

# Using talent management to create value

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You've got great people—but are you realizing their potential? CEO.works founder Sandy Ogg explains why companies must link talent to value, and what that means for the role of HR.

**Great talent can be a source of true competitive advantage**—provided it's deployed against key sources of value. In this interview with McKinsey's Rik Kirkland, the founder of executive-advisory firm CEO.works and former chief human-resources officer of Unilever, Sandy Ogg, talks about managing talent to build speed in organizations, understanding how jobs link to the value they create, and responding to shifting tides in HR. An edited version of his remarks follows.

## Interview transcript

We used to think about what people are our most important asset. And people said that, but they didn't mean that. Now all of a sudden, the world shifts from a people focus to a talent focus.

And just the word "talent" means something different. This means someone who is incredibly capable and is going to be able to build an advantage for me. You know, I often talk or think about Jim Collins' book *Good to Great*, and when I think about talent, it's not good to great—we need to go from great to insanely great, ludicrously great people. But you need them where the value is.

Being able to rapidly redeploy that talent, and whether it's one at a time, ten at a time, a hundred at a time, or a thousand or even thousands at a time, that's how you build agility into a large enterprise that can operate at scale.

## HR reimagined

We're at a really interesting point in the function that everybody calls HR. And I'm not crazy about, "Let's rename it and call it something different." It's HR.

But it's HR reimagined. HR redesigned, if you will.

Stepping into the world of private equity, the thing that I discovered was the sharpness of the way that private equity sees and gets focused on value was pretty stunning. You know, no nonsense, let's get right to it.

They realized that there were two things you had get right in every investment. Number one, you had to buy the right asset at the right price. And number two, you have to have the right people, and you have to have enough talent working on it, in order to be able to create value in a compressed time frame.

Then what they wanted to make sure was that we were able to connect talent to value in order to create speed.

So where does all of that sit? Where does all that speed come from? It comes from managing people, managing talent, and therefore the role of HR in a private-equity company goes way up because you look at the value that is at risk in that drag. If you can master that value at risk better than the other people, you win.

One of the things that I've been doing is just looking at the language that HR people use. And even the people that are writing about the latest model of the competencies of the modern, future-proof CHRO—it's all in the language of the "business partner."

We need the CHRO to move from being a partner to the business to being a leader of the business. Therefore, we're going to be using language that is leaders' language. "We're going to mobilize change. I'm going to be a mobilizer. I'm going to be a shaper of the organization." It's no longer change management and talent management and this kind of stuff.

The work of HR is going to change so it's much more speed focused. And I think HR can become an operation that actually creates speed relative to competition by being able to reduce drag.

## Moving with speed at scale

My role was to translate that billion into a set of jobs to be done—which jobs, and not every job you could imagine, but sort of the fewest number of jobs that were going to deliver the most value.

In a typical investment, you might have 10,000 people, 30 jobs. And you put them in value rank order. Here's the number-one job, and it's either part of EBITDA today or it's part of EBITDA tomorrow. If I've got that job, the first thing I do is I look at, well, who's in that job today? So who's in job number one? Most valuable job we have. Not the most important job. Not the one with the biggest title. What's the most valuable job?

We would zero in on where is the value, and then which jobs actually deliver the value, so we don't get confused. We're not getting confused between importance and people that think they're important, and jobs that are valuable.

And so we would work our way through, job by job, and you get about 30 jobs in and you've got the value covered. So now you look down that list of 30, it's a baseball team, it's a football team. And we would look at it and say, "Have we assembled enough talent?"

This was the redeployment of just 30. And if you say, you know what, job this, this, and this are just simply not good enough, we better change those, like, right now. Not tomorrow, not the day after, now. Because every day the value is slipping away that you don't get after it. □

**Sandy Ogg** is the founder of CEO.works, an executive-advisory firm, and the author of */move: The CEO's Playbook for Capturing Value* (CEO.works, 2015). **Rik Kirkland** is the senior managing editor of McKinsey Publishing and is based in McKinsey's New York office.