

## Talent Management and Success Principles of German Hidden Champions

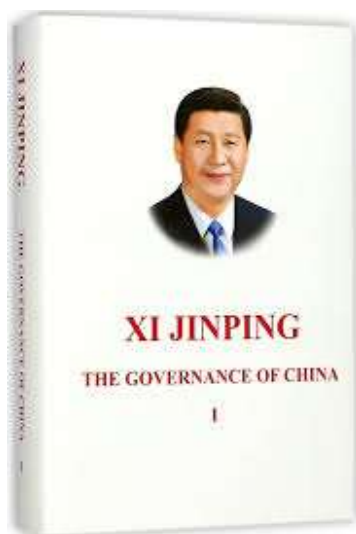


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No. 1

## New Era: „Unleash the Innovative Potential of Our Talent“



*„Producing first-class innovators,  
and attracting the brightest minds  
from all over the world“*

*“Well-Rounded Talents“*

*„Education should focus on  
character building ... for a New Era“*

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## Agenda / Contents



- Our Institute
- Hidden Champions – Key Facts
- Key Success Factors
- Principles of Successful Innovations
- Talent Management & Effective Leadership
- “Well-Rounded Talents” – German View
- Outlook: Bridges

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- 40
- 250
- 100,000

### Selected Customers and Sponsors



Deutsche Bank



BERTELSMANN  
*media worldwide*



## The Challenge

- |                                            |      |      |      |       |
|--------------------------------------------|------|------|------|-------|
| ■ Quantitative (Aging Population):         | 1980 | 2000 | 2020 | 2050e |
| ▶ Germany (Age > 65 y)                     | 14 % | 17 % | 22 % | 28 %  |
| ▶ China                                    | 4 %  | 7 %  | 13 % | 30 %  |
| ■ World Exports (\$ bn <sub>r,2020</sub> ) | 6    | 10   | 18   | 40    |
- 
- Also Qualitative
    - ▶ „Knowledge Workers“
    - ▶ Globalisation & Innovation
    - ▶ „Command & Control“
    - ▶ („New Era“)



„War for Talent“

## Examples of German Hidden Champions



## Key Facts on Hidden Champions

- Definition
  - ▶ Market position: top 3 in the world, or # 1 in Europe
  - ▶ Revenue < € 5 billion
  - ▶ Low level of awareness
- Importance

| Country     | Number of HC* | Population (million) | HC per million |
|-------------|---------------|----------------------|----------------|
| Germany     | 1,573         | 83                   | 19             |
| Switzerland | 171           | 9                    | 20             |
| Japan       | 283           | 126                  | 2              |
| USA         | 350           | 330                  | 1              |
| China       | 97            | 1,403                | 0.1            |

\* Simon, 2023

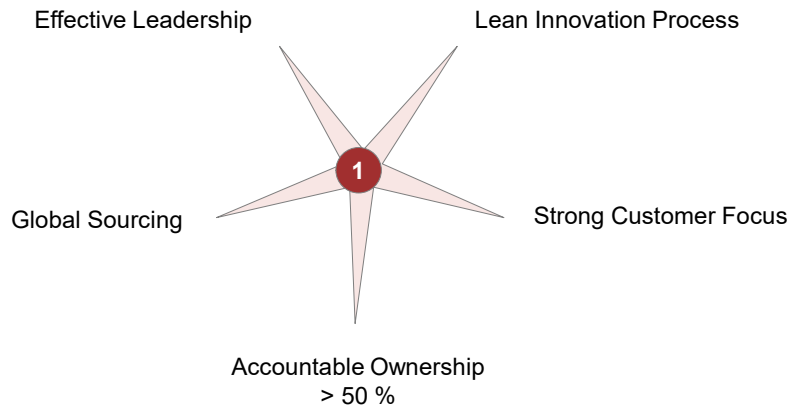
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## Development of German Hidden Champions

| Year  | Number of HC | Employees at HC (Millions) | Employees Abroad (%) |
|-------|--------------|----------------------------|----------------------|
| 1995  | 457          | 1.1                        | 37 %                 |
| 2005  | 1,050        | 1.8                        | 49 %                 |
| 2015  | 1,307        | 2.9                        | 54 %                 |
| 2025e | 1,602        | 3.8                        | 63 %                 |

