



THE ALCHEMY OF TALENT AND CORPORATE SUCCESS

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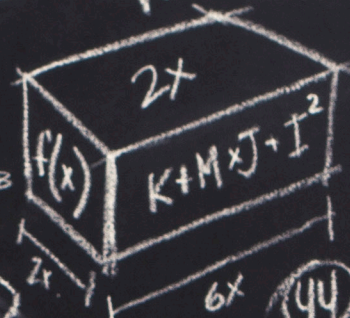
$$y = \sqrt[3]{x+1}$$
$$x = t \sin t$$

$$\frac{x^2}{16} + \frac{y^2}{8} \leq 1$$
$$\frac{5y-2}{4} = \dots$$
$$\frac{x}{7} + 3 = 16$$

$$x^2 + y^2 + z^2 = 76$$
$$\Delta(A_2) = \begin{vmatrix} 0 & 2\sqrt{2} \\ 2\sqrt{2} & 0 \end{vmatrix}$$

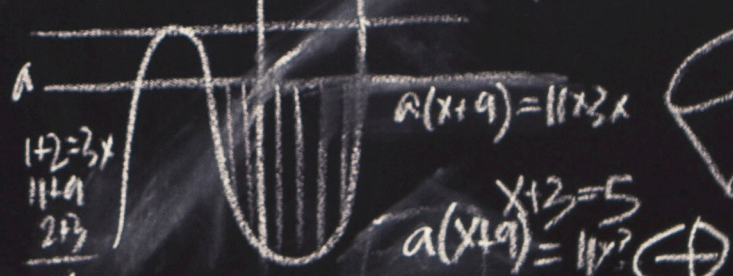
Diagram with two overlapping circles labeled A and B, with numbers 2, 1, 3 inside them.

$$\frac{x+3}{2} = 5$$
$$\sqrt{3 \times 6x/2}$$
$$z = a + bi$$
$$x(9)^2 = 3$$



$$\frac{28-t^3}{b^5 + -4}$$

$$9.3 \times 10^{-5}$$



$$a(x+9) = 11x^3x$$

$$E = mc^2$$

$$9 + 4 = 4$$

$$2(3y-5) = 14$$

$$4 + 4 = 8$$



$$\{R > 0\}$$
$$\{n > 0\}$$

$$P(x)$$

b)

P.

$$x^3 + \dots$$

$$x^6 = 36$$

$$9 = 37$$

$$\frac{1}{8}$$



1

HOW TO TRULY CONNECT YOUR PEOPLE WITH YOUR CORPORATE STRATEGY AND VALUES – AND ACHIEVE COMPETITIVE ADVANTAGE

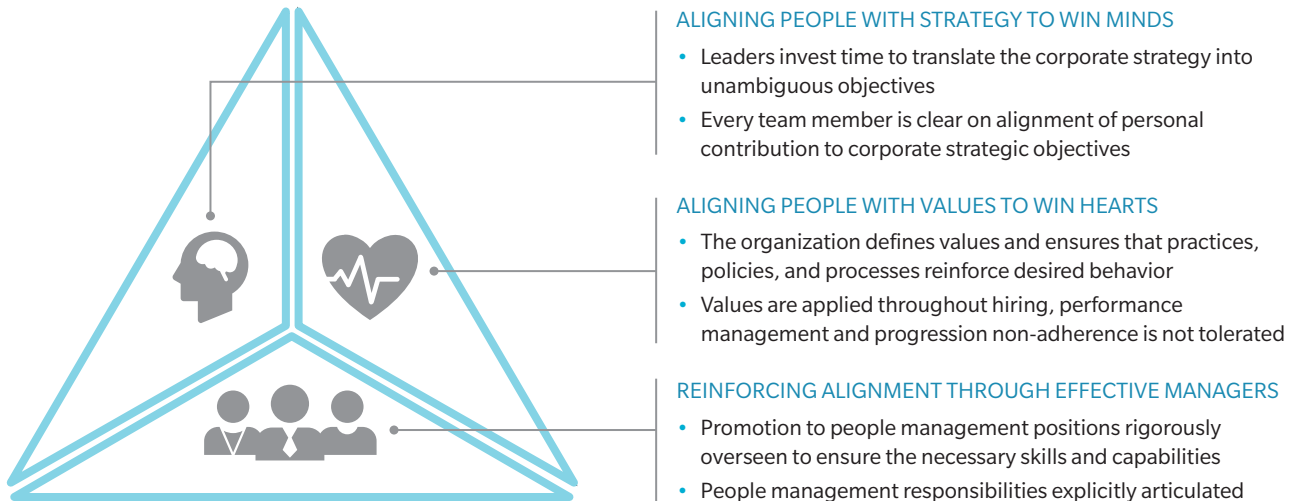
We're all familiar with the old corporate adage: "Our people are our most valuable asset." Yet companies often fall short in their effort to motivate employees to deliver on corporate strategies. Like medieval alchemists seeking to transform ordinary metals into gold, companies often find their human assets unchanged – notwithstanding their leaders' best efforts to turn those assets into gold.

