

Talent Retention – A cool topic in a hot market

Strategic Human Resources Management
of TÜV Rheinland Group China

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TÜV Rheinland Group – Business Streams and Fields

BS I - Industrial Services

- BF I.01 Pressure Equipment and Materials Technology
- BF I.02 Elevators, Conveyor and Machine Technology
- BF I.03 Electrical Engineering and Building Technology
- BF I.04 Industrial Engineering Safety
- BF I.05 Civil Engineering
- BF I.06 Energy and Environment Technology

BS M - Mobility

- BF M.01 Vehicle Inspection, stationary
- BF M.02 Vehicle Inspection, mobile
- BF M.03 Driver's Licenses
- BF M.04 Car Services and Appraisal
- BF M.05 Homologation
- BF M.06 Automotive and Aviation Technology
- BF M.07 Guided Transport Systems
- BF M.08 Telematics and Traffic Consulting, Logistics

BS P -Products

- BF P.01 Electrical and Electronic Services
- BF P.02 Mechanical and Machinery Services
- BF P.03 Medical Devices
- BF P.04 EMC and Telecommunication
- BF P.05 Ergonomics and Usability
- BF P.06 Product and Environmental Analyses
- BF P.07 Market Access Services
- BF P.08 LifeCycle Management

BS L – Life Care

- BF L.01 Occupational Safety and Health
- BF L.02 Traffic and Occupational Psychology
- BF L.03 Health Management, Healthcare an Wellness
- BF L.04 Medical Center Services
- BF L.05 Food Services

BS B - Education and Consulting

- BF B.01 Professional Education
- BF B.02 Private Schools
- BF B.03 Labor Market Services
- BF B.04 Personnel Management
- BF B.05 Business Consulting
- BF B.06 Publishing and Media
- BF B.07 R&D Management

BS S- Systems

- BF S.01 Certification of Management Systems
- BF S.02 IT and Communications Systems Security
- BF S.03 TÜVdotCOM, Web Services
- BF S.04 TÜV Rheinland STAR*

