

ARCHITECTURE OF STRATEGIC TALENT MANAGEMENT

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THE MANAGEMENT OF A GLOBAL ORGANIZATION REQUIRES A
DELICATE BALANCE OF RISK AND REWARD, WITH SUCCESS A
BY-PRODUCT OF INCORPORATING A HOLISTIC, INTEGRATED TALENT
MANAGEMENT STRATEGY THAT MAXIMIZES RETURN ON INVESTMENT
AND UNDERSCORES THE IMPORTANCE OF A MOBILE WORKFORCE.
FOSTER AND HERRING EXAMINE THE TRANSACTIONAL ELEMENTS OF
INTERNATIONAL ASSIGNMENT PROGRAMS AND FRAME THEM IN THE
CONTEXT OF STRATEGIC TALENT MANAGEMENT.

Talent management”—today’s latest business buzzword—is more than just the “strategy du jour.” It is, in fact, a new framework for thinking about global success. If working today means working globally, then managing and developing employees so they can deliver global success becomes a critical strategic initiative. Drilling down to the tactical nuts and bolts of a global talent management strategy will reveal all its transactional parts, which include mobility, assessment, training, performance management, and a variety of other functions.

These remain transactional elements, however, and the time has arrived to organize them into a cohesive strategy that develops global employees—the single most valuable asset of a global organization. Success is achieved by balancing risk and reward, and managing these transactional components without a talent management strategy raises risk and reduces reward; managing with a strategic vision, however, will aid in creating a prosperous future for global organizations.

Mobility: ‘That’s So 20th Century’

During the past century, the need for global success was addressed traditionally through mobility, and usually proceeded through several stages. In stage one, assuming a Chicago, IL,-headquarters conducting business in Singapore, talent is needed in the destination—Singapore in this case. In stage two, because business is conducted differently in Singapore from the way it is conducted in Chicago and presents unanticipated challenges, talent must become engaged with the destination and achieve an understanding of the local business environment. During stage three, the circumstances of stages one and

two also are occurring between headquarters and other destinations where the organization is doing business, which creates the need to develop synergies and a more global way of working between all parties.

Addressing the first two stages of “mobility” is intuitive, but it becomes increasingly difficult to create synergies—economies of scale, if you will—for talent and a globally effective organization with just a set of transactional mobility processes, especially when the issues raised by stage three need to be addressed. It is no mystery why the process operated in such a transactional manner last century; looking even farther back, this transactional perspective was borne out of a time when, for example, “HR” was “personnel” and managing talent was simply the transactional moving of parts from here to there. To view “mobility” as the solution for global success in the past was logical, albeit limited.

So What Is ‘Strategic Talent Management?’

While exact definitions vary, generally the concept of strategic talent management begins with corporate vision and strategy. Through the right combination of recruiting, selecting, managing, developing, and succession planning, a globally inspired workforce can be developed to provide the organization with higher productivity, retention, and ultimately, superior results. According to Jennifer Nguyen, Ph.D., an organizational psychologist with Colarelli, Meyer & Associates, St. Louis, MO, with expertise in international talent management, “a company’s vision and strategy define the competencies needed to achieve the company’s plans. The competencies required then define how and where we recruit, how we select, how we manage performance, on what basis we develop and promote, and



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how we retain talent. International talent management is more challenging than domestic talent management because there is the culture of the host country, in addition to the expectations of the role and culture of the company, which must be considered. All three of those factors define what it takes to be successful in the role."

In today's global marketplace, one important traditional means of developing talent, spreading culture globally, and filling required gaps is through the transactional function of international assignment programs (as well as international local hires). It is only recently, however, that employers are asking themselves the tough questions about how to best use international assignment and local hires to truly optimize the management of talent.

There are costs associated with such tactical interventions, and there is always the question of return on investment (ROI). According to Jose Segade, co-founder of the RES Forum, an independent community of thought leaders in global mobility, some of these questions include:

- What is the true driver behind the assignment? Is there really a distinct business need that cannot be resourced from within the home country in a cost-effective manner?
- If the assignment is developmental, does it provide significant international exposure/change of environment to an individual that would further develop existing skills and potential? Are they exceptional candidates and right for such an assignment?
- Will the assignment provide substantial/beneficial knowledge transfer between locations and businesses? Will it help us grow as an international organization in the direction we want to go?
- What is the actual cost associated with the assignment and what is the value that the assignee brings to the host location and to the development of a truly global organization; do the sums add up?
- How do we want assignments to be perceived within the organization? On the one hand, are they a reward for our top talent who are eager to undertake them, or are they seen as "doing the business a favor?" on the other hand?

