

4.4.7: Talent Development and Succession Planning

What are the benefits of talent development and succession planning?

Talent development and **succession planning** are, in my opinion, two of the most critical human resource management processes within an organization. You can work tirelessly to recruit and hire the right people, and you can spend a lot of time defining and redesigning your performance and rewards programs, but if you can't make decisions that effectively assess and develop the key talent that you have, then everything else feels like a wasted effort. Talent development describes all process and programs that an organization utilizes to assess and develop talent. Succession planning is the process for reviewing key roles and determining the readiness levels of potential internal (and external!) candidates to fill these roles. It is an important process that is a key link between talent development and talent acquisition/recruiting.

The human resources function facilitates talent development activities and processes, but they are also heavily reliant on business inputs and support. Each of the talent development processes that will be discussed require heavy involvement and feedback from the business. Like performance management, talent development is a process that HR owns and facilitates, but it is a true business process that has a fundamental impact on an organization's performance. Talent is a competitive advantage, and in the age of the "war for talent," an organization needs to have a plan for developing its key talent.

One of the key tools that is used in talent development is the talent review. This process generally follows an organization's performance management process (which is primarily focused on current employee performance) and is more focused on employee development and potential for the future. Talent reviews often employ the use of a **9-box** template, which plots employee performance versus employee potential and provides the reviewer with nine distinct options, or boxes, to categorize where the employee is.

Table 4.4.7.1 : Performance and Potential Grid.

Performance and Potential Grid				
	Potential			
		Lowest potential rating	Middle potential rating	Highest potential rating
	Highest	John Smith Melanie Roper Keegan Flanagan	Chieh Zhang Edgar Orrelana	Rory Collins Aimee Terranova
	Medium	Joseph Campbell Alina Dramon Alex Joiner Lauren Gress	Christina Martin Thomas Weimeister	Richard Collins
Performance over time	Lowest	Marty Hilton		

The performance axis ratings are low/medium/high and based on the employee's recent performance management rating. Low = below target, medium = at target, and high = above target. Like the performance rating, this reflects performance against objectives and the skills and competencies required in the employee's current role and function. Performance can change over time (for example, with a promotion or job change). Performance is overall a more objective rating than potential, which leaves the rater to make some assumptions about the future.

Potential is defined as an employee's ability to demonstrate the behaviors necessary to be successful at the next highest level within the company. **Competencies** and behaviors are a good indicator of an employee's potential. Higher-potential employees, no matter what the level, often display the following competencies: business acumen, strategic thinking, leadership skills, people skills, learning agility, and technology skills. Other indicators of potential may include:

- Top performance in current job
- Success in other positions held (within or outside of the company)
- Education/certifications
- Significant accomplishments/events

- Willingness and desire to advance

Managing Change

Tech in Human Resources

There has been a boom in HR technology and innovation over the last several years—and it is making some of the traditional HR systems from last decade seem enormously outdated. Some of the trends that are driving this HR tech innovation include mobile technology, social media, data analytics, and learning management. Human resources professionals need to be aware of some of the key technology innovations that have emerged as a result of these trends because there's no sign that they will be going away any time soon.

Josh Bersin of Bersin by Deloitte, Deloitte Consulting LLP, wrote about some of these HR technology innovations in his SHRM.org article “9 HR Tech Trends for 2017” (Jan. 2017). One of these technology innovations is the “performance management revolution” and the new focus on managing performance by team and not just by hierarchy. Performance management technologies have become more agile and real time, with built-in pulse surveys and easy goal tracking. Now, instead of the formal, once-a-year process that brings everything to a halt, these performance management technologies allow ongoing, real-time, and dynamic input and tracking of performance data.

Another HR tech trend named is the “rise of people analytics.” Data analytics has become such a huge field, and HR's adoption of it is no exception. Some disruptive technologies in this area are predictive—they allow analysis of job change data and the prediction of successful versus unsuccessful outcomes. Predictive analytics technologies can also analyze patterns of e-mails and communications for good time-management practices, or to predict where a security leak is likely to occur. One other incredible analytics application consists of a badge that monitors employees' voices and predicts when an employee is experiencing stress. That is either really cool or really eerie, if you ask me.

The “maturation of the learning market” is a fascinating trend to me, as an HR professional who grew up in the days of multiple in-class trainings and week-long leadership programs. Learning processes have changed greatly with the advent of some of these innovative HR technologies. Although many larger companies have legacy learning management systems (like Cornerstone, Saba, and SuccessFactors), there are many new and competitive options that focus on scaling video learning to the entire organization. The shift has gone from learning management to learning—with the ability to not only register and track courses online, but to take courses online. Many companies are realizing that these YouTube-like learning applications are a great complement to their existing learning systems, and it is predicted that the demand will continue to grow.