TÜV Rheinland Group in Europe and Africa



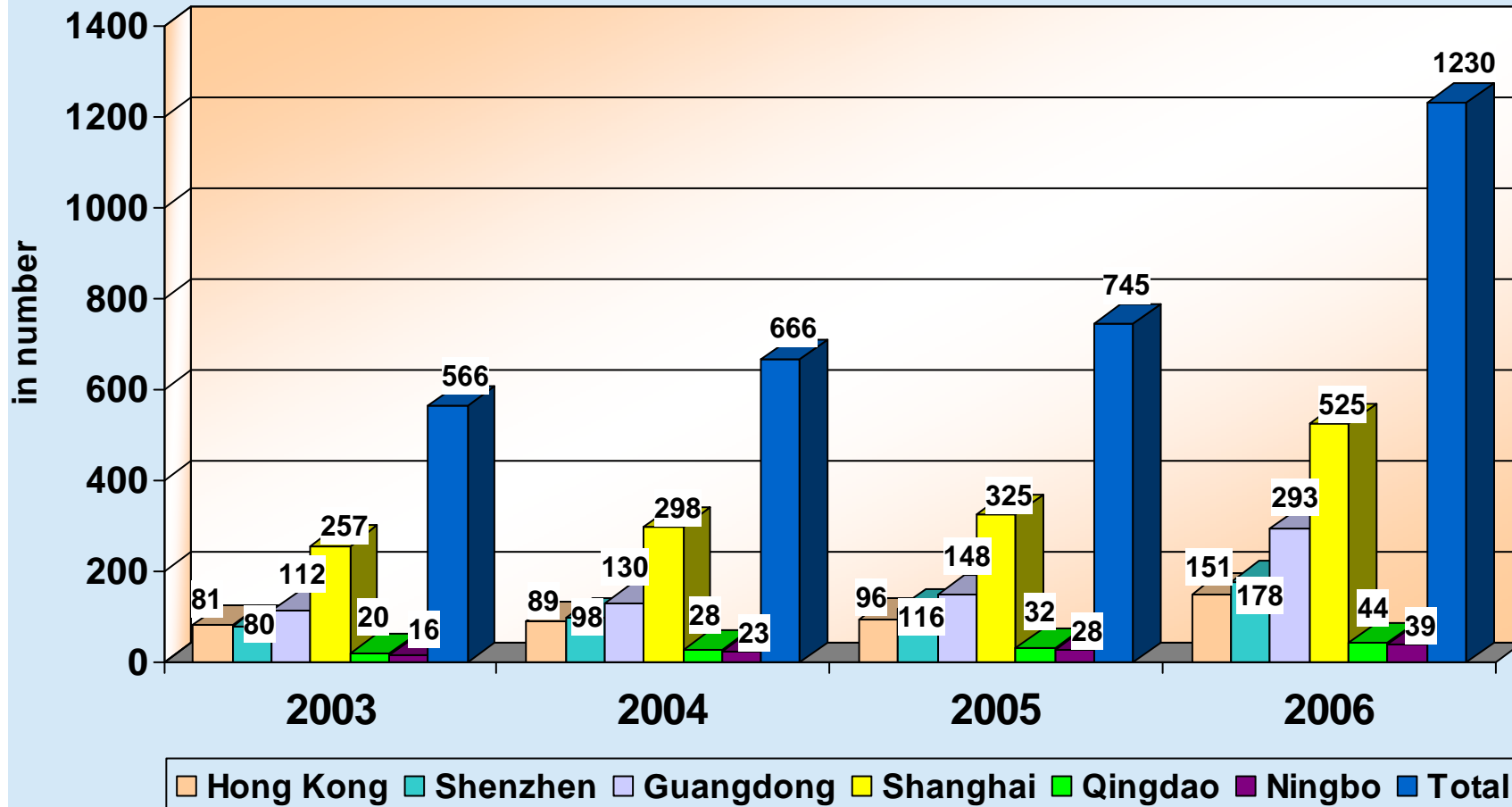
TÜV Rheinland Group in Americas



TÜV Rheinland Group in Asia and Oceania



Employees in all China offices : 2003 to 2006



Note:
Average
29%
increase

The Chinese Economy – Miracle Growth

- Exports tripled – 6 billion USD in 2004 to 1.7 trillion USD in 2010
- Will overtake U.S. GDP by 2050
- Shifts
 - West to North East
 - Low cost manufacturing to value/innovation
 - Manufacturing-service balance
- Foreign Direct Investment 60 billion in 2004; 100 billion expected
- 90% of world's 500 top Multi National Companies investing in China; 70% reporting profits
- Industrial Strength
 - Cars from 3.8M to 9M in 2008
 - 22 new silicon wafer plants by 2008
 - World's largest number of cell phone users (700M by 2009)
- Sustainable economic growth at 8-9% annually

The Talent Landscape in China

- **25 – 30 year old Chinese employees; 1 – 2 years represents the average time spent in a workplace**
- **7 million college graduates; of which only 10% have the qualifications to work in multinationals**
- **From 5000 now to 75000 qualified leaders are needed over the next decade**
- **Staff turnover increased from an average of 6-8% to 14-20%**
- **38% multinationals report increased staff turnover in the past 12-18 months**
- **61% of Chinese employees are ready to resign from their current job**
- **Average salary increase of 9 – 14% in China annually vs. 2 – 5% in U.S.**

Major reasons for job change

- **Lack of growth/development opportunities**
- **Better career opportunity elsewhere**
- **Did not find the work interesting**
- **Poor relationship with the manager**
- **Insufficient compensation**
- **Did not feel efforts were appreciated**
- **Job was not what was expected**
- **Poor fit with the organizational culture**

Employee Figures of TÜV Rheinland Group China

- **Average staff turnover in 2007:** 9%
- **Recruitment source:**
 - from the free market: 82%
 - from competitors: 7%
 - from university/college: 11%
- **Employee's educational background:**
 - technical: 65%
 - economics: 12%
 - others: 23%
- **Female/male ratio:** 45% / 55%
- **Market position of compensation:** + 5%
- **Market position of annual leave:** + 15%
- **Out of total 91 foreign expatriates, 73 from Germany, 7 from other European countries and 11 from the rest of the world**

Talent Management System in TÜV Rheinland Group China

- **Attracting and Identifying Talent**
- **Keeping and Developing Talent**
- **Succession Planning**



Attracting & Identifying Talent in TÜV Rheinland Group China

- **Market the company and its brand**
 - TÜV Image
 - Company culture
 - International vs. Local
 - Career development opportunities
 - Ethical conduct of employee
 - Equality of Employment Opportunity
 - Occupational Health & Safety
 - Responsibility to the community



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Keeping & Developing Talent in TÜV Rheinland Group China

- **Training & Development**
 - **Establishing a technical training center in China**
 - **Regular soft skills training in Customer Service, Project Management, Communication, Team Building, Language skills etc.**
 - **Leadership program for new/potential leaders**
 - **New hire orientation**
 - **Mentoring & Coaching system**
 - **Cross-regional and cross-functional job assignment & rotation**
 - **Special project assignments**

Keeping & Developing Talent in TÜV Rheinland Group China

- **Link pay and performance**
 - **Effective Performance Management System**
- **Developing leadership to engage people for retention**
 - **Training & development of related leadership skills**
 - **Developing retention discussion during performance review**

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Succession Planning in TÜV Rheinland Group China

- **Succession Management Program – An effective management tool for talent development & retention**
 - **Identifying “High Potentials”**
 - **“Management Development Plan”**
 - **Tracing development**