Because most international assignments fall into the areas of developmental, market-building, technical/skills transfer, and executive leadership, the implications for managing talent can become complex, especially when we examine costs and ROI. In addition, an increasing number of companies are offering different policy types based on the type of move. Although different packages can be effective, care must be taken to ensure that a cheaper, "expat-lite" package for a developmental assignment does not eliminate the elements proven to support successful assignments such as intercultural training, transition support, and repatriation support on return. To invest in a developmental or executive assignment without a broader talent management strategy, including the proper support on assignment, could be financially or strategically disastrous should failure or retention issues come into play.

The costs associated with an international move, viewed transactionally, often are enough to raise eyebrows at the highest levels, and most of these costs are associated with the transactional pieces of mobility (box

moving, housing and taxes, salary differentials, cost-of-living adjustments, immigration and transportation issues, school and education expenses, and the like).

It is because of the expense of international assignments that, historically, one of the primary goals of mobility groups has been to manage and cut costs. However, when viewed strategically, these “costs” become investments in talent development and business objectives. Therefore, maximizing the investment rather than simply keeping costs down should truly be the focus.

It still is important to spend wisely, but selecting the right people, setting them up for success, and bringing them “home” (or onto the next opportunity) successfully is equally, if not more important, in the long run. Most studies show that more than 50 percent of assignees leave the company within three years of returning home—a huge cost transactionally, and an even greater cost when viewed strategically. Retaining these individuals based on the application of a talent management strategy suddenly reduces the real cost associated with managing that talent.

In addition, a successful talent management strategy will ensure that the returning international assignee will share his or her global knowledge and skills throughout the entire organization. This is the real measure of the investment that the company made when it moved its talent abroad, and represents a much more valuable return on that investment. This is made possible by moving beyond a transactional “mobility” perspective to a strategic talent management vision.

KEY TRUTHS IN STRATEGIC TALENT MANAGEMENT

Every employer is unique, which means that, depending on the business, the inputs will be diverse and different levers will need to be pulled in response to all manner of concerns, such as market conditions, stakeholder expectations, and business requirements. A handful of key “truths” about strategic talent management do cut across industries and geographies. According to Jennifer Nguyen, Ph.D., an organizational psychologist with Colarelli, Meyer & Associates, St. Louis, MO, these are:

- The difference between success and failure gets finer and finer as one moves from middle management to senior executive positions.
- The use of multiple assessment methodologies creates a stronger selection process. Each methodology brings different strengths to the prediction process.
- Filling international positions from in-country candidate pools is more challenging and risky than filling domestic positions from local candidates. Filling expatriate positions is most challenging and risky.
- The primary determinants of expatriate success include familial factors, support systems, stress tolerance, self insight, adaptability, and relational skills, and all are affected by cultural differences.
- The transactional cost of a failed expatriate assignment can reach (and sometimes exceed) USD\$1 million. The strategic cost is significantly greater.

Even the Transactional Bits Benefit When Viewed Strategically

While most industry professionals agree that improved tracking of assignment failures (and creating better definitions of what constitutes a “failure”), retention on return, and the cascading of global skills and knowledge throughout the organization all are desirable outcomes of a strategic perspective, a proper talent management strategy also can benefit the “nuts and bolts” services—and the “soft services” in particular—that are offered to support the assignment.

For example, much of what currently is offered for support on assignment is done immediately surrounding the actual relocation, which is why the process becomes more transactional than strategic. With a more holistic approach to the

services that support the actual talent development on assignment, however, the mobility process truly can become part of the talent management process.

Ideally, for corporations intent on taking a more holistic approach to global mobility, it begins before anyone even raises their hand for an international assignment opportunity. Organizations need to establish a global mindset internally and support the development of global leaders through intercultural training and awareness programs specifically designed to develop the global competency skills that all employees in the organization—not just the international assignees—need to have.

