

Executive Outlook

A data-driven approach to talent

For telecom-comm sector, a time of huge challenges, lightning change demands 21st century approaches.

With consumers adopting swiftly to mobile apps, demanding ever more content, bandwidth, and 24-7 instantaneous, dependable, and responsive services, savvy telecom-comm sector organizations recognize the mission-critical role that talent assumes in their businesses' digital transformation. They need to recruit, retain, and develop elite leaders or risk getting left behind.

Executives at the leading telecom-comm companies stay awake at night thinking about how best to keep consumers digitally connected and stay ahead of the competition. There is an explosion of tablets, phablets, 2-in-1s, laptops, connected TVs, DVRs, and smart everything—phones, cars, appliances, thermostats, utility meters, and the list goes on. Americans on average own four digital devices and spend 60 hours a week consuming content across devices (Nielsen 2014).

Welcome to the digitally transformed world that also is revolutionizing telecom, a technology field so profoundly changed that some say it should be renamed the communications sector. It evolved from predominantly voice services into a diverse, ferociously competitive, and interconnected industry using terrestrial, satellite, and wireless transmission systems. Its customers increasingly move from seeing and liking sector products and services to demanding them and insisting that they perform to the nth degree. They clamor for apps, content, bandwidth, and 24-7 instantaneous, dependable, and responsive service.

Those in the field are racing to stay ahead of rapidly evolving technologies—Big Data, cloud computing, the Internet of Things, mobility, security, and technology convergence. This means new hardware, software, huge investments, and radical changes, of course, in day-to-day business practices and longer-term planning. But far-sighted leaders in the sector also say that strategy and talent matter more than ever for organizations that want not just to survive but to thrive in an era of potentially disintermediating change (Harvard Business Review 2014). The CEO of a leading tech company has said a “talent gap” at his company contributed to performance that was below expectations and caused the company to miss its quarterly revenue goal (Chapa 2015). Finding the right talent to help drive company growth is top-of-mind for today’s telecom-comm sector executives.

The sector, in particular, is grappling with two big developments: mobility and vertical-specific communications solutions tied to the Internet of Things, or machine-to-machine technology. Mobility, coupled with the cloud, is one of the most disruptive technologies around (Kane et al. 2015), changing the ways, for example, that financial institutions and consumers interact. Who needs lots of costly brick buildings and numerous human tellers when consumers can bank by app? Why can't your car tell your house you're headed that way, turn the lights on, and get the microwave going on dinner—all while providing a video teleconference with your broker about your financial portfolio? Mobile systems have modernized how merchants get paid and how consumers interact with them about products and services. The Internet of Things is driving vertical-specific solutions, creating new revenue streams and sparking innovation with exponential growth already occurring in e-health and smart cities, among others. All these advances tax organizations and leaders in telecom-comm as they labor to meet intense demand that grows by the instant.

As companies recover from the economic downturn that started in 2007, the fuel for their growth is highly skilled, agile talent. Korn Ferry research shows that companies' success demands both that they have a sound talent strategy and that it is aligned with their strategic objectives and organizational cultures. (Orr et al 2014). In today's rapidly shifting environment, enterprises must be able to identify, measure, and predict the effectiveness of current and future talent. Business acumen, especially the ability to create new business models, improves efficiencies, increases profitability, and sustains growth. These also are key attributes for successful leaders in the telecom-comm sector. And agility, the ability to adapt quickly to change, may be more important than technology skills when hiring for digitally maturing organizations (Kane et al. 2014).

Responding to talent challenges in 21st century fashion.

Recruiting, developing, and keeping talent can be such a big challenge for companies that external expertise, talent frameworks, and people analytics can provide a decisive edge. Korn Ferry, for example, can offer comprehensive solutions—including the use of people analytics, through Big Data and validated research—to help measure and assess current and prospective talent and enable data-driven talent decision making. Korn Ferry tools and insights can provide busy CEOs, chief human resources officers (CHROs), board members, and other hiring executives with the experience, metrics, reliable measures, and other data they need so they do not have to rely solely on intuition and hunches in hiring, no matter the level of position or the volume of staff needed.

