



BEST PRACTICES IN
Talent Management
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Executive Summary

Succession planning is best described as a consistent set of specific procedures to ensure the identification, development, and long-term retention of talented individuals. While this general definition works well, organizations view succession planning in many different ways.

For some organizations, it simply means making sure there are replacement candidates for key positions; for others with a more comprehensive perspective, succession planning represents a deliberate and systematic effort to ensure leadership continuity in key positions; retain and develop intellectual and knowledge capital within key employees for the future; encourage individual advancement; ensure the stability or “bench strength” of key personnel; provide an overarching approach to continue effective performance of the organization; and organize a concerted program for the development, replacement, and leveraging of key people to ensure a deep talent pipeline.

While the general definition of succession planning is well established, organizations vary widely in their philosophy, planning, and execution. In the most basic sense a successful program should align talent management with an organization’s culture, vision, and strategies. However, other factors such as changing workforce demographics, changing markets and competitors, various stakeholder interests, the life stage and size of the organization, the level of maturity of the leadership team, and access to supporting technology all should be considered in designing a high-impact process.

This paper explores the factors highlighted above and offers a set of principles and guidelines for designing and executing successful succession planning programs.



A Clear Purpose Provides a Focus for Talent Optimization

No matter what emphasis an organization places on succession planning, it is one of the most critical endeavors it undertakes. In our experience, different companies apply succession planning for different purposes (See *Figure 1*).

While most organizations focus on many of these purposes simultaneously, each should be carefully defined and communicated to guide the initiative.

Readiness Levels Guide the Scope of the Approach

The most successful organizations develop a clear focus for succession planning that includes specific interventions and boundaries. Program elements can vary widely depending on the “readiness” of an organization. Very simple approaches in complex organizations can fail to provide a strong enough engine for identifying, deploying, developing, and growing talent; while overly complex approaches for less mature organizations can build resistance and fail to gain long-term support.

To clarify a scope of succession planning matched to an organization, we advocate defining the level of cultural readiness through an assessment involving key stakeholders. This intervention can be done in various ways including focused interviews, focus groups, surveys, and the like. *Figure 2* outlines some of the most critical questions to answer in this process.

FIGURE 1:

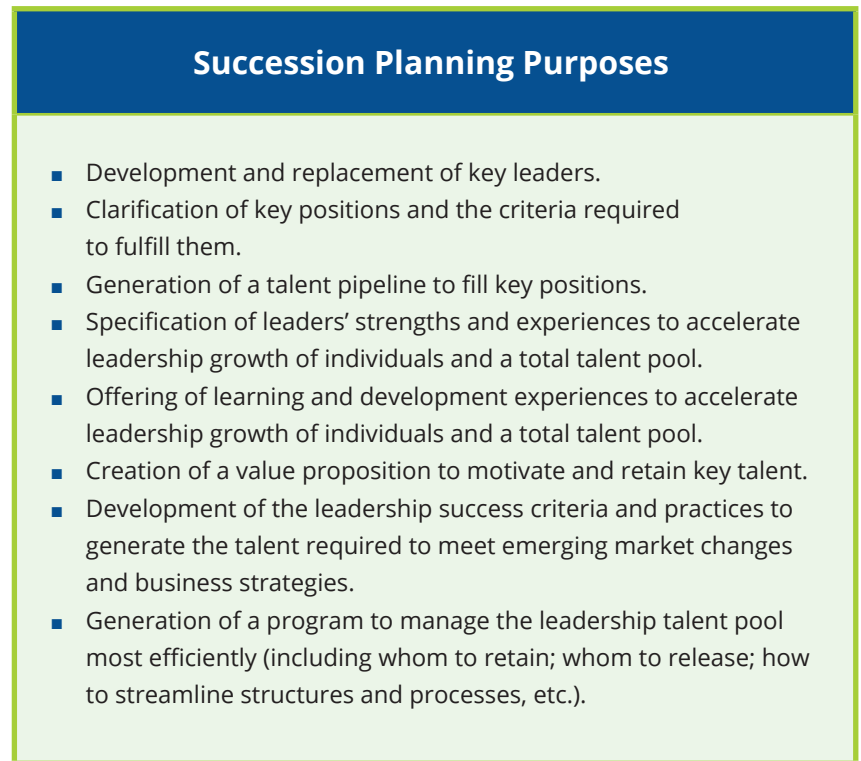
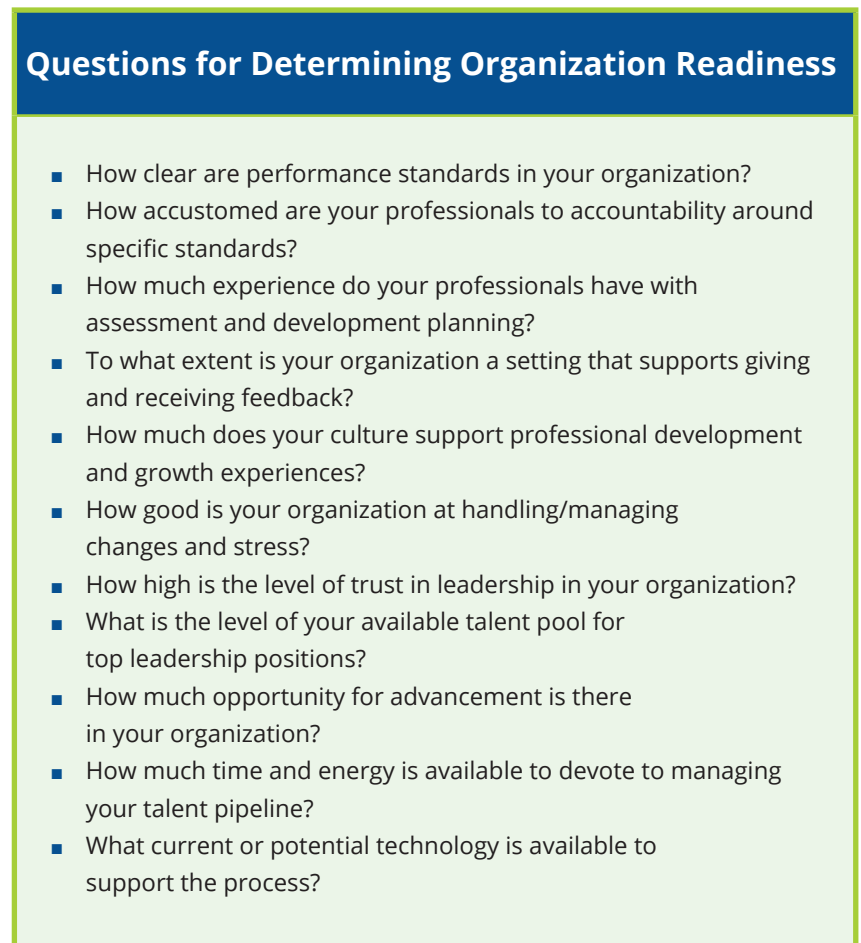


FIGURE 2:





Establishing Guiding Principles Provides a Blueprint

Often succession planning is reactive, adhoc, and unstructured. As a result, the process has little credibility or sustained impact. To create a clear blueprint for action, we advocate outlining a specific set of guiding principles to serve as design criteria for the program. We suggest engaging key stakeholders in answering a series of questions during program design (*See Figure 3 for sample questions*).

Companies answer the questions raised in *Figure 3* in vastly different ways. Those that succeed ensure wide participation and buy-in (particularly from top management), align practices with business strategy, specify success criteria and the succession planning process, clarify roles and responsibilities to implement the process, and closely link the program to other HR processes.

