

IDENTIFYING, CREATING AND SUSTAINING EXCELLENCE

Corporate Insights, Performance Improvement and *The Talent Equation*

If President Abraham Lincoln had had the benefit of the "*Talent Equation*," the Civil War might have ended sooner. Instead, Lincoln put his trust in Gen. George Brinton McClellan, a brilliant general who by all accounts was highly talented, but who lacked one of the most critical factors needed for success on the job: willingness to take risks on the battlefield¹.

In fairness to Lincoln, McClellan was a handsome, ambitious, well-connected and highly intelligent West Point graduate adept at motivating what became adoring troops under his charge². In terms of talent, he looked to be the perfect choice for defeating Gen. Robert E. Lee's Confederate Army in the spring of 1862.

When he failed to move aggressively against Lee (who was a consummate risk-taker), Lincoln, still blinded by McClellan's talents, gave him a second chance later that year. McClellan succeeded in routing the Confederate Army at the Battle of Antietam, but unwilling to risk his remaining men, he chose not to pursue Lee's retreating troops and the war dragged on to the spring of 1865.

Three steps to uncovering, developing and sustaining talent

History has been harsh on Lincoln's decision to stick by McClellan. (Lincoln eventually replaced McClellan with General Ambrose Burnside in November 1862.) But then, Lincoln's dilemma was one thousands of executives face everyday. How do you successfully manage your human resources (talent) to produce desired outcomes?

Luckily for us, we know a lot more about human behavior and how organizations work today than was known in Lincoln's time. And from our experience working with large Fortune 1000 organizations, any effort at identifying, selecting and developing talent must have three elements to succeed:

1. *Identify the critical factors needed for success on the job.*
(We call this building a **competency model**.)
2. *Create assessment tools capable of uncovering existing talent and identifying potential talent. These tools must be fine-tuned to both the critical job competencies and the organization's strategic direction. (We call this **assessment**.)*
3. *And finally, deploy these assessment tools to create a sustained effort to develop and promote talent. (We call this **development**.)*

*It adds up to what we at Corporate Insights refer to as **The Talent Equation**:*

**{Competency Modeling} + {Assessment} + {Development} =
P R O M O T I N G T A L E N T / P E R F O R M A N C E I M P R O V E M E N T**

In our work with organizations, our #1 objective is to uncover *The Talent Equation* specific to each organization and job. We build *The Talent Equation* by first understanding your business strategy and direction and challenging assumptions about what's needed to get there. Then we identify the critical competencies for success in each job and build and deploy assessment tools capable of uncovering, developing and sustaining talent.

Competency modeling: Back to the future

Many organizations build competency models to promote performance improvement. The premise is sound: you have to know what the key behaviors are that produce success to promote performance improvement. But things change so quickly that if you build competency models based only on the past and present, you're not likely to identify the critical competencies needed for success *in the future*.

When we apply *The Talent Equation*, we take a 360-degree, backwards-and-forwards, top-to-bottom look at competency. It starts with in-depth interviews with the senior leadership team to identify the organization's strategy, direction and culture. Through interviews, data gathering and analysis at all levels, it dissects the critical factors for successful performance in each job today. It examines the "how" behind the skills that produce results. And, finally, it looks for and identifies what "stretch competencies" are needed for success in the future.

The result is a competency model aligned with the organization's direction and strategy that correctly identifies the skills that produce success today and the "stretch competencies" needed to get where the organization wants to be in the future.

GE shifts gears with *The Talent Equation*

When GE Medical Systems (now GE Healthcare) approached Corporate Insights in 1998, senior management realized GE was not attracting and retaining new talent at the senior executive level. Up-and-coming executives in an increasingly mobile labor market were less interested in traditional career paths. GE's work culture and rewards model coincided less and less with the values of younger executives.

GE asked us to create a leadership competency model and assessment system that would uncover the leadership competencies needed to take the company in a new direction, building a more attractive culture for a new generation of leaders.

A wide-ranging investigation by Corporate Insights, including interviews with senior GE executives, identified 15-20 leadership competencies. The results were, in some cases, quite surprising.

Putting "stretch competencies" to work

The longtime work ethic at GE Medical Systems had rewarded "results-driven" behaviors where the success of senior executives was largely measured by the "bottom-line." Competencies typically associated with leadership success included intensity, passion, assertiveness, goal accountability and decisiveness.



The Talent Equation identified collaborative skills, including listening, sensitivity, persuasiveness and approachability as necessary for taking the company in a new direction that would attract and retain new executive talent. It showed that a lot of the existing leaders had skills that met the traditional "result-driven" rewards system at GE but lacked the collaborative, risk-taking and visionary skills needed to shift gears into the future.

We continue to update the leadership competency model for GE Medical Systems. Competency assessment tools we create and continue to refine are deployed to assess senior executives annually. They are also used to hire new talent that fits the collaborative "stretch competencies" needed to build a new corporate culture and promote talent. In the many years we've worked with GE, we've seen the talent profile of senior management move in the direction of the leadership competencies needed to take the company where it wants to go.

