

About the Newsletter....

The AMGI Newsletter is published monthly and will focus on practical content in the areas of Strategic Trends, Business Transformation, Collaborative Product Development, Managing Change and Enterprise Management Systems. We will use our extensive international connections in industry, consulting, academia, Universities and professional association (SCPD, IMechE, SME, CAMC) etc as well as our own consulting experience to keep you abreast of Strategic innovation trends.

Winning the War for Talent

Phil Smith, Cranfield University, UK (www.som.cranfield.ac.uk/som/index.asp)
(Cranfield is a post-grad university specializing in Engineering and Business Administration)

The war for talent rages in good times and bad. Prosperity brings growth and the need to grow the talent pool. This is what we classically think of as the war for talent – attraction and recruitment of the brightest and the best. I call it the Courtship model, motivated as it is by the desire to enhance the stock of human capital and the long-term future of the organization.

With austerity comes stagnation and shrinkage, the need to persevere and to do more with less. This is another front in the war for talent, for the hearts, minds and hidden potential of people living through difficult times. I call it the Aladdin's Cave model. It is about finding hidden treasure and releasing bottled-up genies, the challenges of engaging, developing, managing and rewarding people who are already part of the family.

A third front has opened as we devolve more and more non-core activity to third party suppliers and contractors. Increasing interdependency between organizations which do not command the loyalty or respect of each other's employees means that we have to find innovative ways of managing their talent to our standards. I call this the Partnership model.

Of course each of these models presumes that we know what "talent" is. For many organizations, "talent" is purely a relative concept applied to the best people they have or can get. This is a bit like recruiting without having done a strategic analysis of organizational needs, job/task analysis and person specification. Unguided intuition about talent is as likely to furnish you with Fool's Gold as with the 24-carat variety.



It can be dangerous to build a talent management strategy geared primarily to the retention of the best of the current bunch because it can create a vested interest in the status quo and create a club-like atmosphere in which questioning and genuine change become threatening.

Instead, I believe that we should define "talent" in terms of the organization's needs for capability and contribution outside the normal range, then manage tasks, jobs and people in ways that make it possible for goals to be changed and targets to be exceeded.

The War for Talent is an unconventional war, fought mainly in the interest of beating one's own best performance. Our new Talent Management will give participants the tools they need to develop their own organizations' strategies to achieve this goal.

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How Change Can Be Implemented - Bottom Up

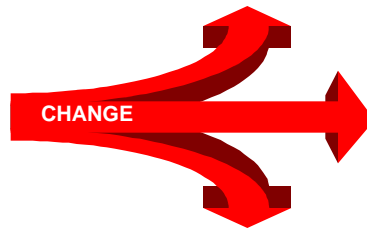
In this view of effective change management, the underlying assumptions appeal to our sense of the 'natural' organizational order. We take it for granted that top level managers should address critical organizational issues because they are the most influential when it comes to getting things done. And so it follows that, since they are also the most influential when it comes to stopping things happening, they had better be 'on board'.

Yet as often as not, these assumptions appear to be flawed. Those with the greatest vision and ability to lead change are not necessarily at the top. When they are, it is very difficult task for them to cascade their vision throughout the organization without it becoming distorted. And as if that were not enough, there is an unfortunate tendency for destructive politics, negative emotions and cynicism to triumph over rational argument and good business sense. Most managers know this, as do management consultants, yet top-down logic stubbornly persists.

Challenging assumptions about effective change management is made doubly difficult because there has been no real 'bottom-up' alternative. Over the last three decades, most deliberately created bottom-up schemes such as 'Quality Circles', 'Self-Managed Teams', or 'Democratization of the Workplace' delivers only trivial change, or run up against the same problems as top-down initiatives because that is what they really are. So what would a credible bottom-up model of change look like, if it were to work? We argue that there should be two key ingredients: the creation of isolated pockets of good practice and an emphasis on empowered leadership.

For many years now, researchers in organizations have consistently discovered 'alternative' activity engaged in by 'disaffected', 'disloyal'

or even 'dishonest' individuals and groups – 'skunk workers' as they are sometimes branded. Yet it is also clear that these anti-organizational activities are often very well intentioned attempts to improve the organization from a starting place somewhere other than the top, sometimes because top managers are failing to do enough themselves. These 'pockets of good practice' emerge when individuals develop a personal vision of what could be achieved in business performance if only organizational practices were different. They use their initiative to begin implementing that vision within one isolated part of the organization, often drawing a small number of like-minded people around them. This



group then develops into a 'pocket' where, through the inspiration of the leader, corporate habits, goals and assumptions can be challenged with the intention of improving business performance.

What if these initiatives could be better nurtured and harnessed? After all, pockets of good practice reduces the initial number of people to be influenced. By starting locally, practices can be refined within a manageable area. This prevents loss of momentum and distortion of the message. Controversial practices do not have to be sold head-on to doubters, and they can be protected from people who are likely to block them. By the time the pocket becomes more widely visible within the organization, the approach taken within it is hard to counter because of the demonstrable improvements in business performance.

