

## HR prescription builds healthy culture

The HR team at Sanofi-Aventis has formulated a prescription for company success, and it is based on a combination of competence and culture. At the centre of its efforts are leaders, who are supported to make personal changes that enhance their relationship with the people in their teams.

Ronan Carolan, the HR Director at Sanofi-Aventis (SA), was describing HR's efforts to improve employee engagement by focusing on the behaviour of leaders, to an audience of HR practitioners at North Ryde. The research connections they drew upon were the findings of Zenger and Folkman that demonstrated the higher profitability of companies where employees had a higher perception of the quality of their leaders.

SA has also participated in the Hewitt Best Employers in Australia awards, which have shown the links between employee engagement and company performance. This again was linked to the effectiveness of leaders.

The context for SA's HR initiatives is its position as a large pharmaceutical company (ranked third in Australia) with around 1,000 employees and an environment of constant change. Mergers and acquisitions are a regular event (SA has just acquired the company that sells Cenovis and Nature's Own products). Turnover in the industry is an issue (between 15% and 20% per year) and the company has a large investment in research and development for new products.

### ***Leadership the critical factor***

Leadership is seen as a critical factor in employee engagement, retention, performance and succession. Over the last two years the HR team has developed a framework of competencies which tells employees what competencies are needed to perform well in their roles.

One benefit of the framework is that employees now have a better idea of what they need to do in order to move to other roles internally. SA often has over 150 vacancies each year, and the preference is to try to fill roles internally first.

The framework was developed after an examination of the company values (SA in Australia is part of a global organisation with 100,000 employees and headquarters in Paris). The other key input to the competency framework was research on the global Top Ten companies by Korn-Ferry. It had concluded that they were distinguished by a number of features.

### ***Features of top companies***

Leadership is the first feature – in the top companies, "leaders lead the way". This is quite personal. Leaders must be a positive role model for the performance and behaviour they want, and they must make a human connection with their teams. This is not about being soft; rather, it is about recognising people as people, with their own motivations, interests and concerns.

The second feature is an unrelenting focus on talent. High-potential employees are identified and systematically developed for future roles. Ronan said that this is not something that is achieved overnight. SA's aim is to move from a situation where talent initiatives were ad hoc, towards managing talent systematically, as a mission-critical function.

Another feature of leading companies is the way they manage training and development. Programs are aligned to business strategy. They are practical, delivered efficiently and they emphasise

leadership development. Courses are not conducted just for the sake of doing “something” to fulfil your annual personal development plan.

### ***Leadership competencies***

The competencies of leadership were a key part of the competency framework. The HR team sees it as important to base them on the company values and the business strategy, and to identify specific leadership behaviours, but they also wanted to avoid having an overload of concepts. They arrived at seven leadership behaviours that align with the company values. The behaviours are: courage, audacity, performance, solidarity, respect and creativity.

A number of priorities for HR ensued from the framework. Job profiles were re-examined, so that it was clear what competencies were required. The approach taken was: what does success look like in this job? What does it look like when you do the job well? A competency dictionary was produced to make meanings clear to employees. A set of 21 leadership competencies was devised, and this is the palette from which the competencies for particular positions are drawn.

### ***Talent management***

Talent management is another priority. A distinction is made between current performance and future potential. Research by the Corporate Leadership Council has found that only around 30% of current high performers are high-potentials. This is often related to a person being a good technical performer but not really suited to a leadership role.

The indicators of potential that are used to assess employees are: adaptability, ability to apply learning, productive relationship-building, initiative, tenacity, judgement and ability to plan and organise. Employees are determined as low, medium or high-potential, and opportunities for development and experience are mostly focused on the high-potentials.

### ***Culture underpins competency***

The complementary aspect of the work on competency is corporate culture. Culture is seen as the key to both engagement and performance, and leaders are seen as the drivers of culture. Hence the focus has shifted to culture, and this is seen as building around the values of the company, through the behaviour of leaders.

Employee surveys are undertaken at periodic intervals. The results are communicated back to employees, warts and all. Ronan is emphatic that it is better not to ask employees what they think if you are not willing to be open about the findings. Surveys also require a response from leaders, and it might mean them taking on personal change in order to make relationships more constructive.

Many of the leadership team are currently working with coaches on specific issues they are trying to address. The most recent employee survey showed a 20% increase in engagement over the previous survey. This is encouraging, and indicates that progress can be made in the area of personal behaviour. The longer-term outcome is improved overall company performance.

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