

# **Succession Planning and Talent Management: We've come a long way, but....**

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Harry Brull  
Personnel Decisions International  
612.337.8233  
[Harry.brull@personneldecisions.com](mailto:Harry.brull@personneldecisions.com)

# Succession Management

- ◆ **The process by which business leaders ensure they have the right talent to achieve strategic goals. This includes**
  - **Ensuring the availability of ready successors ... in the right place ... at the right time**
  - **Building bench strength for key roles**
  - **Aligning ready talent with the strategic direction of the larger organization**
  - **Filling key openings from within, without delay, and with confidence to maximize business results**

# Agenda

- **Lessons from the private sector**
- **Why succession management is growing in importance**
- **Common pitfalls**
- **How to build a more robust succession management process that provides a real leadership advantage**

# Why the Increased Focus on Succession Management?

- ◆ **More recognition that:**
  - **Having the right talent is critical**
  - **There are not enough of them around**
  - **They are more likely to *leave***
  - ***Not* having them is very costly**
  
- ◆ **So, companies that **identify, build, retain,** and optimally **deploy strong talent** will have a **distinct leadership advantage****

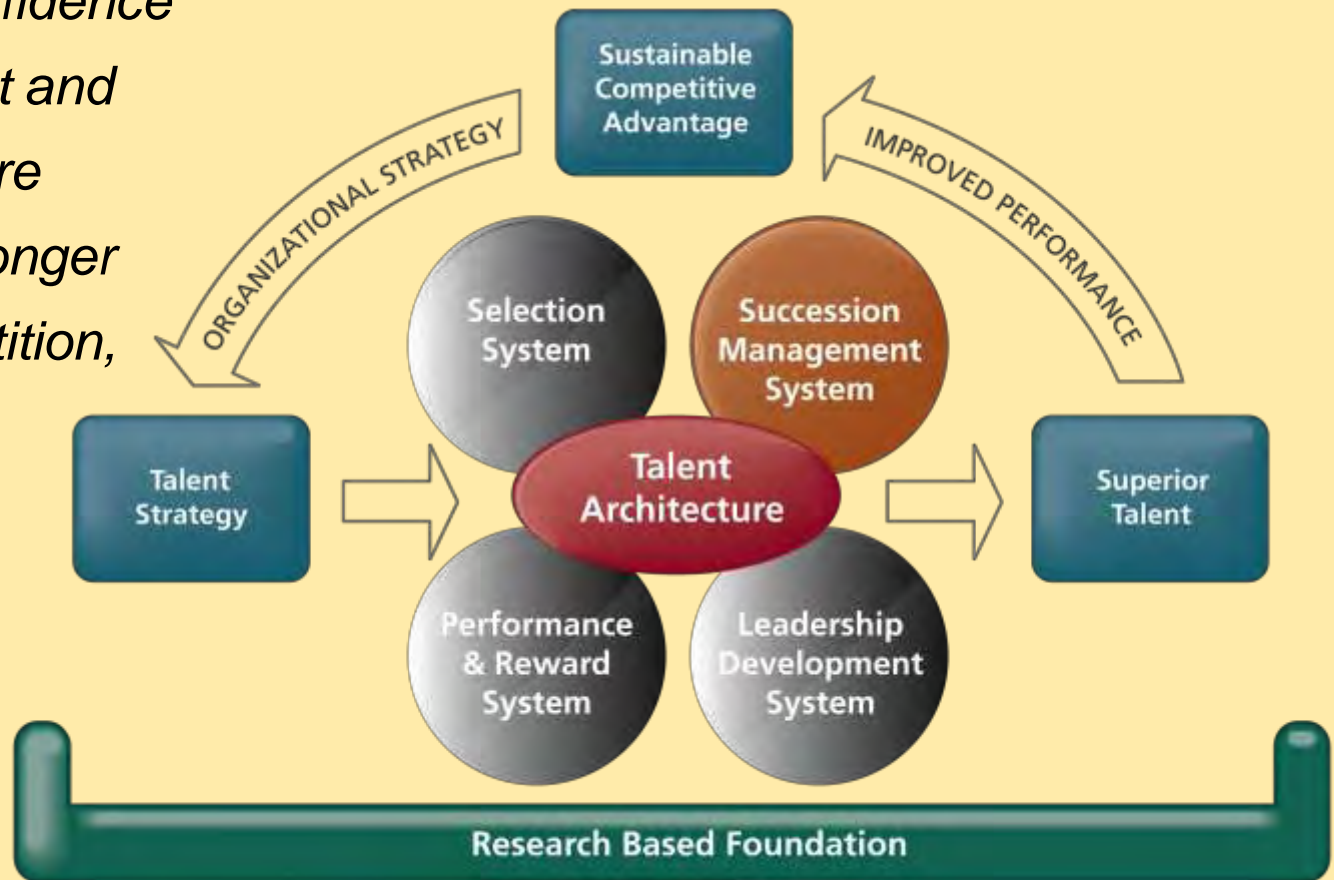
# What Does Success Look Like?

## ◆ Compared to some benchmark, having:

- Strong, high performing talent in **pivotal** roles
- Quick processes to successfully place superior talent in key positions
- A strong bench
- Robust processes for managing succession
- Effective acceleration of development and readiness
- Retention of critical talent

# Real Leadership Advantage

*Well placed confidence that your current and future leaders are increasingly stronger than the competition, resulting in improved performance and sustained competitive advantage.*



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# Where do Companies stand with respect to Succession Management?

- Studies consistently show only **50** to **60%** have some kind of a succession process or plan in place
- **94%** of companies have **not** adequately **prepared leaders** to step into senior executive positions\*
- Little sign of succession as providing a ***leadership advantage***

# **The Public Sector**

## **US Dept. of Labor Statistics**

- ◆ **We're getting old: 45-64 group growing faster than any other**
- ◆ **Government folks even older: 44% age 45+ (private sector 30% OFs)**
- ◆ **Fewer young'ns: Government 27 % under 35 (private sector 43%)**
- ◆ **10 years of drought: Government ownsizing means fewer younger workers**
- ◆ **Fewer of them: Supply of 25-34s slowed to 11% growth (compared to 14% a decade ago)**



# The Evolution of Succession Management

## “Back of the Envelope”

- Immediate needs
- Single positions

## Replacement Planning

- Near-term needs
- Back-up charts

## Talent Inventory

- Long-term needs
- Key roles
- Management bench strength
- Development objectives

## Succession Management

- Strategic needs
- Continuous process
- Talent portfolio
- Integrated systems

# Where Does your Organization Stand?

## ◆ Quick Survey

## ◆ Discussion:

- How well is your organization's succession management process working?
- What are the biggest challenges in your organization's succession process?

# Common Evidence of Problems

- Key roles unfilled for long periods
- Emergency outside hires
- Key roles filled mostly from outside
- Replacements unsuccessful
- High turnover among HIPOs
- Lack of bench strength is concerning Board/Execs
- Complaints about promotion decision fairness

# What's at the Root of Problems with Succession Management?

- Lack of focus and attention from senior line execs
- Optimistic pursuit of external “players”
- Lack of a *robust* succession management process
- Starting over every few years
- Lack of skill in decision making about people
- Lack of comfort making tough people decisions
- (public sector) Fear any process will smack of “anointment”

# Typical Succession Management Process



# Taking It to the Next Level



Six keys to a more robust succession management process and building a leadership pipeline for sustained advantage

# Six Keys to a Robust Succession Management Process

-  Solid Understanding of **Talent Needs**
-  Robust, **Targeted Data** on Talent
-  Carefully Managed Talent **Reviews** and **Decisions**
-  Realistic, Robust Approach to **Develop** Talent
-  Robust **Evaluation**
-  Core Principles, Policies, and **Frameworks**

# Help Provide Focus

- ◆ Look through the list of six key determinants of a robust succession management process
- ◆ Choose two that are most relevant to you and your organization
- ◆ Indicate those by raising your hand



