

Your Corporate Bench Is the Source of Future All-Star Talent ~ Retain and develop future leaders to ensure long-term success

—http://www.best-in-class.com/research/bestpracticespotlights/succession_planning_21.htm

As a leader, your natural focus is the growth and performance of your company. It is no secret that the quality leadership you and your colleagues provide everyday is the engine that drives continued growth. But a powerful engine is worthless without the parts to keep it running. Developing current talent for key management positions ensures the supply of leaders your company needs to continue to work and grow. Effective succession planning delivers top performers ready for the challenges of the future.

Leading companies have identified top challenges to successful succession planning. Current leaders generally have little available time for succession planning and development. Without a rigorous process, leaders will likely choose and develop successors who are, much like themselves, perpetuating the status quo, limiting diversity and stifling ingenuity.

Finally, individual development is rarely an integral aspect of compensation or reward for individuals or managers.

Best Practices, LLC recently studied world-class succession planning across several industries and identified the innovative succession planning and employee development systems that top companies have used to overcome these obstacles and drive performance.

I. Select a set of key leadership criteria and provide support to help leaders meet requirements for advancement.

In large companies it is often difficult for one group to know all the qualities that a leader must possess, limiting the company in its search for the most qualified talent. Two top pharmaceutical manufacturers have developed unique approaches to avoid the possibility of overlooking critical leadership success factors. Eli Lilly employs numerous focus groups, comprised of varying levels of management, to identify the critical core competencies of effective leadership. Glaxo Wellcome has outlined key areas of development for all employees, including "on the job experience," self-development, training, and participation in coaching and mentoring.

In addition, Glaxo Wellcome's employees follow an integrated development process. Collaborative performance planning between employees and managers helps employees work to develop and meet a set of performance goals. The success of the development plan depends on the commitment of those involved, therefore Glaxo encourages manager and employee to carry on a running dialogue about the plan and what the employee is doing to meet his or her goals. In addition to the informal ongoing dialogue, the manager and the employee are expected to meet quarterly to discuss performance and development progress.

II. Screen effectively to identify high potential and to concentrate development resources on future leaders.

Glaxo Wellcome's succession planning process is based on retaining "star" employees as well as ensuring that key positions are filled. In addition to identifying critical positions and any gaps in the corporate structure, Glaxo seeks to develop — and thereby retain —

Your Corporate Bench Is the Source of Future All-Star Talent ~ Retain and develop future leaders to ensure long-term success

–http://www.best-in-class.com/research/bestpracticespotlights/succession_planning_21.htm

employees with extraordinary skills and/or performance. The company also emphasizes female and minority employees as part of its commitment to diversity.

Managers at Glaxo Wellcome concentrate heavily on matching star employees' talents and interests to available opportunities. Glaxo has found that typical star employees are retained more successfully through a rich variety of assignment, visibility, excitement, and change rather than strict financial rewards.

III. Spread responsibility and ownership for process design, execution and refinement.

The succession plans at Lockheed Martin identify pools of candidates for job openings at all levels throughout the organization. Ultimately, executives at the corporate level manage the candidate pool. With almost 200,000 employees, Lockheed has a succession planning process that is continually reviewed at increasing levels, from HR directors to presidents of operating companies, before elevating to upper management.

IV. Align succession planning with corporate culture to ensure that executive structure reflects corporate values.

Competencies are critical at General Electric. However, as the company's CEO Jack Welch has noted, the company's values are even more central. GE stresses the importance of "high achievers" - those who are successful wherever they go. Another key factor that GE looks for is the desire to perform leadership tasks. Past performance still figures prominently in the performance review process, but an employee's promotion record has less impact than it once did. GE culture now focuses more on people staying and seeing their individual projects through to successful completion.

V. Measure the results of the succession planning process to ensure alignment with goals.

In areas where employee development leads clearly to improved performance (financial workshops, sales negotiations) the results can clearly be measured. Organizations that provide development opportunities and expect concrete results have the ability to document the employee's increased performance and reward them accordingly.

For example, as in many field forces, sales reps at Novartis, a biopharmaceutical company, receive bonus compensation based on the extent to which they meet stated goals and objectives. Novartis takes the additional step of having the Human Resources department assess the performance reviews themselves as a measure of corporate development effectiveness.

In order to continuously improve the succession planning process, companies must prioritize the many best practices and lessons learned and fit the critical best practices into an operating strategy, including a detailed improvement path forward for the succession planning effort. Companies that have done so describe a set of key benefits: improved employee retention, training and preparation, commitment and satisfaction, as well as an improved corporate image.