

Lawler's Talent Typology

By David Creelman

We lack a typology of human capital strategies. In the absence of a typology we dispense the same HR advice to all organizations.

Ed Lawler's latest book Talent brims with good ideas, but what most interested me was his view of different talent strategies. I called Ed to ask him about it.

DC: Is anyone discussing the different talent strategies you describe?

EL: Interestingly enough, I am just getting around to reading Peter Cappelli's HBR article "Talent Management for the Twenty-First Century". It focuses on the global competitor 'travel-light' strategy and tends to dismiss the high-involvement strategy. He doesn't use those terms; he just focuses on the reasons why the strategy I'm calling the global competitor approach makes sense in today's environment.

DC: What different strategies we should be aware of?

EL: I distinguish between global competitor firms and high involvement firms. I believe these are the most sophisticated and appropriate management approaches for today's organizations. These terms go back to work I did with Jim O'Toole that resulted in our book the New American Workplace.

There is also the low-cost operator model which I find less interesting, and finally the traditional bureaucratic structural model.

DC: Let's start with the two approaches that value talent most: global competitor and high involvement.

EL: The high involvement (HI) model is something I and others have written about for decades. This is where the company makes a big investment in their people. They have low-turnover and employees identify highly with the company.

It's appropriate in situations where the business strategy calls for talent utilization over the long term. One place the HI strategy fits well is advanced customer service organizations as a key source of competitive advantage and professional service organizations: accounting firms, software engineering firms, and various kinds of intellectual product organizations.

DC: HI is what most HR people dream of, and most HR books implicitly support this model—invest in developing employees, teamwork, commitment and so on.

EL: Many of the companies that are recognized as ‘great places’ to work are high involvement.

DC: How is the Global Competitor talent strategy different?

EL: We often refer to the Global Competitor (GC) model as the travel-light approach. These companies need to have top talent however they travel-light in the sense that they don’t commit to people in the long term.

Whereas the HI firms work on developing talent from within, the GCs are much more willing to go out and buy the best talent on the market. The HI firms are hesitant to lay off employees; GCs quickly lay off people they don’t need at the moment. HI firms want people to feel a real bond to the company. The GCs demand good work but don’t expect loyalty.

The GC strategy works when you are in a hard to predict, unstable business environment. It’s this kind of world that Cappelli focuses on—a world where predicting your talent needs is difficult or impossible.

DC: Do you favour one form over the other?

EL: It’s easy to find advantages and disadvantages with both. Travel-light sounds like a “cool” approach until you stare into some very real problems. GCs are likely to have less-committed employees and may find it hard to find the scarce talent they want to buy. They have high recruitment and turnover costs. HI firms can have high

talent development costs and may not be as good at change, at least radical-change. Likewise both have advantages. What really matters is that all elements of the organization are aligned with the business environment and each other.

Some would say the GC model fits the new generation of employees better than the high involvement organization, but I always think there are enough people in any generation to fit either model.

DC: It will be tough for the HR person who likes one type of strategy to work in a firm that is pursuing a different one.

EL: It could be that the skill sets for high involvement HR people don’t fit the global competitor model or for that matter the low-cost operator model. They shouldn’t be working in those kinds of organizations.

DC: Let’s spend a moment on the low-cost model.

EL: In the low-cost model the company is not competing on the basis of the performance of its human capital. They are try to get the cheapest employees and spend as little on them as possible.

DC: You say very little about the bureaucratic structural model but I think it’s important because that was the standard for many years.

EL: The traditional hierarchical bureaucracy isn’t organized around talent, it is organized around jobs. Mintzberg calls this the machine bureaucracy and that’s a good metaphor—it’s meant to run like a machine.

The model assumes relatively slow change in the business environment. Therefore you can do a pretty good job at predicting the skills that you are going to need in the future and develop people according to that. The company defines people's careers—developing and moving them as the company sees fit.

A quintessential example of this when I was first doing research was AT&T. It was considered to be a great people development company. It had wonderful stability because it was in a regulated business, it could look 20 years out and plan what they needed. They could put long-term development plans in place for individuals.

