From War for Talent to Victory Through Organization

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HR professionals need to establish organizations that leverage individual talent through collective actions.

I like quantitative data that provides empirical answers. But I also like qualitative data that enables me to investigate questions without clear answers. Recently, I was interviewing a new CHRO who came into HR with systems and manufacturing background. As he reflected on his first 90 days as CHRO, he noted that HR folks seemed consumed with improving talent processes. He observed that they had developed many good disciplines at bringing people into the organization and helping them be productive. He said that he felt that they were 65 to 75% up the "S-curve" of managing talent. But, he realized that the challenge in his organization was not about talent alone, but about building a culture. He shared that his organization was changing its business focus and merely getting good people into the organization was not enough; the organization needed to create a more adaptive culture. He believed the tagline, "culture eats

strategy for lunch," and he felt that HR should be the steward of culture as well as talent.

This conversation has been reinforced by my experience and the insights of others. Wayne Brockbank points out in a marvelous essay:

The vulnerability of the talent paradigm is that it focuses on optimizing individual contributions. The term talent inherently focuses on ensuring that companies have the individual talent necessary to achieve their purposes. Certainly this is a critically important agenda for any organization. However, by focusing primarily on individual contributions, the talent movement, by definition, succeeds in making the organizational whole equal to the sum of the parts. This overlooks the central contribution of organization to make the organization whole greater than the sum of the parts. It is this integrating and leveraging function of organization that creates sustained competitive advantage.[1]

In the last 15 to 20 years, the HR profession has been shaped by remarkable work captured in the "war for talent."[2] Many have built systems for bringing people into the

organization (sourcing, having a value proposition), moving them through the organization (development, performance management, engagement), and removing them from the organization (outsourcing).[3] The war for talent was a great battle, but we now need to turn to victory through organization.

Talent is not enough. HR professionals need to establish organizations that leverage individual talent through collective actions. The whole organization should be greater than the separate parts. United states are stronger than individual states. Teams outperform individuals. Individuals are champions, but teams win championships.

I believe that in any business dialogue (being at the table), an HR professional can proffer three unique contributions:

- **Talent:** To what extent do we have the right people with competence (right people, right skills, right job), commitment (engagement), and contribution (meaning) to win in the marketplace?
- **Leadership:** To what extent do we have branded leaders who deliver results in the right way?
- **Organization:** To what extent do we have the right organization to deliver sustained business goals?

In today's rapidly changing business world, the challenge of building the right organization complements and supercedes the talent challenge. It is interesting to note that the Chartered Institute of Auditors has prepared recent documentation to help auditors monitor culture.[4] Getting good people into the organization falls with creating a culture where people work hard on the right things. One of the challenges for HR professionals to facilitate building the right organization is that there are related concepts, terms, and prescriptions that require clarity. Are organizations to be thought of as resources,[5] core competencies,[6] health,[7] climate,[8] processes,[9] values,[10] shared mindsets,[11] organization types,[12] or systems?[13]

With these confusing concepts, no wonder HR professionals have difficulty in creating competitive organizations. The concept clearly matters, but it seems impossible to articulate or define with any precision. Let me propose a three step process (summarized in Table 1) for HR professionals to bring discipline to creating victory through organization.[14]

First, organization capabilities represent what the organization is known for, what it is good at doing, and how it allocates resources to win in its market. Organizations should be defined less by their structure and more by their ability to establish the capabilities required to win—that is, to serve customers in ways that competitors can not readily copy. Organization capabilities might include the ability to respond to or serve customers, drive efficiency, manage change, collaborate both inside and outside, innovate on products and business model, access information, and establish the right culture. HR professionals can facilitate capability audits to determine if the organization has prioritized the right capabilities to win (see Table 2 for the steps to a capability audit).[15]

Second (in table 1), culture represents the pattern of how people think and act in the organization. While organizations can have many capabilities, culture is likely to the key for future success. The right culture takes what the organization should be known for by key customers and uses this external identity to shape internal thought and action. HR professionals can audit the extent to which an organization has the right culture.

