EXECUTIVE INSIGHTS

Written by Vincent Gauthier

ILLUSTRATION: WINNIE HO

Developing leaders in an Asian business landscape
Week 6: Identifying top performers

Steps must be taken to define what a company expects so that talent can bloom and high performers can move up the ladder

Finding the best potential

Studies show that top performing employees in modern corporations can deliver as much as between two and six times the return on the average employee.

There are many ways to identify the best and most talented people in an organisation. The simplest way is to look at an employee performance track record.

More advanced techniques usually entail the use of a formal assessment centre, or hiring of external human resources consultants to conduct evaluation, which I will delve into next week.

But the first thing that needs to be done in identifying the most talented people in any organisation is to define what high performance is and what gives some employees more potential for development than others.

Many organisations make the mistake of associating high performing workers with people who deliver the best business results.

They point to salespeople who sell the most, or managers who get the most out of their teams by forcing them to work long hours.

However, the salesman who delivers the best results by stealing customers from colleagues or the manager who is perceived as tyrannical by subordinates because he forces them to work long hours may not be the best role models for a company.

The top organisations tackle this by expecting high performers to also be champions of corporate values.

If the company values integrity, respect and customer service, it will expect high performers to behave in accordance with those values and will have little tolerance for those who do not.

Companies will articulate what is expected of employees at all levels of the firm. These may be either technical or behavioural.

An IT manager may need to master software and, at the same time, be an attentive listener to his internal customers.

High performing employees must therefore have the required skill set and display the right behaviour to even be considered of high potential.

Managers also need to look beyond performance and consider the potential of subordinates.

Performance in the current job is not necessarily an indication of success in the next job.

Many promising careers have crashed on the shores of failed expectations, after a promotion or career move.

There is a need to determine if a person who is identified as being able to perform well now will also be able to perform in his or her next job.

At the highest levels of corporations, this typically means that high potential talent will be able to understand how to lead the organisation through a new strategy or change in the environment. People lower down the hierarchy must have demonstrated an ability to learn new concepts and skills and apply them in the workplace to be of high potential.

> The art of choosing men is not nearly so difficult as the art of enabling those one has chosen to attain their full worth
>
> **Napoleon Bonaparte**
> French emperor and military commander

The next step is to map the workforce on a matrix that plots performance against potential. This way, managers can see under what category their workers fall and act accordingly.

To do this, each manager or supervisor should be required to evaluate their direct report on the two criteria. Where necessary, managers and supervisors can be trained to do this, but typically they should already have a sense of how the members in their team are performing.

They should also already have access to performance evaluation data and have had plenty of opportunities to observe their people on the job.

The manager's immediate superior should also review the results to ensure that the process is fair. The human resources department is also involved to facilitate the process and ensure that evaluations are objective. This process is repeated until all layers in the organisation have been assessed.

Often, there will be a final calibration process with the senior management team to ensure that the final group of high potential employees represents the best.

In large organisations the calibration process for lower level employees may be done by middle management, while senior management looks at middle management and above. It is difficult for managers to assess people who are more than two levels below them in the hierarchy.

Once this calibration has been done, the company will have its entire workforce mapped on the matrix and it can then use this matrix to develop its people.

● The first group of high performance and high potential workers should be given the lion's share of management's attention. They will have tailored development programmes, mentors from the management and senior executive teams, and will be closely monitored for progress and opportunities for advancement.

● Those who have been identified as equally strong performers but having less room for development are still important to the organisation. While they may not represent the future they are often the backbone of many companies. It is important to keep this group highly engaged and ensure that their needs are looked after. People in this group will also be interested in how to become more versatile and join their high potential peers. It is important to communicate expectations clearly to this group and keep opportunities open for them.

● A more problematic group is those who have potential but are performing at or below expectations. Investigation needs to be conducted to understand why these employees are not performing optimally and then act based on this. People in this group may be in the wrong job or have a conflict with their direct supervisor. Plans should be developed to improve this situation and it must be closely monitored.

● The last group of low performing and low potential employees is typically the one that many mediocre organisations struggle with. This is the group that slows all the other workers down. The group may consist of some of the lowest performers and it is often this group on which managers waste most of their people time.

Individuals in this group should know clearly that they are not meeting expectations and be given the tools and opportunities to improve performance. If performance does not improve, organisations need to fire or reassign them.

Next week: Assessment centres and what companies should look for when developing one or hiring external consultants to conduct formal evaluations.

Vincent Gauthier is managing consultant at Hewitt Associates, a global human resources consulting and outsourcing company

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Talent / hi-potential development

<table>
<tr><th></th><th colspan="4">Potential</th></tr>
<tr><th>Performance</th><th>Issue
5%-10%</th><th>Well-placed
45%-55%</th><th>Expandable
25%-35%</th><th>High potential
5%-10%</th></tr>
<tr><td>Distinguished performer
5%-10%</td><td colspan="2" rowspan="2">Group 2</td><td colspan="2" rowspan="2">Group 1</td></tr>
<tr><td>Excellent performer
25%-30%</td></tr>
<tr><td>Solid performer
45%-55%</td><td colspan="2" rowspan="2">Group 4</td><td colspan="2" rowspan="2">Group 3</td></tr>
<tr><td>Needs improvement
10%-15%</td></tr>
</table>

SCMP GRAPHIC SOURCE: HEWITT ASSOCIATES

Start your talent management programme

1 **Define performance expectations**. Define what employees need to do to meet or exceed performance. This is typically in the form of clear performance objectives and technical and behavioural competencies.

