



Human talent should be high on the key corporate risk list for organisations, says Iain Fraser. He predicts a surge in the war for talent and says people talent is no longer an HR department issue, it's an organisational risk that requires attention.

The war for talent is about to heat up again after abating for awhile following the global financial crisis. A recent survey by the London based Economist Intelligence Unit (EIU) that queried almost 600 senior executives from around the world gives rise for concern when 72 percent stated that their organisational performance had suffered due to a lack of necessary skills. Furthermore, a recent Mckinsey & Co announcement stated that US\$12 trillion per annum over the period 2008-2013 was being invested in capital projects worldwide with half this being spent in the Asia Pacific region, ie, US\$6 trillion per year.

These figures do not include provision for post natural disaster

rebuilding in Australia, New Zealand and Japan, nor do they include private investment which some have speculated at an additional amount of US\$8 trillion per annum that's being invested. That makes for some serious investment around our region and a great deal of project-based activity across many sectors which will most likely absorb huge amounts of talent.

As the global economy continues to recover and the so-called 'new normal' takes hold, organisations are seeking to regain competitive advantage or efficiency gains by doing more project-based work that's focused around core business.

On the face of it, this is great; however, some research by KPMG



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suggests that these organisations are committing to a higher volume of projects that have a significant increase in complexity and that require more money to finance. These factors must dramatically increase the risk of failure at an organisational level and the potential brand damage that could be associated through lack of resource with the right skill set.

Going back to the EIU survey and the lack of skills suggests there is a problem looming, especially when another part of the same survey found that the most important individual skill those executives required was people with the ability to 'get stuff done' as well as the most important organisational capability of finding leaders to implement strategic change.

One conclusion suggests that future talent will need to acquire or develop advanced skills to deal with increasing complexity and volume of work while balancing risk within established thresholds.

Global hunt for talent

The surge in demand for talent will see countries throughout the Asia Pacific region, as well as the emerging economies of Russia and Latin America, hunt globally for talent and especially for the key capability that gets stuff done and quickly. This could further drain some skill-sets in New Zealand that are already considered as having shortages.

The re-build of Christchurch, for example, could take considerably longer than desired—not because of funding restrictions, but rather due to shortages of various skill-sets required. This shortage could be both local as well as global. And, there are two further changes happening within the wider talent pool that should concern those in the boardroom as well as those in the HR department of all organisations: the massive number of retirements due, and the increasingly transient nature of the next generation workforce.

Data from the UN Population Division titled *World Population Prospects on Retirement Age Populations* shows dramatic increases in people reaching retirement age over the next couple of decades. In New Zealand, we can anticipate that 25 percent of the population will be aged 65 or more in 2050. An anecdotal example I heard from a visiting CEO recently was that within the next 10 years, 50 percent of the existing talent pool from the oil and gas sector will be at retirement age.

While current workforce talent is being tempted off-shore, presumably to pursue better opportunities, future workforce generations will be far more mobile than current ones. Resources of tomorrow will move from job to job more often and more quickly as their whim and/or need dictates. We see the beginnings of this today. Individuals and teams can research, consider and act on vacancies from anywhere in the world. Those individuals will make

engagement decisions that include factors other than just monetary-based reward systems.

Social networking and informal referrals will lead much of this activity, for example you might get a group of young skilled professionals who are geographically spread networking via Facebook and asking "Is this organisation cool?" or "Can we contract for three to four months to raise some cash for our next trip?" Workforce loyalty will take on an entirely different meaning for those 'global gypsies on the go'.

Pressure to attract and retain

As a consequence of the above, all sorts of pressure will be placed on an organisation's ability to attract and retain resources in sufficient capacity and with the skills for the future economies—ie, getting stuff done and leading strategic change. Shortages in skilled staff will cause organisations to create more contract opportunities with many of those in a project-based environment. Those organisations leveraging on-line recruitment and social media tools such as LinkedIn should benefit in that they at least reach skilled people in different areas of the world.

