



DAWSON CONSULTING GROUP

Best Practice Succession Planning & Talent Management

*Creating and Sustaining Competitive Advantage
In Human Capital Capability*

Challenges and Solutions

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SUCCESSION PLANNING & TALENT MANAGEMENT A Dawson Consulting Group White Paper

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The Time is NOW

Succession planning is necessary to ensure business continuity and create competitive advantage in the human capital war for talent. In the days before strategic human resources, 'succession planning' meant 'disaster contingency' planning for the unexpected: *Who will fill this slot if it becomes vacant?* In recent years, the concept has grown to include a longer time horizon and is the 'glue' that holds together several critical human capital processes under a 'Talent Management' umbrella. The best practice in 2007 around talent management relies on a constellation of interlinked human capital processes that provide a steady stream of talent over time, creating the '*Leadership Pipeline*'.

What the statistical demographers have been saying since the early 1990's is more dramatic with each passing year: there are simply not enough leaders to fill all of the positions that will be vacated by the currently departing generation of managers. That crisis will come to a peak in 2012 and continue, but is already evident. Like any external scarce resource, some companies will solve this problem sooner and more effectively than others, producing a competitive advantage. If you have not already considered the impact of these Bureau of Labor Statistics figures, you need to!

- Overall labor market availability is anticipated to be virtually static, at just 1.1% growth
- A significant 9% decline in prime age workers, aged 25-45 is forecast.
- An aging labor force, with the growth of the over-55 years group rising at 4 times that of overall labor availability.
- A progressive increase in women entering the workplace – up to 5% in 2012 – matched by a similar decline of men in the workplace.

In the current environment, 'succession planning' is a sub-process closely linked to other human capital optimization processes: i.e. culture shaping, talent selection, leadership development and career planning.



Talent Management with the *Dawson Consulting Group Roundtable*

Based on continuing research and improvements over 20 years, Dawson Consulting Group has defined a powerful Talent Management suite of offerings that are customized to meet the unique needs of any organization. The centerpiece of the process is the *Roundtable Talent Audit* which is supported by the *Career Planning Guide*, *Talent Map*, *Coaching Module*, and *Leadership Development* sub-processes.

1. **Roundtable Talent Audit:** A basic first question is: What assets are in the portfolio? Both individually and collectively, what do we have? Embedded in this question is, of course, the goal of performing an accurate gap analysis to identify where there may be needed actions – again, both individually and collectively. Ultimately, the purpose of the talent audit is a first step assessment that precedes decision and resource allocation. Our research with dozens of companies, across many industries over twenty years has shown that executives frequently over- or under-estimate the actual talent they have based on insufficient or distorted information. Even in medium sized companies under \$5 billion annual revenue, we have observed two common errors:
 - False-Positives. Direct superiors often over-value the capability of their own direct report successors. In part, because both superior and subordinate share the same ‘blind spots’ and bad habits. More importantly, there is the built in bias by the superior that always comes from grooming that successor. They may also wish to avoid disappointment and make career advancement commitments to the individual. Add a sprinkling of political advocacy and cross-departmental differences, and the ‘facts’ of the individual’s objective strengths and weaknesses may not be available for rational analysis by the executive team. This is one of the mechanisms through which mediocre capabilities are replicated over generations of management. This same mechanism also replicates all the same liabilities and organizational dynamics associated with that individual. Remember, the very term ‘succession planning’ originates from the practice of familial transfer of power in monarchies whose primary purpose is to ensure that the existing status is perpetuated. In the organizational setting, this may not always be the best outcome for the shareholders!
 - False-Negatives. Highly capable junior executives may be negatively evaluated on the basis of one or two presentations – perhaps on a day when things were not going so well – and forever labeled by the CEO or other senior executives. Beyond this ‘sampling error’ problem of insufficient data, it is a well-documented fact of social perception that people over-generalize from a single impression (called the ‘halo effect’ by



psychologists). Without the rigor of a formal process it is unlikely that the current and future talent of any organization will be accurately identified. The unintended consequences of this common oversight are significant: capable future talent is not identified and therefore not appropriately encouraged and groomed for future leadership.