Assessment: Getting talent on the radar screen

Once you have identified the critical competencies needed to perform successfully in a given job, how do you identify who has them? Your success rides on how you assess, the second part of *The Talent Equation*.

The better your assessment, the better your ability is to see where competencies do and don't exist. Ask candidates the wrong questions, or inadequate questions, and you're likely to get skewed results that could lead you to misidentify where talent lies.

Take for example a front-line sales position. After examining all of the abilities required for success, you conclude that closing skills are among the critical competencies. Then consider the situation every sales professional dreads: They think they're moments from closing a deal when someone in senior management the sales professional has never spoken with raises a doubt. The deal is put on hold.

We call that a "moment of truth" and *The Talent Equation* builds assessment tools specifically designed to look at how individuals handle these "critical incidents." In carefully scripted profile interviews, *The Talent Equation* asks more than just how individuals have handled critical incidents in the past. It requires candidates to role play and respond in a way that reveals how they would handle critical incidents in the future. Then we compare their responses with data collected from actual employees to see where respondents stand in comparison to the behaviors of top, average and below-average performers.

The result is assessment that uncovers talent and detects who has and who hasn't got what it takes to succeed.



Northwestern Mutual: Identifying future leaders - today

In 2005, *Selling Power* magazine recognized Northwestern Mutual as one of the "50 Best Companies to Sell For." The accolade speaks volumes to the value Northwestern Mutual places on developing and sustaining talent.

But the company's success hasn't come without foresight. In the mid-1990s, Northwestern Mutual reshaped its business model and strategy by expanding into the financial services market. The Managing Partners had been traditionally viewed as "coaches" with a primary responsibility for the development and performance of frontline sales personnel. But given their much wider responsibility for independently operating business units, Northwestern saw the need to better define the critical competencies in the Managing Partner position in order to drive successful growth in the company's new strategic direction.

In 1996, Northwestern asked Corporate Insights to create a leadership competency model for the position. With a leadership development cycle of approximately seven years, Northwestern Mutual's senior management knew it had to develop leadership talent early on and couldn't afford to misidentify which up-and-coming executives have the potential for success as Managing Partners.

Nurturing talent: The right input at the right time

The leadership competency model Corporate Insights created for Northwestern Mutual has taken the guesswork out of decisions about where to invest company resources to develop executives to become successful Managing Partners. The company makes extensive use of leadership competency assessment tools developed by us to select candidates for the 100 or so positions.

But as important as assessment tools are in the *selection* of candidates, leadership competency profiles we create on a continuing basis for Northwestern Mutual are used to provide up-and-coming executives with feedback on their performance improvement *early* on in the leadership development cycle.

The result is an appropriately targeted and sustained program for developing the talent the company will need when it comes time to promote into the Managing Partner positions.

Coaching performance with *The Talent Equation*

The Talent Equation provides the insight and analysis needed for better hiring and improved promotion decisions. But it's also a powerful tool for creating and executing smarter development initiatives.

When Takeda Pharmaceuticals first approached Corporate Insights in 2003, they asked us to develop a competency profile and assessment tool for their district sales manager position, which we did.



But Takeda saw the potential for using the results as a guide for providing performance insight and coaching and asked Corporate Insights to create and deploy a quarterly professional development program for the sales managers.

In 2002, Amgen asked Corporate Insights to create a competency model and assessment tools for the company's field manager position. In addition to using the model and assessment tools we created to improve hiring into the position, Amgen uses the results to coach *existing* field managers in the critical competencies needed to succeed.

Since then, Corporate Insights has created competency models for other key positions at Amgen, including national sales director, regional sales director, medical director, marketing, corporate accounts, and training and development.

Insight for identifying and sustaining excellence

If President Lincoln had used *The Talent Equation*, he would have identified risk-taking as a key competency for success on the battlefield and seen that despite his many talents, Gen. George Brinton McClellan didn't have what was needed to succeed.

As it turned out, after Lincoln fired McClellan, the general ran against Lincoln on the Democratic ticket in the presidential election of 1864. But by then, Lincoln had found just the military talent he needed in Ulysses S. Grant, and Grant's success in the field helped Lincoln defeat McClellan at the polls.

Identifying, developing and sustaining talent shouldn't be a hit-or-miss affair. Nor should it be steered by mere chemistry, connections, perceived talent or claims about past or future successes. Only a rigorous examination of the critical competencies needed for success and refined assessment tools built upon a rigorous analysis of the organization's direction and performance can provide the secure basis needed for the selection and promotion of talent. *The Talent Equation* creates just that foundation.

For information on how *The Talent Equation* and *Corporate Insights* can help you identify, develop and sustain excellence in your organization:

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Footnotes:

1 & 2: Bruce Catton: *This Hallowed Ground*, (Doubleday & Co. 1955)

