leaders on how well they are managing their countries. It appears that virtually all the countries that do well on these consequences also do well on the providing opportunities to their citizens to develop their competencies and become talented individuals--think Switzerland, Singapore, Finland, Germany and the U.S.

The work of Lanvin and Evans specifically calibrates how well countries have developed their talent as quantified in the "Global Talent Index". While not a perfect correlation, there is a substantial relationship between countries that are highly ranked in the WEF's Global Competitiveness Index and those that are highly ranked on the Global Talent Index (and OECD's PISA scores). It is not surprising that companies consult this information in planning for decisions associated with alternatives they have regarding the locations for their next manufacturing plant, or R&D plant or regional headquarters facility. Where the customers are is very important for these decisions as well, but companies do need to find the best possible talent, and talent value, in order to be competitive as the highest levels. For the longer term it is in the interest of companies to collaborate with countries to help them increase their competitiveness levels through better talent management programs, and vice versa.

Developing an Approach to Managing Talent: Custom/Complex/Continuous

In managing talent there are many choices, considerations, challenges, context/contingencies, and consequences to be evaluated. Based on the

preceding discussion, developing an approach to managing talent effectively may best be served by thinking:

- **That it requires a custom fit to each specific company:**
  Each company is different. It is pursuing a different strategy, in a different industry, with a unique culture, a unique set of capabilities, in a particular country and has different goals and consequences both for managing talent as well as for the success of the company.   The company needs to custom design its talent management programs. While some companies may choose to "hire ready-made talent" others are willing to take a "hire-and-develop" approach.

  Perhaps one of the most significant challenges in customizing talent management in a company is the balance between global reach and local sensitivity to country and culture. From the experiences of many companies , it appears that it is extremely important to know country culture and practice relevant to managing talent. In many respects, just as company success depends on having the right people, the success of a company with operations in many countries depends on knowing the country cultures and correctly adapting to them and integrating them at the same time. Indeed, this is the essence of "global" talent management.

- **That it is a complex process:**
  In designing custom approaches to managing talent, companies quickly encounter the reality that it is a complex process. If all the Cs in Figure 1 need to be considered there will be many choices that will need to evaluated and acted upon. Because of the complexity, it can be a very time consuming process as well. John Sullivan, noted Silicon Valley

consultant, estimated that it may take as many as several decades to develop an exceptional company with worldclass   talent management practices that produce phenomenal business results.With some exceptions, these are often associated with the quality of the leadership. He estimates that Apple, upon the return of Steve Jobs, took ten years; Google, under Sergey Brin and Larry Page, took less than ten years; and Facebook, under Mark Zuckerberg, has taken less than a handful of years!

- **Many of the dimensions embedded in the 5 Cs will change overtime:** These must continually go through the process of designing and redesigning their talent management programs, in ways that are consistent with the past programs. And as with the experiences of HSBC and Novartis, with time, companies may devolve their talent management approaches from focusing solely on the top team individuals to those throughout, from being very exclusive to being very inclusive. In this devolution the talent management policies have to be created for the needs of the individuals at various levels/jobs in the companies, e.g., Novartis and Johnson & Johnson created different career paths for research scientists from the career paths for business managers.

Managing talent is a custom, complex and continuing process. It is filled with obstacles and practices to avoid. In essence, all of the components of the 5-C framework need to be analyzed and understood, although perhaps less so

for a purely domestic company. While there are many obstacles to doing a highly effective job in managing talent, five major ones include:

- Senior leadership is not supportive of the idea of "talent" management. The idea that some individuals are more valuable than others for the success of the company and that those individuals also feel they need to be treated that way can be problematic. Not all senior managers are like Mark Zuckerberg or Tim Cook who strongly believe that managing talent is essential to successfully implementing the current strategy of the company and as well as crafting the strategy as it needs to evolve to stay competitive. Because managing talent is such a complex, custom and continuous process, without the senior leadership's conviction that managing talent is important, the company's efforts in developing the TM programs will go nowhere. But the same result might also occur if senior leadership has the conviction but the TM programs are not effectively linked to the strategic priorities of the company.
- Line managers who are not supportive of the idea of "talent" management and the idea that some individuals are more valuable than others for the success of the company and that those individuals feel they need to be treated that way.   Line managers need to be as involved and committed to this program development. Both senior leadership and line managers need to be involved in the development of programs and "policies" for TM. They need to be involved in the actual "practices" of TM. Yes, this is the saying of "walking the talk."
- HR managers who are not supportive of the idea of "talent" management. Just as senior leadership and line managers are important in the development of TM policies and their implementation (i.e., the

practice of those policies), so are the HR managers. As Ed Lawler suggests, doing TM programs can be the key way HR can gain more influence in the company because doing so requires an understanding of the company. If senior leadership indicates support for TM, this serves the HR managers well if they step up and start to know as much about the company as possible so that they can help link TM policies and practices to the needs of the company. In addition, according to Kevin Kelly, CEO of Heidrick & Struggles, leaders in India, China, Russia or the Middle East want to know that they have the same competencies in their talent as do the companies in the *Fortune* 500. HR managers can provide that information through the benchmarking.

- HR managers who resist using HR analytics in all their decisions, such as hiring the best applicants, based on extensive data analytics. According to the Executive Board, only 44% of HR professionals use objective data to make talent decisions. In addition, just 24% feel they understand the potential of their workforce; and only 41% use assessments to identify high-potential employees.   So little wonder HR managers may resist developing TM programs! Yet if they did decide to do so, the opportunities are unlimited: the Executive Board reports that 74% of organizations say they want to improve their talent management capabilities!

