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THE QUALITY TALENT IMPERATIVE

Forces in Play: *Quality talent is always scarce. Having the right talent in the right place at the right time is a make-or-break factor for entities of all types and sizes—companies and nations alike.*

“We’re under-investing in the business because of the limitations of hiring . . . We are unquestionably not getting the quantity of top applicants that the company seeks.”

—Sergey Brin, Google co-founder, at the company’s first analyst conference on February 9, 2005

Quality talent is always scarce. Even during the employers' market of the past 50 years, there has been—and always will be—a shortage of quality talent. Think about it. Do your colleagues, directors, and managers—each one of them—continuously exceed expectations? Have you turned away ideal job candidates because your organization already overflows with stellar talent? When a new opportunity arises, is a highly qualified person immediately available to embrace it? No leader of any company, country, or economy has ever claimed that his people are just too effective and that he does not know what to do with all of their skills.

When you internalize the fact that there is always a shortage of quality talent, you can plan accordingly. When former General Electric Company chairman Jack Welch retired in 2000, there were several excellent potential successors inside of his executive branch. He picked his successor, and those who were not selected either retired or became company leaders elsewhere.

The departure of those who were not chosen to succeed Welch might seem like a backfire of sorts, but it shows that GE “gets it”—there is always a shortage of quality talent, so they planned and invested to have a deep bench of executives available when needed. This bench of senior leaders had been well trained, groomed, and developed. Each was capable of running the company. They were CEOs in the making, and in waiting.

Migration of CEO-Level Talent from GE

The following list shows the track record of some GE executives who were being readied for the CEO position from 2000 to 2004, when there was CEO succession:

	2000	2004
Jack Welch	Chairman and CEO	Retired
Jeff Immelt	Senior VP, GE Medical Systems	Chairman and CEO, GE

Lewis Edelheit	Senior VP, R&D	Retired; serves on multiple advisory boards and boards of directors
Lawrence Johnston	Senior VP, GE Appliances	Chairman and CEO, Albertson's, Inc.
James McNerney	Senior VP, GE Aircraft Engines	Chairman and CEO, 3M
Robert L. Nardelli	Senior VP, GE Power Systems	President, Chairman and CEO, Home Depot, Inc.
John D. Opie	Vice Chairman of the Board	Retired; serves on the boards of Delphi Corp. and Wal-Mart
Mike Zafirovski	Senior VP, GE Lighting	President and COO, Motorola

This kind of depth at the executive level, or at any level, cannot occur without the belief that great people are always hard to find—and keep. And this depth of talent will never materialize without the processes to put that belief into action. GE had the belief and processes in place, making a critical difference to one of the most strategic elements of the company.

A 1995 article on the subject in *Fortune* magazine quoted the University of Michigan's Noel Tichy, who described GE's system for identifying and developing talent as "so comprehensive that it is rivaled only by the military." Tichy's observation was validated in the January 2005 issue of *BusinessWeek* magazine, which listed both Immelt and Nardelli, the latter in his new role as chairman of Home Depot, as part of its "Best Managers of the Year" feature. With a systematic, methodical approach, it is no wonder GE had half a dozen managers who were genuinely ready to lead the company.

This high-profile example features high-profile executives, but the quest for the best talent extends to all levels of an organization.

As previously stated, quality talent is always difficult to find. Here's another reality about talent: *At every level, quality talent matters.*

For your organization to thrive, you need quality talent in everyone from the CEO to the custodian. How many stories have we all heard about the clerk who rises to become head of a company or department? Not only does the clerk have great talent, so does the person who hired the clerk—with this hire, he has made an incalculable contribution to the business.

Where quality talent is lacking, organizations suffer. Middle-managers who focus too heavily on numbers rather than people can lead to systemic morale problems and lost productivity. Design flaws overlooked by an engineer can lead to costly recalls and extensive liability. Errors in accounting can lead to write-downs, sanctions, and unhappy investors. Inefficient drivers can waste fuel and increase overtime expenditures. Inattentive receptionists can lead to irritated clients checking their watches in your lobby. Dirty, wet floors can lead to accidents and lawsuits. Unmotivated clerks can lead to lost mail, or worse, bad coffee.

What do we mean by *quality* talent? Quality talent is valuable knowledge and skills applied to the needs of an organization. Quality talent is an experienced veteran who simply knows how to make things work, a savvy manager who can motivate and build consensus, a jovial co-worker who does her job well and keeps the team on an even keel, the receptionist who just knows how to keep everyone happy. Superstars such as these might comprise only a small percentage of the company, but if any of them left today, it would affect the business in ways you might not even realize. Sure, the vacated position can be filled, but how do you find another person with equal or greater talent in two weeks?

For purposes of this book, we will refer to quality talent going forward as *Q-Talent*.

At every level in the organization, finding, hiring, and retaining Q-Talent is a huge challenge, fraught with intangibles—and critical to success. The Q-Talent imperative will never go away, and those who get it right will always have an edge. The more you can put the right person with the right attitude, experience, and skills in the right place at the right time, the better off your business will be.