FIGURE 3:

Key Issues to Clarify with Stakeholders

- How far down in the organization will succession planning reach?
- Is succession planning primarily position-based (focused on specific roles/jobs) or person-based (focused on a general pool of talented leaders)?
- To what degree is succession planning selection-oriented versus development-oriented?
- What role does talent selection/development play in motivating and retaining key talent?
- How will development plans be planned and tracked?
- How much is the program focused on inside versus outside talent?
- How is succession planning related to or integrated with other HR processes (e.g., assessment, career planning, performance management)?
- Is succession planning a periodic event (e.g., annual) and/or a continuous process?
- What criteria will be used for identifying and selecting leadership talent (e.g., competencies (current or future), key experiences, results)?
- What data will be used to evaluate candidates (e.g., manager only, multirater input, committee, assessment interviews, narrative data versus numerical ratings)?
- What data review and decision-making process will be applied?
- How will the program be communicated and to whom?
- How will the program's effectiveness be measured and what methods will be applied to update, refine, and sustain the process over time?



Key Success Criteria Represent the Foundation for Assessment

After clarifying purposes and related goals, an organization should specify future-oriented competencies that embody the critical few characteristics required for success in identified key positions. These behavioral standards should be observable, aligned with the aspired culture, and supportive of the strategic direction. And while key behaviors for success are an important set of criteria since they identify how leaders should behave, best-in-class organizations marshal other performance criteria focusing on what a person does, such as goals or key experiences or activities required for advancement.

At a most practical level, we have found that the criteria applied in succession planning should be multidimensional, simple to assess, and linked to future success. Frequently, we help companies develop customized success factors of the following types.

- **Critical competencies.** Behavioral criteria linked to successful performance of a key role or roles.
- **Key experiences.** Specific work settings, assignments, or accomplishments required for growth and credibility of leaders across the career span.
- **Results.** Objective outcomes of negotiated goals and/or specific contributions to the team or organization.

In some organizations a balanced set of criteria are arrayed in a four- or nine-block matrix using performance and potential or performance and competency dimensions to categorize plan participants. This approach enforces rigor on the evaluation process and can serve as a vehicle for dialogue and testing the potential contribution of candidates to the organization.

Even in settings where clear success criteria are developed, organizations frequently have problems differentiating top performers consistently. In some cases, this problem stems from too little clarity around the success factors, but just as often organizations fail to identify key performers accurately because of poor data and rater bias. The best organizations apply specific measures to ensure data integrity such as rater bias training for managers and other evaluators, rating calibration checks (often through an HR review of potential candidates), or analysis of assessments and decisions about candidates over time to check on accuracy of potential placements.

This multidimensional approach using criteria provides a more accurate assessment of individuals and offers more clarity about developmental gaps. In our experience, assessment data (both scored and narrative) accomplishes the following goals.

1. It helps identify candidates who are “definitely ready” and “definitely not ready” for promotion.
2. It holds those assessing individuals accountable for assessing specific criteria and supporting ratings with real evidence and data.
3. It provides a clearer picture of unusual strengths and development gaps.
4. It offers a method for developing an overall picture of fit between an entire talent pool and required roles.

We also believe the assessment data related to specific criteria should only be a starting point for dialogue. Evaluations of individuals are always subject to rater bias, limited information, and other factors impeding performance (e.g., customer/market changes). Therefore, any successful program must employ a well facilitated debriefing process to test and refine the initial assessment data.

Clear Evaluation Categories Sharpen the Focus of the Succession Plan

Some organizations focus their succession plans on key positions and then map candidates to them. Others focus on the overall potential of the talent pool to grow into or occupy leadership positions. The most successful succession planning approaches identify both key roles and the readiness of potential candidates. The most obvious key positions are critical leadership roles that drive organization vision and strategy. However, other criteria should also be applied in evaluating the talent required for an organization's success, such as roles supporting critical technologies and core capabilities or roles with very high positive or negative impact (financial, compliance, organization risk, etc.). After identifying the key roles, best-in-class organizations apply established criteria to place candidates into defined categories (See Figure 4).