Korn Ferry research, for example, has established the value of assessing high-potential talent for the trait or key leadership characteristic of learning agility, which the firm's data identifies as a valid predictor of long-term leadership potential (Dai et al. 2014). Korn Ferry research suggests that only 15% of the global workforce is learning-agile. When these individuals can be identified and developed, the payoff for the company is significant. Korn Ferry found that companies with highly learning-agile executives have 25% higher profit margins than the other companies in the study (Lewis 2013). They also are promoted at double the rate of individuals with a low level of learning agility (Dai et al. 2014). The prevalence of learning agility appears to enhance enterprise competitiveness and is associated with significantly higher profit margins.

Hiring successful sector leaders is mission critical.

CEOs, CHROs, chief information officers (CIOs), board members, and other hiring managers must fill mission-critical openings in their organizations, especially in the C-suite, in a fiercely competitive market in which even top tech companies find themselves raided by unicorns. The challenges telecom-comm organizations describe to Korn Ferry include:

Finding the right talent with leading-edge skills.

Companies struggle to find talent with the right leading-edge skills (or competencies), experiences, traits, and drivers that make them leadership candidates. If the value proposition of telecom-comm companies for their clients relies on rigorous assessment and metrics available through technology and cutting-edge processes and thinking, why would organizations seek anything less for their own critical talent needs?

Finding talent with the right cultural fit.

After identifying talent that seems to possess the leading-edge skills and leadership experience or the necessary potential, organizations also must ensure a cultural fit. Studies show that a chief reason leaders fail on the job is not a lack of skills but a poor behavioral or cultural fit with the organization. Korn Ferry research shows that 40% to 60% of executives fail and up to half of new executives quit or are fired within the first 18 months at a new employer because of poor fit (Guarino and Fuchs 2014). Without the right cultural fit, a new executive, particularly one with responsibility for hiring, can become toxic to an organization, and these individuals can spread the harm further. Organizations simply cannot rely any longer on just the hunches or gut feelings of busy leaders about talent and its fit.

Retaining and developing talent for long-term success.

Organizations set themselves up for significant talent woes if they consider recruiting to be their only concern and thus neglect development and retention. Churn is expensive, as is replacing key talent, with some experts estimating that direct replacement costs can run to as much as 60% of an employee’s annual salary (Allen 2008). Because the telecom-comm sector is seeing lightning-fast change, it must ensure that its leaders and workforce demonstrate the capacity to be agile, to learn new skills and process information quickly, to adapt to rapidly shifting circumstance, and to be flexible in moving forward as conditions change.

Korn Ferry’s four dimensions of leadership and talent.

Four dimensions govern human performance in the workplace: competencies, experiences, traits, and drivers (Figure 1, KF4D). Korn Ferry research shows these four areas to be highly predictive of performance differences and to be correlated with all key talent variables, including engagement, retention, productivity, leadership effectiveness, and leadership potential (Crandell et al 2014).

Figure 1. **KF4D**



Korn Ferry's executive search framework can help hiring teams clarify their understanding of how well a candidate fits with their organizations (Crandell et al 2014). Underpinning this framework is Korn Ferry talent intelligence, which is built on more than 2.5 million assessments and profiles of seven million candidates.

The Four Dimensional Executive Assessment is an innovative tool built into the Korn Ferry search process; it provides the most holistic perspective on the market today covering candidates' competencies, personality traits, motivations, and experiences aligned with the new role. The assessment captures, synthesizes, and visualizes unparalleled candidate insight and delivers it to the hiring team in real time on any computer or tablet. By partnering with Korn Ferry and using people analytics, organizations have the ability to predict how well prospective leaders will perform and fit before they are hired.

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The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, *Briefings*, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.