# Key #1: Solid Understanding of Talent Needs



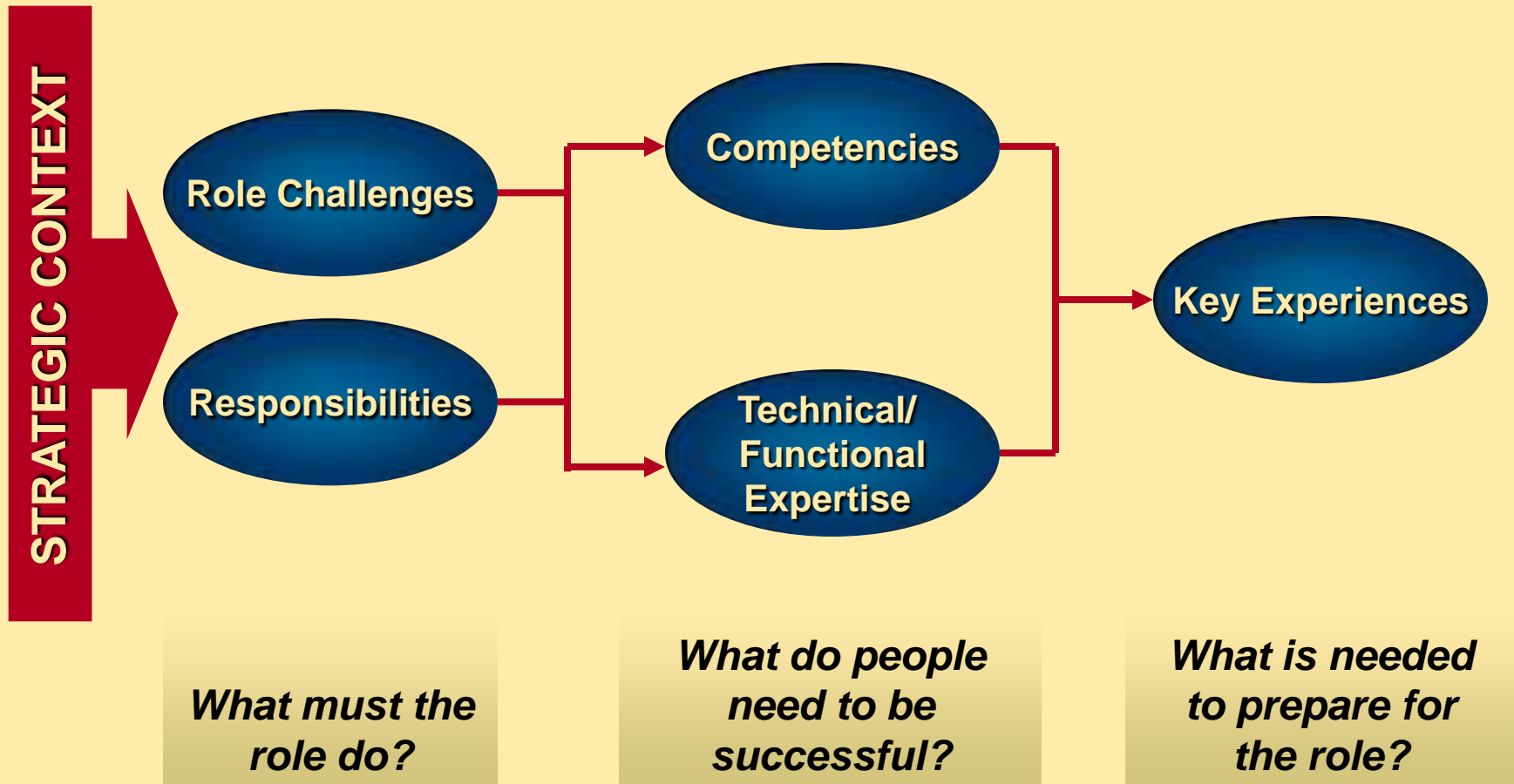
# Talent Need Questions

- Which roles are most **critical**?
- What **types** of talent do we need in each role?
- How **many** do we need in each role?
- How will our needs differ in the **future**?

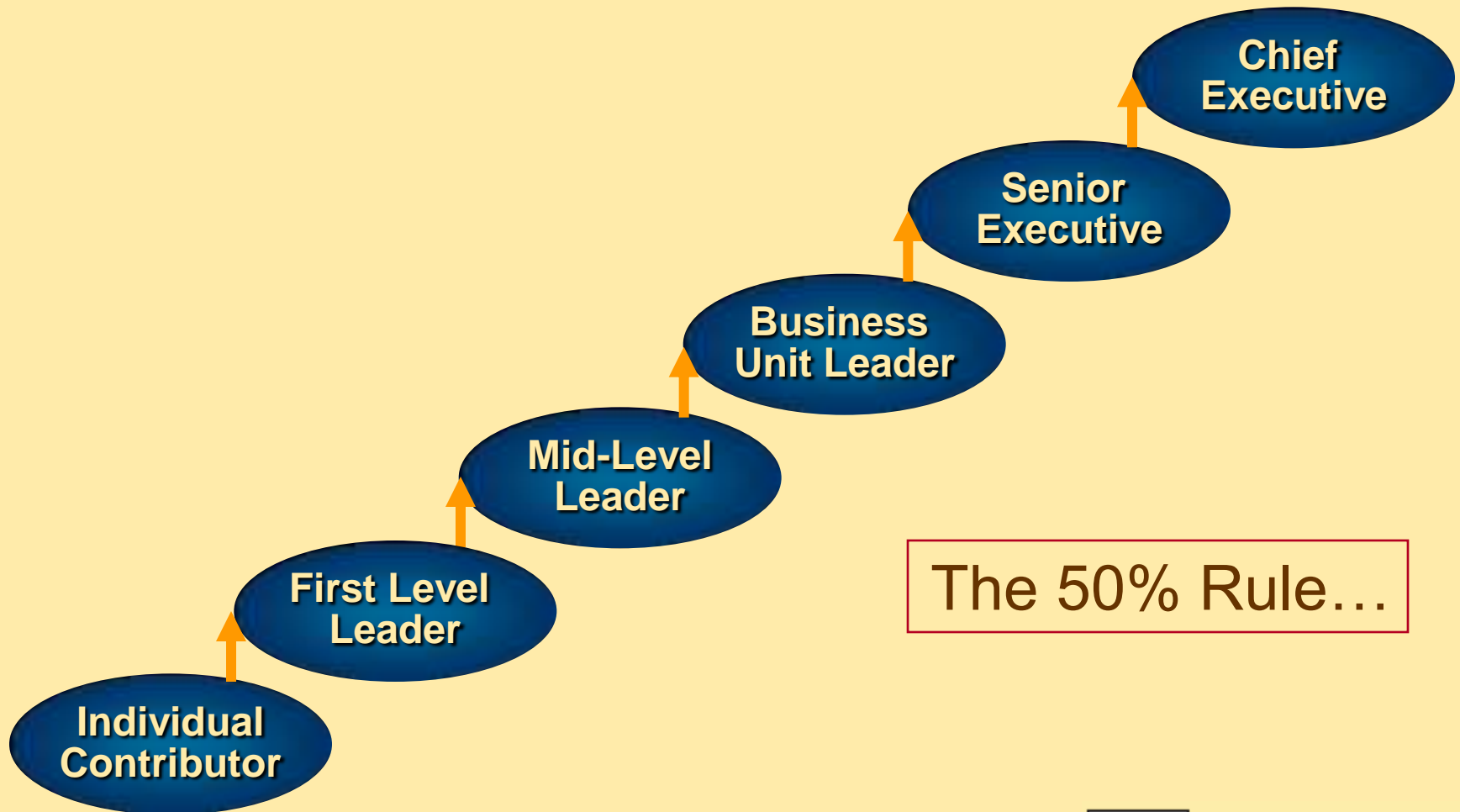
# Typical Pitfalls

- **Review of needs doesn't adequately consider the longer-term**
- **All roles treated as equally important**
- **Performance requirements are too generic, not aligned with changing business needs**
- **Competencies not differentiated among various roles or levels**

# Performance Models



# Differentiated Talent Architecture



# Challenges and Success Factors Differ by Level

## ◆ Consider how Senior Executive roles differ from mid-mgmt. roles on:

- Financial responsibility
- Value chain responsibility
- complexity
- Breadth of responsibility
- Time horizon
- Strategic focus
- Stakeholders
- Visibility: internal and external

# Leadership Competency Architecture (LCA)

| METACOMPETENCIES                  | FRONT-LINE LEADER                 | MID-LEVEL LEADER          | BUSINESS UNIT LEADER       | SENIOR EXECUTIVE              |
|-----------------------------------|-----------------------------------|---------------------------|----------------------------|-------------------------------|
| Super Factor: Thought Leadership  |                                   |                           |                            |                               |
| 1. Analysis                       | Analyze Issues and Solve Problems | Make Sound Decisions      | Use Insightful Judgment    | Use Astute Judgment           |
| 2. Strategic Thinking             | Understand Strategies             | Act Strategically         | Think Strategically        | Shape Strategy                |
| 3. Financial Acumen               | Identify Improvements             | Use Financial Data        | Apply Financial Acumen     | Apply Financial Insights      |
| 4. Innovation                     |                                   | Think Creatively          | Innovate                   | Display Vision                |
| 5. Global Perspective             |                                   |                           | Display Global Perspective | Drive Global Integration      |
| Super Factor: Results Leadership  |                                   |                           |                            |                               |
| 6. Focus on Customers             | Seek Customer Satisfaction        | Meet Customer Needs       | Focus on Customers         | Ensure Customer Focus         |
| 7. Planning                       | Establish Plans                   | Build Realistic Plans     |                            | Align the Organization        |
| 8. Managing Execution             | Execute Efficiently               | Manage Execution          | Ensure Execution           | Optimize Execution            |
| 9. Results Orientation            | Show Initiative                   | Show Drive and Initiative | Drive for Results          | Drive Organizational Success  |
| 10. Courage                       |                                   |                           | Lead Courageously          | Lead Boldly                   |
| Super Factor: People Leadership   |                                   |                           |                            |                               |
| 11. Influence                     | Solicit Support                   | Build Support             | Influence Others           | Use Organizational Influence  |
| 12. Engage and Inspire            | Encourage Commitment              | Motivate Others           | Engage and Inspire         | Energize the Organization     |
| 13. Talent Enhancement            | Select and Develop                | Develop Others            | Build Talent               | Develop Organizational Talent |
| 14. Open Communication            | Communicate Effectively           | Foster Open Communication |                            |                               |
| 15. Collaboration                 |                                   | Promote Teamwork          | Promote Collaboration      | Ensure Collaboration          |
| 16. Building Relationships        |                                   | Relate Well to Others     | Establish Relationships    | Build Relationships           |
| Super Factor: Personal Leadership |                                   |                           |                            |                               |
| 17. Establishing Trust            | Demonstrate Credibility           | Establish Trust           | Inspire Trust              | Earn Unwavering Trust         |
| 18. Adaptability                  | Readily Adapt                     | Show Adaptability         | Adapt and Learn            | Demonstrate Agility           |