Dawson Consulting Group Solution: Our solution to these two problems is the *Dawson Consulting Group Roundtable Process*, described in more detail below. Through a blend of one-to-one evaluation between superior and direct report, and peer discussion by the direct report's superiors, these two talent assessment distortions are largely prevented. Whatever percentage of talent assessment distortion that remains is easily addressed with Dawson Consulting Group's *Individual Leadership Assessment Process* – a professional and objective individual talent assessment performed by one of our senior partners in situations where there is a legitimate question of readiness, a mixed picture of leadership capability or simply a wish for greater clarity about a high-value executive. The *Roundtable* is a simple but powerful, high-return event.

- **Setup - Step One:** Both manager and direct report complete the *Career Planning Guide (CPG)*. They meet in advance of the *Roundtable* with the objective of producing a blended version. All *Roundtable* participants arrive with this blended *CPG*, having had a career planning discussion with each of their direct reports.
- **Presentation & Dialogue - Step Two:** Each participant takes a turn presenting their people – more time is spent on some than others, to reflect individual circumstances. There are numerous value-added customizations that can easily be made. For example, in large organizations where the next level of talent is not well-known, it can be useful to emphasize background and experience. In other settings, this may be common knowledge, and the time for each participant may be better spent describing an evolving organizational structure or imminent retirement, and how this might impact the human capital landscape in that business unit.

In advance of the *Roundtable* the Dawson Consulting Group partner designs a customized process to meet the unique needs of the circumstance. The Dawson Consulting Group partner facilitates the presentation, moving it quickly into dialogue aimed at creating a 'level set' and ending with a ratified action plan for each discussant. The value of this dialogue – often the first of its kind in most organizations – is immeasurable, and typically includes: greater objectivity and accuracy in the talent assessment, cross-functional development plans, and a shared understanding of enterprise or business unit level talent assets and liabilities.



- **Action Feedback – Step Three:** Each *Roundtable* participant takes their ratified *Career Development Guide* back to a 1-1 discussion with each of their direct reports. Even when the news is not exactly what the direct report was hoping for, this is always an energizing and motivating interaction for the simple reason that there is clarity, transparency and a clear set of actions. In most cases the ‘difficult’ conversation with a direct report who has unrealistic aspirations, or a leadership style problem, is completed neutralized because they now appreciate their own career advancement responsibility. *If you wish to advance to this position, then here are the current challenges you should address to increase that probability.* The majority of these conversations are not difficult but affirming of unspoken or hoped-for expectations. The *Career Development Guide* which drops out of the *Roundtable* process becomes an important roadmap to influence both Leader and Direct Report behavior.
2. **Talent Map – the Enterprise View:** The Roundtable produces a *Talent Map*, which includes:
- a. A **Tracking tool** that creates consensus about how, when and where various talent needs will be addressed. The tracking tool also creates a baseline to return to in subsequent annual talent audit *Roundtables*. This is the ‘red-yellow-green’ talent dashboard that provides a quick snapshot for CEO and Board.
 - b. A **Needs Assessment** snapshot that identifies where there are common development needs or significant gaps. It often points the way to an enterprise leadership development strategy. This needs assessment also allows rational allocation of development resources to the right leaders.
 - c. A **Talent Inventory Snapshot** to assess where there are critical gaps due to retirement or lack of future candidates for key positions.
 - d. A **Career Aspiration Assessment** that ensures the executive team’s ‘high potential’ leader is, indeed, interested in the career path laid out for him or her.
3. **Career Planning Guide:** A second deliverable of the Roundtable Process seeks to place greater responsibility for career development with the Manager-Subordinate team that bears primary responsibility before and after the *Roundtable* for executing the development plan. The purpose of the *Roundtable* is to ratify a plan drafted by the Leader and Direct Report – and then to implement that plan after it has been ratified by the executive leadership team. A sample copy of the *Career Planning Guide* is provided below – but is usually customized



