

## Leading Talent from the BRIC



In an era of pervasive globalization, organizations are building multi-directional talent networks that are not only geared toward existing markets, but can also power new emerging markets.

Organizations are shifting their center of gravity as they seek new growth opportunities in emerging markets and expand to become truly global in scope. This is prompting talent leaders to redesign their global HR and talent architecture.

In the past, companies typically deployed hub-and-spoke HR systems based in the “home” market that fed instructions to its satellites – often on a one-way basis. Today, companies are moving beyond these uni-directional systems and creating talent networks with multiple nodes and centers. These powerful talent networks are multi-directional, so each point in the system can both import and export talent ideas, insights and efficiencies. In this deeply-networked talent system, a successful program in China that was applied in Brazil can be adapted for South Africa.

As a result, companies find it’s no longer sufficient to think global and act local. Leading organizations and their CHROs are learning to think and act both globally and locally in highly integrated ways: hence the need for new models and architecture.

Organizations that create robust, dynamic, and highly connected talent networks are better positioned to capture the business opportunity and talent potential contained in the next bloc of emerging markets – those that lie beyond the BRIC (Brazil, Russia, India and China).

## What's driving this trend?

**Operating across multiple segments of globalization.** The old dichotomy of thinking of markets as either developed or emerging is giving way to a far more evolved environment where companies are operating simultaneously in dozens of countries at many different stages of development – from fully developed to newly emerging and everywhere in between. Today, organizations are taking market segmentation further, defining regions within growing and emerging country markets based on demographics, infrastructure, education, culture and language.

**Entering new emerging markets.** The quest for “the next China” or “the next Brazil” is leading companies to push further across the globe for new emerging markets. The next frontier of growth is emerging from an equally divergent background and, according to some analysts, is led by CIVETS (Colombia, Indonesia, Egypt, Vietnam, Turkey, and South Africa). While the BRIC economies have been major growth drivers for many companies, these countries are seeing an inevitable slowdown of what was once breakneck growth. In the constant search for sustainable growth, organizations need talent systems in place that are flexible enough to take advantage of opportunities in new markets.

**Building global and local talent pipelines.** As companies seek to strengthen their hold on new markets, they can no longer rely on expats and imported leadership to drive their long-term growth strategy. In order for a market to live up to its true growth potential, a local pipeline must be established as a top business priority. A robust local pipeline provides a reliable foundation of talent that cuts across all levels, culminating in the organization's future leaders. This leadership would ultimately drive the next wave of expansion strategies.

## Practical implications

**Emerging strategy.** Understanding and segmenting global markets is becoming a critical function for HR departments. To address talent shortages in growth and emerging markets, global companies are increasingly focused on developing local talent that can then be sent to other countries. For example, in China, organizations are focused on creating “global executives” who are developed in their home countries and prepared for more senior positions in other developing markets throughout Asia and Africa.

**Multi-directional networks.** As local competencies mature and talent networks become more robust, talent strategies can more easily flow from one market to the next. Global conglomerates such as Tata have shown considerable success in exporting practices they've developed in India. A leading China-based telecom equipment maker has achieved similar success applying talent strategies developed locally to other countries. Executives in these markets are at the forefront of a new drive toward creating multi-directional networks that push and pull the best talent strategies and practices across borders.



### Lessons from the front lines

**Lead from growth and emerging markets.** Companies are both shifting their focus and moving operations to growth and emerging markets. As they do so, they are looking to HR executives to create a talent architecture that can manage global and local HR programs. For example, Bayer moved its polycarbonate plastics business to Shanghai, positioning the company inside its number one market, in order to reduce dependence on expats or subsidiaries.<sup>1</sup> Cisco chose Bangalore, India as a second global headquarters and stationed the company's first Chief Globalization Officer, Wim Elfrink, there to lead it, making him the first direct report to Chairman and CEO John Chambers living outside California.<sup>2</sup> John Rice, the head of GE's new global growth organization, relocated to Hong Kong as part of an effort aimed at "raising the stature of everything global in GE."<sup>3</sup>

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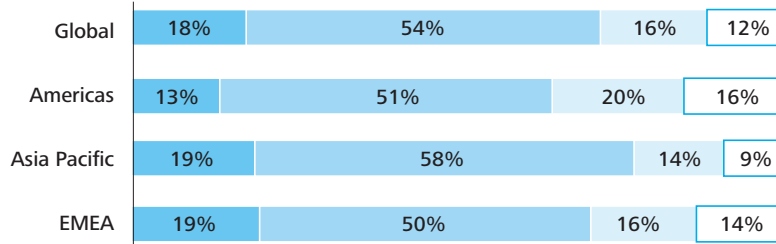
**Understand market segmentation.** Creating a stand-alone HR execution strategy for each emerging market may not be advisable or feasible. Just as companies segment customer markets, they must also segment talent markets, based on criteria such as growth potential, ease of doing business and the local regulatory environment.

**Go "glocal."** To operate effectively in a multi-directional, networked world, companies need to create hybrid talent models that can balance between developed, growth and emerging markets. Companies are developing new ways to integrate local needs into a global talent framework. For example, a major European automaker was eager to enter the South African market. The company's business model dictated a very rigid application of its technical operational manual, while their talent strategies relied heavily on local knowledge with an intimate familiarity with local practices, culture, and constraints. Starwood CEO Frits van Paasschen relocated the company headquarters to Dubai for one month, a sequel to a month spent in Shanghai in 2011, in order to "shift our own mindset to being both a global and a 'multi-local' company" – "to see our global business through a sharply focused local lens."<sup>4</sup> To tap the talent potential in new markets and to harness its growth, the key is to find the right mix of global and local practices. In other words – to glocalize.



## Leading Talent from the BRIC: Survey highlights

### Relevance by region



- Trend is highly relevant today
- Trend will be relevant in the next 1-3 years
- Trend will likely be relevant in 3 years and beyond
- Not applicable

Region	Total
Americas	315
Asia Pacific	582
EMEA	412
<b>Total</b>	<b>1309</b>

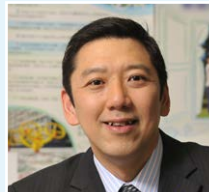
### Digging deeper

- Leading Talent from the BRIC is the top “rising” trend with 54% of respondents ranking this trend as the most relevant trend in the next 1-3 years
- 63% of respondents from BRIC countries (Brazil, India, and China – 316 respondents) identify this trend as relevant in the next 1-3 years, higher than the global average of 54%

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### Endnotes

- <sup>1</sup> “Bayer to move polycarbonates business to Shanghai as part of a Eur 1 billion investment programme,” *British Plastics & Rubber News*, December 2010.  
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- <sup>2</sup> “Cisco’s Wim Elfrink: ‘Today, We Are Seeing What I Call the Globalization of the Corporate Brain,’” *India Knowledge@Wharton*, July 2009.  
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- <sup>3</sup> “GE Names Vice Chairman John Rice to Lead GE Global Growth & Operations,” GE press release, November 2010.  
<http://www.genewscenter.com/Press-Releases/GE-Names-Vice-Chairman-John-Rice-to-Lead-GE-Global-Growth-Operations-2c8a.aspx>
- <sup>4</sup> Van Paasschen, F., “Why we’re relocating our HQ to Dubai for one month,” *Harvard Business Review*, March 13, 2013.  
[http://blogs.hbr.org/cs/2013/03/why\\_were\\_relocating\\_our\\_hq\\_to\\_dubai.html](http://blogs.hbr.org/cs/2013/03/why_were_relocating_our_hq_to_dubai.html)

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