# Key #2: Robust, Targeted Data on Talent





# Measuring Current Performance in Typical Organizations



**Results/Goal Attainment**

# Differentiating Performers on What and How: Performance<sup>2</sup>

|                                          |         | Results<br>(The What of Performance) |               |                 |
|------------------------------------------|---------|--------------------------------------|---------------|-----------------|
|                                          |         | Misses Targets                       | Meets Targets | Exceeds Targets |
| Competencies<br>(The How of Performance) | High    |                                      |               | A Players       |
|                                          | Average |                                      | B<br>Players  |                 |
|                                          | Low     | C<br>Players                         |               |                 |

# 9 Box on Performance and Potential

Performance<sup>2</sup> Potential Matrix

|                      |         | Performance <sup>2</sup> Potential Matrix |                  |                |
|----------------------|---------|-------------------------------------------|------------------|----------------|
|                      |         | “C” Players                               | “B” Players      | “A” Players    |
| Potential Assessment | High    | Under Achievers                           | HIPOs            | Very HIPOs     |
|                      | Average | Low Performers                            | Achievers        | HIPOs          |
|                      | Low     | At Risk                                   | Solid Performers | High Achievers |

# Typical Pitfalls:

## ◆ Reliance on Error-prone Boss Judgments about People

- Typical rating errors
- Different standards, experiences, exposure to the person being rated, and biases.
- Difficult to accurately compare one person's performance and capabilities with another
- Rating people the same in order to avoid tough conversations
- Lack of agreement when evaluating talent.

# How Solid are Boss Evaluations?

## STUDY

- 6,000 leaders evaluated by two bosses
- Collected for research purposes only

## FIRST QUESTION:

***“How would you rate this leader’s competence in his/her current position?”***

Seven-point scale:

- Outstanding, one of the best
- Clearly above average, much more competent than most
- Somewhat above average, more competent than most
- Average, competent
- Somewhat below average; weaker than most
- Below average; much weaker than most
- Very weak; one of the worst

# How Solid are Boss Evaluations?

## ◆ **RESULTS**

- **Over 80% were rated “above average”**
- **Of the 15% who were rated “outstanding” by one boss**
  - 2nd boss disagreed 62% of the time**
  - 2nd boss rated same person “somewhat above average” or lower 29% of the time**
- **Of the 17% who were rated “average” or lower by one boss**
  - 2nd boss disagreed 39% of the time**

# How Solid are Boss Evaluations?

## ◆ **SECOND QUESTION**

### ◆ ***“How would you rate this leader’s long-range advancement potential?”***

**Seven-point scale**

- **CEO/President**
- **Senior executive**
- **Executive**
- **Upper Middle management**
- **Middle management**
- **Front-line management**
- **Not suited for management**

# How Solid are Boss Evaluations?

## ◆ **RESULTS**

- **Over 70% were rated “executive” potential or higher**
- **Of the 16% who were rated “senior executive” potential or higher by one boss**

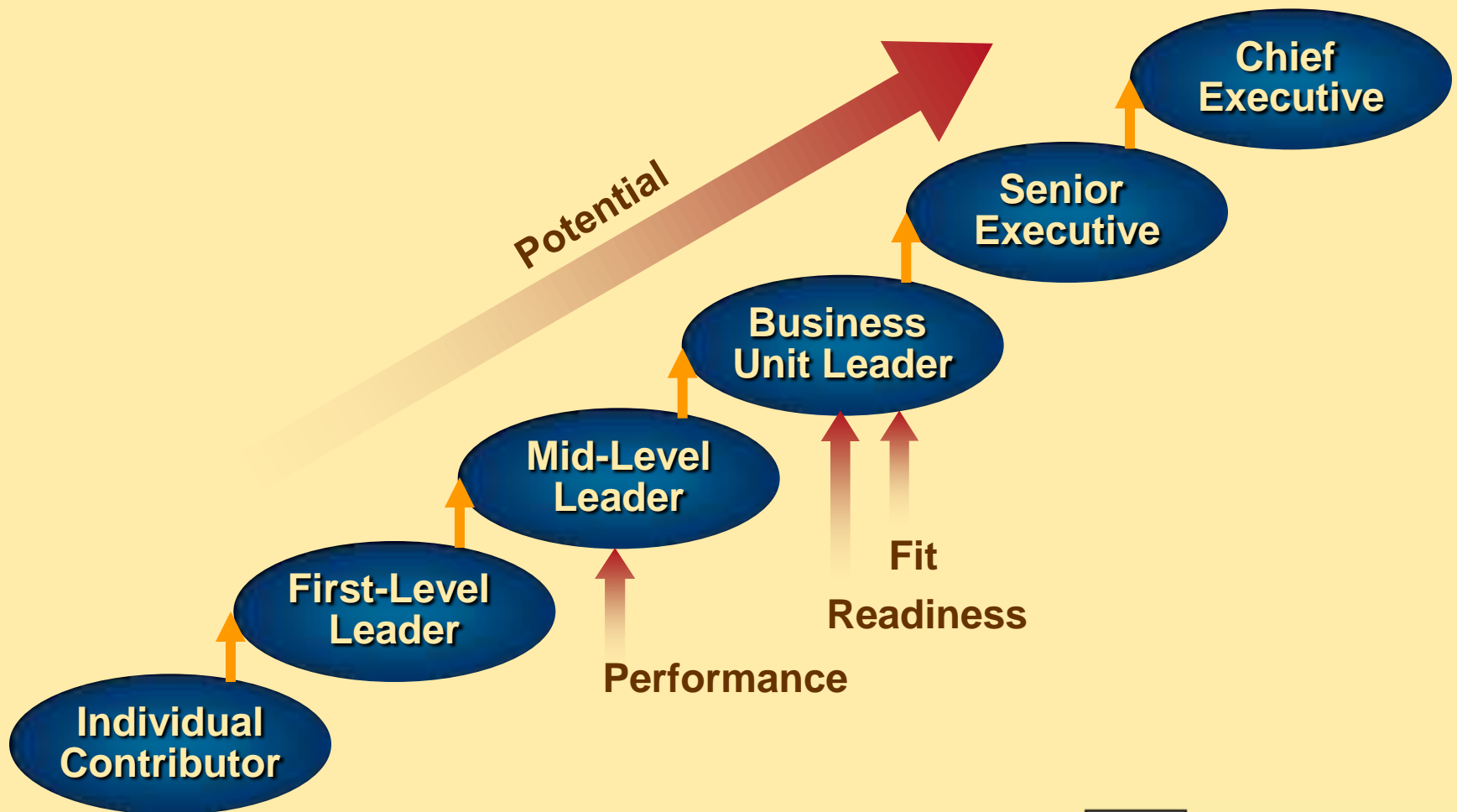
**2nd boss disagreed 53% of the time**



# How Solid are Boss Evaluations?

- How confident are you in your “talent evaluators?”
- How can you be sure you are identifying and investing in the right talent?

