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Bill Conaty: Talent Masters

What makes *The Talent Masters (*by Bill Conaty and Ram Charan) special is that it digs below the usual best practices of talent management into what really makes companies like GE, P&G and Hindustan Unilever stand out.

At the risk of stealing the thunder from the interview let me highlight three related points about what makes companies talent masters:

- **People are known in depth** – the CEO and head of HR at GE intimately know the top 600 people.
- **Good judgment is institutionalized** – managers are forced to defend their opinions so that making good judgments about people becomes the norm.
- **Talent discussions are candid** – discussions about people's strengths and weaknesses are not just polite conversations, they are candid and revealing.

What I like about these three factors is that they get at the hard stuff. It's easy for the CEO to really know thirty or forty people, but 600?! It's not hard to have talent reviews but how do you have truly candid conversations about something as sensitive as someone's weaknesses? And some of your managers no doubt have good people judgment but to say it's institutionalized—well, that's a huge stretch for most organizations.

I asked Bill Conaty about this first point: did he, Jack Welch and later Jeff Immelt really know the family, ambitions, strengths and preferences of 600 people?

> *The fact of the matter is that we did know the top 600 intimately. We knew probably another thousand beyond that, or at least had a pretty good understanding of who they were. The word "intimacy" is the word I brought to this book and it really is the key here. After this call I could say, "Yeah I know David. We talked on the phone for half an hour. I have a pretty good grip on him." No, I don't! That's not it at all. We really made a point of knowing our people very, very well.*
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> *To us doing this was just plain instinctive. It is what we felt we needed to do to have the right people in the right jobs in a company with as diverse a portfolio of businesses as GE has.*
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> *But, to your point, whenever I would mention that number during a presentation, we'd always see people elbowing each other and reacting in disbelief. You'd see people thinking, 'No, they couldn't know that many.' The fact is we do.*

One of the risks of focusing on top talent, whether that be 60 people or 600, is that the bulk of the organization might get overlooked, but Conaty explained that's not the case.

> *Just as the head of HR and CEO would know the top 600 people at GE; we would expect the senior HR leaders and the CEOs of each of our businesses to know at least that many people in their units. So this trickles down to the point where every professional employee gets a very thorough review at least once, probably twice, a year. No one is left behind in this kind of system.*

A phrase that struck me in *The Talent Masters* was that they '*institutionalized good judgment about people.'* It's a laudable goal, but hard to imagine how one does such a thing, Conaty shared how GE achieved this.

> *At GE we've always had processes like Session C where every professional talks about their strengths, their development needs and career aspirations. I cover four decades, so I can remember always citing my strengths and trying to minimize my weaknesses—in effect not letting anyone know what my real development needs were. Usually I got back a simple response from my leaders saying: "Yes, Bill's got all these strengths and he has a real opportunity to move up." At the time, each business unit would come in with huge binder, about talent. You'd go through their top tier leaders and the next tier and so on. It used to be very gentlemanly; it was a page flipping exercise: "Here's what I want to say about David", "Oh, ok. Sounds good. Next."*
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> *What Jack Welch would do was, right out of the box, challenge someone: "You have all these great things written about Bill: you say he's got 100 strengths and you don't have a development need that's worth a damn here. You say he's capable of becoming of general manager but the way I look at his performance, he's missed his metrics in the last two quarters. I also hear he treats his people like crap. I think you have a bunch of bullshit written down here."*
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> *Woah! Now we're off to the races.*
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> *Sometimes he had real facts; sometimes he was doing it to see how strong the leader actually felt about the individual. Did they have the courage of conviction, to jump back and say, "Jack, where the hell did you pick that up?" He tested this thing to the point where people really had to do their homework. He really put the candor in the system.*
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> *That's the key: candid discussions where people are really forced to talk about what matters and justify their judgments. There are always development needs. So, we legitimized talking openly about them in GE.*

> *This candor thing was the hardest thing we had to confront, because we didn't want to destroy someone's career in front of a whole bunch of people. The purpose was not to identify your fatal flaw so we can give you the industrial death penalty, but to see what we could identify to improve and enhance your game.*

Competency definitions are the tool of choice for the talent industry. We love saying "this person has high need for achievement" or "they have poor customer service orientation" yet Conaty is cautious about any sort of labels.

> *One word descriptions may be part of the game, but it really doesn't get at the whole person. I am much more interested in a person's track record, how they have performed and how they go about getting things done. Usually that gets well beyond a couple of buzzwords. You can say Steve Jobs is 'innovative'. That's great, but by itself what does that tell you about what makes him special?*

Once again we find ourselves with the need to really know people intimately. We can't take the short cut of scanning a list of competencies. A related point is that you can't take a short cut of rewarding people based on results.

> *In GE we had a bonus system that was based on a set of goals, but it left plenty of room for judgment. Most company's bonus systems are so formulaic and so mechanistic, that if you achieve these 10 metrics you can make up to 50% of your salary in bonuses. We believed you had to see beyond the numbers to make the right decisions about reward. It gets right back to that intimacy. You have to know enough about the individual and situation to say, "Hey, she didn't make her numbers for the quarter, but what she did do was make a major investment in a new, emergent technology that's going to propel this business for the next ten years. Short term, there's a hit on earnings but she made the right call.*

The risk for readers is to think this all makes sense but where is the breakthrough? Here's Conaty's view.

> *The breakthrough is actually doing it, institutionalizing it and making it work for you. Our advice to leaders who want to become talent masters may be simple, but it's simple in the same way the advice from a golf-pro is simple: 'Take a nice, smooth swing at the ball and follow through.' You know what you need to do, but it's going to take a lot of effort to develop that swing and become a master at golf.*

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