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## Key Success Factors



## Sources of Innovations

### Needs

- Trade fairs (Exhibitions)
- Sales team (Direct feedback)
- Customer partnerships

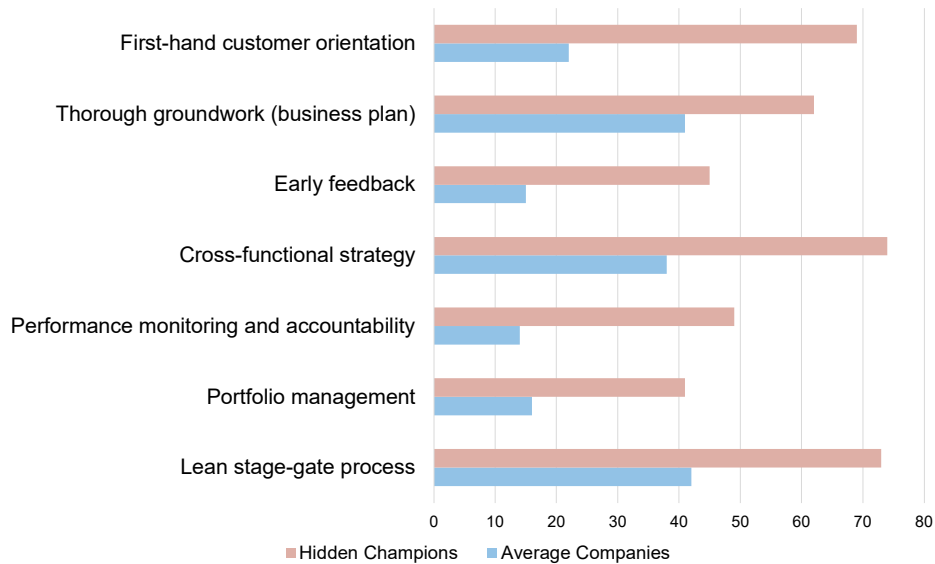
### Competition

*„Innovation comes from comparing competitor products.“*

### Science

*„On one hand, the customer drives us.  
On the other hand, we have R&D“*

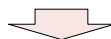
## Innovation Practices – Top 7 (% Practice)



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## The 10 Commandments of Successful Innovation in the Words of CEOs of Hidden Champions

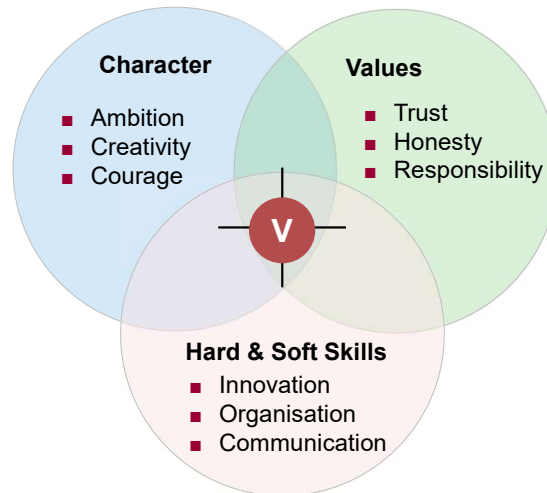
- *“We live from new products. That means the demand may not even have been created yet, because the customer does not yet know that one can think in that direction.”*
- *“The innovation team includes developers, product managers, and salespeople — in other words, the key people... Then purchasing, production, and work preparation are added as well.”*
- *“There is a kind of recipe — a business plan — that defines what the project is about, what the competition looks like, what the prices are, and so on ...”*



Effective Leadership & Well-Rounded Talent

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## „Well-Rounded Talent“ – German View



Please note: "You can't manage what you don't measure."

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## What is „Well-Rounded“?