In practical terms, the categories of candidates are supported by a series of reports (such as backup charts highlighting incumbents and potential replacements) which are systematically reviewed and approved at various levels of management (including HR) and by specific procedure and program elements (such as identified special assignments, organized curriculum offerings, or specified career paths). In the case of organized high-potential programs, these supports often include highly structured activities extending over some years (two to three for entry-level or early career programs; and intermittent courses and/or key assignments and experiences for the longer-term development of candidates for top leadership positions).

FIGURE 4:

Typical Succession Planning Categories		
Succession Category	Description	Timeframe
Ready to Place/ Replacement	Identified candidate with the competencies, experience and performance to occupy a key position immediately	Now
Backup	Identified candidate not to be assigned a new role immediately, but who can occupy a new position with limited or no preparation	Weeks to Months
Bench Strength	A group of candidates who can be deployed to replace key personnel through vertical or lateral moves	6–18 months
Pipeline	A diverse and deep talent pool extending to leadership roles at various levels of an organization	2–5 years
Hi-Po (High-Potential Candidate)	A selected group of individuals who receive special supports for accelerated leadership growth and development over an identified timeframe	2–10 years



Consistently Implementing a Defined Process Improves Accuracy and Impact

One of the most important elements of successful succession planning programs is a clear process, consistently implemented. Specified steps, timelines, expectations, roles, and responsibilities ensure perceived fairness, accuracy of assessments, and decisions about leadership talent that fully

support strategy. Some steps may be openly disclosed to all participants while others are not. In best-in-class enterprises, employees are informed that evaluations are occurring as part of an overall talent review. And while all organizations with organized succession planning follow steps similar to those outlined in *Figure 5*, the scope and the requirements for aggregating data varies widely with organization size and structure. In typical larger organizations, leadership reviews are often implemented “bottom-up” with data and decisions from lower levels integrated at increasingly higher levels.

FIGURE 5:

Typical Succession Planning Process	
Step	Key Activities
Design	<ul style="list-style-type: none"> Clarify talent management philosophy and goals (short- and long-term). Create guiding principles and process support guidelines.
Define	<ul style="list-style-type: none"> Clarify work and organizational capabilities to execute strategies. Create specific talent management plans. Review and update organization structures to support plans. Identify key positions required to support plans. Clarify performance criteria, competencies, experiences, etc. for key positions. Clarify roles and responsibilities in the overall process (assessors, managers, team members, HR).
Assess	<ul style="list-style-type: none"> Identify candidates for assessment. Create clear assessment processes, tools, communication, and training for accurate data gathering. Perform the assessments. Verify and calibrate assessment results to mitigate bias/poor data, etc. Create reports and supporting interpretation and decision-making materials.
Review	<ul style="list-style-type: none"> Define and structure the review process (e.g., HR reviews with managers, meeting agenda and outcomes for candidate reviews, cross-team and cross-level procedures and reviews). Conduct meetings and make appropriate decisions about candidates (assign assessment categories, identify candidate readiness level for new assignments, identify candidate strengths and development needs).
Execute	<ul style="list-style-type: none"> Define a process for various succession planning tracks (hi-po program plans, transition plans for “ready” candidates, development plans for candidates who need more time and experience for growth). Make specific decisions about candidates at each organizational level (e.g., develop, replace, promote, downsize/eliminate). Document and implement plans, tracking progress and making updates. Provide ongoing feedback and coaching to refine and support plan execution.
Measure	<ul style="list-style-type: none"> Develop metrics to track plan effectiveness (e.g., competency acquisition, development activities completion, execution of projects or assignments). Enhance program design through leveraging successful components or root cause analysis and problem solving for less successful areas.



Technology is a Critical Enabler for the Process

Both the increased focus on human assets as a competitive advantage and the application of data-driven talent management strategies are driving the use of software that supports succession planning. Unfortunately, we find many HR talent management systems fail for reasons including the following.

