

Hiring and Keeping Great People

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Introduction

The Talent Imperative

Companies all over the world agree...

- **The right “talent strategy” is critical**
 - 80% of global business leaders believe that “people issues” are amongst their most critical challenges
- **Finding the right people is only half the battle**
 - 68% of global business leaders believe that retention is more important and a bigger challenge than recruiting



Why is talent so important?

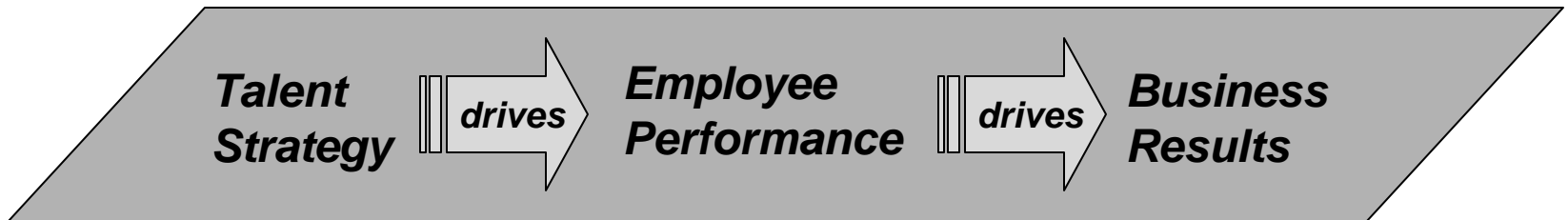
- Products and marketing strategies are commodities and NOT unique
- People and company cultures ARE unique
- Success is based on a company's unique competitive advantage – performance of their people

From *Fortune Magazine's* introduction to its *100 Best Companies To Work For* addition:

“[This year's list] does reflect a fundamental change in the economy. A century ago, the most valuable U.S. corporation was U.S. Steel, whose primary assets were smokestack factories. Today's most valuable corporation is Microsoft, whose most valuable assets go home every night. Companies that want those assets to return every morning must pay attention to the workplace.”

Talent strategy drives results

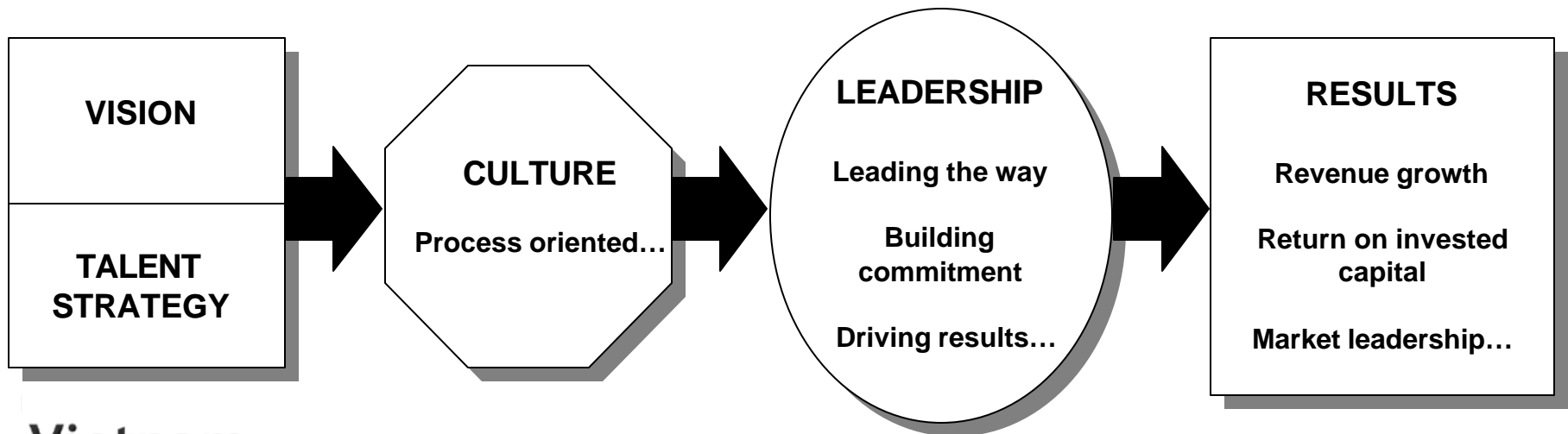
- Outstanding firms are consistently able to:
 - Identify, attract and retain high-performing employees
 - Get those employees committed to their firm's strategy
 - Manage high-performing employees across business lines, distance and generations
 - Govern and lead so that both the organization and its best talent prosper and feel rewarded



- **The big question:** How do you create an environment that succeeds in managing talent?