- **Personality** or **Character Traits** (Identity – Who am I?)
    - ▶ Examples: optimism, passion, energy, willpower, intelligence
    - ▶ Feature: mostly innate, hard to change
- Not to be confused with values and skills.*
- **Values** (Compass)
    - ▶ Examples: honesty, integrity, reliability, sensual pleasure, work, money
    - ▶ Feature: learned, hard to change, guides behaviour, situational
  - **Skills** (Required for Results)
    - ▶ Examples: resolve conflicts, set goals, persuade others, give feedback, organize
    - ▶ Feature: learned through practice and experience (learning by doing) – 10,000 ("practice makes perfect")

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## Recruitment

Candidate A =

Candidate B =

### Personality Traits (Character)

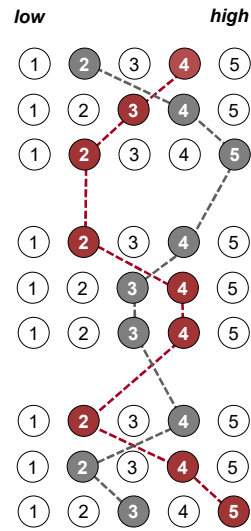
1. Creativity
2. Ambition
3. Optimism

### Values

1. Honesty
2. Reliability
3. Trust

### Competencies

1. Organizing
2. Analytical thinking
3. Negotiating



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## Work-Related Personality Test (WPT)

back

link: [inmi.de/wpt](https://inmi.de/wpt)

This validated test, based on a sample of more than 30,000 participants, shows your personality profile in comparison with all other participants. The test consists of 40 questions and takes approximately 10 to 15 minutes to complete.

**Instructions:** To what extent do you agree or disagree with the following statements?  
The response scale ranges from 1 = "strongly disagree" to 5 = "strongly agree."

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I consciously focus my energy on clearly formulated goals.

strongly disagree   disagree   neutral   agree   strongly agree

1

Every two to three years I learn new skills of which I had no previous mastery.

strongly disagree   disagree   neutral   agree   strongly agree

2

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## Work-Related **Personality** Test (WPT)

Take the test: [inmi.de/wpt](https://inmi.de/wpt)

1. Effective **creativity** (focusing on creative solutions)
2. Purposeful **learning** (eager to learn what really matters)
3. Optimistic **ambition** (striving for convincing results)
4. Co-operative **fairness** (contributing to team spirit)
5. **Sincere** trust (striving for trustful relationships)
6. Co-operative **responsibility** (contributing to common goals)
7. Courageous **enthusiasm** (overcoming obstacles to success)
8. Focused **role model** (giving direction to others)
9. Resilient **stamina** (coping effectively with setbacks)
10. **Willpower** (turning objectives into results)

*Please note: Each of the 10 dimensions is operationalized by 5 to 8 items describing typical behavior.*

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## Common **Values** - Young Generation (< 35) in Germany

Take the test: [inmi.de/values](https://inmi.de/values)

1. **Equality** and Balance – Clear rules and fair decisions
2. Personal **Growth** – Continuous development of strengths
3. **Respect** and Appreciation – Treating people with dignity
4. Conscientiousness and **Reliability** – Keeping commitments and working carefully
5. Community Spirit and **Teamwork** – Supporting each other and working together
6. **Integrity** and Trust – Honesty, decency, and trustful relations
7. **Work-Leisure Balance** – Room for work and private life or integration of both
8. Security and **Stability** – A safe and harmonious work environment
9. **Influence** and Self-Worth – Making an impact and achieving success
10. **Autonomy** and Independence – Freedom to act and create  
-----
11. Other, such as: Enjoyment, Modesty, Loyalty, Status, Friendship, Family Life etc.

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## Top Ten Management Skills

(From Leadership Programs of F500 & HC; Sample: n = 23,598)