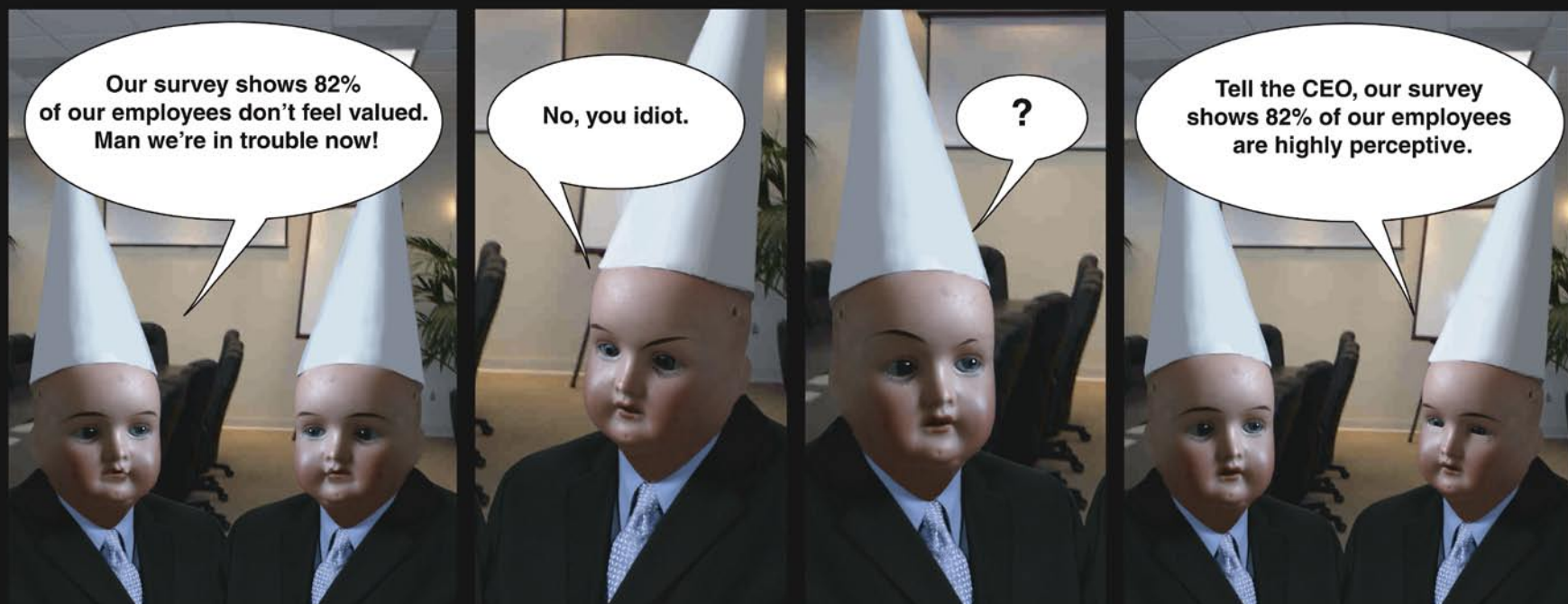
It is quite possible that the younger generation may not like an approach where career development is largely the responsibility of the corporation, rather than themselves. But the traditional model can be attractive, especially for those people that end up doing well: good salary, job security, wrap around benefits, etc.

DC: Getting back to Cappelli, it is this old structural model that he says can't work anymore.

EL: In his HBR article he doesn't really make a distinction between the traditional bureaucratic and the high-involvement model. He has a little bit different way of framing it than I do, but I see what he recommends as a travel light approach to talent management.

DC: It's been great talking to you again. Any final observations?

EL: The complicated truth is that most large organizations won't be able to adopt just one approach. Global competitor companies may well have a core set of employees they treat as high involvement while a high involvement company may use contractors for work where the focus is low-cost. The real world is never simple but the framework of talent strategies can help you think more clearly about what you ought to do.



Interesting stuff

- I've been leading a CoachingOurselves series (management development) at Media Contacts. It turns out this is just the 2nd CO launch in North America. I'm keen on this cheap, practical & fun yet cutting edge. If you want have managers committed to self-development but short on time and money let me know (dcreelman@creemanresearch.com)
- Look for Ed Lawler's new book Talent, I enjoyed it -- even took notes.
- Over the next few months I'll be in Dubai, Paris, Montpellier, Singapore, KL, and Bangkok so if you are in those areas and want to get in touch send me an email.

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