- to reflect situational requirements.
4. **Leadership Coaching Skill Building and Capability.** Our research over 20 years with dozens of companies consistently demonstrates the need for leadership norm-setting and skill-building in the area of coaching and career development. To address this need we have developed and refined the *Dawson Consulting Group Coaching Module for Executives*. This is a brief 2-3 hour learning event with supporting manual and materials that uses a guided discussion approach to produce these two outcomes:
 - a. Practical, basic education on coaching best practices. This is not ‘rocket science’, as they say, but there are a handful of simple tools and techniques that all executives have found useful as they approach what are typically ‘avoided’ conversations with direct reports before and after the *Roundtable*. The value to the organization is significantly reduced if there is incomplete or poor execution of the process.
 - b. Norm setting by the leadership team around ‘minimum’ basic expectations for consistent modeling of coaching down through the organization. Sadly, despite the compelling business case for serious attention to talent management, many leaders continue to assign a lower priority to these activities. For the *Roundtable* to be successful, the senior leadership of the company needs to model effective execution of the basic process. Some executives will always do a better job than others in this, but the executive team needs to take the *Roundtable* process with the diligence they would approach a budgeting process.
 5. **Leadership Assessment & Development** Closely related to the *Roundtable* and *Career Planning Guide* is the *Dawson Consulting Group Leadership Development Process*. The need for in-depth, objective and professional individual assessment is handled differently by different organizations. Even after a well executed Roundtable Process, there will be questions about high potential individuals, and the need for a more in-depth development assessment to form the basis for individual coaching. This process is usually tailored to allocate more resources to more senior participants.

DAWSON CONSULTING GROUP ROUNDTABLE PROCESS

Step 1: Preparation for Round Table Event

- **For Roundtable Participants:** Meet 1-1 with your direct reports to discuss the ‘Career Planning Guide’ (see appendix II below) which both manager & direct report have completed.



- **For Direct Report Participants:** Complete a ‘first draft’ of Career Planning Guide and meet to discuss with manager.

Step 2: The Career Planning Round Table

At whatever level the *Roundtable* is being implemented this group of peers meets for a ‘Career Planning Roundtable’. At this event, roundtable leaders present to their peers each of their direct reports’ *Career Planning Guide*. Brief discussion and consensus about an action moving forward for each follows. Time permitting, each roundtable leader describes their succession plan, i.e. *who is ready now, or in the future, to replace me at such time as that might be needed?* (See Appendix II for a sample version of what might be presented in a *Dawson Consulting Group Roundtable*)

Step 3: Feedback to Direct Reports

Following roundtable event, each leader meets individually with their direct reports to provide feedback about the roundtable discussion pertaining to them. This is ‘part II’ of a ‘coaching and mentoring’ discussion that begins prior to the roundtable. All discussion from the *Roundtable* is confidential and anonymous – reported only in general terms ‘from the *Roundtable*’ and never attributes specific source.

Step 4: Leadership Development Assessment & In Depth Plan

Some, typically not all, participants in the Roundtable Process may be referred for in depth leadership assessment by a Dawson Consulting Group partner – a management psychologist with 20+ years experience doing this. This takes the *Roundtable* assessment to a greater level of detail, with the help of the consultant’s expertise and objective measures of leadership capability. For the high potential leader, or the high-value-but-difficult executive a more professional assessment and development plan can be invaluable in accelerating productive movement. At special times in an organization’s life cycle – for example in a merger/acquisition, CEO succession or rapid expansion - these professional individual assessments can be valuable for an entire level of leadership to ensure there is an accurate view of talent based on proven objective tools and measures. In the ‘normal’ talent management context, this may not be necessary.

As with any annual enterprise-wide process such as planning or budgeting, there is an exponential return on the initial investment with every subsequent repetition of the cycle. In year one, there is a predictable learning curve both culturally and mechanically. In year two, the process is no longer new and there are notes of action-commitments from cycle one. Leaders have executed on their coaching commitments or they have not. The dynamics of the leadership team will shape what happens.



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APPENDICES

- I. Roundtable Process Graphic Overview***
- II. Career Planning Guide***
- III. Sample customizations for Roundtable Presentations***



