

WHY SHOULD COMPANIES INVEST IN MANAGEMENT DEVELOPMENT IN TIMES OF CRISES?

The telecom industry is under a constant strain to improve their organization and to perform in a more innovative way than their opponents. As Charles Darwin said two centuries ago: *“It is not the strongest or the most intelligent species that survives, but the one that is capable of adapting itself to a new situation or environment”*. Nothing is more true, especially for companies in this time of the year.

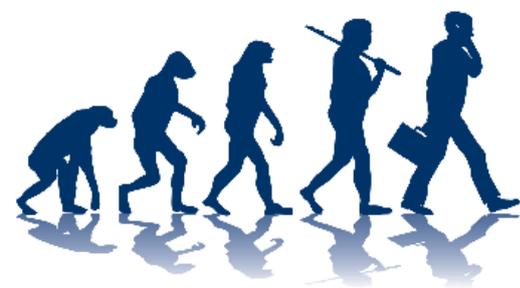
The capability of adapting in a determined way and in a very short timeframe will make a company stronger. In times of economic set back one often sees that training and development budgets are first to be cut. In this article we try to make clear that an opposite reaction can lead to a competitive advantage. In our opinion it is essential to focus on leadership development and invest in management development programs in times of crises. The better a company is capable to lead this change and to develop their key potentials in the right direction, the better equipped they are to survive these uncertain times. The question is; how can you facilitate these competencies within your company?

In this article we will look into the more Human Resource related aspects of change and Management Development (MD). In the end the capability to change comes down to one essential aspect. Are your best people capable of leading the change process within the organization? To prepare your company, from an HR perspective, for the future there are three topics that need attention: Change Management, MD and Competence Management.

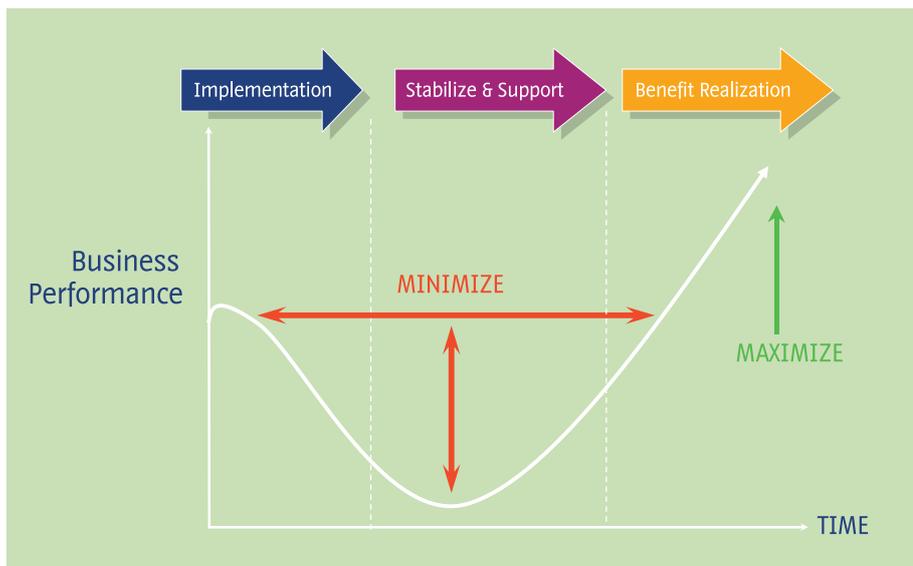
CHANGE MANAGEMENT

Change management is a very complex process. It is all related to human behavior and nothing is more difficult to grasp. Sometimes people ask me if I can change their corporate culture. In answer to that, I ask them if they can recall the last time they changed their daily routine. People do not change easily by nature. And if the Top Management of the organization is not really willing or capable of changing themselves, a corporate culture will not change either.

In times of crises it is sometimes very urgent to re-route the company's strategy. The need for change is often very visible to others. This creates a huge opportunity for the organization. Times like this get's people do realize much faster, that in case they do not realize the organization to change, the entire organization can be in danger. Acceptance of the need to change is key to success. Recent studies have indicated that more than 70% of all corporate change programs failed due to a strong under current of unwillingness to adapt.



The reason to focus on a structured change management program can be visualized in the following graphic:



This graphic above shows that in every change program the performance of the organization will go down. That is a given fact. The change program is designed to make sure to minimize the gap and the time span. A well designed program will mitigate the risks and makes sure that in a reasonable time span the business performance will improve again.

