

# China Talent Development

## Learning and Development Perspectives



# Contents

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Theme 1 | Speed of Growth Exceeds the Learning Curve..... 1

Theme 2 | Filling the Gap in Experience and Skills.....6

Theme 3 | Attraction and Retention of Key Talent.....8

The Future..... 11

# Introduction

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Duke Corporate Education (Duke CE) has learned a great deal from interviewing more than 30 companies between October 2010 and March 2011. We thank those companies for sharing their business and talent challenges, and for advising us on how a firm like Duke CE could best support talent development in China. To show our appreciation, we have assessed the variety of challenges and solutions we heard, differentiated them into three categories, and shared the highlights, using approved quotes and examples as illustrations. We hope this talent development perspective is illustrative and valuable to you, to perhaps spark a thought or confirm a direction.

Given the need for local insight, we have asked Dr. Harvey Chen, a Chinese thought leader in business education from Duke CE's Global Learning Resource Network, to comment on how he and his clients experience China's talent development challenges and future solutions. We thank him for taking the time to pen his thoughts.



*The Chinese economy will continue to grow at a fast pace, faster than current talent supply. Furthermore, China must adopt a new growth strategy to meet the challenges of natural resource constraint, environmental concerns, an ageing population, and a shrinking working-age population. Naturally, this new growth strategy hinges on a more productive labor force that is much more proactive, creative, strategic, and globally minded – important key attributes of talents going forward.*

**Dr. Harvey Chen**

*As you can see from this Duke CE survey, the above key attributes happen to be the weakest points of talent in China. In my view, this has a lot to do with the social, historical, and cultural environment: the hierarchical social structure emphasizes obedience, execution, tactical skills, and does not encourage critical thinking, risk taking, and proactive and creative thinking. Such an environment is not likely to change on its own any time soon. This is not to say, however, that nothing can be changed. After all, it is the people who are behind the institutions and social norms. If corporate education can help bring about the desired changes, one person at a time, one company at a time, eventually new thinking and best practices will take hold. Many companies in this survey have demonstrated creative ways to achieve just that. With proven training intervention methodologies, Duke CE is well positioned to help companies in China to accelerate the talent development drive in China.*

路遥知马力,日久见人心

“Distance tests a horse,  
time will tell a person.”



## Theme 1: Speed of Growth Exceeds the Learning Curve

*“This is not just a high-growth market...many companies are looking at doing moon-shots in China!”* highlights an IBM executive. “Moon-shots” means that growth expectations are very high, even astronomical. Post-recession 2008-2009, IBM was opening one new office a month across the growth markets. With abundant business opportunities, many of them profitable, companies need senior managers who can autonomously measure the risks and wisely convert resources to take advantage of the opportunities. *“Today there is a lack of business experience in the talent pool in these markets,”* confirms IBM. Strategic thinking about a business does not come overnight.

We heard that the speed of business growth exceeds the experiential learning curve of most managers – talent does not develop as fast as the markets are moving. Corning’s senior learning professional, Joan Popovich, put it very succinctly: *“We have a greatly shortened timeframe within which to develop our managers into senior leaders who know our global company – only five to seven years compared to a 10-to-15 year period in developed markets. Given that our demand for talent outstrips our supply, this creates a great deal of pressure.”*

In the high-tech industry, managers need to not only keep up with the speed of technology, but also think creatively about new solutions and recommend these compellingly, often to Western decision-makers in the case of multi-national companies.

Communicating effectively with headquarters via virtual meetings is a common, real challenge for Chinese managers, and often a source of frustration when projects are not approved and resources not allocated.

**How?** As your goal is to “accelerate managers’ learning,” we asked you how you were achieving this. Not just by classroom learning. You clearly acknowledged that the traditional classroom programs have two downsides:

1. Risk of money down the drain. Good programs are expensive, and with 10-20 percent turnover you may lose the individual before they add value back to your business.
2. Time away from work is costly, given the pace and volume of work to be done.





