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Winning the War for Talent

Global Networks, Global Perspectives, and Global Talent
Discussions on the Development of Human Capital in Agribusiness¹

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Abstract

The global talent shortage is broadening and deepening as organizations struggle to fill key roles in technical, commercial, and general management functions at all organizational levels. This essay discusses the reasons for the shortage while challenging conventional wisdom by asking if there truly is a talent shortage or if the issue is really just about price. A range of solutions are presented.

Keywords: talent, recruitment, human capital, executive development, leadership

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Talent Defined

We define talent as:

- **Brainpower:** The ability to solve complex problems or invent new solutions. This could be either technical capability or strategic thinking skills.
- **Work ethic:** Disciplined, reliable, and a rigorous application of capabilities.
- **Leadership:** The capacity to inspire consensus and action to successfully accomplish large, complex and difficult tasks through other people.
- **Balanced ego to capability ratio:** What blend of intellect, skills, knowledge, experience, work ethic, sense of urgency, action orientation, and results focus does the candidate bring to the job? Is she or he strong in all areas? Does he or she have a weak spot or even an Achilles heel? The ego numerator must, first and foremost, be a positive number. A focus on customers and colleagues coupled with an intellectually honest confidence in one's own abilities yield a positive number on the ego to capability ratio. In contrast, if the individual focuses on himself or herself, the ratio becomes negative.

The Talent Shortage and its Causes

A series of factors have led to the increasing talent shortage:

- Companies have eliminated bench strength² and developmental posts.
- For those early in their career, *where* they live is dramatically more important than just a generation ago.
- In some countries, a decline in housing prices, the complexity of dual career couples and children yield relocation reluctance. This combination has become dramatically more potent since the 2008 financial and real estate meltdown – and across all industries.
- The developed world population is aging while the educational systems in emerging markets are not keeping up.
- Universities are not producing graduates with the skill sets companies actually need.

Little known or perceived less *interesting* industries or vocations have an even greater challenge, and certain segments of food and agriculture are particularly challenged.

But is there really a talent shortage? As noted in the article “The Search for Talent” (*Economist* 2006), “People often talk about shortages when they should really be discussing price.” In our own lifetimes we have seen this, as evidenced by where a disproportionate number of top university students have flocked, attracted by the starting salaries and promises of future income growth. For example, in the 1990s computer technologies and all things internet were big attractions, and in the 2000s many top students were seduced by the world of finance.

Food and Agribusiness Situation

We recently surveyed the memberships of key food and agribusiness industry associations to determine their particular talent challenges. We consistently see that regulatory affairs leadership, research and development leadership, and strategic marketing leadership positions are the most difficult to fill with superior talent, closely followed by general management and sales positions.

Across all types of professions, finding the combination of strong leadership capabilities coupled with the right skill set were clearly the most important talent factors, while relocation was a strong personal and family challenge. For some segments, such as animal and crop nutrition, industry attractiveness was a major challenge. For others, such as animal health, it was not.

² Bench strength refers to competence and the number of employees ready to fill vacant leadership and other positions: building an organization's bench strength through management training.

Within R&D, we see ample talent in the senior ranks, but a dwindling pool behind because too many of the best and brightest pursued other career paths. For regulatory affairs, the problem is that the roles have switched from being tactical to strategic, but organizations have failed to communicate this critical attribute to the talent pool. What makes senior marketing positions tough to fill is that very few people in the world truly understand marketing.

Candidate compensation expectations are a major challenge in some sectors and minimally are a factor of secondary importance for all we have surveyed. A cause and effect question needs to be asked: Are people with the needed skill sets simply not to be found at any price, or is the paucity of candidates with the appropriate skill sets an effect of insufficient compensation offerings? Many companies in their recruiting efforts communicate compensation ranges that are simply not enough to attract the skills and talents they need.

Solutions

We established earlier the value of top performers, so we logically want to build teams full of them. To do so, companies need to do four things:

- Develop a comprehensive talent acquisition and retention strategy
- Nurture and challenge employees
- Develop measures to incent and retain top talent
- Continuously look outside your company for new talent

The solutions are straightforward but require discipline and perseverance to implement.

Comprehensive Talent Acquisition and Retention Strategy

Companies need a comprehensive talent acquisition and retention strategy. They must start in universities and community colleges or even in high school and look to urban areas as much as rural areas. One of our clients in the grain sector notes that when they hire a talented city kid it only takes that person six months to get up to speed on agriculture and farming, and then they are at the same productivity level and advancement track as their farm-raised peers.

Companies must ask what will generate *interest* in their organization or industry. For university students and early career executives, it will be a combination of money, vision, challenge, and competition.