Dr. Mansour Javidan, Ph.D., dean of research at Thunderbird School of Global Management, Glendale, AZ, and creator of the Global Mindset

ON THE WEB

For more information on talent management, visit www.WorldwideERC.org:

- “Balancing Talent Management and Costs in a New Economy—New Concepts in U.S. Domestic Relocation”
www.WorldwideERC.org/Resources/MOBILITYarticles/Pages/0909-abbey.aspx
- “Selection and Global Talent Management”
www.WorldwideERC.org/Resources/MOBILITYarticles/Pages/0509-kozloff.aspx
- The Necessary Collaboration Between Global Mobility and Talent Management for Developing Global Leaders
www.WorldwideERC.org/Resources/MOBILITYarticles/Pages/1109-caligiuri.aspx

Inventory, defines the global mindset as, “the set of individual characteristics and qualities that help you do a better job of influencing people who are different from you.” Global leadership, therefore, is “a process of influencing individuals, groups, and organizations that are different from you.”

Success in global roles and international assignments in particular demands proficiency in this area. If the organization emphasizes expatriation as important for growth, then building a pool of potential candidates whose mindset and the potential for challenges can be assessed in advance becomes a long-term approach to sending the best candidates on assignment.

This practice can be a part of a strong internal career development initiative, where people plan and recognize how mobility—particularly global mobility—can play a part in career development/career manage-

ment. Equally important in the career development process is the planning of the employee’s career at the end of an assignment. With such a low retention rate post-assignment, implementing an ongoing career management initiative will help both the employee and company to think about the future.

Leveraging the Investment in Global Skills to Create a Global Mindset

Assessment and decision-making assistance can benefit the employee, as well as the employer, by developing for both parties a better understanding of the potential challenges that can surface while on assignment. Companies might use a formal assessment for candidate selection, and individuals might use it to better understand their strengths and weaknesses or the potential challenges presented by living and working in a foreign culture, such as spouse/partner career concerns.

Understanding these issues can aid employees addressing them proactively or deciding that the risk of frustration, or even failure, are too great, in which case they could end up declining the assignment. Either way, the employer benefits by having a better prepared assignee or, even more important, averting a failed transfer.

While classic international assignment failures are easily identifiable by early returns, failed performance, collapsing families, and the like, more subtle measures of failed assignments, commonly known as “brownouts” (characterized by underperformance, unhappy personal relationships, and missed business opportunities because of the inability to manage cultural differences), are more difficult to identify and can be more costly in the long run.

Once the decision to accept the assignment is finalized, there are several additional programs that can help ensure the success of the assignment. For instance, mobility transition assistance for both the employee and family is one intervention that can help create a smooth transition and faster acclimation to the new location.

Mobility transition assistance helps career-oriented spouses and partners competing for employment in an international marketplace and supports the employee and family with settling into the new location on a long-term basis. This type of assistance addresses two of the top three issues relating to assignment failure. According to the Brookfield Global Relocation Services’, Woodridge, IL, 2010 “Global Relocation Trends Survey,” respondents cited spouse/partner dissatisfaction (65 percent) and family concerns (40



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percent), in addition to the inability to adapt (47 percent), as the main causes of assignment failure. These reasons also are top challenges experienced in any assignment, according to the same survey.

In addition to job search assistance, which can be a critical success factor for dual-career families, these types of services address the practical and emotional needs of relocating families. This is accomplished by providing customized research about re-establishing life in the new location, as well as providing emotional support for spouses/partners trying to figure out, “how can I make this experience about me, too?”

The Interchange Institute’s, Brookline, MA, study, “Many Women Many Voices,” indicates that the number one issue confronting accompanying spouses/partners on assignment is a loss of identity. Mobility transition assistance directly addresses this by providing proactive life and career coaching.

The study recommends support for the family not only for the benefit of the spouse/partner, but also for the benefit of the company. By reducing the stress of the family asso-

ciated with relocating internationally, the employee is better able to focus on the new job and achieve higher levels of productivity sooner.

Research indicates that an hour a day can be spent on family issues for the six months following a move, so productivity savings easily can reach USD\$10,000 by proactively supporting family issues through mobility transition assistance.

