LEADERSHIP THE DRIVER: TALENT MANAGEMENT ITS NAVIGATOR

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WHILE IT IS oft-quoted that human resource is the most precious resource; there are many who set out with noble intentions to invest in their HR practice, only to be faced with the challenges of an ever-changing business scenario. This is especially true in the thriving Small and Medium Enterprise (SME) sector in India. Since the country achieved economic independence, there has been a special status accorded to SMEs in terms of the benefits and reservations. Though this approach has evolved in alignment with the national policy, SMEs continue to remain prominent, currently contributing 40 per cent to Indian exports, per a 2010 study by ASSOCHAM.

While the definition of an SME continues to evolve, there are tangible and intangible characteristics that set SMEs in India apart, per Hay Group research. SMEs usually focus on leveraging one or two core competencies as opposed to a diversified business, leading to revenue between INR 100 to 400 crores. Their customers can be very small (for example, retail) or very large (for example, institutional), adding another shade of complexity. The bottom line is that they are expected to contribute 22 per cent to India’s GDP by 2012 (ASSOCHAM data), confirming their standing in the economy.

However, here is where the irony of the intangible lies. While most SMEs owe their growth to individual talent – star performers who consistently exceed expectations – unfortunately, the organization does not know how to proliferate and nurture this talent. Hay Group research has found that, in the backdrop of this talent challenge, there are three levers that organizations can turn to for solutions, namely, talent strategy, leadership capacity and CEO time.

The first, talent strategy, helps to tackle issues relating to formalization of systems and processes, and creating avenues for talent management. Second, given that the complexity of managerial challenges increases as one moves up the ladder, there is a need to train each employee with the skills most relevant to them.

This points to the second lever, leadership capacity, highlighting the responsibility of the SMEs’ leader. Research by Hay Group has conclusively proved that the dominant leadership style in an organization sets the tone for the organization’s climate. This indicator in turn, is responsible for the creation of a culture, be it high-performing or demotivating. For example, a culture dominated by the ‘directive’ style of leadership causes a dip in major organizational climate factors, such as, flexibility, team commitment, and rewards, as a result fostering creating a ‘demotivating’ environment.

So what do the most effective leaders do? Do they berate, cajole and plead? Do they collude, or do they simply lead by example? Neither. The most effective leaders use a collection of distinct leadership styles – each in the right measure, at just the right time. It is also imperative that CEOs recognize the urgent need in most SMEs to ensure a future supply of leaders by investing in the leadership bench strength. For this, talent management processes, such as recruitment, performance management, career development, and succession planning, need to be institutionalized. The more the transparency, the greater the employees’ buy-in.

The third and final lever is CEO time, for CEOs to reflect on how they can best deploy themselves. They need to think about the answers to questions like:

- What do I focus on, on a day-to-day basis?
- Short-term vs. long-term goals?
- Who do I pay attention to and who do I ignore?
- Short-term vs. long-term goals?
- What do I deal with directly and what do I delegate? Why?

Though an oft-ignored facet of a CEO’s job, investing just some time on this activity regularly will bring clarity on whether or not the organization is on track to the vision envisaged.

As the bearers of India’s torch for economic development, leaders of Indian SMEs have evidently run the long distance to bring SMEs today to a bend in the path. India Inc. now looks to them for greater learning as they embark on the next passage to talent management and creating the leaders of tomorrow.

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BRIEF PROFILE
Mohinish’s core expertise is in Organization Transformation, Leadership Development and Coaching & Setting up and Assessing learning functions. He works with clients to identify and address their needs for organizational transformations, change, learning by helping turn their business strategies into the results they desire. He is also a leadership coach and has coached and facilitated hundreds of senior and top management executives within India and outside.

Mohinish works with a variety of clients in sectors of Education, Oil & Gas, Banking and Financial Services and IT. He has also worked extensively with the government, public sector and UN organizations as well as with multinationals and Indian family-owned businesses. Worked significantly with start-ups also.

Mohinish holds an MBA from XLRI, Jamshedpur and a graduate degree in Physics from Delhi University.

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