- Lack of definition of HR processes and case examples outlining the manner in which people currently and ideally complete them.
- Lack of a realistic impact analysis and business case for information systems.
- Lack of definitions of which parts of an HR process should be technology-enabled and which should not.
- Lack of appropriate consulting, training, and ongoing support for both technological and nontechnological parts of the process.

Too often configuration or application capabilities, rather than process excellence, become the drivers of succession planning technology implementation. A more holistic approach encompassing the end-to-end process, not just configuration and reporting options, works best (See Figure 6).

FIGURE 6:

Technology Implementation Guidelines

- Perform a realistic analysis of the overall reasons and barriers (focus on needs and purpose) related to the succession planning initiative.
- Create a business case for application of technology (including ROI).
- Ensure adequate sponsorship and ownership for the implementation process, including both technical and nontechnical elements of the overall program.
- Develop guiding principles for implementation.
- Keep the process and assessment criteria simple and consistent.
- Fit the approach to the context (clear purposes and outcomes, readiness level).
- Follow a clear implementation process: policies, business rules and workflow, performance criteria, and roles.
- Keep the end in mind (behavior change versus administrative compliance).
- Create a change management plan for the intervention.
- Ensure adequate focus on how both data (rating and reporting) and relationships (coaching) are managed.
- Clarify the approach for applying technology.
- Provide vigorous support, from resources and commitment to communication and training.
- Monitor and continuously improve the process.
- Make full execution the top priority; stay the course.



Thinking Systemically Leverages Talent Management Applications

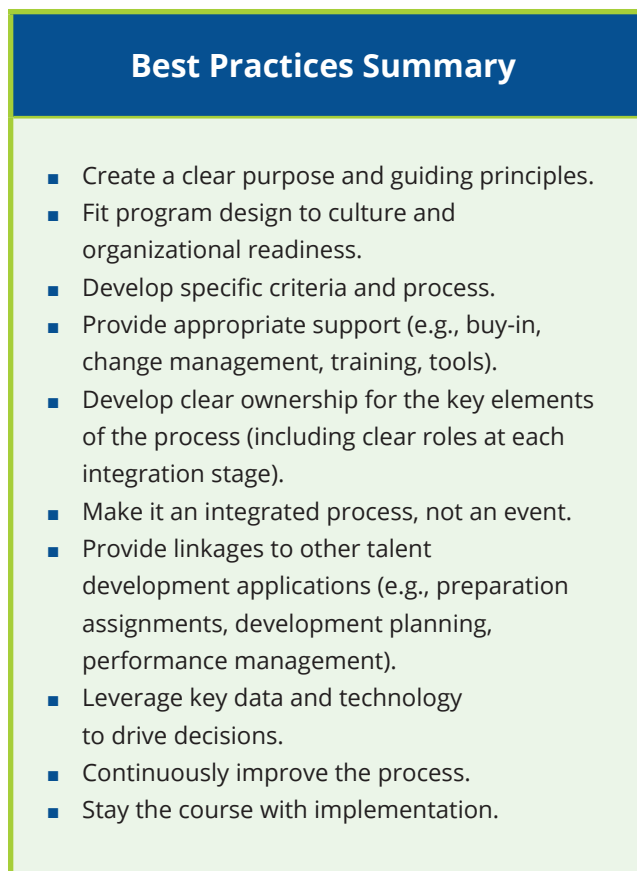
For many smaller organizations, succession planning focuses on replacements for vital positions only. But for larger enterprises, high levels of coordination among various components of a talent management system can make a significant contribution to performance and employee trust, motivation, and morale. Three factors belong in any design of a succession planning program. First, high levels of alignment that clarify expectations from top to bottom of the organization support development of a clear line of sight for each person about his or her contribution. Second, high levels of integration that link each element of the performance lifecycle together improve both the employee's and the manager's (and HR's) ability execute a coordinated talent management approach. In other words, using common standards (e.g., competencies) that clarify "feeds" from one talent management application to the next significantly improves organization performance and leverages the impact of the succession planning component of the overall talent management system. Third, high levels of distribution in the form of tools, training, technology, and supports for growing talent help make everyone accountable for the program and provide decentralized supports that better empower individuals and managers to make talent management interventions work.