So, other than just simply retain the pending retirees for longer, what must organisations do to attract those skilled 'global gypsies' to set up camp and stay a while? The answer lies in organisations making themselves the most attractive they can be to those gypsies.

This is more than branding or marketing. The attraction aspects need to be multi-faceted ones that clearly demonstrate to the potential talent elements of excitement and empowerment, developmental opportunities, career path options and entrepreneurial extras.

All this needs to be conveyed through different technologies that reach the highly mobile and tech-savvy global gypsies. This will also require those organisations to make additional provisions in budgets for more elaborate reward and retention programmes that go beyond traditional bonus-type systems. Fully defining what skills are important to the organisation and then understanding the current capabilities of existing resources, and thereby the organisation itself, is a useful starting point.

By conducting capability assessments on existing talent, organisations will gain a clear picture of that talent and its abilities which then can then be compared to future talent requirements (remember more projects, greater complexity and bigger budgets), and the gaps identified. Developmental investment can then be targeted and better career paths established in addition to increasing volume through recruitment.

Re-structuring the organisation to a balanced matrix type should make it more attractive for those seeking relatively short-term project type opportunities. A balanced matrix would allow future work

to be better packaged for execution via project-based approaches. This facilitates a deeper team culture and shared objectives that create highly functioning teams, as described by author Patrick Lencioni, where trust, unfiltered conflict around ideas, commitment and accountability all lead to the better achievement of collective results.

Emotional intelligence and emotional quadrant skills will come to the fore much more. Executive and senior management levels would need to up-skill so that they gain new skills that support project-based governance and the deployment and empowerment of project teams that convene together for a given purpose and period and then disband once deliverables are confirmed.

Perhaps boards of directors need to focus more on the organisation's vision and goals, communicate those clearly and wholeheartedly, and proactively support the achievement of that vision rather than operate as another level of management structure.

If boards can focus on crafting the strategic direction from their vision, then the management levels can deploy portfolio, programme and project management approaches supported with effective governance and development of new skills to achieve the vision. This will create 'strategic alignment' throughout the organisation while maintaining maximum flexibility and nimbleness to adjust as needs require.

A cool place to be

A fully 'projectised' approach to organisational structures allows for faster achievement of strategy while maximising the relatively short availability of skilled people. The organisation becomes a 'cool' place to be for a while as it offers talent more opportunities to work on projects that are time-bound, stimulating, creative and possibly well-rewarded.

It could be argued that business in the western world is more focused on compliance and the reduction of liability, plus further adoption of political correctness. These attributes lead to compromise and the 'watering down' of vision and associated budgets, rather than fostering creativity, excitement and fun—

How can talent risks be mitigated and managed?

- Build your brand so it's talked about as cool!
- Conduct capability assessments.
- Conduct better talent-needs analysis.
- Recruit for success—package and build good relationships.
- Target and bring back previous employees who have left your organisation.
- Position, post or second people as part of their career path.
- Create a 10-15 year HR plan.

attributes that are likely to make an organisation more appealing to the talent pool of global gypsies.

Surely organisations must adopt different approaches that are now necessary for attracting and retaining skilled workers who, increasingly, are becoming migratory in nature.

Governments could create better policy that maintains democracy yet balances sustainability, reduces or eliminates political correctness, welcomes and embraces creativity, and reduces compromise. In addition, a review of policies to improve skilled workforce access and business migration visas needs to happen.

If these are done, we should witness better retention of that resource within the geographical boundaries of the country as the business environment is more dynamic and 'business friendly'.

Bottom line is that organisations of all sizes need to have human talent on their key corporate risk list. I'd suggest in the top three at least. Organisations need to focus and invest in making their brand really attractive as well as modifying policies and processes for better resource development and utilisation.

People talent is no longer a HR department issue—it's an organisational risk that requires proactive attention. **et**



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