

*Understanding*

**TALENT**

Capability  **Management**

*Delivering Talented Leaders for a Better World*

## **Understanding Talent Management**

Successful organizations, guided by knowledgeable boards of directors and led by capable executive directors do not simply plan for succession, they “manage their talent“ in such a way that succession is viewed as a natural progression. Even an unexpected lapse in leadership is seen as more of an opportunity than a crisis. That approach may seem difficult to embrace if your organization is fortunate to have an inspirational, model leader. But like it or not, Baby Boomers retire and unexpected things happen in life that impact employment. Now and in the future the board’s monitoring of management and succession planning processes will likely come under higher scrutiny.

In the past, organizations felt the need to keep their succession practices a secret from their workforce. Today, most companies are informing their employees about their plans and keeping them engaged in the process. This includes making the practices more transparent to a larger group of decision makers as well as the high-potential candidate(s) being developed for a future leadership position(s). Staff will have less difficulty accepting new individuals brought into their department because they understand it is a part of a larger organizational plan. Agencies will face fewer challenges hiring and promoting people because of the transparency. The image presented to prospective employees will be that of a modern organization and one that cares about its people. Donors and funding groups will be assured that executive continuity, and therefore the continuity of the mission, is receiving high priority.

Talent management facilitates genuine development of employees for both their own benefit and that of the organization. After identifying talented employees, a smart agency will train and support those individuals in a way that moves their career forward. The agency’s efforts will be reciprocated by employees who go the extra mile and stick around longer with the understanding that they have a future in the organization.

### **Internal Review**

To get started, assess what you’re doing now to take care of your future talent. These questions can help you gain insight into areas which need strengthening in your current process, demonstrate the importance of investing in succession planning and build board/staff support for succession planning.

- What percentage of your employee base could retire within the next five years?
- What is your average turnover/tenure rate?
- Do you have data from exit interviews, performance reviews?
- How do you identify internal talent with a high potential to take on leadership roles?
- How do you monitor their performance and support their growth?
- What if a key member of the agency gave a two week notice today?
- How long would it take to fill a critical vacancy?
- How much productivity, donor confidence, staff morale would be lost?

- Can you imagine a clash in priorities or even values?
- Who would advertise, interview and make recommendations?
- Would the person performing those tasks be working from a mutually agreed upon set of values and goals?
- Would you be focused on replacing the individual, or searching for their opposite, or would you base your search on objective qualities determined by a consensus of stakeholders who have considered the organization's future needs?
- What problems or obstacles (e.g., poor assimilation procedures, lack of leadership support) might successors encounter?

### **Plan Overview**

Strong succession plans have certain strategic actions and processes in common. These plans:

- Receive visible support from the executive director, top management and board
- Identify key leadership criteria using focus groups and industry best practices
- Motivate future leaders by providing interesting assignments that stretch and challenge
- Go beyond a strict compensation-reward system
- Are simple and tailored to unique organizational needs
- Assign specific responsibility within the organization for reviewing and overseeing the progress of employees
- Incorporate employee input
- Ensure Succession Management reinforces the corporate culture and the company's core values
- Emphasize accountability and follow-up

### **Defining "Success"**

The first step in developing a succession plan or a talent management plan is to assess key positions in the agency, and not just management positions. Positions with responsibilities that are crucial to the daily functions or key services of the organization, particularly in the areas of technical and professional jobs where companies are increasingly short-handed, and critical business positions that deliver the most strategic value to the organization, should be the highest priorities for review. Ask yourself, "What are the roles in the agency that are critical to the implementation of our mission?" Prioritize positions based on the risk each vacancy presents to the organization (e.g., urgency of time-to-fill, overall impact on the business, the extent to which skill sets are available in the external labor market, etc.). Do not confuse a critical role with a top performer or a current employee; focus on the key position. Make sure there is a shared definition of what constitutes a critical role or key position. Emphasize that a position or department may be critical regardless of how well the people in that position or department happen to be performing.