Summary

Succession planning should be a purposeful initiative that focuses on developing critical leadership talent. Best-in-class companies structure and communicate clear principles, apply specific criteria, and implement a structured, sustained process using technology. (See Figure 7 for a summary of key implementation steps).

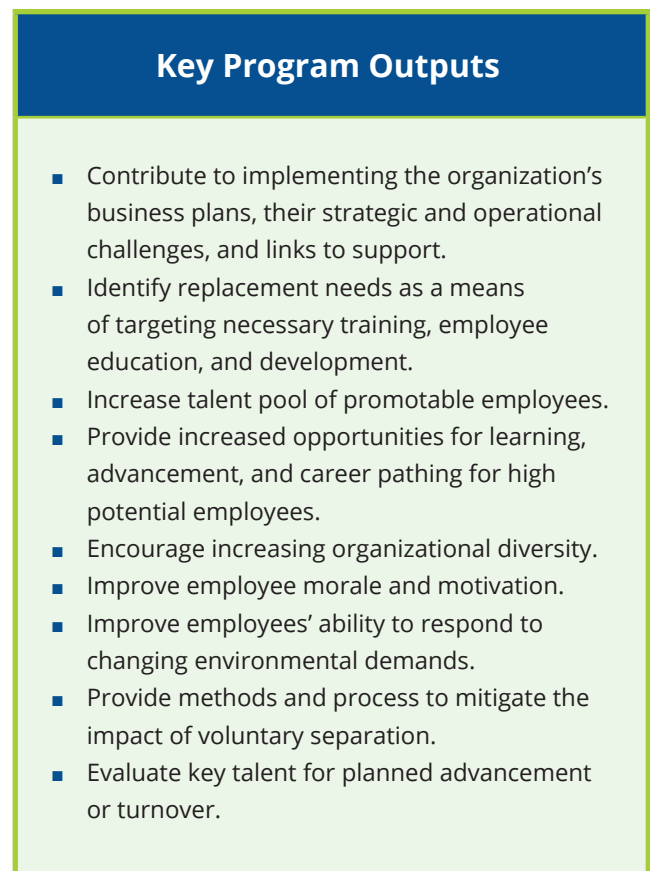
FIGURE 7:



Those institutions that consistently follow best practices show measurable impact in key metrics (See Figure 8 for examples of positive program outcomes) and realize a significant competitive advantage by retaining key talent and generating a pipeline of leaders who can help the company fulfill its long-term strategies.

While execution of key implementation steps and generation of critical program outputs can potentially be realized without technology, talent management applications have become increasingly vital for gathering, analyzing, and creating meaningful reporting to support decision making for succession planning. In the future, technology will be even more critical for driving real-time decisions for retaining and continuously developing required talent.

FIGURE 8:





About the Author

Dr. Stephen C. Schoonover is currently the President of Schoonover Associates, LLC, an organization that focuses on leadership development and competency-based talent management solutions. Dr. Schoonover has been providing consulting services in this area for over 30 years with organizations in virtually all business sectors, specializing in leadership and executive development, strategic human resource consulting, competency model building, assessment capabilities, and creating integrated talent management systems.

Dr. Schoonover has developed both individual talent management applications for the entire range of interventions from hiring and selection to employee testing and assimilation; from assessment and development planning to career and succession planning; from culture and workforce assessment to leadership program development; from performance management applications to goal management approaches; from coaching and feedback programs to competency-based compensation. In many engagements, Dr. Schoonover and his team have designed and implemented entire TM systems over a period of years.

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