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THOUGHT LEADERSHIP

The War for Talent Is Now the War With Talent

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Three decades ago, McKinsey published the seminal article, "The War for Talent." The central premise—that companies could win based on their ability to attract and retain best-in-class talent—had a long-lasting impact on business and gave HR a seat at the table in many leading companies.

The notion has stood the test of time. Who wouldn't argue that quality talent should be a priority for every organization? But like much of the received wisdom in the leadership and talent field, it's worth asking whether it needs to be refreshed.

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I believe it's time to change the framing from "The war *for* talent" to "The war *with* talent." Changing that one word fundamentally changes the way the HR profession thinks about talent and measures its impact on business success.

> **It's not just about acquiring great talent—that's a crucial start—it's about how it is deployed against critical business priorities to drive competitive success.**

Consider this analogy: imagine CFOs adopting the mantra, "You win the war by attracting capital." Of course, acquiring capital is important, but the real test is what you do with it. How is it allocated to drive excess returns? The same is true for talent. Yes, companies must attract the best talent, but how they deploy the talent against their business strategies is the real difference-maker.

Doing that effectively requires every leadership team to create clarity on the fundamental questions of their business. What's the strategy? What's our competitive advantage? And do we have the talent to execute the strategy and build that competitive advantage?

Answering those questions requires a level of specificity that is often missing in talent strategies. Why do so many talent strategies across companies sound the same? It's because talent is treated generically. The challenge is to define "talent" in a way that can be true only in your company, because it comes directly from your unique business strategy.

As an example, think of the difference between Apple and Samsung in the Steve Jobs era—two companies in the same space, both tremendously successful but choosing to compete in very different ways. They both did many things very well, but Apple emphasized customer experience and design, while Samsung doubled down on technology innovation.

Those differences in strategy drove distinctively different talent strategies, particularly in their choices about the leadership roles that had an outsize impact on their company's trajectory. Steve Jobs spent an unusual amount of time with his chief design officer because he saw that role as critical to winning.

Many talent strategies tend to end up in a kind of mushy middle because many CEOs don't know what to expect from their HR leaders. One of the quirks of the leadership field is that almost any statement about leadership is going to be right at some level. It's like saying that oxygen is good for you. Because CEOs sometimes don't necessarily know what good looks like, they don't challenge the generic frameworks presented to them.

Let's return to the analogy of the CFO and the way in which capital is managed in companies. It has its own accounting treatment and decision logic. There is intense debate about the best and highest use of capital to drive overall organizational performance. Enormous effort and rigor go into debates about long-term value,

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risk versus reward, short-term versus long-term time horizons, and other parameters used for allocation strategies. The discipline behind those decisions reflects the fact that it is seen as critical to business success.

Can the same be said of the approach to talent (or human capital)? The same degree of specificity and rigor is often lacking in the way that executive teams manage their talent, even though it is one of the few sources of true competitive advantage available to CEOs. No CFO would suggest that financial capital belongs exclusively to each individual business or should be allocated equally across them. And yet that is routinely how talent is managed in companies.

So how should companies shift the conversation? It's not just about acquiring great talent—that's a crucial start—it's about how it is deployed against critical business priorities to drive competitive success.

The first step is to communicate broadly that talent should be managed as a corporate asset—it is owned by the corporation and "leased" by individual businesses. The focus of executive leadership team discussions is on the best and highest use of talent to deliver on business strategies. Business unit and functional leaders understand that everyone benefits from an optimized allocation of talent across businesses, just as they support this approach to capital allocation.

The second step is to build clarity, through the strategy, about the top two or three areas where your company must be world-class to win. In areas where you need to be world-class, you need world-class talent. Yes, good companies have high standards and everybody wants very good people across the board, but in some areas you've got to be better than everybody you compete against (and hopefully those are the same two or three areas where you are making your most significant capital investments). Your definition of talent derives from your business strategies and is very specific, not generic.

For me, the distinction between the war for talent and the war with talent is not theoretical— it played out throughout my career in a range of industries, from the chief talent officer role at PepsiCo to 21 years as a global chief HR officer in leading global companies across multiple industries. The key question isn't whether you have great talent (the war for talent), it's what you do with it in order to win competitively (the war with talent). When you're a C-suite leader, you are a business leader. Your job is to wake up every day thinking about how you can help the business win, not how to make your function successful.

Business leaders understand scarcity and prioritization, and their approach to talent should not be any different. The best companies understand the talent they need but they excel at deploying it effectively. That is where the wars are really won in the fiercely competitive world of business.

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