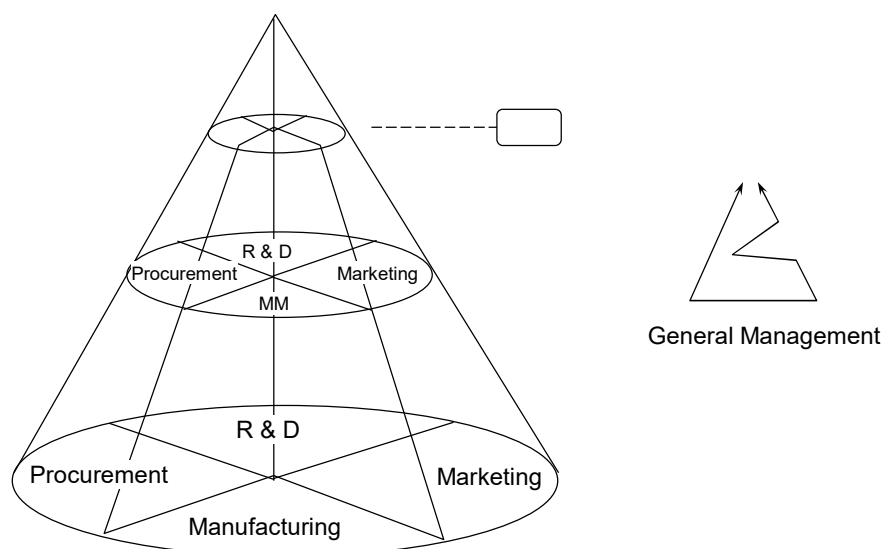
Take the test: [inmi.de/skills](http://inmi.de/skills)

1. Personal **Appearance** (looks confident, professional, and value-driven)
2. **Analytical** Thinking (understands complex problems and sees different viewpoints)
3. **Initiative** (spots chances and risks early and takes responsibility)
4. Goal and **Result** Orientation (sets clear goals and drives results)
5. **Communication** Skills (communicates clearly, convincingly, and with focus)
6. **Team-based** Skills (handles tensions well and strengthens team spirit)
7. Decision Making and **Problem** Solving (makes clear decisions and owns them)
8. **Conflict** Management (addresses conflict directly and seeks win-win solutions)
9. Creating **Trust** and Personal Relations (builds trust through sincerity and consistency)
10. **Emotional Intelligence** (shows empathy and handles emotional tension well)

*Please note: Each of the 10 dimensions is operationalized by 5 to 8 items describing typical behavior.*

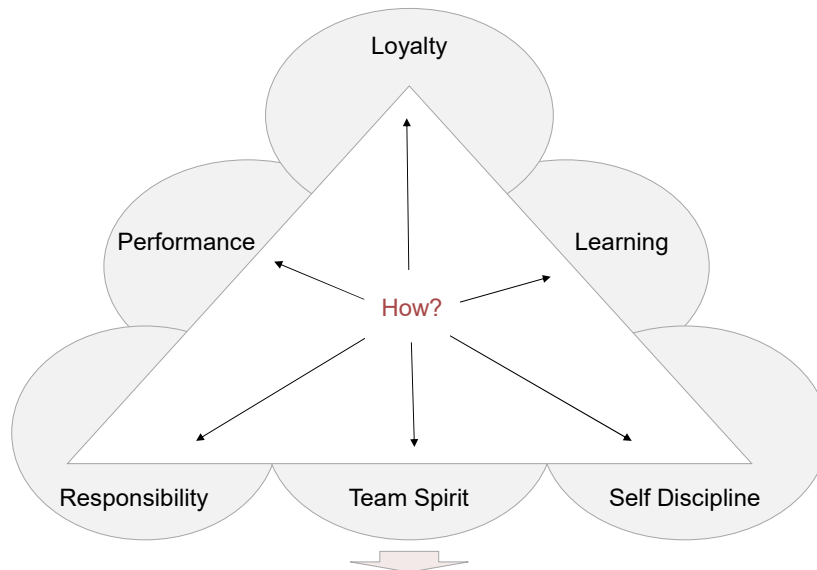
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## Talent Selection & Development



