



Sony Europe: walking the talk

Talent Management in the high tech industry – a case study

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"The assessment interview with Egon Zehnder International was a real jolt - suddenly I was 'on the rack', justifying my worth to the company as if I was a new recruit. However, in return, the feedback process was very valuable for me, a real opportunity to reflect on what motivated me and what challenges I need from a business." (Matthew Lang, Managing Director, Sony Nordic)

Many organizations suffer the real problem of not knowing what they really know: neither where their strengths lie nor who within their organization is ready for a new challenge. In the current challenging business environment, not knowing where your potential lies is like mislaying a major strategic asset. Executive talent is always at a premium, and identifying, developing and retaining those outstanding people who drive performance is critical to any business success. However it's rare to find an organization within which it's clear what their definition of talent is, let alone to find one where there are processes to find, select, develop and deploy that talent to best effect.

A second and unfortunate phenomenon in large organizations is the gulf between what executives say they are going to do and what they demonstrate to their organization by what they actually do. When you start to ask more of your people, it becomes evident that they will take their lead from the behavior of those at the top, not from what they say. This was as true in Sony as in any other organization, and we needed to demonstrate - not talk about – developing leadership talent for the future.

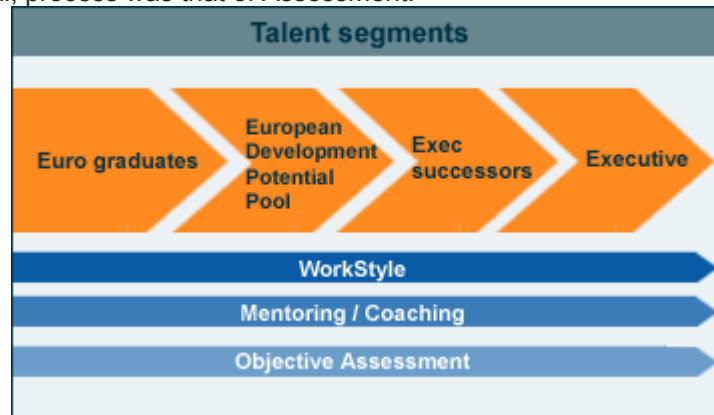
Talent in any organization is dispersed among the hierarchy of the organization: some fresh from university embarking on their careers, some old hands managing significant portions of your current revenue streams. Regardless of the shape of the organization, no matter how lean or flat, matrix or divisional your business may be, the talent within it needs to be thought of as a vertical stream, a rising pipeline and not as a static entity.

Focus on the few

Driven by Sony Europe's regeneration over the past three years, one area that has become increasingly important is the management of its talent. Historically, both business managers and the HR community have focused too much just on those identified as younger high potentials, without recognizing the need for a talent stream across all the segments of business population. The redesign of the HR function within Europe placed resources where they would generate the most return. Talent was one core area. The end result was a simple, robust and very focused talent management process. It is clearly important to have this process, end to end, from graduate entry level to the current incumbent executives. If you are serious about talent management then you need to walk the talk, at all levels of the organization.

The figure below shows, in a simple diagram, the talent segments and core processes in the talent management strategy. Four segments divide the population into clear talent pools. The idea of using pools rather than specified successors gives a much greater freedom to appoint talent, rather than hierarchical or silo-specific nominations. Flexibility and choice result from

taking this approach. There are three processes used to select, develop and manage the performance of the individuals and these are consistent across the talent stream. WorkStyle is the name given to the management by objectives / competence-based performance appraisal tool within the organization. The Coaching and Mentoring processes are different for the different talent segments but are consistent as an overall philosophy. And the final, and in many ways most controversial, process was that of Assessment.



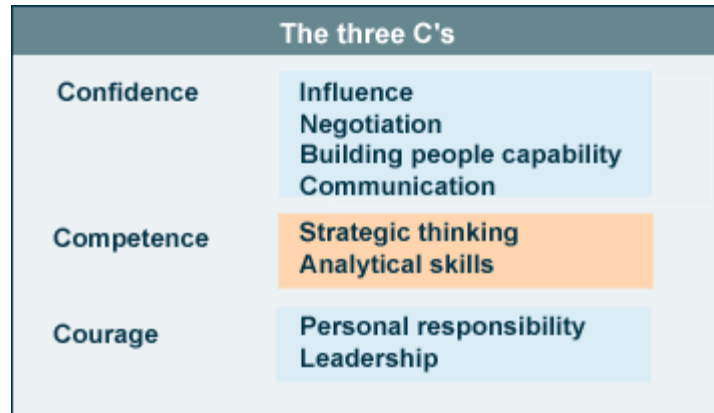
Define and assess

You need quality data to make quality decisions. It is clear that when you're making a purchasing decision on an expensive Home Cinema, you compare the specifications, you compare the designs, you compare the sound quality, the picture contrast and you - at least if you are like most purchasing individuals - consult your partner for consensus before making the final decision.

So why is it that, in making succession appointments or selecting candidates for senior management roles, so many organizations are happy to work with poor data and, in many cases, little in the way of a process? One reason is that assessment as a process has gained bad press and is associated with some HR trickery or mysterious black box. For Sony Europe to be confident in its talent management strategy, they needed to have good objective assessment data on all of their talents. They also needed to be certain of their definition of talent.

