

CORNELL HR REVIEW

TALENT MANAGEMENT IN A TURBULENT WORLD

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How does an HR practitioner manage a company's talent pipeline through a period of social, economic, and environmental volatility? Last week, Hugh Mitchell, Chief Human Resources & Corporate Officer of Royal Dutch Shell plc, discussed this issue with students and faculty at Cornell University's ILR School as part of the CAHRS Executive Guest Lecture Series. Mitchell argued that organizations needed to develop stronger, longer-term employment strategies in response to unstable periods of recession and growth.

According to Mitchell, organizations are confronted with an ever-growing amount of "discontinuities." He cited the Enron scandal, the 9/11 attacks, and the Gulf of Mexico oil spill as examples of disruptive events that have heightened consumer anxiety over business. Furthermore, these discontinuities fostered expectations for more extensive government intervention and regulation within the economy. In response to such fast-changing economic landscapes, firms need to foster their HR teams into steadfast sources of support for their core business. Shell, for instance, has established training programs at business schools in the United States and Europe to bolster employee understanding of areas outside of HR such as marketing, strategy development, and client analysis. Cultural and environmental training at specific sites is available as well to better equip HR with the necessary knowledge to confront external challenges.

While operating in such turbulent and cyclical industries, HR teams should also focus on long-term, probabilistic modeling, which would advance them in the bidding war for talent. Mitchell laid out the following tactics as key components in Shell's HR planning:

- **Focus on "non-commodity talent."** Certain individuals are "commodity talent." Sales teams, for instance, exhibit transferable, "commodity" skill sets and can be taught industry-specific practices. Companies should grow internal pools of "non-commodity" talent, such as individuals with technical expertise specific to a sector. Investments in "non-commodity" skills would build a steady pipeline of talent and minimize reliance on the labor market.
- **Grow talent through experiential learning.** Shell nurtures role development through providing staff with short, broadening rotations; international assignments; accredited professional learning programs; and global leadership training. With employees in over 100 countries, HR leaders at Shell need to be capable of collaborating with global business leaders to acquire and manage talent in an array of economic climates. In addition to the wealth of staff development programs at Shell, Mitchell stressed the importance of on-the-job learning and sending employees out into the field early on in their careers.

- **Establish a mechanism for spotting future leaders.** Shell utilizes a transparent ranking system of employee potential and performance. Skill pool managers help oversee competence assessments for individuals from their own disciplines.
- **Partner with local stakeholders.** When setting up in an emerging market, start slowly and partner with local players. Mitchell emphasized the importance of proceeding with humility and adapting diversity initiatives to each local environment.
- **Engage in scenario planning.** HR teams should explicitly define potential risks in different situations and outline their possible collective impact on workforce planning. This practice will prevent assumptions of stability and feelings of complacency while keeping the organization flexible in the face of change.

It is becoming increasingly difficult for organizations to establish a sense of constancy in a world of growing unpredictability. However, through future-oriented mapping techniques such as those that Mitchell described, organizations will be able to mitigate external risks by making robust investment decisions regarding their talent development.

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