

ROBERT MYATT TALKS ABOUT HOW TO DEVELOP AND RETAIN TALENT

Getting the most out of management

It's no surprise that the single most pressing concern among 7,300 global business executives, be they in utilities or in other sectors, is the 'overall economic climate'*. However, the fact that the second most pressing concern is 'hiring and retaining talent' might raise a few eyebrows. It appears that businesses are realising that 'our people are our greatest asset', the eternal claim of mission statements across the globe, is not just a good thing to say; it makes the difference between a good business and a great one.

The post-privatisation era saw many utility companies investing heavily in the 'people parts' of their businesses. Time and resource were ploughed into assessing and developing leadership talent, improving selection processes and increasing employee 'engagement'. Today, the honeymoon period of loose regulation is over and the regulators are tightening the screw.

Economies of scale, efficiency and performance standards are some of the criteria upon which modern utilities live or die. Under these pressures, if utilities go the same way as other sectors, then the 'people budget' could be an easy target. This would be a dangerous path to tread. It is only through investment in people that utilities will be able to meet stringent commercial and regulatory targets. For example, as psychologists we know that when people feel they are developing in their work, commitment levels are higher and people want to stay. Take that development away and the best people walk. The better solution, therefore, is to ensure that your development spend is targeted to give maximum returns to the business.

As business psychologists, we've had the opportunity to assess and develop the leadership talent of more than 9,000 managers across a range of sectors, including utility companies worldwide. This database allows us to compare leaders in utilities with other sectors.

Developing talent

Many organisations use 360 degree surveys as a means of managers getting feedback – bosses, colleagues and subordinates all get a chance to comment on the person's capability.

We took the results from 250 people in a number of organisations. As well as utilities, we had



Talk to me: it is essential to understand your strengths and weaknesses

the luxury of being able to compare people from a number of sectors, including retail, financial services, engineering and telecommunications. The group was split 70:30 between men and women, with roughly three-quarters being managers and the rest being senior technical specialists.

Each 360 questionnaire contained a set of questions which was answered using a rating scale and open-ended questions allowing respondents to say whatever they wanted. In this study we focused on the question 'He/she needs to learn to...'. In order to identify common development needs.

The results suggest that there are some development needs which are present across the board. It appears that a range of capabilities are needed to perform effectively in business. Looking at the top 10 alone, there are skills in the areas of:

- emotional intelligence: keeping your own emotions under control and understanding other people;
- communicating: the social skills of asserting views, communicating clearly and building relationships with others;
- thinking: considering a broad

range of commercial factors when making decisions;

- inner motivation: having a sense of self-confidence and the ability to define your own direction;
- people management: understanding how to manage and motivate people; and
- business awareness: having a broad appreciation of the business and external market.

How utilities compare

In many ways it seems that utilities managers are much the same; equally assertive and communicative. You might expect utility managers to be less commercial because many of them will have worked in monopoly environments. However, it seems like the investment in developing people's commercial 'know-how' gives them an understanding of the market and the best ways of making money that is on par with other sectors.

However, there are areas where there are notable differences, both strengths and weaknesses.

The strengths include:

- stress tolerance: people in utilities have a relatively strong ability to keep their emotions 'in

check', deal with pressure and bounce back from difficulties;

- people management 'know-how': delegation is a less common development need in the utility sector. Managers have a better grasp of how to manage people and empower their teams; and
- self-confidence: despite the changes in the industry, levels of self-belief are high in the utility sector. It seems that the investment in people development has instilled managers with a sense of self-assurance.

The weaknesses in the utility sector include:

- narrow thinking: utility managers tend to be less strategic or 'big picture' thinkers. Perhaps the fact that people in utilities typically stay in their jobs longer and move about the organisation less has led to a more restricted view of the world;
- less empathy: managers appear to be less 'in tune' with people's emotions and therefore less adept at reading people, showing sensitivity and adapting their approach to different people. This may be because many utility managers come from an engineering or technical background, and are more at home analysing data and designing systems than coaching or motivating people; and
- low profile: in business today it's not enough to work hard and keep your nose clean. Who you know and who knows you is as important to career progression as the way you perform. But it seems that managing your reputation does not sit well with more 'dyed in the wool' utility managers.

Confidence, poise and a good understanding of what's needed to get the best out of people are clear strengths which underpin many of the recent successes in the utilities sector. But as regulation and competition gets tougher, developing the ability to think strategically and broadly in order to navigate around a rapidly changing business environment will pay dividends. And if the key to truly exceptional business performance and customer service is the retention of highly motivated and capable people, then developing managers' ability to engage and enthuse those who work for them seems to be a good target for investment.

* McKinsey Quarterly survey, March 2004

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