It is obvious that when selecting the best graduates for a two-year development program, some form of rigorous selection is both appropriate and acceptable. At Sony a two-day assessment center is used very successfully. However, regardless of the validity of the process, a similar process is neither appropriate nor acceptable for executives currently in position, some of whom already have responsibility for business units with turnover in excess of 1 billion euros. It's not politically acceptable to test your top team in the same way as fresh-out-of-college graduates.

Yet to develop confidently the talent in the segments below, it is critical to understand the DNA of the talent that already exists within the top executive positions. As part of the research to clarify the definition of talent, which in Sony's case is clearly focused on leadership talent, they identified a new model of leadership, referred to internally as the 3 C's (see figure below). This model is built on existing competencies already identified within the business, but often seen as too complex to be used by line managers every day. The 3 C's model gave the organization a means of connecting the assessment talents, regardless of the hierarchy levels.



The organization was sure that these competencies, demonstrated in their top executives, differentiated those who were outstanding performers from those who were just good. What needed to be established was a method to test this hypothesis, and ensure there was a blueprint, a working DNA, for developing the talent of the future.

Sony had no history of assessing senior people. That was the challenge. It was something that was just not done in this organization.

Sony approached Egon Zehnder International to help. The rationale here was clear. The more junior talent segments are assessed internally, where HR is credible as an assessor, and the data can be compared internally for consistency. In the case of the executives' talent group, internal consultants, regardless of expertise, would not be credible. Any external partner had to be credible in the eyes of the participants. Egon Zehnder International has extensive knowledge of the industry and could bring this to the process. A second advantage of using Egon Zehnder International was the access to external benchmark data. The business needed to know where its top talent rated against the market.

The whole project was piloted to test methodology and also to build confidence in the process with the participating executives. Building an awareness of the business benefit and the benefit to the executives individually was something the pilot helped achieve. The process used was clear, robust and ensured that there was a systematic and inclusive view of assessment. From the outset the participants were outlined and carefully briefed, it was clear that the feedback to individuals was core and not 'tacked on'. This is important as it answers the "what's in it for me?" question that often arises.

Simple but robust

The executive assessment process is a relatively simple process. We say 'relatively simple' with some caveats, because anything made to appear simple is often the result of seeing real expertise in practice.

Two senior consultants from Egon Zehnder International interviewed each executive. The first would be from the core team of four partners. The second interviewer would be from the same background culture of the executive, so in some cases Japanese consultants were used. This was a critical issue for building the confidence of the executives in the process and also for ensuring that some of the nuances and subtleties of the conversations were not hampered by lack of English vocabulary or cultural misunderstanding. The interviews took place in the executive's place of work or at a convenient meeting place to their normal travel schedules. Each one took approximately 2- 3 hours to conduct. The second part of the process was to follow up on the executive's 360° nomination list. This was again conducted by Egon Zehnder International, cross-referencing findings against reports and feedback from people the executives had nominated.

Output and results

The output for the participating executive was a high-quality feedback report, delivered verbally and accompanied by a clear written report. This feedback session was delivered by one of the interviewing consultants and was attended by one of the directors of HR for each of the European business groups. The mapping of the whole executive team, in each business area, was presented to the President in a summary format explaining the relative strengths of the business areas, as represented by the potential and current assessment of the executives.

The whole project was taken in three stages, starting with a pilot of about 18 top executives and a second and third phase to cover the top executive population.

Sony made it clear to those who took part, that the content of the report was theirs to have and to hold. The contents would be transparent and hopefully give them an insight that they might not have on how others see them, and how they match against the best talent in the marketplace today.

Was the process successful? After the initial pilot feedback meeting, which was presented to the most senior management of the organization, the slight skepticism felt before the meeting evaporated and Egon Zehnder International was given an immediate sanction to undertake the second phase. The mapping of talents, the quality of data and the analysis ensured that even the most hardened business manager could see the benefit.

More importantly, within two months of this initial meeting, three positions were reassigned to take into account the results and the need of the business to have its most productive talent in the most demanding business roles. In more than one situation there was a misalignment of talent, so people with clear ability and passion were somehow found in roles that did not play to their strengths. As an organization, Sony needed to act on this knowledge.

Never before had the organization had the quality of data on people with which they could make considered decisions. It was evident from this project that Sony has become more sophisticated and more confident with its people succession plans as a result, and more willing to act. The key to this success lay with being open about the process, but, even then, people were not always sure about what would happen.

The final endorsement was the take-up of the process by the most senior management in the organization, at their request. When you lead an organization then you must demonstrate what you believe in, not just talk about it.

The final word

Assessment is not something to be feared or be suspicious about. It should be considered as useful data to aid decision-making, but it does not take the decision from people. Most resistance to introducing objective assessment is overcome, and can be turned into positive participation, by inclusion of people in the ownership of the results and by ensuring the whole experience is professional and transparent. If you value your senior people then take some time and effort to give them the feedback they deserve. Help them to make the most of their leadership. If an organization does not maintain its assets, tangible or intangible, it is not surprising that it fails to deliver top performance or deploy its best assets to maximum effect.