Third (in table 1), management actions can be identified and implemented to create and sustain the desired culture. My colleagues and I have classified these actions into intellectual, behavioral, and process agendas. Intellectual agendas ensure that managers create a shared culture inside and outside the organization, behavioral agendas show the extent to which all employees behave consistently with the desired culture, and process agendas institutionalize the culture through management practices.

The three dimensions in this organization logic parallel psychologists' understanding of individuals. Individuals have personalities (parallel to organization capabilities) that have been categorized into the "Big 5": openness, conscientiousness, extraversion, agreeableness, and neuroticism. These five personality traits capture domains that can be observed

Table 1: Three Dimensions of Competitive Organization: Capability, Culture, Management Action

Summary Logic	Key Question and Focus	Previous Research	Audits That Can Be Done	Analogue With Individual
Capability	What is the organization good at doing and what should it be known for? Competitive differentiators.	Resources Strategic capabilities Core competencies	Capability audit: What do we have to be known for and good at to win? This should be tightly linked to strategy. Measure the extent to which priorities are shared about capabilities required to win.	What is my personality? We each have a personality that can be dissected into five core personality traits based on what comes naturally to us.
Culture	How do we shape the right patterns that will enable us to win? How the organization works: Event, pattern, identity.	Competing values Organization types Organization health	Cultural audit: Do we have the right patterns for thinking and behaving? Measure the clarity and accuracy of the culture.	What habits inform my lifestyle and identity? We each have habits or routines that determine who we are.
Management action 1: Intellectual Agenda	Create a clear message about the desired culture to share inside and outside.	Shared mindset Values	Unity audit: Do we have a shared culture? Do we make recognize implicit our assumptions? Measure unity of culture and clarity of assumptions.	What are my thought patterns (schema)?
Management action 2: Behavioral Agenda	Turn culture identity into employee actions.	Climate	Behavioral audit: Do employee behaviors link to the culture? Measure behavior alignment and change.	What are my daily actions? (calendar test)
Management action 3: Process Agenda	Create, shape, and reinforce culture through management practices.	Systems ■ 7s ■ STAR ■ High-performing work system Organization Processes	Process or system audit: Do we have processes that reinforce and embed the culture? Measure process alignment and change.	How do my emotions shape my experience and sustain my desired routines?

Table 2: Organization Capability Audit

Step	Question	Outcome
1: Select organization unit for audit.	What organization unit should be the target of the capability audit?	Define organization unit where the capability audit will occur (corporation, business unit, region, plant).
2: Create content of the audit.	What are the key capabilities that an organization might consider?	Prepare a list of possible capabilities that an organization might possess; tailor the generic capabilities to the organization.
3: Collect data through survey or interviews.	How do different groups (leadership team, employees, customers, suppliers, partners) prioritize these capabilities?	Involve multiple stakeholders to determine which capabilities should be priorities.
4: Synthesize data to see priorities.	What are the top two to four capabilities for this organization?	Look for patterns in data to identify the top two to four priorities most likely to help the organization succeed.
5: Create capability action plan.	How can the organization implement the chosen capabilities throughout the organization?	Prepare action plan for each capability with definition, decisions to implement, and actions to move forward.
6: Follow up and monitor progress.	How can the chosen capabilities be institutionalized?	Track progress of capability implementation and improve as required.

and measured. Individuals then have habits (organization culture or patterns) that determine how they approach life. Psychologists say that 50% to 80% of what people do come from habits or routines. These habits show up in how people think (cultural intellectual agenda), act (cultural behavioral agenda), and manage emotions or sentiment that signal and sustain behaviors (cultural process agenda). Psychologists who diagnose individuals look at each of the three levels (personality, habit, action); likewise HR professionals who assess organization can look at three levels (capability, culture, and management action).

Implication for HR Professionals

While talent may be 65 to 75% of the way up the "S curve," creating competitive organizations is likely only 15 to 25% up the "S curve." As HR professionals bring similar rigor to organization as they have to talent and leadership, they will add even more value to their organizations. The wars for talent will be changed into victories through organization.

