

## CASE 9

**FINDING THE RIGHT VIEW: DEVELOPING LOCAL TALENT IN LOCAL MARKETS**

By Claudia Fischer and Allen D. Engle, Sr.

A still February morning in Shanghai. The view from the 15th floor of the New Shanghai International Tower on Pudong Road South is obscured by silver-grey pollution. Thomas' practiced eye has calibrated the index at over 100 already, perhaps going to 200 plus by late afternoon. The top of the World Finance Mansion is obscured as he looks up into the fog. He cannot see to the top of the 38-floor China Merchants Tower. His sliced view of the heavy traffic on the Lujiazui Ring Road is softened by the haze.

Thomas Mueller is thinking about yesterday, today, and tomorrow. Well into ten years at Bombardier Transportation (BT), a market leader in train manufacturing, he is currently on assignment in Shanghai as General Manager of the company's Best Cost Country Sourcing subsidiary. The office in Shanghai is the key interface between procurement teams and project managers all around the world and the Chinese suppliers. He reports to the Head of Global Commodity Management, based in Headquarters in Germany.

Thomas was put on the assignment with a clear mandate to stabilize the supplier relations, standardize processes and – most critically – to implement Key Performance Indicators (KPIs) for the Shanghai office to make the unit's business performance transparent and measurable. He has completed two and a half years of his three-year assignment. According to BT's annual talent calendar, it is time to prepare the annual performance management process (PMP) reviews with his direct reports as well as the talent review input for the procurement functional 'talent day'.

Thomas feels like he is between the Devil and the deep blue sea. Firstly, one of his main assignment objectives is to develop a local successor in his role, but the employee number one on his succession list is not ready to step into Thomas' role now. Hence, he has toyed with the idea of an alternative solution in which he asks for a one-year assignment extension. On a more personal level, as BT's strategy is clearly to

develop deep roots in local markets, Thomas has just started to discuss with the European management team the potential for a new role for him becoming available in a few months. This reassignment would be the perfect repatriation opportunity. His family is keen on moving back to Europe. His wife and the two kids have adapted well in China, but they still miss the extended family and some of their old friends. How would a one-year extension affect his long-term career goals? What would his family think?

Putting his dilemma aside for a while, Thomas takes his role as people manager seriously, to act as talent champion and to prepare for the outstanding performance reviews properly.

In BT, talent reviews and annual PMPs are important – more critically, they go hand in hand. The information obtained from the PMP discussions – e.g. career aspirations and interests – is used as the basis for management's preparation in the talent review process. Thomas will also listen to ideas about short- and long-term development objectives from his employees, and he and they will build or adjust the individual development plans together.

As people manager and talent champion he is expected to (1) communicate and cascade business objectives to ensure alignment between individual, team, and business objectives; (2) integrate long-term development objectives into PMP development plans; (3) actively assist employees in achieving their objectives by providing open and honest feedback regularly; (4) conduct meaningful discussions resulting in agreed-upon objectives fulfilling SMART (Specific, Measurable, Achievable, Relevant and Time-bound) criteria and, finally; (5) develop objectives for each annual cycle and review and rate employee performance and behavior at the end of each cycle. A daunting but critical set of linkages is required. Thomas helped develop the system in Berlin; it was much clearer on paper four years ago than it may be today.

## Working through the system: The case of Mr Wei

As usual, Thomas perceives the office atmosphere as harmonious and calm. Co-workers are discussing topics here and there in low voices so as not to disturb the others sitting nearby in the open office space. Only far away, from the kitchen, does he hear some giggling, where a group of young employees meet up for daily lunch and share the latest news, enjoy their ordered meals and some good jokes. Hence, Thomas starts to prepare for his performance review with Mr Li Wei, his potential successor and right hand in the past years. Mr Li has worked in the office for nine years and is well respected by every employee. During the last 12 months Thomas has noted several positive performance characteristics and some areas for potential improvement in order to be ready for the year-end performance review. These informal incident reports were collected as situations developed over the year, and stored in the secure personnel folder for Mr Wei.

### 1 Positive feedback examples

- **Business acumen:** Wei is very much appreciated in the office as 'the expert', having been around from the first minute and knowing the company very well. Colleagues like to ask him for advice on business topics such as how to address an internal stakeholder.
- **Holding people accountable and driving for results:** Wei follows up his team plan according to the strategic initiatives he planned with Thomas during last year. His direct reports provide him with updates on a bi-weekly basis and if one is late he reminds this employee in person.
- **Negotiation:** Wei has led the negotiations for the newly selected supplier Xie Xie Co., Ltd. to bring this supplier on the supplier panel for global rolling stock projects on aluminum material. He has ensured this supplier offers the parts 15 per cent below competition but at the same quality and delivery standards. This means a saving of several million euros per year in future using Xie Xie as the new preferred supplier.