## BEST PRACTICE EXAMPLE

Many of you described High Potential programs spread over 12 to 18 months which shared one element: embedding learning routines **on the job**, which we call **Learning at Work**. A great example of this is what one European pharmaceutical does for its next-generation of leaders: *“We design on-the-job exposure into a series of pre-identified experiences, which includes requiring them to:*

- *Co-facilitate a meeting;*
- *Plan a marketing event;*
- *Participate in a senior meeting (sit in, not run); and*
- *Coach a junior colleague.”*

Clearly the debriefing of these experiences is as important as having just such a challenging task. Feedback from the executives is invaluable, as is a separate debriefing with an objective facilitator who helps the manager identify self-developmental goals.

Given Chinese employees’ desire to be developed, these 12- to 18-month programs also benefit retention by helping an employee feel invested in the company over an extended period.



## BEST PRACTICE EXAMPLE: American Standard

American Standard Asia Pacific is equally creative in developing its talent. Half of the company’s learning occurs on the job. For a select group of managers with five to 10 years experience, American Standard currently offers an 18-month series of development initiatives with only 15 days of formal learning. Of distinction were two aspects of American Standard’s solution:

- 1) After the second cohort completed an Assessment Center, the HR budget paid for participants to fly to an offsite location and brainstorm for one day on ways to develop themselves as a team. Several of their suggestions were adopted, including the example below. This approach helped the company gain a high level of alignment and commitment from the cohort in the HIPO development journey, as well as assuming some level of personal responsibility for the firms’ talent development, a goal in and of itself.
- 2) Each participant (there are only seven) is “CEO for a Day.” He or she runs the country managers’ meeting, product development meetings, or business unit balanced scorecard presentations. Both the CEO and an HR professional observe and appraise participants’ performance during the business meeting. Following the meeting, the CEO and HR professional had a separate session with the participant to provide feedback, identify development needs against next level challenges, and craft out concrete action plans for the participant.

## State-owned enterprises

For one state-owned enterprise (SOE), a financial institution, the challenge is to simultaneously become a comprehensive bank, providing an extensive array of new services, and become global. These growing pains in the business result in clear human capital implications.

Managers need targeted development in specific new product offerings from the bank. Senior executives need leadership skills, but they also require a global mindset to take the business from a local bank to an enterprise that can meet people's needs around the world. For human resource professionals, in addition to special talent training, they must recruit a global pipeline of leaders, including local professionals ready to take the helm as the organization expands into new targeted regions. The challenges here are very real and very common today in China as many organizations struggle to balance business growth while they become global.



# 十年树木,百年树人

“10 years for timber,  
100 years for talents.”

## Learning at Work

*Duke CE has been focused on accelerating learning at work for the past four years. We began by asking the question “Where does learning at work occur in a planned and disciplined way?” This question led us to teaching hospitals and more specifically to Johns Hopkins Teaching Hospital. Working with the doctors and team there and with PricewaterhouseCoopers (PwC), we found that a number of the routines embedded in the training of physicians could actually accelerate the learning, development and engagement of teams in firms. We refer to this methodology, one of several under the larger umbrella of learning at work, as Team-Based Learning (TBL).*

*By instilling learning-centered routines into the day-to-day work of teams in a fashion patterned after the learning routines that are regularly used to train physicians at first rate teaching hospitals, TBL puts specific behaviors and simple processes to work to ensure that every moment on the job has its learning potential regularly exploited.*

*The team-based learning approach is particularly well suited for Chinese needs because it accelerates the development of the less experienced team members who are experiencing the skill gap discussed earlier in this piece. Additionally it affords them an opportunity to become more strategic and to communicate their perspective in a clear, concise manner. Through team-based learning, less experienced professionals are coached to present their point of view to the client, in much the same way residents are put at the “point of the wedge” as they present the diagnosis to their team in teaching hospitals.*