Once you have consensus on the critical roles in the agency, you are ready to develop a success profile for each position. Identify the knowledge, skills, abilities and experiences necessary for a

critical role. Understand the personal characteristics that define success as well; for example, strong leaders are adaptive, inspirational, motivational, decisive, innovative, able to prioritize, and possess vision and direction. It is important to concentrate on that role, not the current incumbent or potential successor. Determine what measurable outcomes would reflect an adequate level of performance versus a superior level of performance. Create success profiles for each key position using existing data, interview responses, and external benchmarks. Profiles should define the knowledge, skills, abilities, and experiences that are necessary to perform the key positions successfully. Some sources of data to consider are:

- Review existing job descriptions.
- Interview managers and incumbents to understand what distinguishes outstanding performance from acceptable performance in key positions.
- Inquire about the types of experiences one would need to have in order to prepare for these key positions.
- Compare similar positions in comparable organizations and industries to determine hot skills and trends that should be considered for success profiles.

### **Talent Development**

Once you have developed success profiles for the key positions, you can begin to generate development plans for grooming individuals and deepening your bench strength in all the critical areas of the business. The goal is to identify and develop potential successors, creating a match between the company's future needs with the individual's aspirations. Small agencies need to cast their net farther, building board and volunteer networks, to create pools of candidates with high leadership potential. For this step however, let us focus on staff development and go beyond practical considerations of "cross-training" job functions. One way to reinforce a consistent succession planning process is to coordinate a talent review process to happen at the same time as performance reviews. After all, that is when you are assessing individual strengths and weaknesses, and identifying areas of growth to benefit the individual and the organization. An open process, discussing the growth needs of the individual and the organization is a good way to reinforce the perception that there is room for growth, promotion, and fulfillment of potential. Getting employee input on what types of assignments they would like to tackle and what is important to them will help create buy-in and ownership of the plan. Use the information you gather during the review to formulate plans to address gaps that were identified and to develop the skills employees need to succeed in their current or future roles.

Use a performance management tool that integrates data other than strict performance review, for a complete profile of the individual in the position. Include, for example, the individual's experience, certifications, aspirations, and risk for flight. A comprehensive talent inventory integrates data from multiple sources to identify skills gaps at a departmental level as well as the individual level and systematically identifies people with qualifications needed to fill those gaps. Ensure all individual assessments are measurable and consistent so that each successor's evaluation is fair. From these comprehensive talent reviews, you can create individual development plans outlining the necessary training, novel assignments, and other coaching activities to help successors grow into key positions. Provide potential successors with

development opportunities to build the skills they will need to assume future roles. Balance the short-term risks of novel assignments, those assignments outside the individual's comfort level, with their long-term benefits of growth. The development of this consistent, ongoing monitoring and review process is crucial to solid succession planning and smooth transitions.

### **Evaluation and Documentation**

Succession planning can effectively guide the identification, development and retention of talent, but it must also be detailed enough to be measured and evaluated. This goes not only for the performance review outcomes but also the long term department goals and the organization's strategic plan. These measurable statements must be considered and reconsidered on a regular basis to ensure the agency is on a strategic path which is ever subject to external developments. Stay focused on your mission, but change with the times to remain relevant and effective.

Lastly, consider the details of the succession plan you have outlined. Once information is collected, keeping it current, centralized and easily accessible to managers with the right permissions is very difficult when documents are only kept as hard copies in binders or files. Consider the value of investing in technology to maintain the security of some critical information such as tax ID numbers, passwords, past IRS filings, etc. A worksheet to assist in identifying these pieces of critical information is in Appendix A.

### **Recruiting and Hiring**

A good succession plan also identifies the timing and process for bringing new people into the organization, whether to fill a vacancy or to fill a gap in skills. The assessment of talent and evaluation of staff development efforts will determine if additional staff needs to be recruited during a transition in key positions or to address existing talent voids. Determining whether an internal successor will serve temporarily or permanently in a new role due to a vacancy or transition should be part of the plan. Some organizations, especially those with more specialized staff duties, create interim short term plans using internal talent, with long term permanent plans to recruit outside talent for a key position. The talents identified in the success profile for a key position may not be available among the current staff at the time a transition occurs, or there may not be staff interested in the role permanently. You may also find that promoting staff, transitioning staff into new roles, and modifying secondary roles to accommodate changes to key positions, may create talent gaps that require additional staff be hired to meet these new needs.