# Different Data for Assessing Performance, Potential, Readiness, and Fit



# Getting More Robust, Targeted Data on Performance



# A More Robust Measure of the "How" of Performance: TalentView™

Complete Questionnaire - Microsoft Internet Explorer provided by Personnel Decisions Int'l

File Edit View Favorites Tools Help



Address [https://www.datasltn.com/wss/s\\_survey.cfm?QAZ=791319&TSR=421&MNM=8470247&EF=524](https://www.datasltn.com/wss/s_survey.cfm?QAZ=791319&TSR=421&MNM=8470247&EF=524)

Y! Search Web Messenger Bookmarks My Yahoo! Yahoo! Finance Mail Sports

|    |                                                                                                                                                         |                                                                                                   |                                                                                                                                                                                |           |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1. | Consistently and proactively reaches out to others to appropriately involve them in decisions and plans that affect them.                               | Collaborates with others by appropriately involving them in decisions and plans that affect them. | Makes plans and decisions affecting people without involving them.                                                                                                             | Can't Say |
| 2. | Thoroughly considers industry, market, and other external business factors when making decisions.                                                       | Considers market and other external business factors affecting own area when making decisions.    | Considers mostly short-term tactical issues when making decisions; fails to sufficiently consider industry, market, and other external business factors when making decisions. | Can't Say |
| 3. | Systematically and consistently draws accurate conclusions from financial and quantitative information.                                                 | Generally draws accurate conclusions from financial and quantitative information.                 | Draws inaccurate conclusions from financial and quantitative information.                                                                                                      | Can't Say |
| 4. | Consistently provides specific feedback, coaching, and guidance on how others can improve (e.g., models effective skills, role plays tough situations). | Provides useful development suggestions, coaching, and guidance to others when needed.            | Provides few suggestions, and little coaching, guidance, or advice to help others improve (e.g. does not identify and take advantage of "coachable" moments).                  | Can't Say |

# Getting More Robust, Targeted Data on Potential

## Accelerators

**Leadership  
Experiences**

**Career Goals  
and Motivations**

**POTENTIAL**

## Foundations (Capacities)

**Personality  
and Interests**

**Cognitive  
Aptitudes**

## Prerequisites

**Results  
Performance,  
Track Record**

**Leadership and  
Functional  
Performance**

**PERFORMANCE**

# From Performance and Potential to Readiness

Performance<sup>2</sup> Potential Matrix

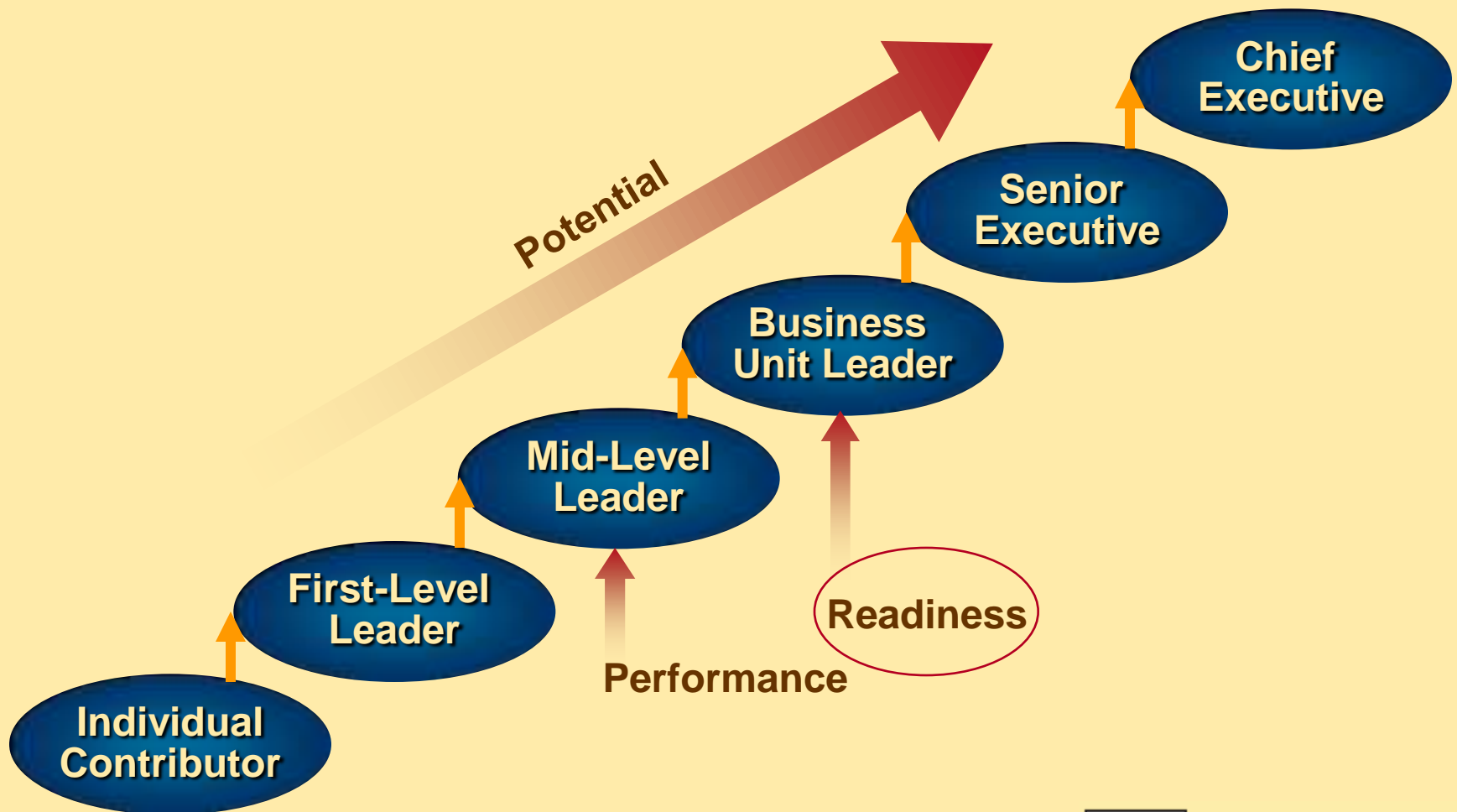
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| Potential Assessment | High    | Under Achievers                           | HIPOs       | Very HIPOs     |
|                      | Average | At Risk                                   | Achievers   | HIPOs          |
|                      | Low     | High Risk                                 | Well Placed | High Achievers |



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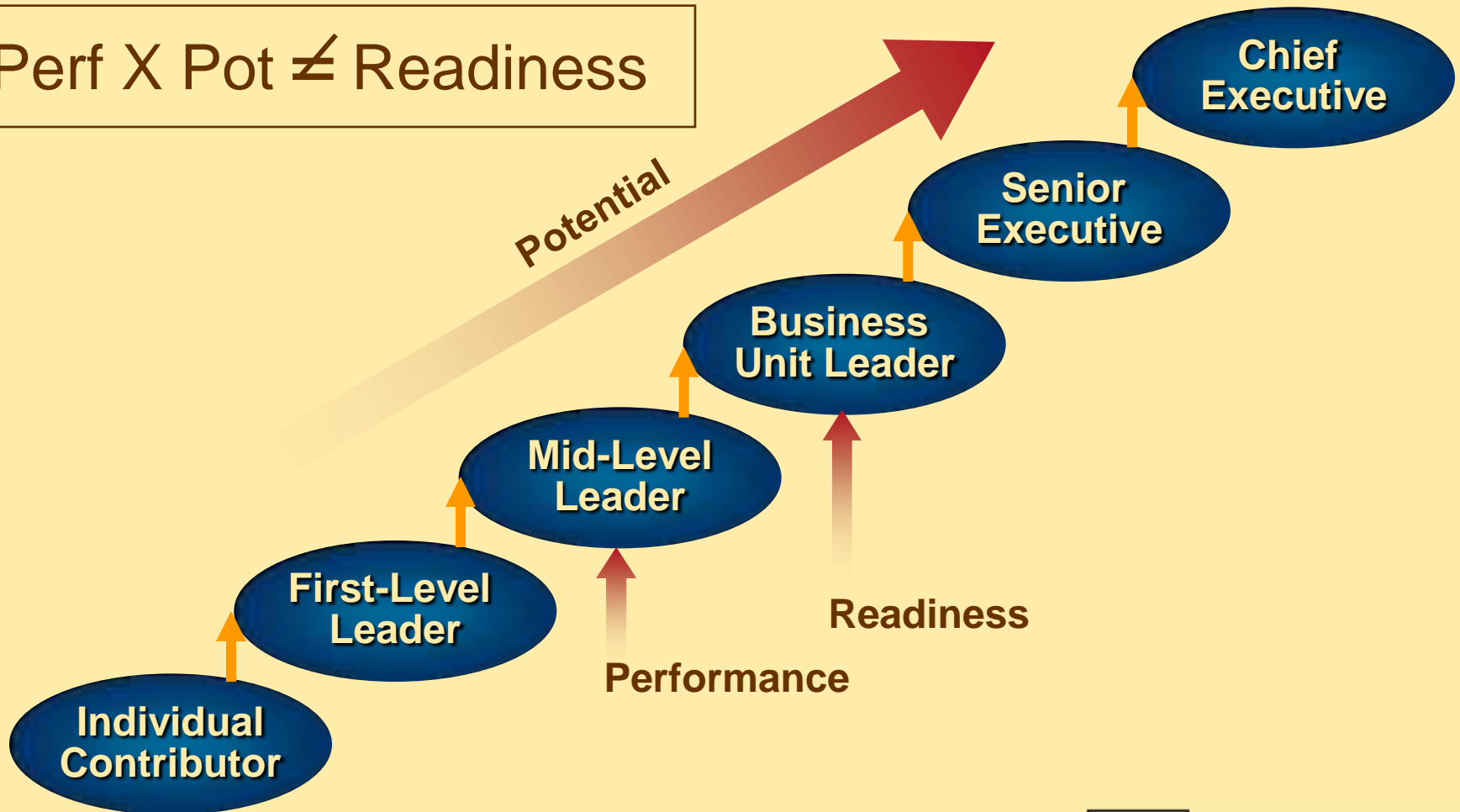
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# But, Performance × Potential Doesn't Equal Readiness