Before going further, let's look at how important it is to have the right people in the right place at the right time.

In this age of technology, after decades of relatively abundant labor, the value of individual human contributions has been commoditized in some places and trivialized in others. Computer programs, heavy machinery, and other technologies can quickly and easily do the work of many human beings. Arrogance of supply, the pervasive notion that there will always be another warm body to throw at problems and opportunities as they arise, has reigned. Often lost in this abundant quantity of workers has been a discerning eye for quality.

The reality is that it is not enough just to have a person in place. Only the right person with the right skills, attitude, and attributes can realize the potential of any given role at any given point in time. The reality is that the fate of nations and entire economies has hinged on the simple-sounding concept of "right person, right place, right time." The following are just a few examples. If you look for them, you can find these kinds of stories throughout human history.

The Talent to Move a Nation

In the middle of the nineteenth century, one of the greatest U.S. presidents, Abraham Lincoln, acted on a vision to connect his vast country from east to west via railroad. To make this vision a reality, he needed strong backs and arms to drive the spikes and lay down the rails. Without heavy machinery, the entire line would have to be cleared, leveled, and graded using shovels, picks, black powder, and, quite literally, horsepower. The project required thousands of men with the skills, muscle, and work ethic to physically move mountains.

However, by 1865, the Central Pacific Railroad had five times as much work as it had laborers to perform it. Finding Q-Talent with the right skills to do the job was proving enormously problematic. In addition, turnover was high due to long hours, hard work, the peril associated with the "Old West," and the inherent difficulties of managing such a complex project. Creating an effective talent force had become one of the biggest obstacles to meeting this historic challenge.

At the same time, on the U.S. West Coast, due mostly to the 1849 California gold rush, a large population of Chinese immigrants had sprung up. After long, difficult stints in the mines seeking the Gum Sham, the “Mountain of Gold,” many of these immigrants were taking whatever other jobs they could find. On the East Coast, waves of Irish immigrants had been arriving for decades, and thousands of Civil War soldiers and freed slaves shared their common need—wages.

The result? A vast, untapped, available talent force collided serendipitously with one of the most ambitious development projects in the history of mankind. Had this talent force not been available, one of the greatest accomplishments in U.S. history might never have happened.

The recruitment of Irish laborers, Civil War veterans, and freed slaves along the eastern seaboard provided the necessary brawn to get the project moving, but it was the influx of Chinese workers that single-handedly changed the complexion of this enormous undertaking. The Chinese workers brought a new cultural perspective and a fresh attitude. They were on time. They worked hard. They agreed to their compensation up front and stuck to those commitments while other groups held out for higher wages. They had a healthier diet than most of the Irish and American workers, too, incorporating vegetables and fish. They drank tea rather than water, which helped them avoid dysentery. Unlike many of their contemporaries, they bathed regularly, washed their clothes, and stayed away from alcohol. As any modern-day line manager knows, factors such as these can really add up when it comes to job performance.

Soon, labor recruiters were scouring California, and the railroad’s primary contractor, Charles Crocker, began to advertise the work in the Canton province of China. Several thousand Chinese men signed on, and by 1868, they numbered more than 12,000, or roughly 80 percent of Central Pacific’s talent force.

By this time, Central Pacific’s teams had jelled into a precise, cohesive unit. On the other side of the country, the Union Pacific Railroad and its legions of men were also picking up steam. As the tracks drew closer, they began to converge at a rate of 7 to 9 miles per day—nearly as fast as a family could travel across the country using a team of oxen. Talk about an effective talent force! The talk today is about it being a “Flat World.”

Indeed, we subscribe to Friedman's hypothesis. The example above is one where, for talent, the world began to flatten long before the technology revolution. Work has sought out, regardless of geography, Q-Talent, for a long time. It is now that we are clearly seeing the advancements due to the open global communication and information sharing.

In the end, this single project transformed a nation, and the ripples of that change touched most of the world. Before the transcontinental railroad, a trip from New York to San Francisco could take anywhere from six months to a year. After the railroad was complete, the trip took seven days. This accessibility has profoundly impacted the U.S. economy and every other country that depends on its products and resources.

Zimbabwe's Displaced Agricultural Talent Force

In 2000, President Robert Mugabe of Zimbabwe mandated that, under his leadership, the country would take a dramatic step. White farmers who had been farming in the country for more than a century would be forced to give up their lands to the region's indigenous Africans. Mugabe insisted this step was necessary to reverse the effects of British colonialism, which had left whites in control of a majority of Zimbabwe's most fertile farmlands.

Enforced by a militia loosely known as "war veterans," who squatted on properties to harass and threaten the occupants into leaving, Mugabe's land-reclamation initiative largely achieved its goal.

However, during the struggle, several white farmers who had worked the land for generations were attacked and killed. Hundreds of millions of dollars in crops were either abandoned as farmers were forced to hastily relocate, or neglected as Mugabe's war veterans fought with the farmers and prevented workers from doing their jobs.

