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The Chemical Industry:
**Managing Talent in
a Multi-Polar World**

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Shaping the workforce for high performance

In the chemical industry, a talented, skilled workforce is increasingly important to success. But for many chemical companies, building and managing talent is a challenge.

There are many factors that make talent management both more critical and more complicated. On the supply side, an aging workforce is creating a shortage of workers, with large numbers of skilled employees expected to retire in the next several years. Meanwhile, younger workers have different expectations about work—and often, little interest in the chemical industry. Labor demand is outstripping supply, making the struggle to attract and retain talent a key issue.

This fundamental shift in the workforce is taking place against the backdrop of ongoing globalization—or more specifically, the emergence of a multi-polar world, in which the

“centers” of business are not just in the developed economies. Indeed, they can be virtually anywhere. This change is adding complexity to the war for talent, demanding the ability to operate with multiple centers of expertise and management—and a workforce that has new skills and is more dispersed, more flexible and more mobile.

Now, the industry faces a moment of truth, where simply staying the course will no longer be adequate. Chemical companies are in a growing struggle for talent, and the advent of the multi-polar world is changing the rules. The challenges in this struggle are significant—but so, too, are the potential opportunities. Accenture believes that those companies that understand and respond to these new realities will have an advantage in the global competition for talent. Those that do not will find it difficult

to attract the right talent, control hiring and training costs, and boost productivity—and they will encounter significant opportunity costs as they struggle to execute increasingly important talent-driven business strategies.

The talent landscape and the chemical industry are evolving quickly, and it will take time for companies to develop the talent-management capabilities needed in a multi-polar world. But determining how to move forward is critical—because in this new environment, the workforce will be a competitive differentiator and a key driver of high performance.



Talent management: Tough...and getting tougher

The importance of a skilled workforce is clear to chemical company executives. People are crucial to adapting to the industry's changing dynamics, driving innovation and building customer relationships in different geographies and cultures. Accenture's High Performance Business research shows that leading companies excel at activities such as attracting and retaining skilled staff, finding and developing leaders, and creating a performance-oriented mind-set and behaviors.

Nevertheless, many companies are finding that the effective management of the global workforce is something of a struggle. In the Accenture High-Performance Workforce Study, surveyed executives noted that the workforce is key to success in several important areas—but at the same time, reported that workforce capabilities often lagged in those areas. Slightly more than one-quarter felt that their workforce did "very well" at building customer loyalty, or at acquiring new customers and increasing market share. And, underscoring concerns about tomorrow, less than one-fifth felt that their organization did "very well" at attracting and retaining skilled staff (See Figure 1).

Figure 1
Key factors in achieving strong financial performance:
importance versus performance

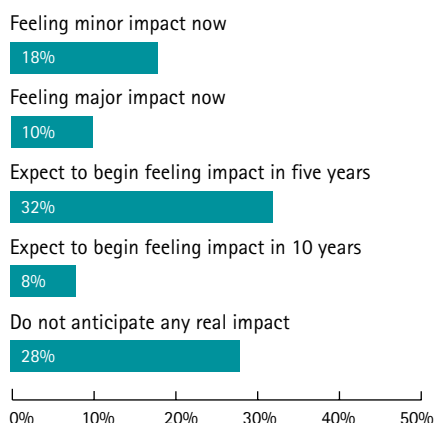


Source: Accenture High-Performance Workforce Study

For chemical companies, such challenges will continue to grow in the near future. One factor, of course, is the looming labor shortage driven by the aging of the workforce, particularly in developed markets. In the United States, for example, the average age of a chemist is 47. "We have a serious lack of people below the age of 35 in our company," one industry executive told Accenture researchers. In developed countries overall, more than one-third of the industry's engineering and construction workers are expected to retire in the next five years. Even in China, which is widely seen as an immense labor pool, the rapid aging of the population is expected to lead a shrinking workforce within 10 years (See Figure 2).