### 2 Competencies to further improve

- **Skills in building partnerships:** this is the core competence for this role. Unfortunately Wei has significant gaps in that area. He fails to

align within the matrix with Western colleagues and misses important points during supplier negotiations. More proactivity is needed to drive his relationships to influence potential outcomes of discussions, even though he has great ideas.

- **Communication:** Wei needs to improve written and oral communication and to align better with Procurement Project Managers on specifications of material needed. One repeated comment from co-workers is that his presentations are too number-driven, with overly crowded slides and a lack of structure and logic such as executive summaries. Verbally his command of English is limited and has a notable accent which makes it hard for colleagues from other countries to properly understand him.
- **Change leadership:** Wei focuses very much on the past successes and the status quo of his office with regard to local unit strategy, targets, and climate. BT is undergoing considerable change. Wei needs to face these realities of 'tomorrow'. It is critical for the local incumbent to adapt to the changing situation and embrace the future more, leaving old habits behind and not defending the past.

After weighting the pros and cons of Li Wei's performance and behavior, Thomas decides to give him a rating of 3 – fully satisfactory. He knows Li Wei will not like it and expects a higher rating. Thomas feels a bit helpless about how to tell him of what may be seen as a disappointing assessment, but he is sure about his decision. He knows from his current experience in China how sensitive the culture is towards feedback and rating scales. Harmony is important, even in 'informal' meetings. Intangibles such as tone, gestures, and body language are carefully noted. In China, failure implies a shameful loss of face; only in rare circumstances will an official risk it.

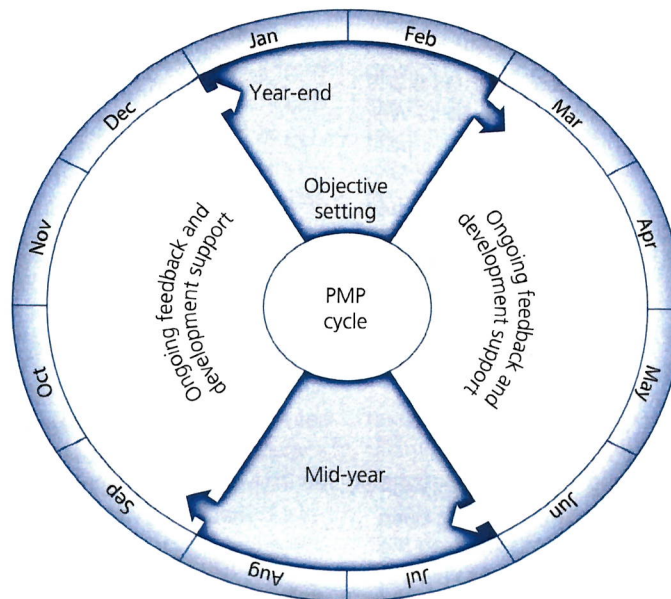
In addition to the performance review of his direct reports, he also needs to come up with a proposal for his own succession. His supervisor is awaiting it until the end of next week. Li Wei has been seen in the last several years as being groomed as Thomas' successor. Here, at the moment of truth, Thomas has severe doubts if Li Wei is 'ready now' to fill in for him when his assignment ends in six months' time.

Furthermore, Thomas has collected feedback from some key stakeholders and everybody agrees with his judgement. Alternatives are not available – no other

person in the Shanghai office can be considered to be ready for his role in the short-term or even mid term. The company runs two other production sites with procurement teams. From the site in Changchun Mrs Zhang Li could be a potential successor in one to two years, but Thomas does not know her well enough.

So, that is the situation in Shanghai. "What standards and frames of reference do I have to work with?" Thomas asks himself. To better prepare, Thomas takes out his copy of the company's people manager handbook and reviews the following figures and definitions.

EXHIBIT A Annual performance management process (PMP)



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EXHIBIT B PMP rating scale

Rating scale	
<b>5</b> Significantly exceeds expectations	Performance and behaviors far exceed expectations. Employee clearly stands out and consistently demonstrates exceptional accomplishments in terms of quality and quantity of work that is easily recognized as truly exceptional by others.
<b>4</b> Exceeds expectations	Performance frequently exceeds expectations. Accomplishments and behaviors are regularly above the expected levels. Employee sustains performance at a level beyond expectations and the quality of work is uniformly high.
<b>3</b> Fully meets expectations	Performance fully meets expectations in terms of quality and quantity of work. Employee consistently demonstrates a solid performance, with thorough and on-time results. Accomplishments and behaviors completely fulfill all expectations.
<b>2</b> Partially meets expectations	Performance partially meets expectations. Employee needs development and performance improvements. Employee generally demonstrates a few expected levels of accomplishments and behaviors, but shows difficulty to fully meet them all.
<b>1</b> Does not meet expectations	Performance, accomplishments, and behaviors are noticeably not aligned to expectations. Performance must improve substantially with an action plan if the employee is to remain in this position.

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