Intercultural training is an important intervention that should be initiated prior to departure and, ideally, throughout the assignment, which can have a major effect on the success of the expatriate. By offering this either immediately prior to or immediately following arrival in the host country, individuals and their families have a better framework to not only understand the new culture, but also how their own, and their own personal ways of adapting and working, compares to it.

Participating in intercultural training sessions can address the employee’s inability to adapt to the destination. Intercultural training is a process, not a one-time event, and at each stage in the international assignment there needs to be an effective

intercultural support intervention that addresses both the family and assignee work needs at that moment. Typically, pre-departure training resets the barometer of expectations; post-arrival training and throughout the assignment typically address immediate needs and issues as they arise; and trainings prior to return or onward to a “next move” typically leverage the intercultural learning already experienced to the challenges of either a third country or the unique issues associated with returning “home.” In all cases, intercultural interventions can take a variety of forms like traditional training, supportive coaching, webinars for ongoing learning, and online cultural adaptability assessments.

Because “assignment failure” can be difficult to classify, perhaps the more critical benefit to offering intercultural training is the faster return on the investment that results. By providing insight into the inner workings of the host country, an assignee can better identify and address issues as they come up. This can save valuable time and resources and add to the effectiveness and productivity early on, particularly in

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sales or leadership functions. The opportunity cost to the bottom line of not providing such services is truly unquantifiable.

The initial introduction to intercultural issues from an overall perspective, as well as dealing within the host country, is important to providing a conceptual framework for living and working in a new culture. At the same time, research indicates that the best way to retain and apply learning is through on-the-job development. Therefore, cultural coaching is a successful intervention for key positions and for developmental purposes, especially when initiated as a follow-on to successful intercultural training.

Coaching provides a framework for setting and achieving specific goals within the cultural context of the international assignment. It addresses both dealing with specific, identifiable issues while taking into consideration the cultural implications. Most important, this support occurs as issues arise and can be implemented on a project basis or in response to immediate needs.

And, of Course, Returning 'Home'

It should be noted that this model is based on the more traditional long-term assignment versus the "global citizen" that takes ongoing back-to-back-to-back assignments. However, we know that returning "home," even when viewed only transactionally, can be the most risky and costly aspect of the international assignment. Viewed strategically, the costs and benefits associated with a successful repatria-

tion increase exponentially. The "Global Relocation Trends Survey" states that 38 percent of assignees leave the company within one year of return, and 23 percent leave during the second year post-assignment.

While the above survey states that 92 percent of companies have informal repatriation discussions, clearly the process generally is not having the desired effect given the traditionally high attrition rates following an assignment. Truly effective repatriation planning includes career management discussions that take place prior to departure; supports ongoing networking with key managers and leaders in the organization, as well as formal or informal mentoring; provides formal support in not only just getting home and finding an appropriate job, but long-term career possibilities with the company; and invites the family to participate in personal and cultural preparations.

Repatriation support plays a significant role in readying the employee and family for their return home. Many who have gone through the process indicate that repatriation is more challenging than expatriation. To ensure a smooth transition with minimal disruptions that can affect productivity, offering preparation in the form of a workshop or one-on-one sessions can help individuals plan for the challenges that lay ahead.

Ongoing support in the form of relocation transition assistance for the employee, spouse, and family also can help make a smooth transition home and complete the cycle to get-

ting resettled and feeling a part of the community once again. This can be of particular interest to spouses/partners who are career-oriented, but were not working (and in many cases, legally prevented from doing so) during the assignment. Dual-career support in this case can be critical to positioning a "gap" in a résumé. Ultimately, by addressing these personal issues proactively, the company is retaining a more productive employee returning home.

From Transaction to Strategy

Managing a global organization to success in the 21st century is a juggling act of humbling proportions, where great resources and rewards are at greater risk than ever before. Successfully managing the risks, benefits, and assets associated with creating a globally effective organization can be achieved only through an integrated, holistic strategy that maximizes the return on the investments being made, and that clearly and effectively addresses the issues of managing the talents of all those involved in the endeavor. To do anything less puts this endeavor at risk; the rewards will go to those who understand that the global future is not a transactional event, but the result of a strategic management of critical talent. ■

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