Talent Crunch

Or is this just a crutch?

by Bob Burg

I WAS RECENTLY ASKED to comment on three headlines in a management magazine. Two of them declared that a talent crunch loomed for 2008 and suggested that among current and future leaders and employees, good talent is nowhere to be found.

I doubt that's true. What we have here is a failure to create the environment where people understand what leadership is all about. *Of course* there is good talent—great talent—out there. In fact, the problem is not a talent crunch but a *value* crunch—a shortage of effective potential producers. Too few people have been taught to view themselves as having a *personal value proposition*. We haven't trained people to operate with the aim of *giving more in value than they receive in compensation*.

Any manager or leader who gives more in value than they receive in compensation won't need to worry about getting caught in the vice grip of a "talent crunch." In crunch times, they *become* the talent others seek, and their *value* rises dramatically. Likewise, managers and leaders who hire people who provide such value won't be caught in a talent crunch, where they can't find enough good people.

The key here is our perspective on *value*. Value is not the same as price or compensation. Value is "the property or aggregate properties of a thing which renders it useful or desirable." For example, a high-producing salesperson knows that a consumer will exchange their money only for something they consider to be of equal or greater value. The greater the value they receive from the salesperson's product or service, as compared to the money they pay for it, the happier they will be—they're more likely to do business with that salesperson again and refer him or her to other potential customers or clients they know.

In addition to the basic price-versus-value equation of the product or service, wise salespeople also know that they add value to the customer in other ways—by providing exceptional service; helping to connect customers with other salespeople or resources who might help them in other areas of their lives; and coming up with creative ways to increase the contribution they make to the customer's life, thereby increasing their relative worth and desirability in that customers' mind.

Wallace D. Wattles, author of *The Science of Getting Rich*, wrote: "Give every person more in *use value* than you take from them in *cash value*. That way, you add to the life of the world with every transaction." This brilliant counsel applies to any person serving any position. No matter what you do, the goal is to provide more in "use" value than you receive in payment ("cash value"). When you do this consistently, you build such a positive reputation and so increase your value that natural law insists that you rise to the next logical level, despite politics (though perhaps not as quickly or smoothly!) And as long as you continue adding more value than the level of compensation you are receiving (and assuming you don't fall victim to the Peter Principle), this acceleration of position will continue. This occurs as the natural result of your *adding value to the organization*.

How can you cause this to happen? First, by teaching your people this orientation. Second, by creating an environment where the value they add is rewarded, not stifled or punished. This may require clearing away the underbrush of bureaucracy or the accretion of "not my job" attitudes that undermine any effort at creating positive change.

When I read that there is a "talent crunch," it makes me think that there is a preponderance of people working with a mindset that is not productive. It's not a talent crunch: it's a problem of too many people looking at their work as trading time for dollars, rather than as *trading value for value*. In the first instance, you put in a certain number of hours to make a certain amount of money. At any salary level, it's like working an hourly wage. In the second instance, your goal is not to put in a certain amount of hours but to add *as much value as possible* with the hours you have—again, even more value than would equate to the financial compensation you are receiving. That second model produces a cycle of advancement that results in huge increases in pay *and* in position and influence.

Entrepreneurs grasp this dynamic intuitively. They see that if they are not providing value first, then they won't be eating! But in large companies, it's easy to lose sight of the core value proposition. It's easy to focus only on the *hours=money* equation when the money comes regardless of production.

Fortunately, people tend to respond well to incentives. That's why the free enterprise system works. When people are rewarded for production, they *produce*. When they're rewarded for non-production or perpetuating the status quo, they *don't* produce. Yes, behavior that gets rewarded, gets repeated. And this holds true from top to bottom.

Performance related to pay works. Like any entrepreneur, the intrapreneur is motivated by the same basic factors. And "pay" doesn't necessarily refer *only* to money—it can also refer to any other reward the person holds as being of value (like recognition or input into policy and influence in decisions).

When you approach your people from the position that says, "You provide value, and we'll provide compensation," they rise to the challenge and produce as though they have a stake in the results or *ownership* in the company—because, in a sense, they do.

Five laws increase the potential for any person to be more effective: *Law of Value*, *Law of Compensation*, *Law of Influence*, *Law of Authenticity*, and the *Law of Receptivity*. But it all begins with *value*. The value that potential leaders see themselves as having, the value they are willing to give, and the value you encourage them to give by providing the infrastructure, context and environment that motivates them to do so, form the essence of a culture where there is an *endless talent supply*. **LE**

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ACTION: Create an endless talent supply.