

Researched by Frank Penson, Strategies for Training

Foundations

Top management commitment to succession planning and the development of future leaders is essential. A talent management strategy must be integrated with the business strategy. Organisations achieve the best outcomes by involving senior leaders in talent development during the formulation of strategy. Line managers too must be committed. Executives should make line managers unambiguously responsible for developing the skills and knowledge of their employees. Benefits accruing are high motivation, the optimisation of existing talent, high staff retention and minimal need for external hires: all of which feed through to organisational performance.

Determining the organisation's leadership criteria - the standards to which high potentials will aspire - is a critical early step in the succession planning process. These criteria should form the basis for rigorous identification of leadership potential. Senior management should review the organisation's strengths & weaknesses, identify which segments of the workforce are driving current and future growth and note truly key positions¹ - jobs that are essential to the organisation's long-term health.

Planning

Organisations should be nurturing a large "talent pool", drawn from all levels of the organisation, from which successors can be chosen when people leave or have to be replaced. A pre-requisite is an effective appraisal process, which is reviewed periodically. A successful career is based on sustained delivery of outstanding performance, founded on the development and application of competence and experience. High-potential employees will have a strong track record of performance, except perhaps in the very earliest stages of their career. All employees, whether high-potential or not, should be encouraged to have a Personal Development Plan (PDP) or equivalent. A best practice PDP should include a clear distinction between job-related training & development on the one hand and, on the other, learning experiences to support the individual's longer-term development requirements. Employee involvement in identifying their needs and in managing their own development portfolios hones the skills of self-directed learning.

Once management agree that an individual is of high potential, they should be added to the centrally managed talent pool. Data from the appraisal process will be an important input to this decision but some organisations gather additional data from assessment centres, where individuals are assessed against defined competencies (see below). Other tools used include 360° assessment and Performance-Potential grids. Many organisations now regard static "replacement" models of succession planning as being out of date. Best practice thinking is to identify named successors for just the key positions. In general, organisations should plan around individuals. Members of the talent pool can be developed to maximise their potential to the organisation as a whole, rather than simply to prepare them for a specific position.

Talent assessment gauges individuals' fit with their current role requirements, with the leadership criteria and, potentially, with the requirements of the key positions. For defining role requirements, a competency framework - with a common architecture across the whole organisation - remains the best practice approach. A competency framework typically comprises leadership competencies, core competencies and functional competencies and is a pivotal tool for a wide range of HR processes.² The competency framework and role requirements should be reviewed on a regular basis.

In order for employees, including of course the high-potentials, to take an active role in their development, it is desirable to be completely open about such things as career paths, the systems and assessment criteria used, views about the individual in terms of their potential etc. A transparent system is not just about being honest: employees are often the best source of information about themselves, their skills and experience. If employees know what they need to do to reach a particular rung on the ladder, they can take the necessary steps. Furthermore there is evidence that showing people they are valued, while tempering expectations of promotion, helps retention. Openness about career prospects also helps retention, even of those not in a designated talent pool.

¹ Sometimes referred to as "linchpin" positions.

² e.g. Recruitment & Selection, Performance Appraisal, Training & Development, Career Planning.

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Planning (continued)

Development planning for high-potentials should be highly individualised, informed by general requirements (see below) but focusing on the employee's core development areas. If applicable, this planning should include the specific development opportunities necessary for key roles. The planning process must also take into account the employee's aspirations and wishes, including practical things such as his/her willingness to move.

Formal talent / succession planning reviews should be performed at least once a year, with informal interim feedback sessions. In global organisations, the succession planning process, system and tools should ideally be standardised. Without careful integration at corporate level, there is a danger that planning at unit or operational levels will result in a proliferation of initiatives without coherency or purpose. Old-fashioned succession planning tended to be fairly rigid - people did not move on and off replacement lists fluidly. By contrast, best practice organisations now focus on continuous improvement in both the process and content. Many organisations utilise web-based succession management tools to promote greater transparency and ease of use.

Development

Senior management must recognise that the development of high-potential employees is a key priority - even if at times it takes these employees away from revenue generating activities. A parallel commitment to promotion from within should reduce the need for expensive external hires. The development of high-potential employees should take place through a wide variety of formal and informal methods: on-the-job experience, expansion of job scope, project assignments, coaching / mentoring, exposure to senior management, external involvement / secondments, self-directed development, training programmes etc. Experiential, on-the-job development is especially important for high-potentials: this is often achieved through "stretch" assignments, which take the individuals outside their comfort zone and are explicitly designed to test new skills and build new perspectives.

A breadth of functional experience is likely to be essential in senior roles. High potential employees should not be developed exclusively in one business unit. Building a career requires that an array of skills be developed and that the individual experiences a range of operating environments and processes. Other "experience" dimensions might be product-category, geography and culture, e.g. many organisations see international experience as being important. Silo thinking, by unit managers trying to hoard their top people, should be resisted: this can hinder the mobility of talent and undermine the sharing of knowledge and the development of networks across the organisation.

High potentials should be given all necessary support, reinforcement and encouragement by their line manager as a minimum but potentially from a mentor too. High potential employees tend to thrive on achievement and so the lack of recognition of a major achievement is especially disheartening. Each individual's progress should be evaluated and changes measured as he/she works through their development plan. High-potential employees should also be encouraged to continue their education outside of work. Development should enable individuals to reach their full potential and ensure that the organisation's position requirements are met, including its future leaders.

There should be clear objectives, e.g. what capabilities / skills are to be obtained, for all learning & development activities. Best practice approaches for taught programmes are similar to those for all employees but development programmes for high potentials are particularly likely to include an action learning component. Some organisations provide dedicated training programmes for orientation to specific management levels, e.g. for middle managers and executives. Ideally specific programme objectives should address major internal organisational issues and also relate to the external challenges that the organisation is facing. To the extent possible, programmes should also be flexible enough to respond to the needs of the individual delegates. Especially powerful are development programmes which use senior leaders as the primary teaching faculty - reinforcing ownership and adding credibility to the messages - complemented as appropriate by carefully selected external faculty. The effectiveness of all programmes should be evaluated.

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Summary

Best practice thinking favours a combination approach to succession / career planning, which integrates top-down and bottom-up techniques. Top managers set the agenda, establish procedures, agree and review the talent pool and are actively involved in development. Employees and their line managers are also actively involved from the outset and tap into a wide range of development methods. As far as possible, overall succession planning and individual career planning are aligned. Benefits accruing are high motivation, the optimisation of existing talent, high staff retention and minimal need for external hires: all of which feed through to organisational performance.