

Succession planning begins at the hiring stage

The choice of the best candidate for top management position will depend also on the team surrounding the CEO

By **LEX LINDEMAN & HAN VAN DER POOL**

Succession management is a growing need among organisations globally because there is enough evidence based on research to prove that good talent drives business by all means, especially when internally groomed and selected.

However, developing leaders internally takes time and effort from the CEO as well as from the human resource department.

Burning questions for leadership and succession are: How can we identify these leaders early? What can we do to improve their leadership skills? What creates a leader and which educational experiences, both formal and informal, can shape these experiences?

The choice of hiring the best candidate for top management position(s) will definitively depend also on the team surrounding the current CEO and the way all their skill sets complement one another. And what skills should a CEO have?

Recent research has identified the following five characteristics for future leaders;

1. Strategic thinking
2. Execution skills

3. Decision making skills
4. Functional competence/expertise
5. Teamwork

Talent management seeks to make the correct job-skill or talent match so that both the organisation and employees are on the right track. Talent management initiatives also polish the skills of their potential employees to feel they are evolving in their career, which leads to better employee engagement. Employee engagement is an indicator of how involved and engaged employees are with the business. Development actions aiming to help employees set realistic targets and achieve clear, measurable goals along with mentoring and feedback from their managers on a regular basis are known to increase employee engagement.

How to manage talent?

After attracting the best talent, which involves planning and sourcing your workforce, the next task is to develop that talent in order to drive leadership by coaching, mentor-

ing and giving them access to specific functional and managerial learning that may relate to each of the roles. Rewards and recognitions have a significant impact on employee morale. The good ones feel acknowledged and motivated to continue working to their best, and the not-so-good ones get inspired to achieve those rewards. So far so good, but what would be next? Well, now that your employees' skills are aligned with your business needs, employees gather experience in their respective roles. The next step may be to deploy them in different or hierarchically higher roles. This not only increases their engagement and satisfaction but also helps you to identify the talent and to manage your succession planning to fill leadership roles in future.

Talent management begins with planning and continues in a cyclical fashion throughout the life of an organisation. Learning, training and development activities which are able to generate enough interest and involvement and spur motivation to perform are what keeps this cycle moving.

Performance and potential matrix

For talent management in many large, global organisations, the 'Performance and Potential Matrix' is used. On the basis of the expected development, employees are classified according to the categories listed in the matrix illustrated below.

The P&P matrix contains two axis: the performance (appraisal) (horizon-

Performance Trend (five-year outlook)				
	D Mediocre appraisal	C Good appraisal	B Very good appraisal	A Excellent appraisal
Two function levels higher			***	*****
One function level higher				***
Remain at the same level				

tal or X-axis) and potential (possible promotions in the coming five years) in the Y-axis

Concerning appraisals, a five-point scale is frequently used and a normal partitioning of appraisal scores is pursued (in a Bell-curve, of which 70 per cent of the employees have a sufficient appraisal).

Many organisations use this five-year growth estimate and project the expected development of one or two function levels higher than the current level.

At Level 2, those employees plotted are expected to grow within one to five years two function levels higher. On the basis of their appraisals they are considered as 'high-potentials'. Generally over the previous years, those employees have also shown a good performance.

At Level 1, employees who are expected that they will grow less rapidly are mentioned. However, it is expected that they will make a promotion within one up to five years to a higher function level. These 'potentials' generally have also shown a good performance.

In an annual process, the impact of the organisation strategy is identified in the field of talent development from which the talent management plan is derived. Performance management, promotion policy, training and development, reward, succession and career planning are all integrated to each other and coordinated centrally within HR. The Performance and Potential matrix give a first indication of availability of talent at a given moment in

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an organisation. During 'talent reviews' the following points should come up for discussion:

- The number of 'potentials' per key position.
- Employees with potential to grow rapidly to the level of 'key position holder' or employees that can still make one step in hierarchy.
- The development of the employees in the 'talent pipeline' for both general functions and specific disciplines.

This talent process is on the annual agenda of the management team and includes the following steps:

- Discussion of results of the 'Talent Review' of the previous year.
- Discussion with the (internal) HR consultant.
- Preparation of the new performance and potential matrix.
- Discussion and calibration of the performance and potential matrix in the management team.

It is not clear when the performance-potential matrix was first used. Possibly the model has its origin at the Boston Consulting Group in the 1970s. With some imagination, one could discover the 'Boston Matrix':

- Employees with a high perfor-

mance and also with a high expected development level are called the 'Stars' (High Potentials). The organisation must invest in their development. The organisation must also ensure that they want to continue their career within the company. They are invited for impressive in-company leadership programs and are mentioned on 'lists' of possible successors for important positions.

Employees and managers with a 'sufficient' appraisal and not having many possibilities to a higher position are seen as the 'backbone' of the organisation (workhorses).

Employees with a moderate performance and no growth possibilities can be categorised as 'deadwood'. They are listed to be dismissed.

The 'question marks' (problem cases) are those employees with a high assessed potential, but where the performance lags behind. It is a question mark for the organisation of how much coaching and training one wants to devote to get their career within the company back on track.

Your organisation should be ready for the dynamics in future. Not only should your products or services be up to date but also your workforce. If you would like to be 'future proof' you should have some sort of managed 'talent pipeline'. Successful companies use this integrated approach to keep their workforce not only up-to-date but also ready for the immediate and long term future. ■

Email: han@vanderpool.com and lex@hrboosters.com