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Appendix I

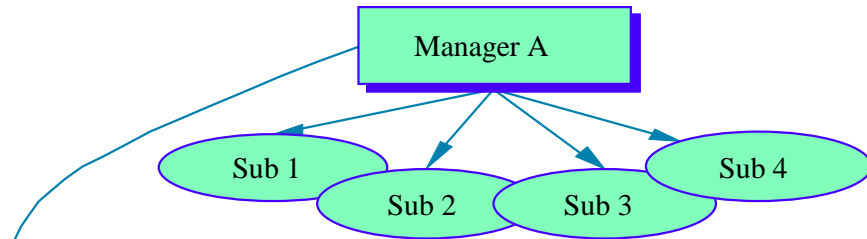
***ROUNDTABLE* Graphic Overview**



SUCCESSION & CAREER PLANNING PROCESS

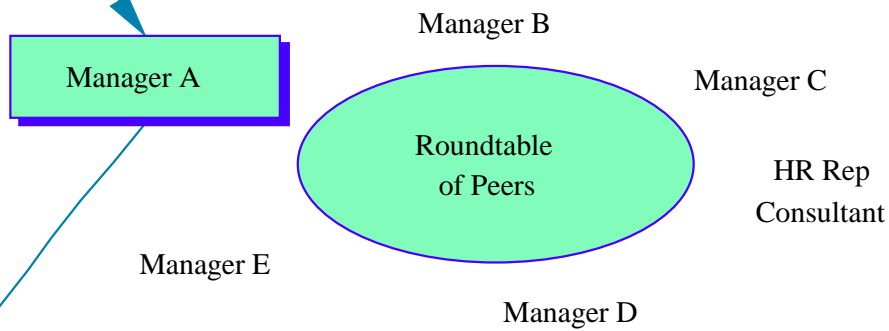
STEP I: Career Planning

Manager meets with all subordinates to do career analysis



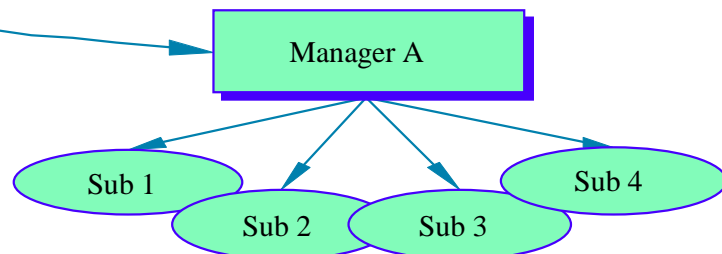
STEP II: Roundtable Consensus

Manager reviews Career Planning Summaries with a group of peers. Consultant & HR facilitate



STEP III: Debrief & Action Planning

Manager meets with all subordinates to provide feedback





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Appendix II

Career Planning Guide



CAREER PLANNING SUMMARY

NAME: _____ **DATE:** _____

PROFESSIONAL EDUCATION AND EXPERIENCE:

STRENGTHS:

AREAS FOR IMPROVEMENT:

ASPIRATIONS:

KEY CONCERNS OF EXECUTIVE LEADERSHIP TEAM:

RECOMMENDED DEVELOPMENTAL EXPERIENCES:



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FUTURE CAREER PATHWAY OPTIONS:



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Appendix III

Sample Talent Map Customizations



TRAVERSA

Senior Staff Talent Map



CEO
President & CEO

Age: 52 Time/Pos: 5.75 yrs

Focus and Responsibilities:

- Responsible for attaining the scientific mission and financial success of CLIENT
- Ensure attainment of net income goals
- Plan, directs, and evaluates all investments and ventures
- Oversight for all operations and corporate functions

B.S., M.S. and Ph.D., 1973, CEO joined Y Laboratories

15 years at X:
Founding member of the National Headed
Visiting distinguished scientist, 1998, President
2002, winner
MIT distinguished chair
Published/presented over 60 technical publications, holds 25 U.S. patents

TRAVERSA

Advancement Criteria

Green: Ready now

- Could move up one level today
- May have minor technical or stylistic gaps
- Would accept the position if offered

Blue: Ready in 2-3 years

- Has clear and strong potential but is missing some critical ingredient – could be leadership experience, customer domain expertise/credibility or some stylistic gap

Orange: Ready in 3 years or more

- Is too junior at present to advance, but has the potential and the aspiration for expanded management responsibility in the future

Red: Not ready or Not appropriate

- For any number of reasons is not a viable successor
- Lacks interest and aspiration for greater managerial responsibility
- Has a fundamental leadership style deficit (e.g. too quiet or passive)
- Lacks some fundamental technical or customer experience or requirement (e.g. is not a citizen, wrong technical background etc)
- At a point in his/her career where advancement is not desired or appropriate