At the same time, however, there is a deteriorating fit between the skills needed by the industry and the skills available in the general working population. The proportion of science and engineering graduates in many developed countries has been declining for some time: In the United Kingdom, for example, the past few years have seen the university system produce more media-studies graduates than chemistry and physics graduates combined. Meanwhile, chemical companies often find it difficult to reach out to a broader talent pool with recruiting efforts. "Our biggest challenge is being able to attract females and minorities into the company," one engineering and manufacturing executive told Accenture researchers. "As a company, we are very traditional in the way our workplace is composed. But in the next 10 years, we will have to be significantly different."

Figure 2
Impact of the aging workforce



Source: Accenture High-Performance Workforce Study

As these shifts take place, companies will need to attract a new generation of employees. However, many younger people no longer regard the chemical industry as attractive, and choose instead to embark on what they see as faster-moving and more high-tech-oriented careers. What's more, these younger employees often have expectations and values around work that differ from those of older workers. As one industry executive told Accenture, "We find that many young people have no idea what struggle is all about. Most have been successful in school and feel they should succeed equally well here. Many young people don't seem to understand that this is an environment of competition, not entitlement."

The emergence of the multi-polar world adds urgency and complication to these challenges. In the traditional process of globalization, developing economies were largely passive participants—typically, they were

sources of low-cost labor or growth markets for developed-economy companies. Now, however, developing economies play an active role in shaping and driving globalization. Innovation, for example, has become increasingly globalized, with R&D clusters emerging in areas such as South Korea, India and, of course, China, where many major chemical companies have established research centers. These clusters are serving home markets as well as newer emerging markets. In this multi-polar world, traditional multinationals and resourceful local players compete head-to-head for capital, customers and resources—and for the best and brightest talent.



The talent-management agenda:

Key actions

To win in a multi-polar world, chemical companies will have to rethink many of the basics of talent management. They will need to examine how they recruit, retain and develop people. They will need to manage differentiated workforces within the organization, and allow for local tailoring of talent-management strategies—and at the same time, strengthen their ability to work across cultures and locations to engage employees and create a cohesive global workforce.

In short, companies need to determine how best to respond to this new environment. Accenture believes that many can benefit by taking action on several fronts. In a multi-polar world, companies should:

Use new sources of talent from emerging economies.

New sources of talent are springing up worldwide, with emerging economies such as South Korea, Mexico and India now producing a far greater proportion of science

and engineering graduates than the developed world. This means that companies can look to these regions for more than low labor costs, and find skilled workers who can drive innovation and quality. However, tapping into these sources is not always straightforward. A Western-style degree does not automatically mean that a graduate from an emerging country will fit the dynamics of a Western multinational corporation. In recruiting globally, companies need to take cultural differences into account and at the same time weave various workforce segments into an overarching global company culture.

Develop links with universities to shape curriculums and access new talent.

To help restore the fit between the graduates coming into the job market and the chemical industry's skills requirements, chemical companies can collaborate with academic institutions to participate in course

design, reshape the skills mix and tap into new sources of talent. A related step to consider: Companies can work with educational institutions to offer vocational and technical degree courses to existing staff, helping the organization to make the most of the often-significant potential of in-house personnel.

Rethink career paths and incentives.

The industry needs to develop more flexible and exciting career paths, and highlight its commitment to environmental sustainability and corporate social responsibility—both of which will help it attract and retain younger employees. Tools and techniques such as apprenticeships, increased levels of remuneration and job rotation can be effective.

Figure 3

High performers are more likely to provide highly effective talent management support (for example, knowledge capture, knowledge management) to the workforces they deem most important to their company.

	Leaders	Laggards
Recruiting	39%	11%
Career development	26%	6%
Performance measurement	48%	4%
Leadership development	39%	8%
Change management	30%	4%
Knowledge capture and transfer	30%	1%
Knowledge management	30%	1%
Learning	39%	6%
Rewards, recognition and compensation	39%	7%
Aligning workforce skills with business priorities	35%	5%

Percentage saying support of top workforces in these areas is highly effective

Source: Accenture High-Performance Workforce Study

Employ robust knowledge management and learning.