- Individuals who are reluctant to be passionate about their work, their team and company, despite being employed by a company that does a great job in managing talent. Having more employee involvement in the development and implementation of TM policies and practices is likely to make them more effective. The individuals who are included in the "talent pools" should certainly be expected to make this contribution,

because they will also benefit from effective TM programs. Yet there are some individuals who will seize the opportunity to jump from company to company in search of better talent management deals. While this behavior can encourage companies to revise their programs, especially if there are many such individuals doing this, it may also lead to diminished interest on the part of companies' to do TM and/or seek to make their programs better. Yes, not good either for the companies or the future employees, but serving the interests of those individuals who are taking advantage of their special situation/opportunity.

Summary

In discussing the importance of people and talent in companies, it is hard not to reflect on the classic work by Tom Peters and Bob Waterman, *In Search of Excellence*. These authors found that, although they initially thought it would be strategy and structure that made companies excellent, it actually all boiled down to "people"! So while the people were starting to be recognized as important to the success of the company, it was more a motto than a reality in actual practice, with some exceptions of course such as those companies studied by Peters and Waterman, including IBM, 3M, Disney, Apple and W.L. Gore. But then as the external contextual conditions started to develop and intensify at the end of the 20th and into the 21st centuries, concern for "people" management transformed to an entirely new level under the label of "talent" management. This meant that some individuals matter much more to the strategic success of the company than others. Being able to document that some individuals had special competencies on which the success of the company depended made it easier to treat them differently than the others, as

companies had traditionally been doing with executives. So those with "talent" got special treatment and so they continue to today. No doubt in some companies almost all employees are perceived and treated this way, and not surprisingly they end up on the "Best Companies to Work for" list and increasingly, on the "Most Admired Companies" list including Apple, Starbucks, Google, Amazon and Southwest Airlines. Other companies do a great job in managing talent, but manage fewer of them in a special way, and also manage to do well. And clearly, there is little doubt that even how the best companies manage their talent varies widely across the world for a wide variety of contextual reasons. But it does have to start with the leadership at the top. Once started there, it is much easier for the company to develop its programs for managing talent using all the 5 Cs discussed in this article.

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Randall S. Schuler is Distinguished Professor of Strategic International Human Resource Management. He is also a Visiting Fellow at Lancaster University Management School and the University of Zurich. His interests are global talent management, global human resource management, strategic human resource management, and human resource management and innovation. He has authored or edited over fifty books and has contributed over sixty chapters to reading books and has published over one-fifty hundred articles in professional journals and academic proceedings. Presently, he is Chief Editorial Consultant for the *European Journal of International Management* and is on the Editorial Boards of the *Cross Cultural Management, Organizational Dynamics, Journal of World Business, and Frontiers of Business Research.*

Table 1: Definitions of Talent Management (TM) and Global Talent Management (GTM)

Although TM and GTM are relatively young fields of practice and research they are rich in definition. Definitions include: a) being equated with human resource management (TM) or international human resource management (GTM); b) treating them as forms and extensions of more traditional human resource planning; c) focusing on activities and programs to manage only talented employees who are high potential and/or high performing; d) focusing only on the key positions that play a strategic role in the company's success; and e) being about HR policies, practices, systems and processes that help shape a talent mindset in the company.

This article reflects many of the ideas of these definitions and expands on them a bit to include consideration of the broader environment and of multiple challenges facing the management of talent today as shown in Figure 1. Recognizing that some companies may operate primarily in a single country environment, the terminology that is often used is "talent management." Increasingly even they need to consider the international context, and, therefore, the terminology "global talent management" might be more applicable for all companies. So defined to be as inclusive as possible:

Global talent management refers to the systematic use of specific HR policies and practices to manage the several global talent challenges that a company confronts in managing its talent effectively for the purposes of serving the needs and objectives of the company's multiple stakeholders. These include planning and forecasting, staffing (to include attracting, selecting, retaining, reducing and removing), training and developing, relocating and evaluating talented employees consistent with the company's strategic directions while taking into account the internal context and external context in which the company operates.

Figure 1: The 5-C Model of Managing Talent: Choices in Considerations, Challenges, Context/Contingencies, Consequences

Considerations

- Who's included/who knows?
- What TM policies and practices?
- Where are they?
- Who does it?

Challenges

- Shortages
- Surplus/removal
- Motivated/engaged/ Energized/focused
- Location/relocation
- Cost reduction
- Adaptation/flexibility

Context/Contingencies

Internal Factors

- Leadership
- Values
- Company Culture
- Strategy/Structure

_____

External Factors

- Country Competitiveness
- Country Culture
- Level of Economic Development
- Industry Characteristics

Consequences

- Individual
  -Satisfaction
  -Career development
  -Coaching, feedback
  -Value fulfillment
  -Compensation/benefits
  -Mobility

- Organizational
  -Attraction/Branding
  -Motivation
  -Retention
  -Productivity/Value
  -Flexibility/adaptability
  -Relocation/Reduction

- Country
  -Development
  -Educational Attainment
  -Competitiveness
  -Jobs

Serving the Needs and Objectives of the Multiple Stakeholders
- The Company
- Employees
- Society
- Customers
- Investors
- Suppliers