



Talent management know-how for SMEs

The highest form of philanthropy is job creation. By creating employment, an entrepreneur gives the means for communities to develop as well as allow people to feed and educate their families. SMEs are at the forefront of this form of philanthropy, accounting for 90% of all global businesses, 90% of all employment, and 65% of global GDP (SMB Group, 2011). Sadly, the role of SMEs in society and the impact that they can have are often overlooked. This explains how SMEs can use talent management as a way of creating business value and competing on the world stage alongside multinational corporations (MNCs).

For much of the 20th century, the focus of governments was on producing or attracting MNCs as they were seen as the best way to increase economic development. The rationale behind this was that for economic activity to flourish, four elements must be combined: capital, inputs (land, raw materials, etc.), entrepreneurship, and labor. As the world of work has evolved (Figure), the importance and scale of each of these elements have changed. In the manufacturing era, capital and raw materials were of primary importance and size mattered. Hence governments tended to focus on MNCs as engines of growth. As work moved into the knowledge economy era, labor became important but size mattered less. SMEs could compete with larger companies as long as they were able to attract and retain the best and brightest employees.

The “War for Talent” became the new battleground between MNCs and SMEs, but unlike previous battles where larger companies could easily win

by controlling resource inputs or deploying capital, the war for the knowledge worker is a more even contest. Scale is less important than before. Some of the world’s largest knowledge economy companies such as Google and Apple have workforces similar in size to a single factory in the manufacturing era. Technology allowed companies to specialize and acquire expertise that was dependent upon talent and entrepreneurship rather than access to capital or inputs.

The specialization of the enterprise, and the leveraging of technology, allowed a more peoplecentric approach to running a business. Talent management, or the attraction and retention of the best and brightest minds, became the way in which a company could differentiate itself in the market. Top talent want to work with top talent, and therefore if an SME could make itself the employer of choice then it would have the pick of the best employees in the industry.

Talent management is the name given to the set of activities that both SMEs and MNCs can undertake to drive the discretionary efforts of employees. These are outside the hygiene factors within an employee/employer relationship such as getting paid, having the tools to do the job, and managing attendance. Talent management can be broadly split into two elements: talent acquisition and talent development. Talent acquisition involves identifying, recruiting, and onboarding employees from either inside or outside the company, while talent development involves managing a performance framework that allows for the setting of goals and objectives for each employee. The

way in which the employee delivers these goals and the recognition of their accomplishments allow for the identification of natural leaders for succession planning and mentoring. Finally, employees are given access to required learning to allow them to achieve their current goals as well as develop skills to meet future goals of the business. All of these activities form a life cycle for the employee.

If an organization provides this type of talent management environment, it will generate an employment brand that differentiates it as an employer of choice. To be able to make itself an employer of choice, an SME must develop a high-performance culture that promotes autonomy, mastery, and meaning within this talent management framework. In any industry the three talent management principles for SMEs remain consistent. They need to provide an environment that delivers the opportunity for employees to attain the following in their work: 1) autonomy, 2) mastery, and 3) meaning.

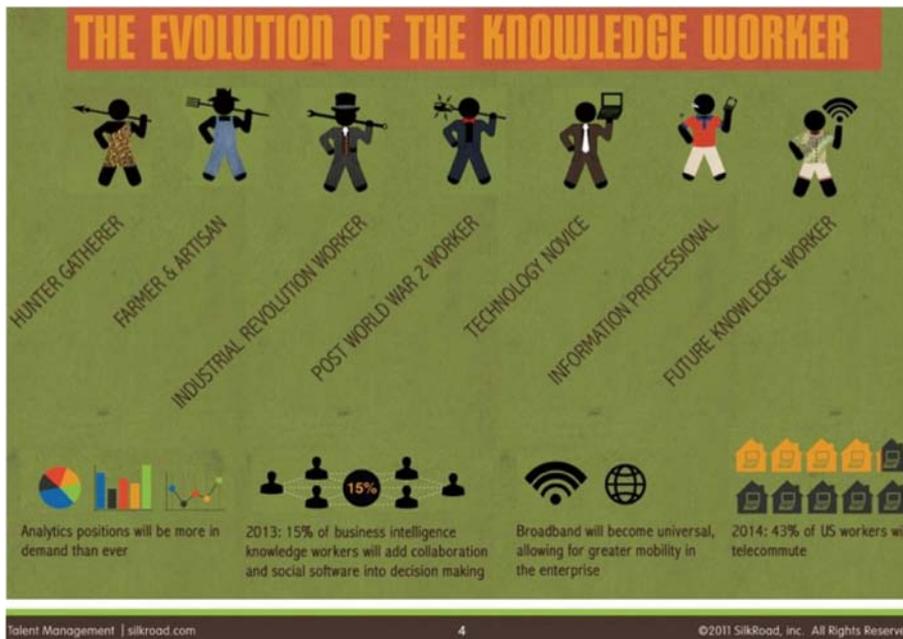


Figure. Evolution of workers.
Source: blog.socialcast.com.

Autonomy

Talented individuals have the ability to manage themselves. They typically do not respond well to a command-and-control environment but rather seek a goal-focused environment where they are free to decide the “how” of the work. To be able to give talent autonomy in their role, SMEs must understand the people working for them and their skill sets and competencies that can be utilized to generate revenue. They then have to put in place the processes so that they can apply these skills and competencies in a systematic way while learning new ones without creating extra administration work or inflexibility within that process. Finally, they need to pick a technology platform that can support or automate the processes that allow for employee self-service and talent development but does not require an IT department to support.

Mastery

SMEs must do more than just providing learning opportunities to their staff. They have to give them the environment in which they can deploy those skills and refine them. A key element in this is letting employees have the ability to fail as long as they do so in a way that does not put the business at risk. This is crucial in the refining of skills and turning employees from being simply competent to masters at what they do.

Meaning (over money)

SMEs can rarely compete on compensation alone. They must attract talent in other ways. Luckily, talented individuals are rarely motivated by money alone. This is exemplified by the legendary pitch by Steve Jobs to John

Scully to get him to leave PepsiCo and join a struggling business one-tenth of the size. He challenged the meaning behind John’s choice of occupation: “Do you want to sell sugared water for the rest of your life? Or do you want to come with me and change the world?” The name of that business was Apple, and it was an SME.

SMEs should be proud of the work that they do and take advantage of the opportunity that the new world of work is giving them to attract and retain the best talent to make their endeavors successful. Embracing a talent management strategy as a means to develop their business is no longer a “nice to have,” it is now a “must have” to compete in the new world economy. 🌀



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