HUMAN RESOURCES

THE TOUGHEST CHALLENGE:
Making great people decisions

Where “great people decisions” are concerned, the right person put into a position of leadership can take an organisation to greater heights but the wrong candidate put into a position of leadership can take an organisation to greater depths, notes Claudia Fernandez-Araoz, of executive search firm Egon Zehnder International in his new book Great People Drive Growth.

Despite the importance of great people decisions, it is a blind spot across the command as leaders are constantly grappling with.

Leadership hiring involves dealing with the board and direct reports, and looking for a preference to stick to the familiar rather than a tendency to evaluate people in absolute terms, which will work in one situation but may not do well in another team. Say a person who is leading a strategic business unit, if he can’t take the pressure as he has options for a second or third-line position.

Leaders must learn to be better governed, as personal biases could sabotage impartial decision-making. Whether it involves an appointee or promotion, there will reach a plateau.

When you look at the people decisions were made, you will find the answer. The people decision is without question the most important aspect of running the business. Claudia has made it quite clear that it is not easy. But in fact, from my vantage point, Claudia made it look easier than it really is. To get people on and off the bus, so to speak, you operate within real live constraints such as the chairman choosing the board, the CEO dealing with the board, you compile reports, and everybody down the line facing a set of constraints that is very real. One has to keep this in context and it is a real challenge because the decision-making process, whether it involves a new appointee or promotion, will inevitably involve consultation and inputs from others — up, down and sideways.

Fernandez-Araoz: I agree 100%. When working on the book, I spent significant time with Jack Welch, who said that hiring people is hard and hiring good people is brutally hard. He said that when he joined General Electric, half of his people decisions were wrong and the best he subsequently achieved was 80%. It requires huge determination, discipline and courage to make people decisions without being affected by external pressures.

For each stage a person moves up, you probably need different skill sets. In other words, the higher you go, the higher the leadership skill sets required. Some won’t go further, some will reach a plateau. So, eventually, the need to make people decisions is no longer about science but about inclusive skills and whether you can make the right judgment about a person. I probably get 95% right; nobody can get it 100% right.

It does get easier with experience.

Choo: I agree with Claudia and David that it is extremely difficult to make people decisions. What I’d say is that success or failure doesn’t depend on the person alone. Whether you have got the right guy or wrong guy, everybody has strengths and weaknesses. Success or failure at work doesn’t depend on one person. The key is to bring out the strengths; try not to emphasise the weaknesses and try to get somebody else who is stronger in the area that this person is weak in, so that the team generally becomes stronger. Sometimes you make a people decision and you have to live with it. I am sure everybody has some strengths, so how do you use these strengths in the organisation? I think that is very important.

Fernandez-Araoz: Nobody is good for everything. Great managers are able to find out what is unique about each individual and put this to productive use.

What happens if you find that a wrong recruitment decision has been made?

Liew: At this point what I’d say is that in making a people decision and you discover it is wrong, you should make a fast U-turn.

Choo: Basically we find that if a person does not fit in the organisation within the first six months, he will leave by himself. With those who are still in the organisation, the answer is to motivate them, deploy them. They may not work well in this team but may do better in another team. Say a person who is leading a strategic business unit, if he can’t take the pressure as he has options for a second or third-line position.

Liew: Let me rephrase what was touched upon earlier about people who don’t fit. If it involves a person from outside, someone in a senior position, we terminate the services. But if it’s an insider being promoted beyond his or her capability, we will find another role for that person.

Fernandez-Araoz: You are absolutely right. McKinsey has done research, which shows that 90% of executives say that expectations are not good at removing poor performers.

Choo: How much time do you spend looking for the right person?

Liew: We do headhunters. I do have a record of headhunting myself. When I come to an event like this, I’m looking for people. I was addressing a society of project managers recently and I made it clear that I was headhunting. During normal interactions at events I attend, I meet and talk to people. If the vibes are right, well, I make a snap judgement.

Connor: I spend a lot of time trying to lift the bank as a more attractive employer. We do employee surveys every year. We have focus groups to talk about what we can change — we change our benefits plan, we change our share options plan and share ownership scheme, we double the investment in employers’ training — those kind of things. One must not forget that making ourselves more attractive as an employer will improve the possibility of picking better people. The point is that leaders should spend time making the organisation a better place — an employer of choice.

Choo: You said earlier, Chau Bong, that you are looking for people in Brazil. Is this a problem for a Singapore-based company?

Liew: We are more people-based. In terms of training, we have headhunting. But just listening to the conversation, it reminded me of a recent 460 exercise, where we had to rank the attributes of a senior WDA manager. Of course, I listed organisational ability and people skills. But the staff listed other attributes such as integrity and leading by example. That’s what they see in a CEO. I see a connection in this case with the [Singapore] public sector experience in hiring people. Through a programme called ‘green harvesting’, students with three As will get an application form for a scholarship together with their results. So, the public sector candidates join the service even before students go into university. Upon graduation, they are put into the system. What is more effective about it is the apprenticeship, where they get to understand ministers and permanent secretaries, who are full of integrety and lead by example, and through sheer osmosis they just learn and so the process continues. Contrary, within the government, the process has been institutionalised and there is a system that selects people who are still green and makes them great.

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