2 **Define potential**. Define what the future performance requirements will be for employees. For example, many organisations define potential in their employees as the ability to learn new concepts and apply them in the workplace.

3 **Assess employees against your definitions of performance and potential**. Use existing performance evaluations and observations to assess employees against your definitions of performance and potential, dividing them into four groups. In some cases, you may need to train your managers how to do this work.

4 **Develop actions for each group** identified in step 3 Once you have completed step 3, you can determine the development interventions for each group, keeping in mind that the bulk of the investment should be on groups 1 and 2.

HRTrends

Written by Caitlin Wong

Good foundations can boost labour relations

The stability of Hong Kong's labour relations belies its once tumultuous past – most notably in the 1960s when widespread industrial tension sparked off large-scale unrest across the community.

Thanks to advances in modern management practices and joint efforts by the government, employers and employees, a framework has since been established to create the steady labour relations environment that Hong Kong now enjoys.

This important evolution started in the late 1960s, when the government engaged a group of companies to pioneer a "joint consultation committee system" (JCCS) – a mechanism for managing labour relations through systematic consultation with staff representatives – with a view to promoting its adoption by local employers after the unrest.

Among the corporate trailblazers involved was Hong Kong Aircraft Engineering Company (Haeco), which, according to its executive general manager (personnel), Thomas Ng Sze-ho, was selected because it had a large blue-collar workforce and was a unique supplier in its market. Both were seen to be characteristics that increased the risk of labour tension.

Established in 1950, Haeco specialises in aircraft repair and maintenance. Mr Ng said the company had no formal system for communication between management and staff before taking part in the JCCS initiative. The work consultative committee (WCC) it established in 1968 to take forward this concept set the foundation for regular communication between its management and staff in a formal framework.

Since then, Haeco has moved apace with Hong Kong's labour relations evolution, experiencing its trials and tribulations along the way, including a rocky inception for the WCC amid initial suspicion and sometimes confrontation between the management and staff. But by the mid-1970s, the WCC had become a platform for cordial and constructive communication between the two sides. By the mid-1980s, Haeco began to use this framework to engage greater employee participation in policy-making that affected their welfare, such as work arrangements during typhoons and sick leave, Mr Ng said.

In the late 1990s, Haeco moved further ahead with the adoption of a partnership concept aimed at fostering among staff a sense of ownership of the corporate vision and engaging them as strategic partners to the management and shareholders in maximising the joint benefits of the three sides. Mr Ng said that although staff generally supported the spirit of this initiative, they resisted it initially because of the fundamental change to corporate culture and mindset that it necessitated.

"To put the partnership approach in practice, we had to replace the traditional system of seniority-based pay and promotion with one based on merit so we would be able to maximise our corporate goals," he said.

"Moreover, some managers had to be persuaded to accept the bigger involvement staff would have in corporate staff-related policy formulation."

To dispel staff worries and enhance their understanding of the partnership concept, Haeco held detailed discussions with its managers. It also began to organise an annual seminar to which impartial academics would be invited as speakers on staff representation-related subjects.

Building blocks

- "Works consultative committee" started in 1968 as a formal mechanism for management-employee communication
- Staff relations goals have evolved from consultation through participation to the present partnership
- The partnership approach has generated positive changes in corporate culture and staff mindset

Thomas Ng's goal was to dispel staff worries. Photo: Jonathan Wong

QuickFixes

How can companies prepare themselves for the reoccurrence of a situation similar to Sars or other natural disasters?

When Sars hit Hong Kong, businesses were paralysed and the economy came to a standstill because the city was unprepared for such a calamity. Organisations must have contingency and crisis management measures in the event that such natural catastrophes should arise.

Typically, proactive crisis management activities include forecasting potential crises and planning on how to deal with them. Organisations must therefore allocate time and resources to complete a management plan before a crisis hits.

Crisis management in the face of a current, real calamity includes identifying its real nature, intervening to minimise damage and recovering from it. Below are certain measures that your organisation can adopt to minimise disruption.

Firstly it is imperative to have a daily external back-up of all files. Businesses can then operate remotely should staff not be able to be in the office. Secondly, keep a record of home numbers and personal particulars of every employee. The marketing department should keep a list of all media contacts.

Crisis management often includes strong focus on public relations to recover any damage to public image and assure stakeholders that recovery is underway. A crisis management programme consists of three main elements:

Compliance How do you reduce the vulnerability posed by potential crises? A system that will advise you of initiatives is needed.

Training and resource development The training of the crisis management/response organisation is critical if an adequate response is to be achieved. The development of a compliance programme, involvement of all levels of management and establishing preparedness is only part of the overall process.

Information management A record of all initiatives should be kept to facilitate planning. The establishment of a defined information management system structure will ensure that documentation will be available when needed. Senior management must be kept well informed. Information is a corporate asset and is expensive. It must be shared and managed effectively.

Article contributed by James Carss, director – banking and finance on behalf of Hudson, which delivers specialised professional recruiting, outsourcing and human resource solutions worldwide

Final issue

This is the final issue of Quick Fixes. Check out the latest HR news in this space next week