

Strategy meets Recruitment

Having the right people in place and ready to execute a company's business plans as and when required – rather than six or twelve months later – is a serious competitive advantage in today's fast-paced world. By recruiting top leaders, creators of wealth, and key knowledge-workers as and when they become available, great companies outsmart their competitors. They understand that strategic recruiting makes all the difference.

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The recruitment process still starts in many companies only when a position needs to be filled and a requisition has been approved. In other words, **recruitment is usually an after-the-fact and tactical process**. Even when a company is forewarned of potential vacancies, recruitment is still typically reactive and conducted on an urgency basis. In fact, the only strategic recruitment that takes place in most large organizations concerns exclusively the sourcing of university graduates.

Nevertheless, for a few years now, an increasing number of companies are becoming more strategic for all their key recruitment needs. They realize that one of the major risks that they now run is to be delayed by a shortage of talents, which could severely impact their ability to execute business plans successfully.

They are also aware of the fact that it takes more and more time for a new recruit to adapt to, and properly integrate into a new environment. This is the direct result of the ever-increasing complexity of corporate cultures and

operational structures that managers have to deal with. This is one of the main reasons why a talented executive fails in a new job. Too often, he has too little time to understand and adapt to the culture of his new company. This is where strategic recruiting confers to a new recruit a great benefit: time. The time to understand the dynamics of a company's culture and the levers of the business in more depth before pressing on to deliver "the numbers".

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Another key benefit that a strategic approach to recruitment brings is a drastic reduction in the time-to-fill ratio. Additionally, companies routinely experience a sharp increase in the quality of the talents recruited as they have more

time to ensure that they select the best qualified and available candidates.

When combined, this translates to having the right people in place and ready to execute. This gives them a major competitive advantage in today's world.

What does it take to implement a strategic approach to recruiting?

First and foremost, a company must be able to estimate as accurately as possible the type and number of people that it will need over the coming 12 to 18 months in order to execute its business plan. Next, it must determine who will be able to step up to a new challenge and anticipate the likelihood that it may lose some of its pivotal jobholders over this time period. Finally, by combining both types of analysis, a company can forecast its talent needs.

The good news is that many companies already conduct such analyses accurately. Thus, they have the main building blocks in place.

What they will have to overcome are two main challenges. On the one hand, they will need to have the courage to hire top talents proactively – i.e. in anticipation of business requirements - and reward the leaders who do so.

On the other hand, they will need to master the art of building and nurturing talent communities. Indeed, **strategic recruiting is all about identifying top qualified and available candidates from talent communities.** The biggest challenge here is that building and nurturing those communities is not an easy task.

However, a company can overcome these challenges by focusing on the development of only one or two talent communities and partnering with a select number of human capital management (HCM) advisors in order to get access to other talent communities.

Which talent communities should a company focus on? First and foremost, the community of college and university graduates, as it will have already made the investment required in order to build this community.

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Secondly, as many companies already do, they should build and nurture a talent community for each highly specialized function

that it regards as key to its core business.

Beyond these obvious talent communities, the return on investment is usually rather low. Thus, in order to reach out to other talent communities, partnering with a small number of HCM advisors that work with few companies per industry is probably the best course of action. This last condition is crucial. Otherwise, the partners will have granted far too many off-limits to be of any real value. Indeed, their actual fishing ponds will be a fraction of what they could be. And that means that a company will not always get the best-qualified and available candidates at a given point in time.

Until recently, many companies overlooked this issue. But things are rapidly changing. They are realizing that the cost of recruiting a second-best candidate instead of a top qualified one is substantial. This is one of the reasons why they are increasingly prepared to invest in talent scanning exercises even when they do not intend to outsource the search process. Yes, the people they recruit could well end up exceeding expectations at the end of their first year, but that does not necessarily mean that the recruitment was as successful as it could have been.

Let us explain. **Great companies do not simply look at the absolute level of their performance, they are actively trying to determine at what fraction of their potential they operate.** And they are right. At the end of the day, what good does it do for an

investment bank to recruit a top equity salesperson who generates \$2m in fees (receiving an “exceeds

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expectations” rating in the process) when it could have recruited another one who would have achieved twice that level of fee income?

The key is to maximize the probability that the candidates hired are the best-qualified ones at any given point in time. And here the involvement of a top HCM advisor is usually a “sine qua non” condition of success. Why? For three main reasons. Firstly, because one of the key competencies of any serious HCM advisory boutique is to build and nurture talent communities.

HCM advisors that act more like “body-brokers” should be avoided at all costs, as they rarely take the time to build more than a superficial relationship with candidates.

Secondly, a professional HCM advisor brings the necessary independence and confidentiality that candidates demand to engage in honest career discussions and counseling. Candidates now require a lot more intensive advice than before (and on a wide range of career-related topics).

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And finally, through the right HCM advisor, a company can source top candidates outside of its industry whenever required. It is to be noted here that the “strict” industry-practice structure of many large HCM firms may act as a limitation in this process.

Why is strategic recruiting rapidly becoming a necessity rather than a luxury? The answer is simple. The next 25 years will be a period of talent shortage and exodus. We expect the European countries to be hit the most as the US continues to attract and retain top talent and some Asian countries begin to follow closely behind.

India and China are just beginning to show evidence of this. They are no longer targeted as only “lower-skilled” value adding service centers. The level of development in the more highly skilled areas increases each year. In fact, the new IT graduates from the US want to go to India for their first jobs; that experience seems to make them more “valuable” when they re-enter the western markets. While France talks about a 35-hour week, India is striving for a “35-hour working day”! For Europe, the low to medium skilled talents will be in abundance, but the highly skilled individuals and managers will be in short supply.

Hence, many companies will find it increasingly difficult to

ensure that they have the talents that they need (both in quality and quantity) to execute successfully their strategies. Already today, the pharmaceutical, healthcare, financial services, consumer products and IT industries are facing shortages of qualified candidates in some key areas. For example, the sharp demand for managers who are able to turn the human capital of a company into a multiplier factor has created a tight supply for qualified mid-to-senior-level executives.

Inevitably, many companies will be faced with two choices: either to scale down their ambition or to recruit strategically. Scaling down may be the right choice for some companies, but not for the vast majority. Additionally, as the perceived value of top knowledge workers and human capital multiplier managers increases, the competition to hire such talents will intensify. **Hence, the talent war is far from over. In fact, it is just starting, and it has major HCM implications for all companies.**

First of all, companies will need to develop and implement great talent retention and employer branding strategies. And in so doing, they will need to understand far better what the aspirations of talented people are, and what inspires, engages and retains them.

Secondly, **CEOs must give HR as well as line management the ability to hire and integrate top qualified people as and when they become**

“available”. And that implicitly requires that companies review who they partner with to build bridges to top qualified candidates.

As Jack Welch put it so well, getting the right people in the right jobs at the right time is a pre-condition to winning the game. But can you get this equation right without strategic recruiting? We doubt it.

In the past, a company had time to develop full bench strength, but this is more the exception today. Most corporate management development programs deliver good results, but they will never be sufficient. Of course, a company could enter into an M&A mode in order to acquire talents, but that has often proven to be a very expensive and risky way of sourcing talents.

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So, that brings us back to recruiting. Many companies hire the best available talents once in a while (through their tactical recruitment approach). They are winning occasional battles but still losing the war. Isn't strategic recruiting – with the right HCM partners - the surest course of action of all? Can you afford to invest in strategic recruiting? Can you afford not to? The judgement is yours to make.