Consciously make talent a priority

- Success depends on...
 - **recruiting** the right, best and brightest
 - Cultivating and maintaining a **culture** designed to retain and engage the best employees
 - Ensuring **leadership** carries the culture and cultivates growth and development of the business and its future leaders
 - Delivering unique **results**



Recruiting

Getting The Right People To Come

Recruiting is the line of first attack

- The right hiring process is critical to building a successful business
- Step one:
 - 1. Defining strategic vision**
- To then succeed in recruiting, each subsequent element must be properly executed:
 - 2. Defining job/competency requirements**
 - 3. Recruiting promising candidates**
 4. Interviewing/evaluating the candidates
 5. Making the decision and offer
 6. Learning from the process

Strategic vision: Company

- A clearly articulated mission statement is an important first step in culture building and in hiring
- A mission statement should:
 - Clearly identify the core business and approach, and communicate a strong message – internally and externally – of what a company stands for and strives for, including:
 - corporate culture
 - values
 - Strategy
 - view of the future
- This will in turn inform the desired candidate profile and help in the recruiting process

Strategic vision: Candidate

- Though it seems obvious, most companies don't take the time to define (in detail) the ideal candidate
 - Which **COMPETENCIES** – skills and personal attributes – will be a good fit with the job?
 1. The primary responsibilities and tasks
 2. The background characteristics needed to perform the job (education and experience)
 3. The personal characteristics required (strong interpersonal skills, aggressive, organized, etc...)
 4. The key features of the organization's culture (team orientation, political, degree of conformity, reward systems, etc...)
 5. The style of the direct manager (authoritative, coercive, democratic, etc...) and its implications for an effective working relationship
- A well-written, results-oriented job description shapes the beginning of the employee relationship, communicates what's expected, and provides a foundation and basis by which to measure performance and results moving forward

Then recruit aggressively, but thoughtfully

- A large pool of mediocre candidates is not nearly as valuable as a small pool of qualified ones, **so be thoughtful...**
- Get the word out through **targeted, relevant and effective** channels:
 - Newspaper ads
 - Headhunters (you get what you pay for)
 - Internet (traffic growing: 2x in last 4 months)
 - Employee referrals (very effective, and underutilized)
 - In the near future:
 - Corporate/academic networks
 - Trade publications/associations
 - Campus recruiting

Screen carefully

- A person's past job performance is the surest predictor of future performance – focus on results and accomplishments, not position descriptions
- Avoid comparing candidates to each other. Instead compare each candidate to the ideal candidate profile and look for a match
- Spend the least amount of your time eliminating the least-likely candidates and greatest amount of time carefully considering the most-likely ones
- Good fit = education + experience + character. **Don't settle!**
- Take the time needed to do it right
 - Even if the need is urgent, rushing can be a costly mistake
 - The cost of getting rid of the wrong employee more than outweighs the cost of time spent finding the right one

Always be recruiting

- In 2001, Harvard Business School and McKinsey & Co. published “The War For Talent,” the most renowned study of its kind examining the characteristics of companies that were best in class at talent management. The findings showed:
 - The best companies recruit continuously, rather than simply to fill openings
 - 31% of HR directors at top-quintile companies strongly agree that they are always looking for great talent and bring it in whenever they find it, compared to only 9% at mid quintile companies

Culture

Getting The Right People To Stay

A great culture will help attract great people, and more importantly, it will keep them from leaving

- At its core, culture is a system of beliefs that an organization's members share about the goals and values important to them, and how they live them. Culture is “how we do things around here.”
- The culture of an organization will hugely influence retention and overall success
- Salary and benefits are important, but are usually a reflection of the underlying culture, not the cause of it
- The best workplaces get as much as they give...

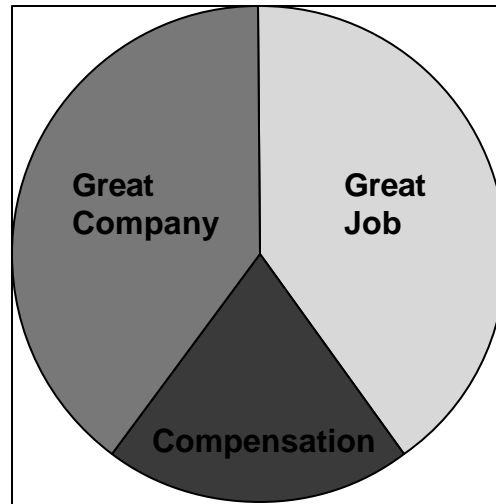
What motivates talent?

- When asked what's important in job satisfaction...

