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Work Space

Talent a question of nature or nurture

Do you train or hire a workforce? That is the dilemma for employers building a talent pool, writes **Fiona Smith**.

Can you turn a pig's ear into a silk purse? It's a bit of an indelicate question when you are talking about people at work, but visiting human resources strategist John Sullivan says no amount of training and development will turn Homer Simpson into a corporate star.

The only thing that is animated about that doughnut-loving slob is the show that he appears in — *The Simpsons*.

Sullivan told the Australasian Talent Conference in Sydney last week that it was far more effective to hire the people you wanted than to try to grow them from what you already had.

"If you are going to develop talent, it is very risky and it takes a long time," he said. "But, if you take someone from a competitor, it lowers their talent [pool]."

Sullivan, a consultant and professor of management at San Francisco State University, was formerly chief talent officer for HP spin-off Agilent Technologies. He was once called the "Michael Jordan of Hiring" by *Fast Company* magazine.

However, Sullivan's approach is at odds with Kevin Wheeler, a consultant and former senior vice-president of staffing and workforce development at the Charles Schwab Corporation. Wheeler told the conference that people's performance can be improved by being in a better environment, a more suitable job or by working for a better manager.

"Of course, if they have some sort of learning disability, then they might have a problem," he said, verbally sparring with Sullivan as they waited to take part in an unscheduled debate at the conference.

The two Americans are familiar and jovial opponents, having crossed paths many times, and their



Illustration: KARL HILZINGER

disagreements are even more topical now that many companies have frozen hiring programs and are concentrating on making do with the people they can afford to keep.

If you listen to Sullivan, recruiting is a weapon. You take the best from your rivals — strengthening your team and weakening theirs. Then you fire your poorest-performing employees and send them to that rival "with a good reference".

In the meantime, you keep a very close eye on the people you want to retain and ensure you are kept informed if they start making signals that they are thinking of leaving.

"They buy three new suits and they are gone every Friday afternoon... to the dentist," he says. "They never go to conferences, but all of a sudden... they do. And most of the speakers at conferences are looking for jobs, because they get visibility. "At HP, we had a resume template. All the employees could pull it down. So how hard was it to figure out someone was going to quit?"

The moment someone rang up human resources to ask how much they would get on their pension plan if they quit, what should HR do? "Call me. And I'll hug them or

whatever we do to keep them."

Wheeler counters that recruitment is the most expensive way of getting the people you need: "If you are not growing and are in a relatively stable mode, you should be able and develop and retrain. You don't have to do much of any recruitment," he says. "What is the success rate of recruitment? Half the people you hire are gone within two years."

He points to IBM as a company that prefers to "grow its own" talent, investing in training and promoting from within.

"They have an incredibly successful model", he says.

Sullivan, however, looks to Google as an example of a company that hires the best and then lets them get on with the business of improving their own skills on the job.

"They develop themselves," he says. "By the time the class has been developed to teach them, they have already moved on."

Training doesn't work anyway, says Sullivan. He says a well-known IT company asked him to study how many of its level-three performers (level fours are "terminated") become level ones. After spending \$30,000 in training each one over

two years, none of them reached the top level.

"They can tell within six months whether you are going to be a performer for the rest of your career. The US Army did a study where they found that if they hired a mediocre person, for the next 20 years, their performance would be flat. It doesn't change.

"Most performance management and most training doesn't change performance... so where do you focus? Recruiting.

"Almost every place I have gone has never done the analysis. Every place that does is pretty close to zero. They never get better."

Wheeler agrees that classroom training is "old school" and that there are all sorts of self-directed and organised forms of learning that are much faster and more effective than having it delivered by a teacher.

Sullivan says a recession is not the time to tolerate under-performers. He advocates the practice of swapping, where you identify the "weak links" within your organisation and prepare to retrench them when you can identify someone better to replace them with.

This is a technique used by sporting teams to build bench strength and there are more good people who are willing to be lured away from their existing jobs, as a result of the destabilising effect of retrenchment campaigns.

There are also more people actively looking for work whose sought-after skills were not enough to save them from being laid off.

Sullivan argues that top performers will contribute 60 times more than those ranked as the poorest performers.

At a call centre with 4500 staff, the top performers got a 61 per cent positive response rate, which means the customers were happy and satisfied.

The middle level got a 40 per cent positive response rate and the lowest level got a rate of 27 per cent.

"But the bottom level also got negative effects — they got a three-times higher customer attrition rate. So if they talk to you, you will quit being a customer, and the cost of the call is higher because you don't know the answer," he says.

Employers don't pay their top performers in a job 60 per cent more than the worst performers — they pay them 6 per cent more.

"And, if you have a union, that might be zero [more]."

Sullivan says the cost of the errors made by the lowest performers at the call centre was \$US50 million (\$66 million), and the cost of their salaries was \$30 million.

"This is startling. If you paid these workers to stay home, go home, pick up the telephone, but don't plug it in, and answer all the calls you like, we'll pay your salary and benefits, you will save \$20 million. They do so much damage."

"The value of a high performer is huge, the return on investment is huge. You need to realise that, because guess who is easy to find? Low performers. They are desperate."

Sullivan says Google found a 300 times difference between the top and bottom performers. At Microsoft, the difference was 1000 times, he says.