

Solving the chemical talent crisis: everyone's a general manager now

By Bernhard Scholl



Recently, I outlined the **current talent crisis** in the chemical industry, in which pipeline and succession challenges have hit just as the industry undergoes its most dramatic set of changes in a generation. There is no single path out of this dilemma, but the first step is to parse the ways in which the industry has become more complex. Over the last 18 months, a wave of mergers, acquisitions and spinoffs have reshuffled the industry's collective assets and set off a rush of firms staking out new territory. This process is far riskier than it once was, as companies shift their businesses away from broad product portfolios to focusing on very specific areas. And the global economy has matured to the point where strategies based on geography, such as selling advanced materials to Europe and North America while producing less sophisticated products for emerging markets, simply no longer hold; each region has too many strengths and weaknesses for generalizations to be valid. Instead, chemical companies are making capital-intensive, high-risk bets on fast-moving markets such as connected cars and quantum computing. But untethering sales from geography leads to a complex game of resource allocation, with, say, Japan being the best customer for materials coming out of a plant in Brazil.

Leading in this environment calls for a much different set of traits than the traditional research- and technology-centered competencies of a more predictable time. A chemical industry leader today needs to understand not just how to create value in his or her business, but how value is created at each point in the constantly changing path from raw materials to the end user. In addition to a complete mastery of processes and costs, he or she must be able to create a strategic vision, forge partnerships and foresee trends. Like the leaders of other industries in flux, senior chemical executives must have the level of agility found in Silicon Valley. It is one thing, however, to be agile when a course correction means changing the code in a smart phone app and quite another when it involves \$100 million processing plants.

Refitting talent management for a new age

Developing a pipeline of leaders prepared to grapple with this dynamic, uncertain environment will require many chemical companies to consider strategic changes to their talent management approach. Here, I'd like to discuss two specific strategies that may be helpful (with more to follow in future posts). First, rotations can be more thorough, planned and rigorous. Well-run companies already rotate rising executives through a variety of functions and businesses, but even there, rotations tend to be left too much to the vagaries of luck and personal networks. Today, every rising executive needs to be trained to be a general manager, whether or not they ultimately aspire to that role. This means both international experience and systematic exposure across the organization.

the leadership blog

In addition to making professional development more deliberate, chemical companies should rethink how they identify and assess their future leaders. Evaluation based on prior performance made sense in a time of incremental change but can be highly misleading in the face of disruption. Instead, executives should be evaluated on their potential to adapt and thrive in highly uncertain, volatile environments. In our analysis of the personality traits of thousands of successful executives, we have found that those who fair best in these environments have four traits in common:

- **Curiosity:** Going beyond the typical market analysis to understand how value is created and probing for whether or not the company is best equipped to create that value.
- **Engagement:** A drive to connect with the world across functions, sectors and cultures.
- **Insight:** The ability to make connections between disparate events before those observations become common wisdom.
- **Determination:** The ability to stay the course when things get tough.

In the disruption underway, these traits and the ability they create to adapt to uncertainty matter far more than traditional credentials and CV box checking.

There is no way around the talent challenges the chemical industry faces today, but these two strategies can go a long way in addressing the issue and putting companies in a stronger position to turn disruption into opportunity.

For more information contact:

Bernhard Scholl

Bernhard.Scholl@egonzehnder.com

+1 305 569 1024