# But, Performance × Potential Doesn't Equal Readiness

Perf X Pot  $\neq$  Readiness





# The Transition to a New Level

- **Big jump in responsibility**
- **Need to contend with new challenges**
- **Often require new, or higher levels of capability**
- **Need to let go of the previous job (e.g., the 50% rule)**

# **We Must Get More Robust About Assessing Readiness**

- **It drives one of the two the “big ticket” talent decisions – who to promote**
- **Performance and potential evaluations have less significant consequences**
- **Unless the size of the jump is small, potential does not assure success**

# **A More Robust Measure of Readiness: Formal Assessment**

- **Measures of experience, cognitive ability, and work style/motivations**
- **Business simulations of the unique challenges in the next level role**
- **Multiple, objective, highly trained assessors**
- **Specific performance standards**
- **Benchmarking of talent—comparison to the broader market**

# Getting More Robust, Targeted Data on Readiness



# Readiness of the Talent Pool

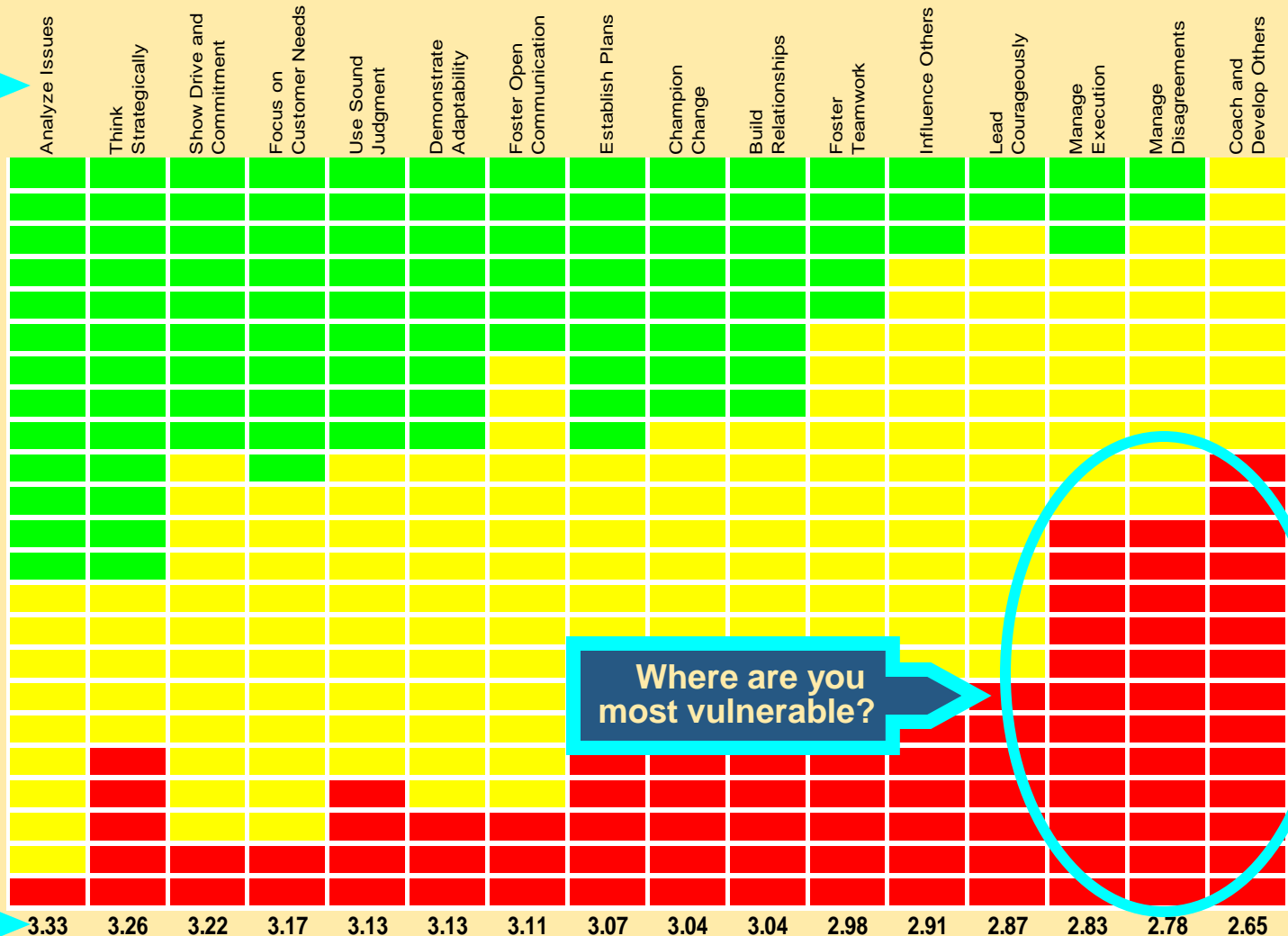
Use Seasoned Judgment  
Shape Strategy  
Demonstrate Vision  
Apply Financial Acumen  
Align the Organization  
Drive Execution  
Lead Courageously  
Engage and Inspire  
Display Influence  
Develop Talent  
Foster Collaboration  
Build Relationships  
Inspire Trust  
Foster Open Communication  
Drive for Stakeholder Success  
Adaptability  
Anticipate Customer Needs  
Global Integration  
Communicate With Impact  
Readiness™ Index

|               |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |      |    |
|---------------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|----|
| Participant A | 3.50 | 3.50 | 3.50 | 4.00 | 4.00 | 3.50 | 3.50 | 4.00 | 4.00 | 3.00 | 4.00 | 4.50 | 4.00 | 3.50 | 3.50 | 4.00 | 3.00 | 3.50 | 94 |
| Participant B | 3.50 | 4.00 | 3.50 | 4.00 | 4.00 | 3.00 | 4.00 | 3.50 | 3.50 | 3.50 | 4.00 | 4.00 | 4.00 | 3.50 | 3.50 | 3.50 | 3.50 | 3.00 | 91 |
| Participant C | 3.00 | 3.50 | 3.50 | 4.00 | 3.50 | 4.00 | 3.50 | 3.50 | 3.50 | 4.00 | 4.00 | 3.50 | 3.50 | 4.00 | 3.00 | 3.50 | 4.00 | 3.00 | 88 |
| Participant D | 3.00 | 4.00 | 4.50 | 2.50 | 4.00 | 3.00 | 3.50 | 3.50 | 3.50 | 3.50 | 3.00 | 4.00 | 4.50 | 4.00 | 2.50 | 3.50 | 3.50 | 3.50 | 84 |
| Participant E | 2.00 | 3.00 | 4.00 | 2.00 | 4.00 | 2.00 | 4.00 | 4.50 | 4.00 | 4.00 | 5.00 | 4.00 | 3.00 | 4.00 | 3.00 | 4.00 | 4.00 | 3.00 | 79 |
| Participant F | 3.50 | 4.50 | 4.00 | 3.50 | 3.00 | 2.00 | 4.00 | 3.00 | 4.00 | 2.50 | 3.50 | 3.50 | 4.00 | 3.00 | 3.50 | 3.50 | 4.00 | 3.50 | 75 |
| Participant G | 3.50 | 3.50 | 3.50 | 2.50 | 2.50 | 2.50 | 3.50 | 2.50 | 3.00 | 2.50 | 3.50 | 3.00 | 3.50 | 4.00 | 3.00 | 3.50 | 2.00 | 2.50 | 68 |
| Participant H | 2.50 | 3.50 | 2.50 | 3.00 | 3.00 | 3.00 | 3.50 | 3.00 | 3.00 | 2.50 | 2.50 | 3.50 | 3.50 | 3.00 | 3.00 | 3.00 | 2.50 | 4.50 | 65 |
| Participant I | 3.50 | 3.50 | 2.00 | 4.00 | 3.00 | 2.50 | 3.50 | 3.00 | 2.50 | 2.50 | 3.50 | 2.50 | 2.50 | 3.00 | 3.00 | 3.00 | 3.50 | 2.50 | 61 |
| Participant J | 3.00 | 3.00 | 2.50 | 3.50 | 2.50 | 3.00 | 3.00 | 3.50 | 3.00 | 4.00 | 3.00 | 3.50 | 3.50 | 2.50 | 3.00 | 3.00 | 2.00 | 2.50 | 57 |
| Participant K | 3.00 | 3.00 | 2.50 | 3.00 | 2.50 | 3.00 | 3.00 | 3.00 | 2.50 | 3.50 | 3.00 | 3.50 | 4.00 | 3.50 | 3.00 | 3.00 | 2.50 | 2.50 | 49 |
| Participant L | 2.50 | 3.00 | 2.50 | 2.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.50 | 2.00 | 3.00 | 2.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.50 | 4.00 | 44 |
| Participant M | 2.50 | 3.50 | 3.00 | 2.50 | 3.50 | 2.50 | 3.00 | 2.50 | 2.50 | 3.00 | 3.50 | 2.50 | 3.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 33 |
| Participant N | 2.50 | 3.50 | 3.00 | 2.50 | 3.00 | 2.00 | 2.50 | 3.00 | 2.50 | 2.00 | 4.00 | 4.00 | 4.00 | 4.00 | 2.50 | 3.50 | 2.00 | 2.00 | 30 |
| Participant O | 3.00 | 3.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.50 | 2.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.50 | 3.50 | 2.50 | 3.00 | 3.00 | 29 |
| Participant P | 3.00 | 3.00 | 2.00 | 3.00 | 3.00 | 3.00 | 2.50 | 3.00 | 2.50 | 2.50 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 1.50 | 27 |
| Participant Q | 3.00 | 2.50 | 2.50 | 3.00 | 3.00 | 2.50 | 2.50 | 2.50 | 2.50 | 3.00 | 3.00 | 3.00 | 3.50 | 3.00 | 2.50 | 3.00 | 3.00 | 3.00 | 20 |
| Participant R | 2.00 | 2.00 | 2.00 | 2.00 | 3.00 | 2.50 | 3.00 | 3.00 | 3.00 | 2.50 | 4.00 | 3.50 | 3.50 | 3.00 | 3.00 | 2.50 | 3.00 | 2.00 | 16 |
| Participant S | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 3.00 | 2.50 | 3.00 | 2.50 | 2.50 | 3.50 | 3.00 | 3.50 | 3.50 | 3.00 | 3.00 | 2.00 | 2.50 | 10 |