*The TBL approach engages less experienced employees in their work because they learn to “own” the problem and they receive challenging opportunities to present their point of view and solve challenges typically owned by their boss. Not only can it help close the skill gap, but it may also be a way to retain employees who leave their jobs because they lack this level of development and engagement in their roles.*



## DUKE CE ASIAN LEARNING AT WORK EXAMPLE

An Asian National Oil Company asked Duke CE to help its senior managers better lead their teams and company, specifically by finding more innovative solutions to the challenges of an increasingly competitive marketplace. In a hierarchical culture, leaders were not taking ownership, nor were they encouraging their teams to do so. Duke CE called on Learning at Work and designed three legs in the six-month solution:

1. Tools the managers could easily recall and apply.
2. Activities in class to ensure they actually processed and internalized these new tools.
3. Measuring their application at work with monthly short updates sent to their bosses and Duke CE team.

Participants acquired two tools:

- Teach, Don't Tell: Asking the right questions is a more powerful and lasting technique than giving answers.
- Own the Problem: A heightened sense of accountability for both project outcomes and talent retention.

Key are the exercises in class where participants applied their new skills to very company-specific issues. For example, teams had to answer the question, "Given we urgently need to generate an internal climate encouraging innovation and allowing for mistakes to be made when trying new solutions, how do we do this?" Each participant wrote down and presented two suggestions, one at his/her individual team level and the second at an enterprise level.

**Outcomes.** Lastly and perhaps most importantly, participants committed to apply these new skills to one specific project post-program. They listed and submitted a personal business development plan which they updated via the Fort Hill Company's *ResultsEngine*®: "In the next six months I will \_\_\_\_, so that \_\_\_\_. Indicators of my progress will be \_\_\_\_."

Participants discuss this commitment with their bosses, inviting feedback during the following three months, and produce a short report detailing "outcomes for me, my team and the company due to this investment in development." To date, 80 percent of participants report "some to significant progress" on commitment objectives, and comments include:

- "Maximized engagement with distant peers, bosses and staff"
- "My team has exceeded target for both value creation and efficiency targets..."

## Theme 2: Filling the Gap in Experience and Skills

Given the fast pace of growth in China, one of the key concerns voiced by learning leaders in multi-national companies on the ground is the lack of experience and skills in their people. Professionals face a skill gap, as many do not have adequate experience in strategic skills required to influence and make an impact in their roles.

The learning leader of one of the largest European pharmaceutical companies explains, *“A significant daily skill gap we face is the ability to influence others, specifically headquarters or non-Chinese leaders. If we could strengthen the ability to communicate effectively and think strategically, we would be better able to secure financial resources and set realistic growth targets.”* Acquiring these skills would enhance the position of Chinese professionals within multi-nationals so that they could obtain more senior roles typically given to expatriates.

The head of learning from Corning, a manufacturing multi-national group, offers the view that when it comes to these needed skills, companies need to be *“baking it in as well as buying it externally.”* For this company, the need is for professionals to be more strategic in their leadership and do more than the transactional day-to-day work of meeting sales targets. This strategic leadership extends to influencing others across bound-

aries; for example, they need to work with Chinese government officials to discuss licensing and agreements while at the same time communicating effectively with the U.S. boss to discuss goals and targets.

A lack of strong pipeline talent for each business line results in too few individuals who ultimately have the ability to apply enterprise-wide thinking, and leaders shared with us that it is just not possible to buy the talent needed on the market. They need to *“bake it in”* by building the experience and skills of professionals who need it most.

An example of another missing skill expressed by several companies is the ability to present content in a one-minute executive summary, as executives too often must ask their people to give them the main point. While consulting frameworks are useful and can help professionals see the big picture, on their own they are not enough. Professionals require hands-on coaching and practice in summarizing and presenting a simplified problem or issue statement with a recommendation.

*“Middle Management is our most pressing development need. They lack initiative and ability to execute on our strategy. They wait to be told what to do,”* shared the COO of one European electrical appliance manufacturer.