Percentage of executives rating factor as essential

Great company (brand)

Values and culture	58
Well managed	50
Company has exciting challenges	38
Strong performance	29
Industry leader	21
Many talented people	20
Good at development	17
Inspiring mission	16
Fun with colleagues	11
Job security	8



Great jobs (products)

Freedom and autonomy	56
Job has exciting challenges	51
Career advancement and growth	39
Fit with boss I admire	29

Compensation and lifestyle (price)

Differentiated compensation	29
High total compensation	23
Geographic location	19
Respect for lifestyle	14
Acceptable pace and stress	1

In Vietnam, development and inclusiveness are key

- Examples show us that employees are likely to be more happy and motivated if they are able to develop their skills
 - Access to education, training and knowledge resources
 - Opportunities to expand their roles and responsibilities
 - Provided with metrics to measure their performance
- Companies with the best retention rates and employee performance, cultivate these characteristics through their culture. Successful companies:
 - Make it easier for workers to find new opportunities and develop their skills and knowledge – internally and externally
 - Use an inclusive approach to firm-wide strategy development by involving employees in decision-making processes
 - Practice real-time goal setting and performance measurement to ensure that people always know where they stand and to address performance issues and skill gaps before they become a problem

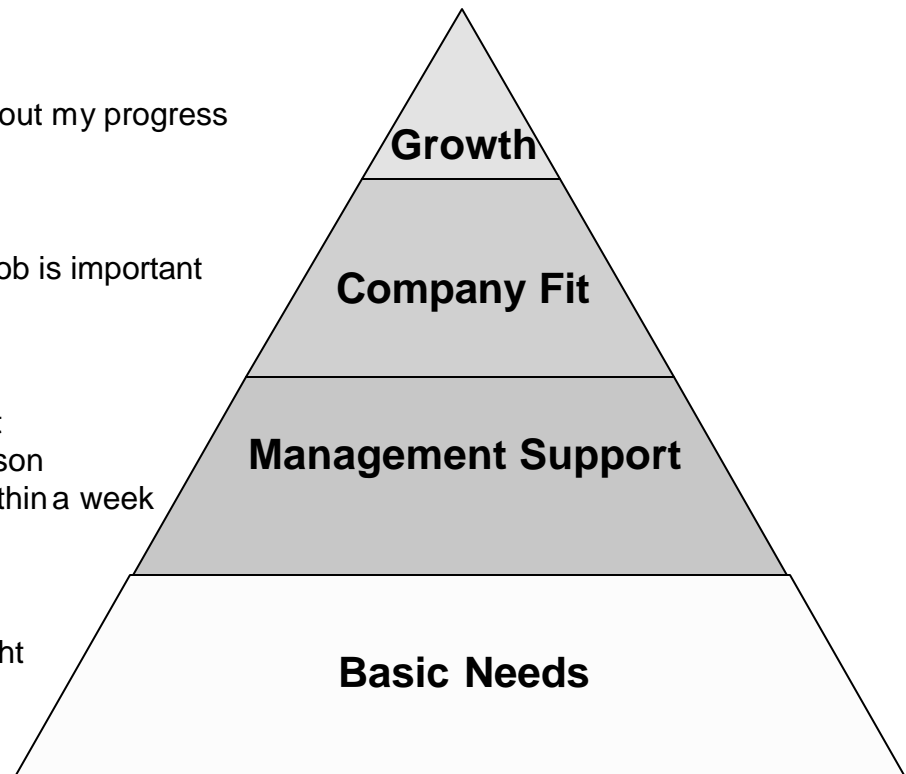
Successful firms understand the core needs and desires of their people

- In the last year I have had the opportunity to learn and grow
- In the last six months, someone at work has talked to me about my progress

- My co-workers are committed to doing quality work
- The mission or purpose of my company makes me feel my job is important
- At work my opinions count

- There is someone at work who encourages my development
- My supervisor or someone at work cares about me as a person
- I have received praise or recognition for doing good work within a week
- I have the opportunity to do what I do best every day

- I have the materials and equipment I need to do my work right
- I know what is expected of me at work



Case study: Mekong Capital – a benchmark for effective culture building and talent management

- Mekong Capital, a Ho Chi Minh City-based venture capital and private equity firm, derives its competitive advantage from knowledge, people, and the systems they develop to leverage their intellectual and human capital. **People are key!**
- Mekong Capital has done an outstanding job creating a culture that sends a clear message to employees that they are important, and encourages behavior that generates success
- Organizations in all industries can apply Mekong Capital's example...

Best practice example: Mekong Capital

- Team orientation
- Knowledge sharing
- High and consistent standards
 - Comes from the very top
- Strong communication
 - Top down and bottom up
- Clear mission and values
- Process-driven
 - Efficiency through leveraging existing knowledge
- Clearly defined and rewarded performance benchmarking
 - Very clear and regular communication about performance
- Emphasis on differentiation
 - Firm's personality is a large part of identity and source of pride

Mekong Capital understands the importance of people, and they aren't alone in their thinking

- Successful companies know superior talent will be tomorrow's prime source of competitive advantage
 - Former Allied Signal CEO Larry Bossidy says “At the end of the day, we bet on people, not strategies”
 - At Monsanto, half a senior executives bonus is based on his or her people management skills
 - At First USA, the ability to recruit talented new people is a criteria for promotion

Leadership

The Importance Of Great Leadership

What makes a good leader?

