Strategic Leader*Shift* for the Post-Pandemic World

by Joe Hunt

As COVID-19 ebbs, flows and eventually dissipates, one thing is vividly clear, organizations of all shapes and sizes need to accelerate talent management trends and take action now to craft a strong talent strategy in order to compete, let alone thrive in the new normal.

I've heard many organizations say they have their best people in their most critical roles – when this is not always the case. ***The fact is that 5 percent of roles in an organization create 95 percent of the value.***

Many organizations end up losing effectiveness by failing to put the right people in the right roles. Often, they focus too much on building a strong hierarchy, with the mindset that the best people are the top two layers. Likewise, they achieve broad strokes alignment, i.e., thinking: "We need to up our game in marketing, so let's get someone talented in there". They also fill key roles as best as possible with available talent. For example, putting IT under Finance, because they thought the department head could handle it, and there wasn't a more suitable leader to run it at the time.

We put forward an alternate version of this management trope – one that suggests 5 percent of roles in an organization create 95 percent of the value.

Winning companies identify such roles, find the right talent to fill them, and invest to develop these employees.

To make this happen, there are four things you need to do:

1. **Understand how to create value:** To make strategic choices that deliver shareholder value, you must clearly identify the sources of current and future value. The best way to optimize your best talent to deliver on your strategy is by being clear on how your business creates value.

2. **Identify the most important roles:** Organizations typically keep track of critical talent. But there are two potential pitfalls: Employers define critical roles in terms of hierarchy and make the mistake of regarding roles and talent as interchangeable. What you really want to do is identify the roles that have a disproportionate impact on value capture. They could include value creators, enablers or protectors.

3. **Get the right talent into the right roles:** Organizations struggle to make unbiased, quick talent decisions when they lack sufficient data to make a case to place employees in certain positions. To avoid this, employers must assess the fit of talent against the specific needs of each role in terms of knowledge, skills, attributes and experience required; identify the biggest gaps; and craft a strategy to address the gaps (e.g. recruit or develop capabilities, build the succession pipeline and rotate talent).

4. **Manage performance and develop talent in real time:** The days of once-a-year HR exercises to review talent and evaluate employee performance are long over. Employers need to manage performance and develop talent in critical roles on a real-time basis. This involves making changes to the ongoing talent and business planning processes to ensure that a sustainable pipeline of talent is available to fill key roles over time. As strategies shift, critical roles should be revisited and reassessed with agility.

While this Leader*Shift* process may seem obvious, few companies do this systematically. A large multinational consumer goods client we work with took this approach and was surprised to find that, of its tens of thousands of employees, it could identify 48 individual positions on which the lion's share of value creation rested. By matching talent to value in the context of its strategy, the company saw a twofold increase in share price, 50 percent reduction in the number of employees and ~$3 billion of value unleashed.

Similarly, after reading one my Human Capitalist articles, a middle market private equity portfolio client invited me to join their team to run an Pareto 80/20 audit (really a 95/5 audit) in organization development to identify the roles that were most important to value creation. They were surprised to learn that of the 20 members of the executive and senior leadership team, only 12 made the list.

Having highly talented people isn't enough. They must be put in the right roles if your organization is to hit its goals and become a market leader in value creation.

Focus on the Five Percent

Recruitment is one of the most difficult things a company does, but whether you do it well or not is the difference between maximizing enterprise value creation or squandering it.

Consider that in highly complex jobs—those that are information and interaction-intensive, such as managers, software developers and project managers—high performers are an astounding 800 percent more productive than average performers.

The competition for top talent is only going to intensify in coming years. Employers in North America and Europe will require more than 11 percent more college-educated workers than will be available in 2021, according to a recent McKinsey Global Institute study. Developing economies will face a shortfall of 45 million workers with a secondary-school education and vocational training.

How do you succeed in such a competitive recruitment landscape? In short: create a strong and distinctive employee value proposition that authentically represents workplace reality. Creating false expectations is a recipe for dysfunction in senior leadership and middle management and will lead to negative reviews on JobAdvisor and Glassdoor at the all-important lower-level management and individual contributor roles, making it even harder to attract and retain talent at every level of the enterprise.

To avoid this, companies should focus their efforts on the 5 percent of roles that create 95 percent of the value. It is not the most comfortable concept for leaders to grasp. Yet, in every organization that creates a business strategy and identified its value drivers, you will identify no more than a handful of roles on which success or failure truly depends.

At FedEx and UPS, for example, a logistics routing engineer's slightest adjustment can impact costs and delivery times dramatically – to the tune of hundreds of millions of dollars. At Walmart, the choices that omni-channel merchants make can determine whether the company's bricks-and-mortar presence is a competitive advantage or albatross.

When Steve Jobs died in late 2011, some questioned how Apple would perform without its iconic visionary leader. Others noted the incredible talent the company attracted under his leadership. Jobs himself often urged, "Go after the cream of the cream… A small team of A+ players can run circles around a giant team of B and C players."

With Apple's share price having steadily risen since then, the evidence is clear that he was right. Successful companies recognize that getting the right talent in the right place can make or break their overall performance.

Once the 5 percent of roles that create 95 percent of the value are identified, the question becomes whether your most talented people are in these roles. We rarely find that the best leaders in the company are methodically deployed as such. Further, keeping the right talent in these roles typically requires significant adjustments to job design (removing administrative burdens), career paths (rapid advancement opportunities and special projects), compensation (above market), location (high flexibility), development (high touch beyond formal programs and the formal performance management process), leadership exposure and influence (more, sooner) and the like.

For most companies, even Apple, attracting and retaining top talent is a constant challenge. Chief executives participating in the Conference Board's annual survey of global CEOs cited "failure to attract and retain top talent" as their No. 1 issue – ahead of issues related to game changing disruption, economic growth and competitive intensity.

Ultimately, smart adjustments deliver a distinctive and tailored value proposition specific to each of the highest value-creating roles and building on the general one that applies to all talent in the company.

About the Hunt Group

The Hunt Group is the leading human capital and private equity advisory specializing in consumer goods & services, diversified industrial and related professional services markets. We apply our market mastery and expansive executive network to the human capital realm, working with multi-nationals, PE, private, and family-owned companies. We partner with investors throughout the deal cycle to help them Invest in, Grow and Exit their portfolio companies by appointing senior operating executives (CEOs and Direct Reports), Chairs and Outside Directors with Private Equity DNA. Our industry and functional vertical connections and engagement guarantees we're in the know, have broad insight and full access to the best talent in the marketplace. Our mission is to create and exponentially grow accretive value for all client stakeholders.

Array of Services

GET HELP… HELP = Hunt Executive Leadership Pipeline

Hunt Executive Search
Retained Executive Search & Selection… **Learn More>>>**

Hunt Partners
Private Equity Intermediary and Advisory Services… **Learn More>>>**

LeaderShift Architect & Assessments
Organization Development and Executive Assessment… **Learn More>>>**

Contact Joe Hunt

New York Office: 212-861-2680
Charlotte Office: 704-696-3200
Email: joehunt@huntgroup.com