Endnotes

[1] Wayne Brockbank, "Balancing the HR Agendas: Talent and Organization," Harvard Business Review blog, 2014.

[2] Ed Michaels, Helen Handfield-Jones, and Beth Axelrod, "The War for Talent" (Cambridge, MA: Harvard Business School Press, 2001).

[3] Justin Allen and Dave Ulrich, "Talent Accelerator: Secrets for Driving Business Growth in Asia" (Singapore: RBL Group and Ministry of Manpower, 2013).

[4] "Culture and the Role of Internal Audit: Looking Below the Surface," Chartered Institute of Internal Auditors, 2014. (http://www.iia.org.uk/policy/culture-and-the-role-of-internal-audit/)

[5] The resource-based view of organizations has a more academic tradition in work by: J.B. Barney, "Firm Resources and Sustained Competitive Advantage," Journal of Management, 17(1), 1991, pages 99–120; R. Makadok, "Toward a Synthesis of the Resource-Based View and Dynamic-Capability Views of Rent Creation," Strategic Management Journal, 22(5), 2001, pages 387–401; J.B. Barney, "Is the Resource-Based Theory a Useful Perspective for Strategic Management Research? Yes," Academy of Management Review, 26(1), 2001, pages 41–56.

[6] Approaching organizations as core competencies has been captured in work by C.K. Prahalad and Gary Hamel. See C.K. Prahalad and Gary Hamel, "The Core Competence of the Corporation," Harvard Business Review, May–June 1990, pages 79–91.

[7] Scott Keller and Colin Price, "Beyond Performance: How Great Organizations Build Ultimate Competitive Advantage" (Hoboken, NJ: John Wiley & Sons, 2011). See also Scott Keller and Colin Price, "Organizational Health: The Ultimate Competitive Advantage," McKinsey Quarterly, June 2011; and Aaron de Smet, Bill Schaninger, and Matthew Smith, "The Hidden Value of Organizational Health—And How to Capture It," McKinsey Quarterly, April 2014.

[8] D.M. Rousseau, "The Construction of Climate in Organizational Research," in International Review of Industrial and Organizational Psychology, edited by C.L. Cooper and I. Robertson (London: Wiley & Sons, 1988).

[9] The process approach to organization may be seen in the balanced scorecard work of Dave Norton and Robert Kaplan. See their works: "The Balanced Scorecard: Measures That Drive Performance," Harvard Business Review, January–February 1992; "The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment" (Cambridge, MA: Harvard Business School Press, 2000); "Strategy Maps: Converting Intangible Assets Into Tangible Outcomes" (Cambridge, MA: Harvard Business School Press, 2014).

[10] Edgar Schein, "Organizational Culture and Leadership: A Dynamic View" (San Francisco, CA: JosseyBass, 1992); T.E. Deal and A.A. Kennedy. Corporate Cultures: The Rites and Rituals of Corporate Life (Reading, MA: Addison-Wesley, 1982).

[11] The concept of mindset comes from cognitive psychology and is called automatic thoughts, schema, or mental models. See P. DiMaggio, "Culture and Cognition," Annual Review of Sociology, 1997. In organizations, we have talked about a shared mindset, or culture, being the shared cognitions in an organization. See Dave Ulrich and Dale Lake, Organization Capability: Competing From the Inside

Out (New York: Wiley, 1990).

[12] Daniel Denison, "Corporate Culture and Organizational Effectiveness" (New York: Wiley, 1990).

[13] Russell Ackoff, "Re-Creating the Corporation: A Design of Organizations for the 21st Century" (New York: Oxford University Press, 1999).

[14] Dave Ulrich, "Leadership Capital Index" (forthcoming, 2015); Dave Ulrich and Norm Smallwood, "Capitalizing on Capabilities," Harvard Business Review, 2004, pages 119–128; Dave Ulrich, "What Is Organization?" Leader to Leader, 1997(5), pages 40–46.

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