MANAGEMENT DEVELOPMENT

Change management facilitates the MD process. But what is MD? The development of leadership can be defined in many ways. If we speak of MD we use the following definition, used by Prof. P.W.G. Jansen from the Free University of Amsterdam:

‘Management Development (MD) is the whole spectrum of specific Human Resource activities to guarantee that the rightly qualified and motivated persons are ready on time to fill in the key positions in the organization.’

In a more traditional way MD is focused on development and training of employees.

But recently, companies are showing a change of scope. They are focusing more on their top performers who hold the key positions in the company. These people can make a difference if they are motivated and stimulated in the right direction. If this group is stimulated to learn, challenged to set better results and is willing to become role models, the whole organization will profit from it. This is also described in the book “Good to Great: Why Some Companies Make the Leap ... and Others Don’t” by Jim Collins. Besides the argument of developing and motivating the right people in your company, there are more valid reasons to create a focused MD process within your organization. These arguments are:

- MD can be a direct link in making the organizational strategy work;
- MD can help you focus on the needed leadership style to create the required the difference;
- With a structured MD program you have a system in place to facilitate the needed change in a short time span;
- High performers are motivated through challenges and personal development;
- High potentials judge the company by the development possibilities.



Jan Willem de Serrière is Managing Partner at Balance Consultancy Group. Jan Willem studied Law and Change Management at the Universities of Utrecht and Groningen (The Netherlands). He has over 15 years of experience in Human Resources Management and Organizational (Re) Structuring and Development. His focus has always been to develop individuals and teams aligned with the organizational goals.

Balance Consultancy Group is an experienced, all-round consulting firm, based in Curacao and active throughout the Dutch Caribbean. We offer our clients a broad range of services, including strategy and policy development, organizational (re)design, HRM, corporate communication and compliance. Possessing a personal and straightforward style, our advisory team is highly experienced and knowledgeable of the different cultures within the Dutch Caribbean.

Information about recent projects and new products can be found at:

www.balance.an

Within KPMG we have different tools and techniques to make sure that the right MD process will be implemented in the organization. The scope of this article, however, is not on these approaches. But it is good to mention in short which nine crucial aspects to take in to consideration:

- 1) Link MD with the organizational strategy
- 2) Align top management with MD
- 3) Focus: make a choice in MD profile (Personal Development or Organizational Development)
- 4) Define the MD target group
- 5) Link MD with the current HR tools
- 6) Align MD tools with practical situations
- 7) Make the MD process transparent
- 8) Make sure that the MD program is a challenge for participants
- 9) Show benefits for the individual and organization

The following figure shows the elements in order to align organizational goals and individual competencies:



CHANGE MANAGEMENT AND MANAGEMENT DEVELOPMENT WILL BRING FOCUS ON A HIGHER LEVEL IN THE ORGANIZATION

COMPETENCE MANAGEMENT

Change Management and MD will bring focus on a higher level in the organization. It gives an indication of where the priorities are and how the goals will be addressed. Competence Management can be described as the vehicle to how to develop the right behavior within the company. It all comes down to aligning competencies with business goals and to set up a performance management system that will enable key performers to develop these competencies in the right way.

The description of the right competencies in a competence profile can take quite some effort of the stakeholders involved. Most importantly you need to align all people involved and make sure that all use the same definition of the competencies. To accomplish this we use the following steps as guiding principles:

- 1) Set goals with the most important stakeholders and agree on the scope
- 2) Identify the needed results
- 3) Identify excellent performers
- 4) Create competence interview forms
- 5) Interview the excellent performers
- 6) Check the results with our competence database
- 7) Create the concept profiles
- 8) Discuss the concept profiles in work-groups
- 9) Finalize competence profile with the main stakeholders

CONCLUSION

Investing in your people will be rewarding. Not only will the key performers be even more motivated, the concrete results will be affected positively. If you share the competencies in a transparent way and all participants know what is expected from them it will grow a foundation for the right performance. It is the first concrete step in changing direction.

As stated in the beginning of this article, in the current times of trouble or economical set back, alignment and motivation of key employees are crucial to survive. If a company is able to design the right framework for change and stimulate innovative behavior it will lay the foundation for a stronger company for tomorrow and the rest of it's future.