

The Chemical Talent Crisis

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By Bernhard Scholl

Every chief executive and board member in the chemical industry is facing the same chronic talent shortage, unable to find enough rising stars at the director and VP level to fill the succession plans for soon-to-retire GMs, country managers and CEOs. It's tempting to think that these difficulties are just the most recent manifestation of the "war for talent" that has affected all competitive industries for the last twenty years. But beneath the surface, there are three interwoven forces that are combining to make the current talent crisis in chemicals particularly acute. While there are no easy answers, understanding the factors at work provide a starting point for developing new talent strategies.

Reason 1: Disruption has reached the chemical industry

A decade ago, the chemical industry, along with other components of the industrial sector, could largely regard disruption as a problem for media, retail and other sectors vulnerable to disintermediation. But during that time, the extent of globalization has increased and its pace has quickened. U.S. and European chemical companies no longer have a monopoly on innovation and efficiency; there are plenty of counterparts in Asia, India and Latin America that are churning out patents and that have built global enterprises by fulfilling the unmet needs of rapidly growing emerging markets. New technologies have upended a product development pathway based on incremental improvements, and ongoing sustainability concerns have led to a more challenging regulatory environment and new stakeholder concerns. Disruption now has come to us as well.

Most talent management functions are structured on the assumption that past success is an indicator of future performance. That assumption falls apart, however, in the face of the continual, fundamental change now underway. Leaders who do well under relatively stable and well-understood conditions may underperform when confronted with today's rapid globalization and chronic uncertainty. In this new environment, when the ability to quickly adapt to unforeseen challenges and opportunities is critical, personal qualities such as curiosity and insight go from "nice to have" to "must have." Few chemical companies, however, have recalibrated their recruiting and development functions to optimize for these and related traits.

Reason 2: Private equity rewrites the rules

If the type of leaders we need to lead the industry changes, then the rules of the game must change as well. Most talent management functions are structured on the assumption that past success is an indicator of future performance. That assumption falls apart, however, in the face of the continual, fundamental change now underway. Leaders who do well under relatively stable and well-understood conditions may underperform when confronted with today's rapid globalization and chronic uncertainty. In this new environment, when the ability to quickly adapt to unforeseen challenges and opportunities is critical, personal qualities such as curiosity and insight go from "nice to have" to "must have." Few chemical companies, however, have recalibrated their recruiting and development functions to optimize for these and related traits.