Notwithstanding, the fact that money is noted first on this list, and contrary to conventional wisdom, *money is not a decision-making factor*. Rather, it is a *knockout factor*. This means that candidates generally do not decide to accept a job offer based primarily on the money. It is the other way around. Long before an offer is put on the table, the anticipated compensation package must be attractive enough to start with for the organization to be even *considered* for evaluation. Thus, money becomes the knockout factor in the recruiting process. For example, if scientists and potential regulatory leaders perceive that the animal nutrition industry pays 30% less than their alternatives in, say, animal health or crop protection, the best candidates will not even consider animal nutrition. Once an organization or industry has passed the knockout level on money, it may engage prospective talent with vision, challenge, and competitive urges. These then become the true decision-making factors.

For example, if organizations treat regulatory posts as strategic roles and communicate that positioning and pay accordingly, they will be able to attract talent. Another idea is for industry groups to collaborate and approach universities that have both a strong college of agriculturally- and environmentally-oriented sciences and an excellent law school and ask them to develop Master of Science programs in regulatory affairs so that this realm is viewed as an important education and career track.

Hiring managers for marketing should not seek creative communications talent, but rather look for thought processes that embrace four elements plus a unifying theme:

- A rigorous understanding of customer segments and needs, including unknown needs
- Knowledge of your competitors' product and service offerings to meet those needs
- The customer needs not met – otherwise known as “the white space” – that you can target
- Your company's product and service offering, *and communication thereof*, to meet those needs, fill in the white space, and beat the competition—profitably.

Organizations still have the relocation issue, and it is becoming a knockout factor. This has nothing to do with the industry in particular, but everything to do with society, in general. It is occurring across all industries in the developed world in particular, where we see both a continued migration from rural areas to the cities and a reluctance to move once there. We saw a sea change following the 2008 financial crisis. Going forward, we will need to pay dramatically more for talent to get it to move, relocate a plant or headquarters, or allow more flexible working arrangements. Some organizations are already considering extreme commuting and job sharing, such as occurs for oil platform workers.

Once you have top talent on board, you want *commitment* so that they stick with you and do not even consider opportunities elsewhere. Our experience shows consistently that professionals at all levels are concerned most with the combination of freedom, variety, and impact.

Nurture and Challenge

Wise and progressive companies will nurture and challenge their top people through developmental grounding in roles of progressive responsibility. Effective tools include:

- Assign a senior executive mentor to the new hire.
- Make talent development part of senior executive incentive compensation evaluation.
- Put people in jobs before they are fully ready. When coupled with the previous two items, this is not very risky and keeps your high-potential performers stretched, challenged and motivated.
- Rigorously move people up, sideways, or out. You cannot afford to keep mediocre performers on board, as they are de-motivating to the rest of your team.
- Give international assignments. Nothing stretches an individual or family like work and life in another country, culture, and language. This is a life-changing developmental opportunity and where you will find those who have general management capability.

Measures to Incent and Retain

Aggressive and flexible measures must be employed to incent and retain those who are key to the company's present and future.

- Offer advanced education *with hooks*. For example, you could fund ongoing education and give reasonable leaves to pursue it in exchange for a commitment to pay it back if you leave the company within a certain number of years. Many organizations already sponsor Ph.D. seekers.
- Offer short sabbaticals.
- Consider secondments. Options for a change of pace to another post will often be rewarded with loyalty.
- Offer non-standard work site or flexible hours. Today's technology allows this.
- Provide ownership pieces for the people you care about long term.
- Consider non-salary cash or equivalent. The psychological value outweighs the cost and does not wreck internal equity based salary comparisons. For example, a car allowance or children's education allowance or housing allowance or vacation allowance may be perceived as significantly more valuable than the actual cash outlay for the company.

Continuously Look Outside

- Companies will need to continually look to the outside – primarily to bring in fresh ideas, perspective, and eyes to the organization to help renew it.
- Bring in top talent whenever you can find it, even if you have no specific role. Obviously, fill roles lacking internal candidates.
- Regularly hire executives and professionals from the outside even when you have internal candidates. This tactic is much less obvious but is critically important to keep a company from becoming insular, inward-looking, and stale. Fresh perspective allows an organization to see things it currently ignores, question things it assumes, and recalibrates the internal talent standard.
- An alternative is to have people swap jobs within your organization. No pay raise – just trade jobs. Performance will improve simply from the value of fresh eyes.

Summary

The war for talent is imminently winnable. The keys to success are a long-term eye toward talent acquisition, development and retention. This takes senior management commitment, creativity, flexibility, and aggressively finding ways to incent performance and ensure your best people do not even *consider* an entreaty from a competitor or another industry.