

SATURN DEVOURING HIS SON

KEY FACTORS FOR FAILURE

Every time someone tells me their latest bright idea for a business venture, Trías de Bes comes back to my mind with his hilarious book, *The Black Book of the Entrepreneur*, in which he describes, based on his experience, the key factors of failure that entrepreneurs make.

The author says that, in general, failure is due to human and mundane motives, completely emotional and derived of illusion and fear.

When I read it a few years ago, I was struck by his strong assertion that any idea can be valid: there is nothing new under the sun, what is different, what leads to the success or failure of a business project or venture, is the way the idea is introduced, that makes it different.

It is true. Any concept (a search engine like Google or Yahoo, a chain of hamburger or chicken restaurants, a tablet or a computer) can succeed or crash depending on the operation model that is defined and, indirectly, on the people who run it.

Measuring the talent

Organizations are as imperfect as the people behind them. Fortunately, or not, decades ago someone assumed the need of having the best professionals in a company in order to ensure that the definition and control of the operating model was the one that guaranteed continued success. There emerged the fight for talent, the need to maintain and develop successful managers in the companies and the mystery of how to evaluate them.

In recent weeks, following the announced changes at the helm of Microsoft, the debate on the valuation model of the company's employees has been revived, already described by Will Oremus in 2009 as "the poisonous employee ranking system that helps Microsoft's decline."

The truth is that this model is based on the one used by General Electric (GE) for decades – and by dozens of top-level American multinationals – with minor adjustments. This model, the annual assessment of employees, forces companies to classify employees into different groups according to the values (percentages) of a Gauss bell, or vitality curve.

Thus, simplifying, 10% or 20% of top performers get a very generous bonus or compensation, and the 10% or 20% that falls at the end of the bell curve (low performers) are forced to leave the company, this is known as 'rank or yank'.

Those of us who have experienced a similar method know that it can become the image of *Saturn Devouring his Son* (the famous painting by Goya). They value you as a manager when nobody taught you to be so, or when metrics respond to quantity, and not quality.

For example, no one appreciates the talent wasted by managers with low, or no emotionality at all. The three main reasons why someone leaves a company, why talent is lost, are:

- The person does not believe in the mission of the company, in the common goal, in the path
- They don't like or don't fit in with their co-workers – feeling like the ugly duckling or black swan
- When they have a boss who makes their life bitter

Star Manager?

Google came along and wanted to do it differently. They launched a comprehensive project of data analysis on the performance and talent amongst its employees, and implemented a valuation model based on 8 habits of highly effective Google Managers.

As differentiation, it has to be noted that there are more qualitative than quantitative habits in most professional profiles. Habits are "weighted"; they don't have the same relevance. For example, it is more important that the Manager is accessible for his team, than his technical competence.

In Google, evaluations are carried out each quarter, and the team evaluates the boss. With this, Google seeks to promote collective performance with respect to star individuals, and to recover the agility and innovative spirit of its early years.

There is no perfect method. The need to evaluate the talent within an organization depends on what the company needs. The method should be consistent with the mission of the company, with the intrinsic necessity of it. It should be simple and consistent.

In a company where innovation is essential, we must genuinely promote teamwork, good environment, change, and learning. In a factory that makes clothes in Bangladesh, we will probably have to evaluate pure and simple productivity. I'm not sure to what extent talent is innate or developed.

Innovation and entrepreneurship require talent. There are coincidences and also machines that destroy the illusion, the contribution. Let us leave Saturn to rest in peace.



Puri Paniagua is a Principal at Pedersen & Partners. Ms. Paniagua brings a successful record of experience in the Executive Search industry, having successfully completed many senior level and executive level search assignments in her career, also gaining experience in management audit and coaching in the Technology, Professional Services and Consumer Goods sectors. Before establishing her career in Executive Search, she previously worked with Accenture for over twenty years, where she was a Partner.