Readiness™ Measure

# Group Strengths and Development Needs: Where are You Vulnerable?

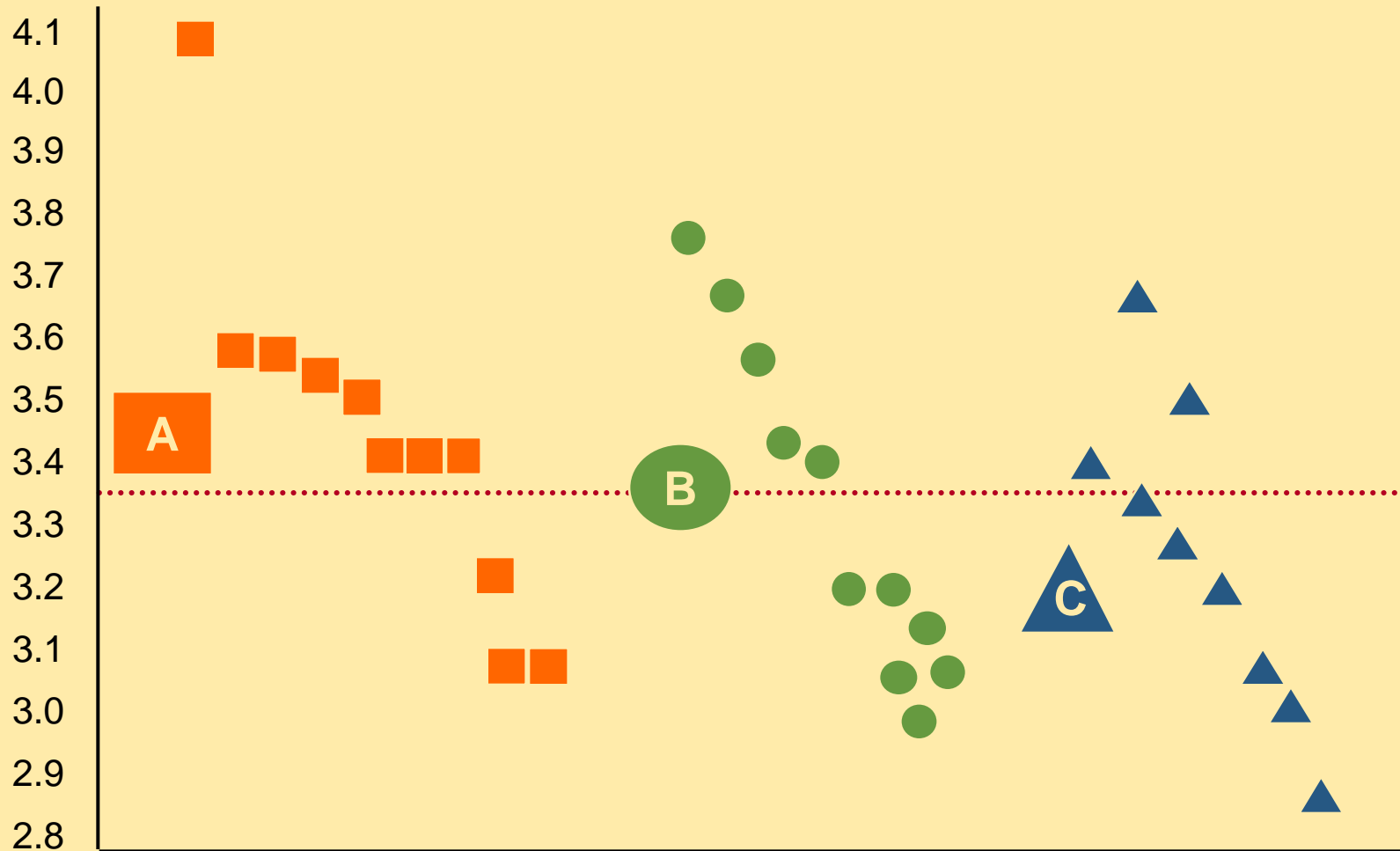
## Competencies



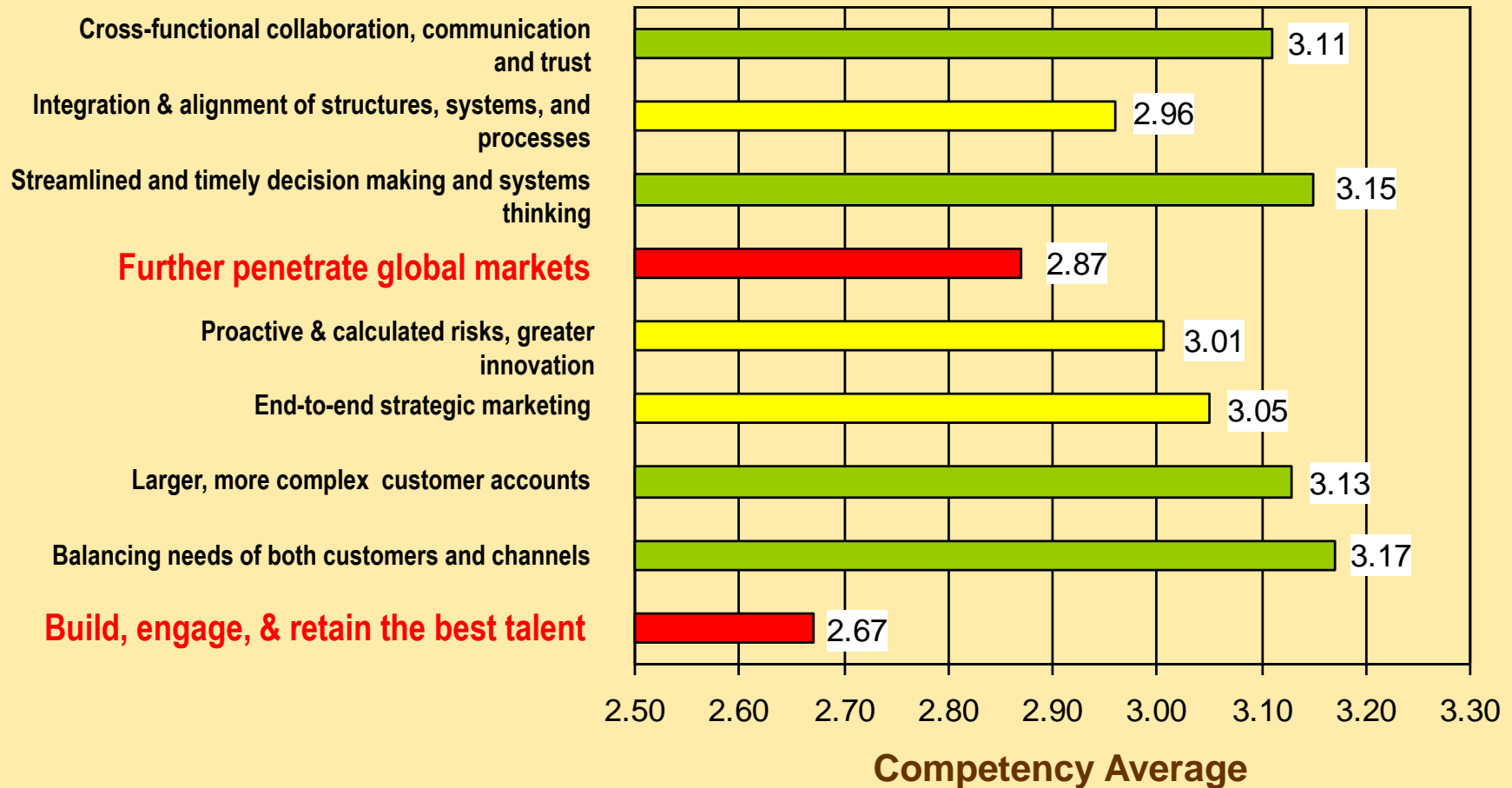
Average  
for group

## Where are you most vulnerable?

# Business Group Comparisons: Is Our Talent Allocated Optimally?



# Which Strategic Challenges are at Most Risk?





# How Solid is Your Data?

- ◆ **Discussion:**
- ◆ **What pitfalls do you see in evaluating talent in your organization?**
- ◆ **Share an example of where you've seen these pitfalls at work**
- ◆ **How do these pitfalls impact the accuracy of talent decisions?**