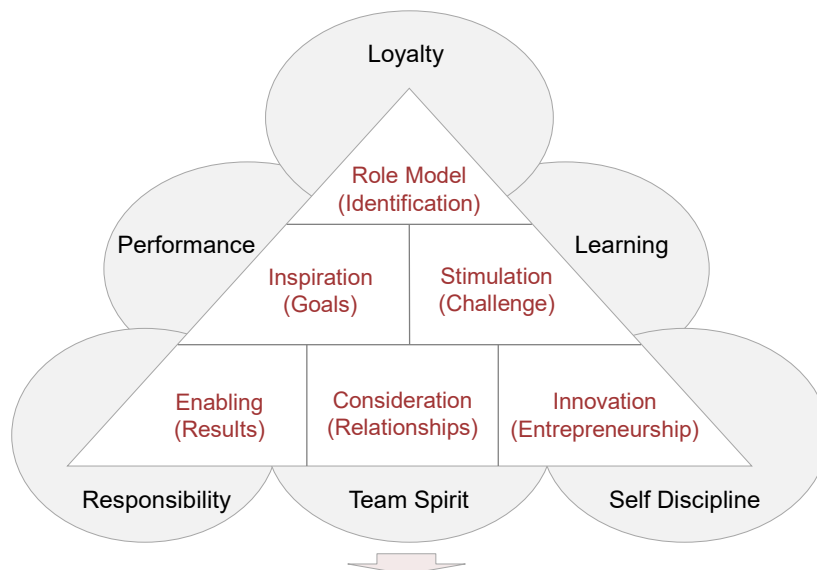
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### Recruitment



Customer and Employee Satisfaction → Profitability & Growth

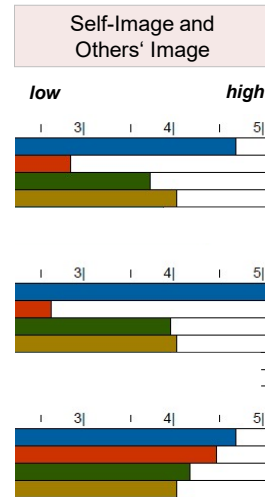
### Leaders' Responsibilities



Customer and Employee Satisfaction → Profitability & Growth

## How to Measure Talent?

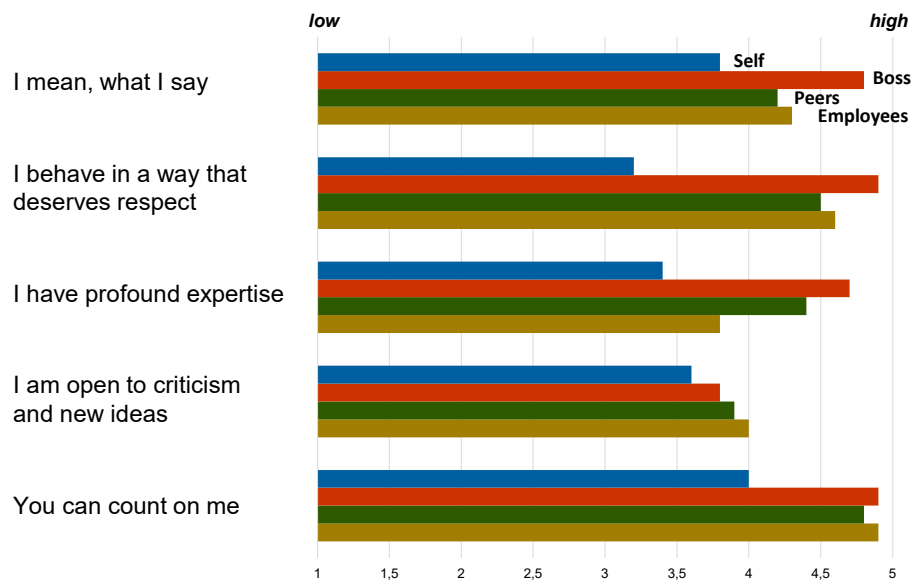
- **Example “Being a Role Model”**
  - ▶ “Means what he or she says”
  - ▶ “Stands for clear values”
  - ▶ “Sets clear goals and expectations”
  - ▶ “Has profound specialist knowledge”
  - ▶ “Is open to criticism and new ideas”
  - ▶ “Is reliable”
  - ▶ ...