### BEST PRACTICE EXAMPLE

One American MNC, experiencing 20-40 percent turnover rates, implemented targeted learning and development initiatives as a key opportunity to develop and retain employees while filling the skill gap. In developing its top 500 managers, the company focuses on:

- leadership skills, such as motivating others;
- business acumen, such as making data-driven decisions and translating data into business implications; and
- managing and executing on multiple projects.

Half of their learning extends beyond the classroom to the job, so the managers are stretching their thinking and developing skills in their day-to-day environment.

# 千里马常有，而伯乐不常有

“Talents are available at all times,  
but the eyes to find talents are scarce.”

## Theme 3: Attraction and Retention of Key Talent

Our discussions with Chinese organizations revealed that attraction and retention of key talent is a central theme. The China Training Industry Report (*Training Services in China Directory 2010*) underscores that: “It has been consistently defined as the greatest challenge facing Chinese companies in most recent years, and this continues today.”

brand recognition was high, they had a poor perception as an employer. Given they will grow from 1000 employees to more than 1300 within 18 months, they are looking for ways to change this perception. With such fast growth, they also experience the stress of attracting enough strong talent to keep up the pace.

Companies are having difficulty retaining talent, especially at senior levels. An American company whose brand is ranked #10 in the world, according to Forbes, was surprised to find via their annual Employee Value Proposition survey that while their

As a result, employee branding becomes even more important. The virtuous cycle of Attracting > Developing > Retaining becomes a business imperative. Learning professionals are getting creative.

### BEST PRACTICE EXAMPLE: Branding

A European fast moving consumer goods company addressed its employee engagement and retention challenges by launching an employee branding campaign entitled “Bo He.” The goal of Bo He is to align all managers to endorse talent development. Examples of this employee branding campaign include:

- Strengthen company’s business message of “Healthy Lives” by showcasing Social Responsibility investments like the Children’s Fund in poorer regions, and inviting world-famous speakers like Mohammed Yunus to share the good work they did in Bangladesh.
- Recruit 80 percent of employees internally, which increases a Chinese manager’s job mobility and promotion opportunities. This Key Performance Indicator goal of only recruiting 20 percent of new hires externally is a challenge in China’s high growth market.
- Commit to a “one in equals one out” by headquarters: if an expat comes in, one Asian is assigned an out-of-country job. This greatly reduces the common MNC stigma that you cannot advance to the most senior positions because only expats get them.

### BEST PRACTICE EXAMPLE: Branding

A European Telecom provider (Ericsson) strengthened its brand value by creating an Academy to train not just their internal employees but all managers in their industry of telecoms in both technical and leadership skills. The Academy has 10,000 alumni, which results in living brand ambassadors among clients and potential employees. They realized that “our brand is important” and used it to build loyalty among a number of stakeholders, including potential employees.



# 常求有利别人，不求有利自己

“Not to think of benefiting ourselves,  
but to think of benefiting others.”



## The Right Talent

If the best Chinese young managers do not consider your company as the most highly desirable employer, attracting the right talent locally becomes doubly difficult. An American multinational company concluded that many Chinese graduates/young managers prefer working for Chinese companies so they do not have to speak English all day long and are only expected to apply their technical skills, not interpersonal skills. This company faces 40 percent turnover in one business line, an operating cost that reduces much of its profitability.



## To Returnee or not to Returnee?

MNCs were increasingly sophisticated about planning for the different needs of

- 1) a PRC national who had not worked outside of PRC and
- 2) an ethnic Chinese from Taiwan or HK—“returnees”—some of whom may have worked for 10+ years for a global company.

Each has different learning needs, and can be effective if developed accordingly. Coaching is increasingly used for returnees, often to increase their effectiveness at leading a team of nationals.

Two MNCs, both in media and communication, said *“finding talent with creativity is our biggest challenge.”* To find it, they out of necessity keep recruiting Singapore and Malaysian Chinese with experience in US and UK schools, where communicating your original ideas is strongly encouraged.