Successful leaders:

- Encourage innovation and entrepreneurialism, so employees who might otherwise feel like “victims” of tough decisions are in a position to solve problems
- Help people understand the current reality and enlist broad support to overcome obstacles and build for the future
- Energize the workforce by articulating a clear vision of the future, communicating it across their organization and describing the strategy to achieve it
- Help people understand how important their day-to-day work is to fulfilling strategic goals
- Provide people with the tools they need to succeed in their jobs
- Establish a culture of open and honest communication between people... to celebrate success, acknowledge setbacks and outline plans to meet new challenges

The best leaders create a working environment that people don't want to leave

- Great leaders know that their highest performing employees have alternative offers with great compensation packages, yet they create a working environment that people want to be part of
- They do this by:
 1. Articulating a compelling vision – and constantly revitalizing the picture so that employees remain both energized and focused
 2. Managing emotion – their own and their employees
 - Challenging work usually means a rapid pace and high pressure, making it even more critical to create an environment where employees feel motivated and valued
 3. Creating a learning environment – where people are developing and growing
 4. Aligning all elements for speed
 - When strategy, structure, practices and norms are aligned, things get done and less time is wasted on internal politics that erode moral
 5. Managing expectations – especially in dynamic business environments where change is the norm and can at times be disruptive

And most importantly, outstanding leaders are outstanding at developing talent

- The most effective leaders in business attract, develop and motivate a diverse group of highly competent employees
- They understand the risk of underestimating the need for future leaders
- They spend a great deal of time nurturing loyalty – to the company, to its strategic goals, its values and its leadership
- And they are continually cultivating the next generation of leaders

Practical specifics



Making It Happen

Who wins the “war for talent?”

- The fundamental conclusion in “The War For Talent” is that to be successful, companies must have compelling answers to the questions:
 - “Why would someone really good want to join this company?”; and
 - “How will we keep them for more than a few years?”

Step one: write an employee value proposition

- You can win the war for talent by elevating talent management to a burning corporate priority
- To attract people you need, you must create and perpetually refine an **employee value proposition** – senior management’s answer to why a smart, energetic, ambitious individual would want to come and work with you rather than the team next door
- That done, you must focus on fine-tuning the recruiting strategy, make talent management part of your culture, ensure great leadership is in place, and finally develop, develop, develop!

The employee value proposition must be compelling

- Mekong Capital needed to significantly upgrade their talent
- Fine tuning their recruiting and screening process and articulating an employee value proposition helped to attract stellar people:
 - Mekong Capital believes that its ability as an organization to recruit highly capable employees, encourage and support the continuous development of their skills and knowledge, and motivate them effectively, is essential to its success. As a result, a career at Mekong Capital provides:
 - significant opportunities for continuous learning and skill development;
 - opportunities to develop a deep knowledge of particular sectors, business models and management systems;
 - challenging, demanding and rewarding work environment;
 - performance oriented culture where employees are rewarded for accomplishments, particularly their ability to add value to companies in which the Fund invests;
 - comfortable, open, friendly and cooperative work environment;
 - attractive compensation and bonus system in which employees can share in the success of the company, including a share-bonus program;
 - direct involvement with the leading private businesses in Vietnam, Laos and Cambodia; and
 - the excitement of being involved in the venture capital industry and the development of the private sector in these rapidly growing countries.
- Mekong Capital also puts significant time and resources into making sure these are not just words, but are also a reality – through feedback and performance measurement, clear goal setting and expectations, etc...

Things you can do today to get started

- Recognize what you want more of and make it the focus of your recruiting
 - Develop a thoughtful and thorough recruiting process, with high and consistent standards of excellence
 - Create a compelling employee value proposition
- Make talent management part of your culture
 - Emphasize development and encourage behavior consistent with your companies mission and values
 - Consider the quality and caliber of your team against the best in the industry, not simply others in the organization
 - Think about and invest in the “long – term,” and ask: How can I ensure that three years from now my roster of talent is as strong or stronger than it is today?
- Ensure your organization has the right leaders acting in the right way. Ask:
 - Are the leaders in my organization setting a standard of behavior that meets the best long-term needs of the company?
 - Are these leaders good mentors?
 - Do we have a sufficient pipeline of future leaders who meet those same standards?

Summing up...

**VISION/
TALENT
STRATEGY** “defines” **CULTURE** “drives” **LEADERSHIP** “produces” **RESULTS**