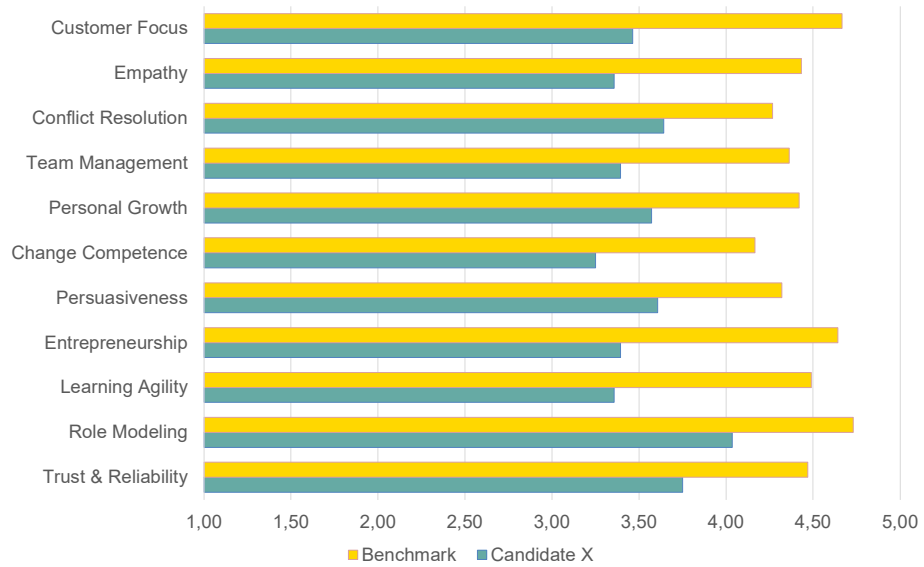
- **Validity und Reliability (n = 14,348)**
  - ▶ Cronbach's Alpha: .96
  - ▶ Selectivity of Items: .63 (.86)
  - ▶ Criterion-related Validity (**Effectiveness**):  $r = .93$

Please note: “You can't manage what you don't measure.”

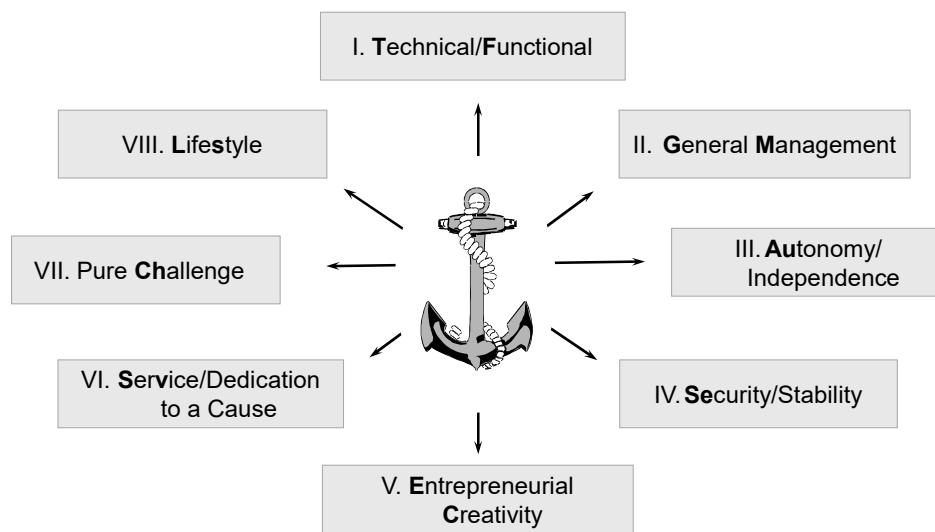
## A Hidden Champion's Chinese Manager (Skill: Role Model)



### Example Company X



### Career Opportunities (Anchors)



## Personality and Career (n = 23,255)

| Entrepreneur                                                                                | General Manager | Self Employed | Expert     |
|---------------------------------------------------------------------------------------------|-----------------|---------------|------------|
| Personality (Character)                                                                     |                 |               |            |
| Visionary                                                                                   | Responsible     | Fair          | Curious    |
| Optimistic                                                                                  | Fair            | Ambitious     | Persistent |
| Creative                                                                                    | Result Oriented | Disciplined   | Sincere    |
| Competencies (Skills)                                                                       |                 |               |            |
| A. Personal Skills: Initiative, Trust, Empathy, Communication...                            |                 |               |            |
| B. Objectives and Planning: Analytical Thinking, Risk Taking, Problem Solving...            |                 |               |            |
| C. Organization: Process Optimization, Conflict Resolution, Team Management, Delegation ... |                 |               |            |
| D. Control: Feedback, Learning, Self-Control, Change...                                     |                 |               |            |

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