

Talent Masters: Why Smart Leaders Put People Before Numbers by Bill Conaty and Ram Charan (Crown Business, 2010) reviewed by Steve Gladis, Ph.D., February 2011.

Overview: "If you think education is expensive, try ignorance." This quote by Derek Bok, American lawyer and educator, sums up what I would consider to be the bottom line of this book, *Talent Masters*. Bill Conaty, former senior VP for Human Resources at General Electric under legendary leader and leadership developer Jack Welch, and Ram Charan, prolific writer, educator and coach to many leading companies, have teamed up to write this "Bible" on leadership talent development. Truly a tour de force, *Talent Masters* argues persuasively that the main job of a CEO, and key leaders for that matter, is to develop future talent – emerging leaders who will create corporate value and who will take the current executives' places when the time comes. Intentional systems that move talent management from a support function to a core business element remain at the heart of their argument – where the system is the solution (almost sounds like a GE tag line). They make their case using mini-case studies from GE, Hindustan Unilever, Procter and Gamble, UniCredit, CDR, and TPG. They present readers four integrated sections: describing what a talent master does (succession planning and leadership development); the special expertise of such masters (growing the pipeline and building capacity through experiences); becoming a talent master (setting the right values and behaviors, as well as getting the right Talent Management process in place); and, offering a tool kit of things to get the ball rolling. This book should be on the discussion list of every YPO, Vistage, and Renaissance group of CEOs and leaders. Equally, the Society for Human Resources Management (SHRM) should adopt it as its gold standard of leadership development.

1. The GE Talent Management Questions. GE is the most emulated talent management system in the country. Fostered for 20 years by legendary CEO Jack Welch, GE made it every executive's job to focus on people (talent) and business. No major discussion of either personnel or business took place without talking about both. Frank talk and intimate knowledge of rising leaders were cornerstones of their plans. Four key questions they asked were: 1) Who are the promising leaders? 2) Where do they fit and where can they do better? 3) What can we do to help them reach their potential faster? 4) How well are we doing as a company?
2. The GE Talent Operating System. The flow of GE's system is simple and rigorously adhered to: People ► Strategy ► Operations and Budgets. In their model, leaders invest time (up to 40%) on people. Coaching and feedback are constant and rigorous. Observations are collected from multiple perspectives and

used over time. Session C personnel reviews are particularly rigorous and demanding of leaders, who were grilled by Welch about their personnel. Crotonville (NY), GE's legendary training and development academy, became GE's "crossroads of culture." In fact, any newly acquired company must send its leadership to Crotonville to discuss any cultural differences. At GE, leadership development of their people was a core responsibility of every GE leader. In fact, knowing each leader intimately – true talents and potential – and a deep sense of trust are at the center of leadership development.

3. Principles of Talent Masters [Key findings of the book].
 - a. Enlightened leadership team – especially including the CEO. Leadership is at the very core of such talent master companies. And at the heart of that team is a CEO, who is fiercely focused on attracting, teaching, and developing future leaders.
 - b. Meritocracy through differentiation. Award people based on their talent behaviors and values. Meritocracy not meritocracy comes when everyone is treated the same. It's unrealistic and cruel to a real performer.
 - c. Working values are just that – part of the DNA of a corporate culture...what it stands for. Talent masters drive these values down to the entire company and tie decision making and rewards to them.
 - d. A culture of trust and candor permeates companies with strong leadership. Telling the truth sounds simple, but unless it's made intentional, it doesn't happen with the rigor that it should, and the absence of it erodes the company's culture.
 - e. Rigorous talent assessment means that talent masters pay as much attention to their leadership development as they do to their financials.
 - f. Business partnership with HR. Leadership becomes a by-product of the CEO and the executive leadership with HR. Keeping talent management as a prime duty of that partnership makes the difference.
 - g. Continuous learning and improvement. No company can afford to become complacent in what it knows. The world's moving too fast for that. Great leaders learn, teach and make sure their team leaders are doing the same.

4. Talent Reviews. At the core of talent mastery are regular and rigorous talent review sessions. Again, companies like GE, Proctor and Gamble and Unilever use some form of this system. The focus will be on GE's sessions. They should include the CEO, the HR leader, and the local unit leader at a minimum. Such meetings should take place on site (not at HQ) and be conducted before the budget is set. The discussion should include: Business Leadership (priorities, org charts, succession plans); Leadership Pipeline (lists of leadership newbies to execs, overall ratings and historical data, nominations for executive training); Growth and Culture (discuss employee feedback and social audits, plans to grow business and talent, and what the drive to priorities looks like).
5. Final words. Leadership is not a by-product or an adjunct of a successful business; rather, it is the very heart of the business. No leadership, no business. No serious business ever takes place without a discussion of finances and no serious business should ever take place without a discussion of leadership. At GE Jack Welch "got" the importance of leadership and acted on it. In doing so, he grew a model of leadership development that every CEO and leader must consider if they intend on building a sustaining organization.