# Key #3: Carefully Managed Talent Reviews and Decisions



# Relevant Data for Talent Reviews

- Education
- Demographics Data
- Experience
- Current assignment
- Tenure in current role
- Accomplishments
- Strengths
- Development needs
- Development plan
- Language proficiency
- Mobility
- Goals/career preferences
- Retention Risk
- Performance
- Potential
- Readiness

# Typical Talent Review Agenda

- Discuss organization needs
- Review 9-box distribution of talent
- Plan replacements
- Identify/address blockers
- Review key pools
- Designate watch list
- Identify potential developmental experiences/  
moves

# Divergent Opinions

*"His team loves him and he has collaborated very well with his peers" ...*

*"Sure, but he hasn't executed his key initiatives."*

*"She's done a great job turning around her business" ... "yes, but she's alienated half of her stakeholders in the process"*

*"He has effectively driven major change while hitting his numbers" ...*

*"Oh, but remember the incident at the sales conference last year?"*

*"She is a really good leader"...*

*"I don't agree. Providing clear direction and holding people accountable for results isn't leadership if you can't inspire the team."*

*"I think he's ready to advance"...*

*"I'd keep him in the job for another year"*



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# How Do Decisions Get Made?

- **Boss' view prevails?**
- **Most senior person in the room decides?**
- **Consensus?**
- **Path of least resistance?**
- **Those who sound most informed and impartial decide?**
- **Those who have the best data decide?**
- **Weighting views based on strength of the data?**
- **???**

# Carefully Managed Talent Reviews and Decisions

- Consistent use of robust, relevant data
- Training for review panels
- Multiple ready candidates considered for each opening
- Real-time updating of data
- Clear criteria for fit decisions
- Clear oversight on decisions

# The Talent Review: Bringing It All Together



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# Key #4: Realistic, Robust Approach to Develop Talent



# Development in Your Organization

## Discussion:

- How does your organization develop potential? Readiness?
- What aspects of development work best?
- How often do people actually develop in the ways people had planned or hoped?
- What pitfalls are at work in your development processes? What are the consequences of these?

# Developing Talent

## **TYPICAL PITFALLS**

### **Inadequate Perspectives:**

*“Just provide the  
right experiences,  
don’t focus on competencies.”*

# Developing Talent

## TYPICAL PITFALLS

### Inadequate Perspectives:

*“Just provide the right **experiences**, don’t build competencies.”*

### In Reality:

- Experience can be very developmental, but...
- Experiences don’t always teach the right things or at the right time,
- Experiences provide insights, not necessarily skills, ...
- Experience is an inefficient teacher

# Developing Talent

## TYPICAL PITFALLS

### Inadequate Perspectives:

*“Just leverage peoples’  
**strengths**, don’t address  
weaknesses.”*

# Developing Talent

## TYPICAL PITFALLS

### Inadequate Perspectives:

*“Just leverage peoples’ strengths, don’t address weaknesses.”*

### In Reality:

- It’s very important to leverage strengths, particularly rare ones
- However, not developing in weak areas is risky business
- People don’t change their “hard-wired” personalities or abilities, but they can and do improve their skills and **behavior** a lot
- Developing weaker areas builds versatility and reduces risk

# Developing Talent

## ◆ *TYPICAL PITFALLS*

### ◆ *Half-truths:*

- That individuals are most likely to improve when they “own their own development”
- That individuals will be motivated to develop
- That individuals will want the proposed assignments or moves, or at least learn to like them
- That the assignment or experience will provide the needed development
- ...

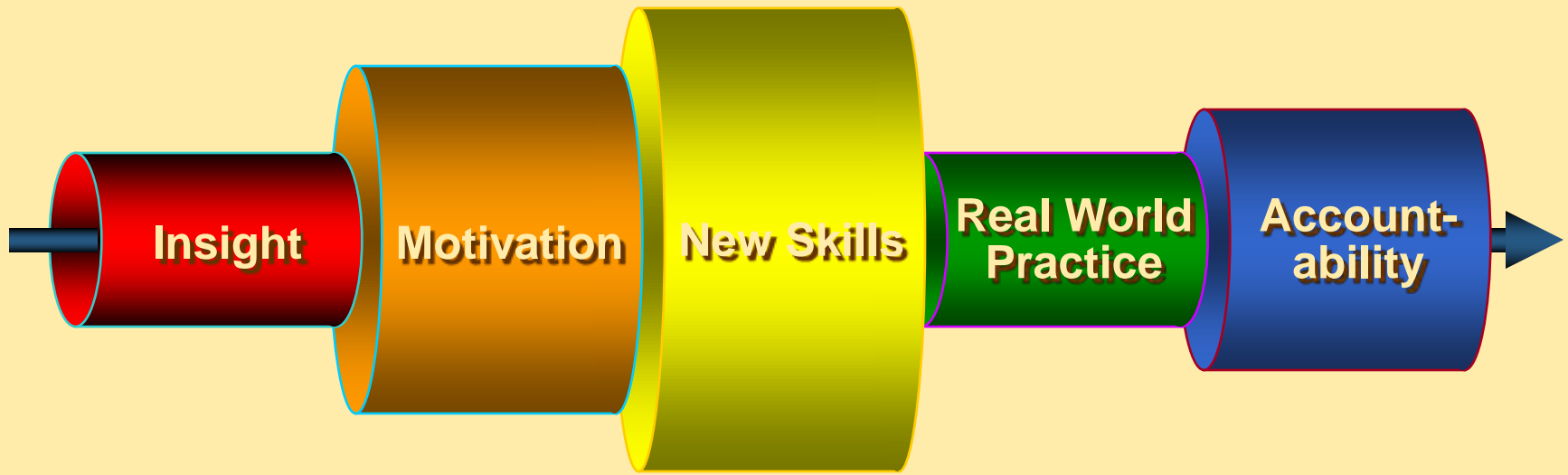
# PDI Development Pipeline<sup>®</sup> Model



*What are the conditions which drive development?*



# PDI Development Pipeline<sup>®</sup> Model



# Development That “Sticks”

- ◆ **The Goal: Nine months from now, the person:**
  - Remembers what was learned
  - Has translated the learning into practical behavior changes
  - Has applied those new behaviors on the job in ways that have improved performance
  - Has used those new behaviors enough that they are now tools that they can be easily used in the right situation
- ◆ **How much planned learning achieves this goal?**
- ◆ **How can you design the experience to ensure the goal is achieved?**

# Developing Talent

## ◆ Discussion:

- How does your organization develop potential?
- How are the various conditions required for real development ensured?
- What conditions are managed well and where are the pinch-points?

# Key #5: Robust Evaluation



# Evaluate Metrics

## *TYPICAL METRICS*

- ◆ % of open positions filled internally
- ◆ % of open positions filled from succession list
- ◆ Diversity
- ◆ Cross-functional assignments
- ◆ Turnover of key talent

# Evaluate Metrics

## ◆ *TYPICAL METRICS*

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## ◆ *ADDITIONAL METRICS*

- % of A players among those promoted, hired
- Selection of A, B, and C players, by source
- Turnover of A, B, and C players
- Talent developed by key leaders
- Overall supply vs. future needs
- Business impact of talent differences

# Selection Metrics

|                     | TARGET<br>(External)<br><b>20%</b> | Number of<br>“A” Players<br>after 12 Months |
|---------------------|------------------------------------|---------------------------------------------|
| Positions<br>Filled | 18                                 | 6 (33%)                                     |
| Internally          | 6 (33%)                            | 4 (66%)                                     |
| Externally          | 12 (67%)                           | 2 (17%)                                     |