The challenge for top managers would be to see the strategic value of isolated pockets of good practice and encourage their development. Those pockets that might merit investment, and once developed, come to enjoy wide organizational impact, would have to prove their worth. Heavy managerial intervention would be inappropriate because the process would simply degenerate towards 'top-down'. A 'pockets' approach to business transformation would therefore require that top executives work with a 'market' view of change initiatives, where they would set and protect the organizational conditions for those initiatives to flourish. As with any market, how much to intervene would be a matter of good managerial judgement, but always with the key assumption that markets regulate themselves. Top management would still set policy parameters, but crucially, strategic direction would emerge from the 'pocket market' – a very different model of change to 'top-down'.

Clearly, a pocket market model makes it inevitable that organizational politics come to the fore. Perhaps it would be better to say that isolated pockets of good practice, competing to influence strategic direction, legitimize the politics that are inevitable in organizations. Market intervention from the top would at times require a delicate balancing act between creating the pocket and fending off attacks on it from the wider organization. It would certainly require that top management relinquishes control of all but the broad content of strategy, whilst accepting that out of the messiness and 'irrationality' of disconnected pockets of good practice could come highly relevant strategic direction. Above all it would mean empowering individuals to start and lead initiatives that run counter to the strategic status quo, or have very little connection to it.

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How Change Can Be Implemented - Bottom Up

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Starting change initiatives in a small way and building their momentum has been tried many times before.

The reasons why they have often failed are varied. Some initiatives remain within confined areas of an organization, with those outside able to see little correspondence between what has been tried and its relevance to the business as a whole. Other schemes are not given time to make an impact or are replaced by other approaches. Too frequently they are seen as the product of individual indulgence, or even as anarchic.

The 'pocket market' model is different. It emphasizes the power of delegated leadership, and it draws constructively on the recognizable 'flaws' in any business: politics, fragmented activity, and the inability of those at the top consistently to act in time and to the satisfaction of everyone else. In the pocket market model, the role of top management must be to create the conditions for pockets to flourish from wherever they appear. Only in that sense would this model of business transformation be top down.

If you wish to discuss this information further please contact us at:

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www.amgimanagement.com

Tid Bits

"...in a market you don't do something because somebody tells you to or because it is listed on page thirty of the strategy plan. A market has no job boundaries....There are no orders, no translation of signals from on high, no sorting out the work into parcels. In a market one has a customer, and the relationship between a supplier and a customer is fundamentally nonorganizational, because it is between two independent entities."

- *William Bridges, Job Shift*

Our Associates....

We have a new associate **Stephen James Armstrong** (no relation). Stephen's background is in Manufacturing/Quality Management with 25 years experience in aerospace and automotive, in Canada and Britain. He returned to Canada in 2000 and has been involved in 3 AMGI projects to date with proven success.

Lu Lahodynsky is working on an assignment for an E Business initiative at the university of Toronto. Lu also is heading up AMGI's entry into E Business with the first offering in the area of product lifecycle management.

Jim Saunders has been working for Pfizer following their acquisition of Pharmacia. His work has involved integrating trade terms and conditions. Also, this month, he will be presenting a seminar at the Canadian Institute's "Price Point" Conference entitled "Achieving Returns from Pricing Technology".

Fred Ticknor's background involves over thirty years in Manufacturing and Materials Management in the aerospace industry. He is not currently on assignment as he has been chauffeuring his wife and daughter around the dog show (poddles) circuit during this summer, in the family motor home.

Client News....

- This week **NUFORM** Rolling Corporation produced 200,000 rollformed parts for the Canadian automotive industry, a company record. Since January 2002 the company has produced 6 million parts with 100% on time delivery and a scrap rate of 3 parts per million. This year to date NUFORM has processed 27 PPAP's taking it's account to 36 parts from only 4 parts 18 months ago. It is good to see a small start-up company bucking the trends and we are proud to have played a major role in the growth and development of the company.
- **SAMCO** Machinery have taken the plant to 60,000 sq. feet in order to make room for Samco's increased throughput capabilities. All construction was done using metal studs, metal roofing, metal siding and metal trusses.
- **LOCKHEED** Martin Aeronautics – Joint Strike Fighter
The Mission – To provide the U.S. Air Force, Navy and Marine Corps and the United Kingdom's Royal Navy and Royal Air Force with an affordable and stealthy tactical aircraft for the 21st century. The Lockheed Martin F-35 JSF has been designed to satisfy the diverse needs of each of these services with a family of affordable, lethal, survivable and supportable combat aircrafts. U.S. and interantional aerospace leaders have come together on the F-35 JSF team, bringing direct experience in each of the key areas critical to JSF program success.
The Concept – A common design with affordable variants that meet the individual requirements of each service. Each variant reflects a key focus on the most critical aspect of JSF: achieving affordability – while setting new standards for lethality, survivability and supportability.

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