The most competitive organizations are the ones that have left alchemy behind. To succeed, they have realized that it is critical to concentrate on creating a corporate culture in which the workforce members are seen not as assets but instead as talent who are seeking to fully become themselves in the corporate context. And by talent, we are not simply referring to some elite group of top performers: an organization's talent consists of **all** the people who work for the organization. The challenge for corporate leaders is to realize the full potential of their people and stop treating them as assets – they need to create a talent-focused organization. A renowned study in the book *Corporate Culture and Performance* found a difference of over 800 percent appreciation in equity value for firms with performance-enhancing cultures compared to firms without. Get it right and significant competitive advantage is unleashed. Get it wrong and your people become an expensive contributor to poor performance.

2

TALENT-FOCUSED ORGANIZATIONS: COMPETITIVE ADVANTAGE THROUGH A DEEP CONNECTION

Exhibit 1: The talent focused organization



Talent-focused organizations achieve sustainable competitive advantage through the deep connection between their people and the distinct aspects of their business: alignment with vision and strategy provides the rational basis for winning minds; alignment with values and brand provides the emotional basis for winning hearts. This is not the “soft” side of the organization, nor is it a one-off activity; it requires analysis, understanding, and ongoing, systematic, disciplined action by all leaders of the organization – from the board to the team leader. In fact, a Stanford University research paper on organizational behavior showed the importance of leadership effectiveness and alignment with strategic initiatives, and how strategic execution is more successful when leadership at all levels, rather than just at the top, were considered.

However, efforts should not stop at leadership levels. Talent-focused organizations must define their strategy and values in clear, compelling, unambiguous, and simple terms and use these as a guide for setting expectations, defining accountabilities, and managing the full lifecycle of the employee. Furthermore, they zealously review the organizational arrangements – structures, policies, practices, and processes – to ensure that these enable desired outcomes.

Exhibit 2: Key questions to assess the current talent focus of your organization

1

WHAT PROPORTION OF...

your people can clearly articulate how their day-to-day work contributes directly to the organization achieving its strategic objectives?

2

WHAT PROPORTION OF...

your people experiences and perceives your organizational culture in the same terms as it is defined?

3

WHAT PROPORTION OF...

managers and leaders in your organization would you describe as great people managers and leaders?

2.1 ALIGNING PEOPLE WITH STRATEGY TO WIN MINDS

Traditional organizations engage senior leaders in strategic planning, and then cascade strategic objectives through the organization. The results that flow from this approach are often mixed, and failure to execute is typically explained in terms of communications issues. In the latest Employee Outlook Survey (2016) conducted by the Chartered Institute of Personnel and Development (CIPD), half of the employees reported feeling that they receive either limited information or worse about their organization's strategy – a clear red flag. In our experience, formulating the challenge of aligning people with strategy as merely a communications challenge is misguided.

Even if the strategy is communicated in the most compelling manner, competitive advantage through the performance of people rarely follows unless understanding of the strategy is a day-to-day reality for employees. In a talent-focused organization, leaders and managers invest time to translate corporate strategy into unambiguous objectives for their business units and teams, and involve their people to identify how they will personally contribute to the achievement of defined goals. Ultimately, every team member has a clear line of sight between their personal contribution and the achievement of the company's strategic priorities with an enhanced commitment to deliver. Of course, setting aligned objectives is only part of the process, and performance will not follow unless these are regularly revisited and form the basis for ongoing performance feedback, development, and coaching. Central to employees owning organizational objectives, goals, and strategy is that they have been involved in developing their own individual goals and not assigned them by their manager or leader: goal-setting theory, the most established work motivation theory, shows the conducive relationship between one's setting his or her own goals and improved performance.

With goals and accountabilities clearly defined and owned, talent-focused organizations establish high degrees of trust between the managers, leaders, and their people. While many organizations like to speak of trust in the workplace, talent-focused organizations bring this to life through leadership behaviors, organizational practices, processes, and

policies. They focus on deadlines and outcomes and allow flexibility and autonomy over how and when tasks are completed, giving employees control to shape their contributions by ensuring they focus on outcomes and results. They ensure the goals are shared and that people are supported and developed to deliver on these goals.

2.2 ALIGNING PEOPLE WITH VALUES TO WIN HEARTS

Talent-focused organizations utilize the one aspect of their organization that their competitors find difficult to replicate: their culture. Rather than passively relying on chance and circumstance to propagate an organizational culture, talent-focused organizations actively intervene to cultivate their ethos. They precisely define their values and review and develop their practices, policies, and processes to ensure that these reinforce their principles and create a compelling culture.

While all organizations have a defined set of values, three factors set talent-focused organizations apart from their competitors. Firstly, they move beyond platitudes to specifically articulate the behaviors that are prized by the organization. Secondly, the “value of the values” is applied throughout the employee lifecycle, determining who gets hired, recognized, compensated, promoted, and retained. Finally, the values are not compromised: Behaviors that are inconsistent with the values are not excused or tolerated when evidenced by technical high performers; the cost to teamwork and collective performance is too great.