# Turnover Metrics

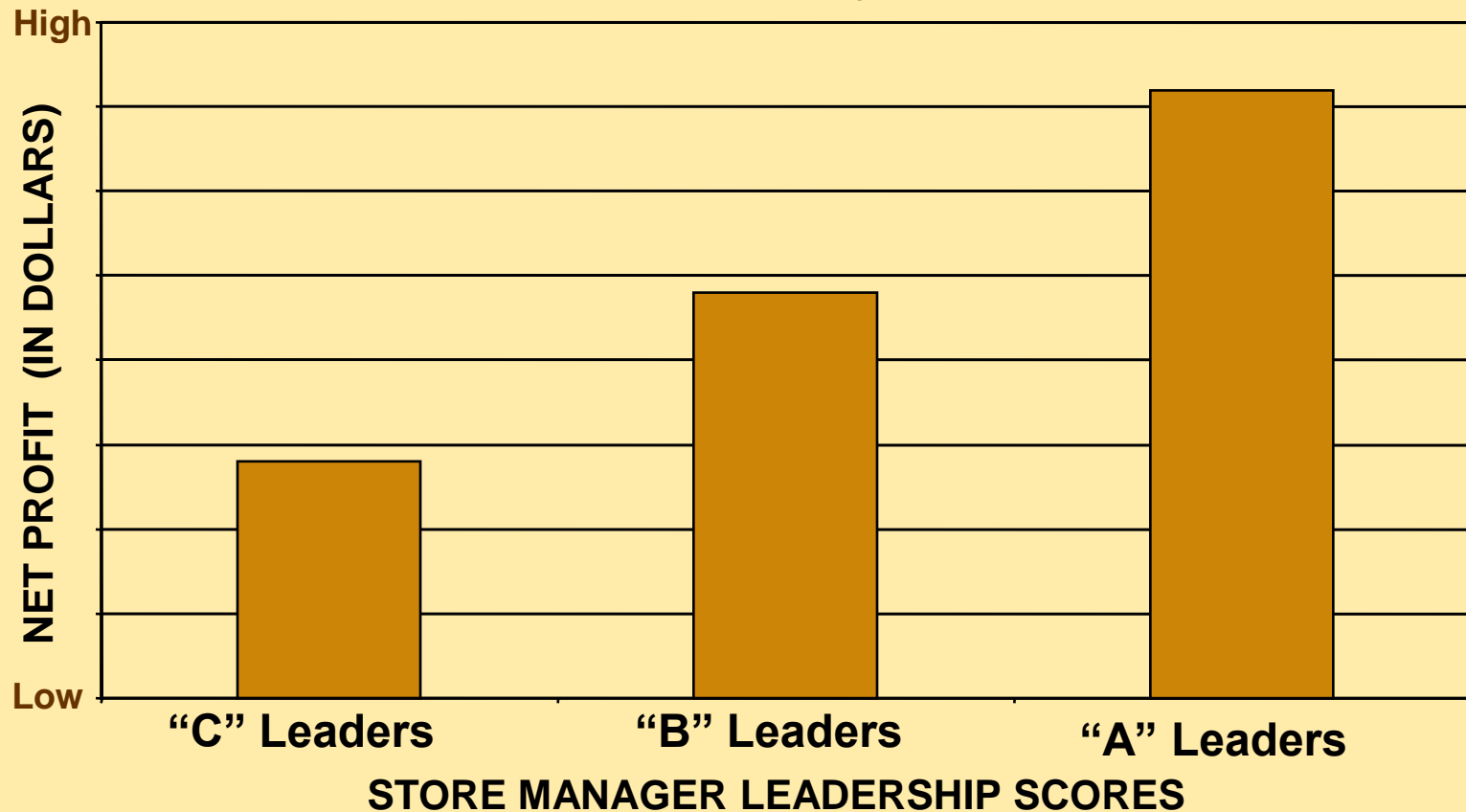
## Rolling Average for the Past 12 Months

|                              |            |            |
|------------------------------|------------|------------|
| <b>“A” Players</b><br>(n=20) | <b>40%</b> | <b>21%</b> |
| <b>“B” Players</b><br>(n=60) | <b>20%</b> |            |
| <b>“C” Players</b><br>(n=20) | <b>5%</b>  |            |



# Business Impact of Talent Differences

## Impact of Leadership Performance on Net Profit: Company A



# Real Leadership Advantage Drives Improved Business Results

◆ Compared to “C” Store Managers,  
“A” Store Managers had:

**43%** Higher Employee Engagement

**18%** Higher Customer Satisfaction

**32%** Higher Net Profit (\$1M+)

# Key #6: Core Principles, Policies, and Frameworks



# Core Principles, Policies, and Frameworks

## Examples:

- Responsibilities of corporate vs. operating units and line vs. HR
- Consistency of process and practices across units
- When positions should be filled internally vs. externally
- Target diversity level
- What to communicate to HIPOs
- How to prepare HIPOs
- How to deal with blockers
- Criteria for promotion
- Key definitions
- How to deal with failures

# Core Principles, Policies, and Frameworks

## ◆ Typical consequences when they are absent:

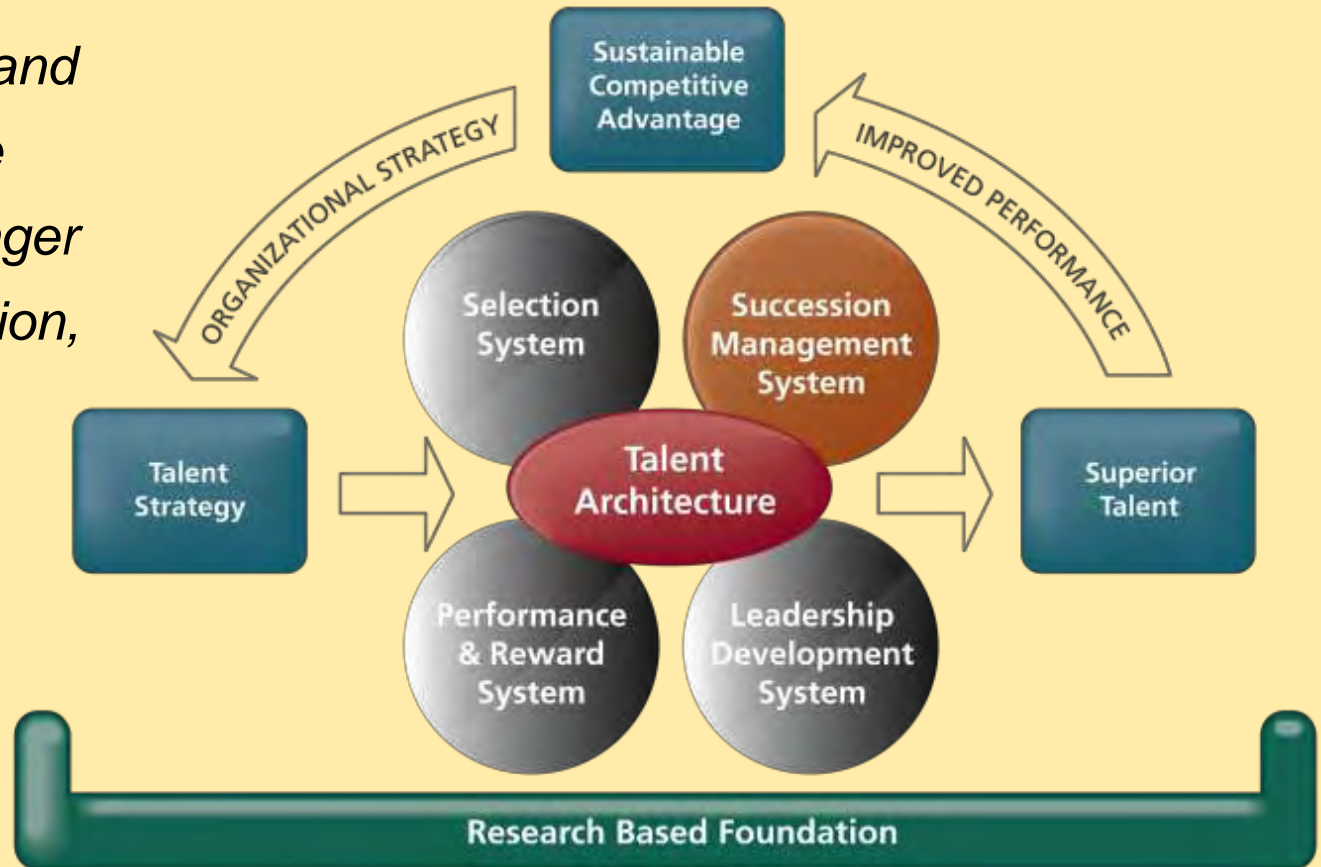
- Inconsistency, lack of integration
- Inefficiency
- Confusion
- Consternation
- Conflict
- Sub-optimization

# Six Keys to a Robust Succession Management Process

-  Solid Understanding of **Talent Needs**
-  Robust, **Targeted Data** on Talent
-  Carefully Managed Talent **Reviews** and **Decisions**
-  Realistic, Robust Approach to **Develop** Talent
-  Robust **Evaluation**
-  Core Principles, Policies, and **Frameworks**

# Real Leadership Advantage

*Well placed confidence that your current and future leaders are increasingly stronger than the competition, resulting in improved performance and sustained competitive advantage.*



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*Thank you*