Not surprisingly, agricultural production plummeted immediately in a country once considered a breadbasket for the region. Once an exporter of maize, Zimbabwe began to face a dire maize shortage and could not import enough of it to keep up with demand. Mugabe blamed the crisis on a prolonged drought in the region, and his supporters dismissed

any connection between the famine and the administration's policies, saying that the displaced white farmers had primarily grown tobacco.

The lost agricultural production threatened the entire region's population. Neighboring countries, such as Zambia and Malawi, depended on Zimbabwe for its exports of the staple crop maize since their own agricultural programs were on shaky ground. As many as 13 million people across Africa were affected by the sudden shortage. Many were starving.

Compounding the problem, these farms had employed thousands of people who suddenly found themselves without jobs. Some groups estimated that as many as 70,000 people were without work. In addition, much of the "redistributed" land was given not to farmers, but to high-ranking soldiers, diplomats, and other insiders who did not work the land to its capacity, leaving unfilled holes in agricultural production and employment.

Interestingly, several neighboring countries understood the value of this newly available pool of skilled talent. In Mozambique, where all farmland is owned by the government and leased to farmers, only 4 million of the country's estimated 36 million hectares of usable farmland were being utilized. Some displaced farmers moved there and leased farmland from the government. Angola, whose maize production was long stunted by civil war, recruited the unemployed Zimbabwean farmers to help increase output there. Officials in Malawi and Botswana encouraged the farmers to invest and form joint ventures with existing farmers in their countries. All of these countries opened their arms to the farmers in one way or another.

About 300 of the farmers settled just across the Zambezi River in neighboring Zambia. *The Economist* said it succinctly: "Zim's loss, Zam's gain." These former Zimbabwean farmers are now running about 150 farms in Zambia, many of which employ dozens or even hundreds of people. In 2004, for the first time since 1978, Zambia was able to export more corn than it imported. Nineteen thousand tons of that crop were sent to Zimbabwe.

And what about the claim by Mugabe's supporters that the displaced farmers primarily grew tobacco? It is estimated that about one third of

the farms seized in Zimbabwe's land redistribution were growing primarily tobacco. In the year 2000, Zimbabwe, a powerhouse of tobacco production, produced a whopping 237,000 tons of the gold leaf. After that record crop, the country saw 4 straight years of decline until, in 2004, it produced an estimated 65,000 tons. Meanwhile, neighboring countries have become rising stars in tobacco production. From 2000 to 2004, Zambia's tobacco output increased fourfold.

In all, the displacement of a few thousand farm owners caused major shifts in the gross domestic product of several African countries, as well as dramatic fluctuations in the prosperity of entire populations.

New Zealand's Muffled Boom

With a highly skilled population willing to work hard, stable agriculture, and thriving industry, New Zealand can weather almost any economic storm. The economic slowdown of the early millennium did not affect this southern country as harshly as many others. Soon on the rebound, New Zealand found itself experiencing a boom of sorts.

Good news? Most would say yes, but the growth required a massive expansion of infrastructure, which in turn depended on skilled construction labor. And there was not enough of that needed labor to do the work.

In May 2004, the headline from Auckland was direct: "Builders plead for help as workload crisis threatens projects." The threatened projects included vital public works, such as hospitals, schools, universities, and prisons. Already short 3,000 workers, Auckland's construction docket was slated to double in the next year, with \$3.2 billion in work proposed. As a result, construction workers who were making \$20NZ per hour in 2000 now commanded \$32NZ, a 60 percent increase over 4 years. The rising costs had already forced some projects to redesign and others to scale back. Some apartment developers had even been forced to ask for more money on units already sold.

As a result, builders turned to the government for help in finding this vital talent force of construction workers, wherever in the world they

were located, and in getting them to the job sites. Some companies even asked for governmental relief with their payrolls as wages skyrocketed.

The government has responded by offering incentives to expatriates who return home to work. New Zealand is also considering unique work visas for construction workers interested in visiting the country, which many consider the most beautiful in the world. As this example illustrates, the scarcity of Q-Talent can hinder progress, even an economic boom. To find Q-Talent, creative solutions, such as the ones that New Zealand's government introduced, are required.

If having the right talent in the right place at the right time can affect the fate of nations, how can it not affect your company and your industry? In fact, the people you need to solve your most pressing issues and embrace your greatest opportunities are not that different from the CEO of GE, railroad laborers in nineteenth-century America, farm workers in Zimbabwe, or construction workers in New Zealand. These people all represent Q-Talent, those who apply valuable knowledge and skills to the needs of a project, organization, or even a country.

Every organization that wants to remain competitive must create a plan to acquire the right talent and ensure that talent is available for the work that needs to be done today and in the future. The next chapter looks at major worldwide trends that you need to consider as you begin planning your organization's approach to acquiring and retaining Q-Talent.