Successful recruiting efforts begin long before a vacancy occurs. The profiles and assessments you created earlier in the process will help you identify what types of skills your organization needs and where these talents and skills may be cultivated. Through relationships with similar organizations, you can confirm not only the attributes of a success profile for a key position, but also build a network of contacts you would call on when that key position becomes vacant. Consider the effort you invest in this network as setting up the right pipeline to deliver the right talent when you need it. Recruiting through a known network is effective in reaching a broad audience and identifying candidates who fit your success profile. Connections with other

professionals developed at events and associations give you a starting point for recruitment efforts, as well as a good system of partners and resources for your organization. A solid understanding of the career goals, frustrations, and priorities common among these groups (and your internal staff) can define aspects of the success profiles, succession plans and recruiting efforts. A thorough investigation of reasons your organization may or may not be considered an ideal employer, and working to promote or resolve them, will encourage staff loyalty and longevity, as well as increase your appeal to potential candidates. The current staff also builds networks, creates alliances, promotes the benefits of the organization, and develops and identifies colleagues as potential co-workers; transparency in succession planning and transition processes will encourage them to share this information, and make recruiting, hiring and assimilation new staff run more smoothly.

### **Assimilation**

Once your agency has identified and recruited a successor who is suitable, motivated, experienced, and capable, you will be challenged with weaving this new personality and skill set into the existing organizational culture and status. Here are suggestions for attaining the critical information for this task of assimilation:

- Talk with past holders of the CEO position (and feeder positions) to determine what they struggled with on the job
- Use historical performance data (for internal successors) and feedback from the selection process (for external successors) to understand individual needs and risk areas
- Evaluate the position's direct reports and ensure they are strong, supportive of, and invested in the successor
- Design or modify assimilation programs to address derailment factors
- Facilitate key stakeholder relationships; Assign internal mentors or coaches

Most challenging may be the delicate transfer of implicit knowledge, such as the executive director's or other key officer's relationships with donors, especially when the relationships have been cultivated over long periods of time. Founders and long term management of many non-profit organizations may be approaching retirement. Over the course of their careers, these older leaders have established strong relationships with key donors and sponsors –personal ties that will be cut when the leader leaves the organization. Not only will non-profits have to plan for the transfer of skills and knowledge from retiring leaders to their successors, they will also have to address the critical transfer of relationships with donors and sponsors. Executive relationships are likely to be longstanding and often casual, meaning that non-profits will need to be creative in the ways they choose to transfer these relationships to be equally meaningful and longstanding for the successor.

## Summary

Successful succession planning begins long before a vacancy occurs and is flexible enough to adapt to changing roles and conditions. Like strategic plans, succession plans are dynamic, living documents that reflect the organization's mission and culture.

Study of the existing elements involved and careful research are the core of the plan. Enlist staff, board and volunteer input in developing a succession plan and keep the process open and creative. Begin with an internal review of current processes and a discussion of possible outcomes and areas for improvement. Identify key positions in the organization and develop success profiles. Next, shop around for or develop a talent inventory tool, applicable to both departments and individuals, to assist with the assessment of weaknesses and strengths. Then seek out development opportunities that serve the future needs of the organization and support an agency culture that encourages individual growth and risk taking.

Maintenance of the plan must be an ongoing process to keep it relevant. Ensure that agency, department and individual goals are measurable and periodically review your progress and make adjustments. Keep this information, as well as more sensitive information such as financial records and passwords, in a central and secure but accessible location with electronic backup copies at a separate location if possible.

Reaching out broadens the foundation of the plan. Develop internal talent, but also encourage board members, staff, and volunteers to network with leaders in the community, so your agency will be aware when the opportunity to incorporate new talent becomes available. Be sure you have an assimilation plan which supports the incorporation of new talent and the transfer of agency knowledge and relationships.

In all, a succession plan includes purposeful thought and intentional action, to both prepare and grow existing staff, and plan for unexpected vacancies. This fluid process allows organizations to take advantage of and even create opportunities to strengthen their staff, volunteers, board and organization.