Talent-focused organizations regularly and systematically review their practices to ensure the desired culture is enabled and maintained. They consider the broader context of structures, governance, decision making, formal and informal policies, processes, and practices, and constantly adapt and enhance the surrounding infrastructure that shapes the employee experience and determines whether the culture is a lived reality or just a mirage.

In a recent report by Rutgers University and Net Impact, over half of the population surveyed (58 percent) said they would agree to take a 15 percent pay cut to “work for an organization with values like my own.” Alignment of people’s values with the company’s is increasingly important, and has long been shown to influence work-related outcomes: namely higher job satisfaction and organizational commitment. Organizational psychology studies have consistently shown strong evidence of “person-organization fit” leading to higher levels of engagement, performance, and retention in the company (Kristof-brown, Zimmerman, and Johnson, 2005).

2.3 REINFORCING ALIGNMENT THROUGH EFFECTIVE MANAGERS

Talent-focused organizations recognize the pivotal role that managers play in aligning people with the organization's strategy and culture. To avoid the unsustainable cycle of talent "joining great companies, but leaving poor managers," promotions or appointments to people – management positions are rigorously overseen to ensure individuals possess the necessary people management skills to perform their roles effectively. Length of service or technical excellence don't provide the "table stakes" for progressing to management positions. Talent-focused organizations are explicit in their expectations of people managers and hold them accountable for setting the context for people to perform and be successful.

People management is not peripheral to other aspects of the manager's role; it's a core capability. It is not an administrative duty requiring the setting of annual objectives and performance appraisals, but an ongoing responsibility to direct, coach, mentor, support, challenge, and develop the people they manage. Unfortunately, the reality is quite far from this ideal state: the CIPD Employee Outlook Survey also showed that whilst most employees had overall positive evaluations of their managers, the majority of them rated their manager negatively on giving them performance feedback, identifying development needs, and training and mentorship.

The presence of highly skilled, highly proficient people managers is a prerequisite for avoiding the "average manager syndrome" that plagues lower performing companies: Aware of their own limitations but possessing the power that accompanies their position, low-caliber managers adopt defensive and suppressive behaviors, resulting in limited opportunities for reports to perform, develop, and progress. People managers in talent-focused organizations have the confidence, ability, and – indeed – the explicit expectation from the organization that they will develop their people to their fullest potential.

3 WHY GO TO ALL THIS EFFORT?

Surely it is easier to just pay people more and tell them what to do – a strategy that can work assuming you can continually afford to outspend your competitors. However, a more sustainable model is one where the people and the organization are aligned at a deep level. Talent-focused organizations outperform their competitors by 54 percent in retention, by 89 percent in customer satisfaction, and by fourfold in revenue growth. So truly investing in your people is not just about training and developing them, it is about leaders and managers providing the context for performance and aligning people to win both hearts and minds.

The challenge for corporate leaders is to build and maintain a talent-focused organization that treats employees not just as assets, but as individual human beings seeking to realize their goals and achieve their potential. Get it right and significant competitive advantage is unleashed. Get it wrong and your most valuable people become an expensive liability.

4 FOUR STAGES FOR UNLOCKING PEOPLE'S POTENTIAL

Exhibit 3: Oliver Wyman's four stages of unlocking people potential



- 1. DIAGNOSE the current state.** Our Talent Alignment Audit is a rapid-cycle assessment of your current performance. We draw on existing organizational data as well as our proprietary tools to diagnose the current state and identify targeted actions:

 - A. Oliver Wyman's Talent Alignment Index.** A standardized quantitative survey comprising 20 questions measuring the degree of alignment between your people with your strategy and culture.
 - B. Talent Experience Insight.** Deep qualitative insight gained through targeted interviews and focus groups with line managers and employees to build a detailed understanding of the experiences impacting performance.
 - C. Talent Infrastructure Review.** Detailed analysis of your key people processes, policies, and practices to reveal the extent to which they reinforce or undermine the achievement of strategic priorities and the desired culture.

D. Talent Impact Analysis. Unit-level analysis to quantify the economic impact of talent alignment. Employee data is integrated with other data sources – HR data, operational data, customer data, and financial data to build a robust business case for talent-focused interventions.

- 2. DEFINE a roadmap to drive performance.** We work collaboratively to develop comprehensive, detailed roadmaps to drive specific, measurable outcomes. Our roadmaps provide practical, straightforward actions focused on aligning people with culture and strategy. In addition to identifying the action areas, we ensure the preconditions for delivering the plan are in place: a common shared understanding, stakeholder alignment, clear responsibilities and accountabilities, realistic time-plans, and milestones. For every element of the plan we establish a set of metrics against which progress is monitored and impact demonstrated.
- 3. DEVELOP the content.** We bring best-in-class sector specific insight to develop detailed content within each action area. Typically, we work in joint-project teams with client members to ensure efficient transfer of knowledge and to provide the foundations for changes to become embedded.
- 4. DELIVER the plan, track impact.** Our contribution at the implementation stage is to secure the delivery of agreed plans and the realization of anticipated impacts. We provide established PMO tools to track delivery and gain formal and informal feedback throughout the implementation phase to identify potential roadblocks and mitigate risks.

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