## Employee Expectations

Another senior learning and development leader for a specialty materials maker (Corning) relates that *“unrealistic expectation levels cause wage inflation ... voluntary turnover rates are running at record levels.”*

Some companies look primarily to offering training as their solution to the retention challenge, as did BioMerieux, the European medical diagnostic provider: *“Currently training programs (internal and external open) are a key method to address the challenge (of retention).”*

A multinational bank with large operations in Asia admitted that *“we choose the most expensive, respected local university provider because participants say to themselves ‘the company thinks I am valuable’ ... and they can use it as a chop on their CV.”*

Many do not have the financial resources to offer widespread training, and instead develop their junior managers on the job. Others are experimenting by proactively designing on-the-job learning with experiences and projects.

Another European bank also uses its global resources. The most senior staff are sent to regional programs, delivered by Duke CE. Delivered in Asia Pacific, two to three Chinese office leaders attend, with a second module coinciding with a very senior global program.



## BEST PRACTICE EXAMPLE: Multi-national Insurance Company

This company's most pressing issue in Asia Pacific is identifying and developing the next round of talent from within. It needs to strike a difficult balance by keeping top performers in a competitive environment while also looking outside to attract new employees.

The company's approach, like many companies in China, is to focus on developing less experienced managers on the job. This is necessary, as the company's China office has neither the financial nor managerial resources to organize development programs. The learning and development leader for China explains, *"The management team is very small here in China. But as learning is such a priority, we did organize a three-day workshop, designed by European Headquarters and delivered by the local office of a UK consultant."*

## Private Owned Enterprise

Private-owned enterprises (POEs) in China struggle with many of the same issues described by learning development professionals in multi-nationals. For one privately owned electronics retailer in Jiangsu province, the solution is to invest in a sizeable and physical corporate university. The rapid expansion of operations across China necessitated constant improvement and new solutions across many domains: logistics, customer service, alliances. Executives recognized the importance of creative leadership solutions to maintain the organization's

growth and profitability. Their approach has been to invest in these needs by building a new corporate university, which will provide hundreds of classes, as well as targeted workshops for both current senior executives and soon-to-be senior executives, such as assistant general managers and vice general managers of branches. While their solution does not yet draw on global partners or global best-practice travel study as SOEs do, POEs' learning solutions increasingly resemble MNCs' learning investments.



## The Future

Going forward, Duke CE and Dr. Chen foresee four important changes in the state of Talent Development in China.

Duke CE suggests the following:

**1. The differences between how MNCs, SOEs and POEs approach Talent Development will narrow.** SOEs will use international partners to develop talent locally, not just for foreign travel study tours. POEs will start to invest more widely, as the entrepreneurs gain confidence in the positive business outcomes of leadership development. MNCs may focus even more on employee brand building, as Danone is doing, in order to be an employer of choice.

**2. Business impact will be a requirement for talent development.** Less and less will we see programs as resume chops or perks to show managers foreign markets. Resources will be spent on initiatives that are tightly tied to business challenges and that can re-

flect results linked to the targeted learning outcomes, be it in developing new service-based fee revenue or be it in being more concise and compelling in key meetings.

Dr. Chen adds two other future trends:

**3. Innovation in talent development:** conventional talent development is simply too slow and inadequate for the speed of growth and the scope of changes China faces. **Innovative intervention methodologies**, such as Team Based Learning, on-the-job learning and global exposure, are essential to achieve talent development goals.

**4. Retention will remain a key challenge.** Training and **development will play an increasingly important role in employee engagement and loyalty**, through not just classroom training, but also **coaching, experiential role play (e.g., “CEO for a day”) and international assignments.**



博学之,审问之,

慎思之,明辨之,笃行之

“Study broadly,  
ask inquisitively,  
think carefully,  
distinguish clearly  
and act sincerely.”