To ensure that expertise and skills are not lost as older employees retire, sound knowledge-management systems are essential for capturing and retaining the workforce's collective wisdom, and sharing it with incoming workforce generations. Knowledge systems also need to be flexible enough to manage new agendas, products and skills, such as the growing focus on environmental conservation. Companies can also take advantage of sophisticated electronic learning techniques to keep widely dispersed employees up to speed on skills, policies and so forth. Doing so can have a significant impact: An Accenture study found that high performers are more likely to provide highly effective talent management support to their workforces (See Figure 3).

Differentiate the company as an employer.

Companies need to create compelling employer value propositions in order to stand out in tight labor markets and reach beyond basic compensation strategies to compete for talent. The employer value proposition should apply to the company globally. At the same time, however, that overarching proposition should be tailored to each market—and even to submarkets. In China, for example, a well-managed employer value proposition can influence whether potential employees are attracted to an organization, how much the organization will have to pay to get candidates to join and, once employed, the extent to which people will commit to the organization. To be truly effective, however, an employer value proposition will need to be tailored not just to China overall, but to various geographic locations across the country, as well as to the needs of specific workforce segments and generational groupings.



Talent management in China

For chemical companies, China plays a large and growing role in global business plans. But managing talent in that country involves a number of special challenges.

China is seeing hypergrowth in demand for management and technical talent. Despite a population of more than 1.3 billion, however, it lacks a well-established pool of senior-level managers and leaders. In addition, a very significant number of employees in China are at risk of turnover, compared with the global average. Loyalty to employers is not especially high, and employees are generally quite willing to move to a new company if they perceive a greater opportunity for development and advancement.

Chemical companies need to tailor their talent-management strategies to these realities. Accenture's experience and research have found that compensation-based strategies are unlikely to result in improved retention or commitment in China. Instead, people tend to place a strong emphasis on company reputation and personal growth opportunities. Thus, an effective corporate culture is critical—and multinational chemical companies need to consider actions such as:

- Creating a sense of belonging through, for example, coaching and "parent-like" behaviors and attitudes among managers and leaders.
- Embedding the acquisition of marketable skills into employees' daily activities.

- Avoiding the imposition of Western business practices and management techniques, which tend to be more decentralized and direct, while helping Chinese talent develop insights into Western culture and systems.

Finally, chemical companies will need to make changes to their recruiting campaigns and processes to focus on attracting large volumes of applications from quality candidates. Enhancing the front end of the employee-acquisition process can help ensure that companies have access to sufficient numbers of good candidates. And it can put companies in position to "handpick" the best talent needed to succeed in the Chinese marketplace.



Developing an integrated view

Given the complexities of a multi-polar workforce and the need to move on several fronts at once, it is important to develop a strategic, company-specific view on talent management. This view should be based on a solid grasp of the talent, skills and head counts that will be required in specific parts of the business in the future. And it should encompass talent sourcing and deployment, learning, collaboration, performance management, and the tools and processes needed to increase engagement, productivity, skills and retention with the most critical workforce segments.

Companies need to clearly understand how talent will enable the business to achieve its objectives, articulate talent-management goals and define talent-management needs. With the high rate of change in the industry, talent strategy should allow the company to act nimbly within the context of a long-term, proactive plan for finding and developing talent.

The importance of a strategic view touches on another talent-management issue: the need for different leadership skills in a multi-polar environment. To succeed, leaders will generally need to exhibit more adaptive and collaborative styles, they will need to excel at relationship building, and they will need to adopt entrepreneurial and integrative approaches while being sensitive to diverse cultures. Experience shows that this shift in leadership skills and attitudes will need to take place throughout the organization, and include not only emerging-market managers, but executives at the headquarters locations in developed-economy countries as well.

Ultimately, chemical companies—and their leaders—will need to take a balanced view of talent management that looks at the needs of both today and tomorrow. That means they will have to simultaneously scan the horizon for new sources of competitive advantage that the workforce can deliver, while

also taking concrete, short-term actions to optimize existing pools of talent before they retire or are attracted elsewhere.

By managing talent as a truly global resource, chemical companies can take advantage of the opportunities presented by a multi-polar world. They can find the right talent, and manage it as a competitive asset that is an increasingly important cornerstone of the high-performance business.

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About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 176,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$21.58 billion for the fiscal year ended Aug. 31, 2009. Its home page is www.accenture.com.





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