Other trends of note include technologies that manage the contingent workforce, manage wellness, and automate HR processes via artificial intelligence. It is amazing to think about so many interesting and innovative technologies that are being designed for Human Resources. The investment in human capital is one of the most critical investments that a company makes, and it is refreshing to see that this level of innovation is being created to manage, engage, and develop this investment.

Discussion Questions:

1. Why do you think learning systems evolved in this way? Is there still a place for group classroom training? What types of learning might require classroom training, and what is better suited for online and YouTube-style learning?

In the talent review, the potential axis equates to potential for advancement within the organization: low = not ready to advance, medium = close to ready, and high = ready to advance. Potential does not equate to the value of an individual within the organization, nor does it state the quality of individual. There are likely many strong performers (top contributors) in every company who prefer to stay in their current role for years and be specialists of their own processes. A specialist or expert may not want to manage people, and thus would be rated as low on potential due to the lack of interest in advancement. Advancement may also mean relocation or lifestyle change that an employee is not willing to make at that time, so the employee would be rated low on potential for that reason. Potential can certainly change over time, given people's individual situations and life circumstances. Potential tends to be the more subjective ratings axis, as it involves some assumptions into what a team member could be capable of based on limited information that is available now.



Figure 4.4.7.1 This is a flight simulator for a Boeing 737 aircraft. There is a drastic shortage of aircraft pilots, and training future pilots is a critical function with the challenge of limited actual flight training time. Consider how technology helps companies develop skilled workers both on and off the job. (Credit: Michael Coghlan/Flickr/ Attribution 2.0 Generic (CC BY 2.0))

A human resources team member should absolutely facilitate the talent review process and provide leaders with clear session objectives and specific instructions in order maintain the integrity and confidentiality of this important talent process. The book *One Page Talent Management* (Effron and Ort, HBS Press, 2010) describes the talent review meeting as a **talent review calibration process** that “ensures objective performance and potential evaluations, clear development plans, and an understanding of what high potential means in your company. A calibration meeting brings together a manager and her team members to discuss their talent. Each team member presents the performance and potential (PxP) grid that he prepared on direct reports and briefly describes how each person is rated. Other team members contribute their opinions based on their firsthand interactions with that person. The discussion concludes after they have discussed each person, agreed on their final placement, and identified key development steps for them.”

After everyone being discussed has been placed in one of the boxes on the 9-box template, the leadership team should discuss key development actions for each employee. (If there isn’t time to discuss development activities for each employee, the group should start with the high-potential employees.) After the talent review calibration process is complete, human resources should keep a master list of the documented outcomes, as well as the development activities that were suggested for everyone. HR should follow up with each of the leaders to help with the planning and execution of the development activities as needed. The key outputs of the talent review process include:

- Identification of the “high-potential” employees in the organization
- Definition of development actions/action plans for each employee
- Insight into talent gaps and issues
- Input into the succession planning process

Succession planning generally follows shortly after (if not right after) a talent review because human resources and organizational leadership now have fresh information on the performance and potential of employees in the organization. Succession planning is a key process used to identify the depth of talent on the “bench” and the readiness of that talent to move into new roles. The process can be used to identify gaps or a lack of bench strength at any levels of the organization, but it is usually reserved for leadership roles and other key roles in the organization. In succession planning, human resources will generally sit down with the group leader to discuss succession planning for his group and create a defined list of leadership and other critical roles that will be reviewed for potential successors.

Once the roles for succession planning analysis have been defined, both HR and the business leader will define the following elements for each role:

- Name of incumbent
- Attrition risk of incumbent
- Names of short-term successor candidates (ready in <1 year)
- Names of mid-term successor candidates (ready in 1–3 years)
- Names of long-term successor candidates (ready in 3+ years)
- Optional—9-box rating next to each successor candidate’s name

The names of longer-term successor candidates are not as critical, but it is always helpful to understand the depth of the bench. With the information recently collected during the talent review process, HR and management will have a lot of quality information on the internal successor candidates. It is important to include external successor candidates in the succession planning analysis as well. If there are no candidates that are identified as short-, mid-, or long-term successor candidates for a role, then the word “EXTERNAL” should automatically be placed next to that role. Even if there are internal candidates named, any external successor candidates should still be captured in the analysis as appropriate.

Talent reviews and succession planning processes both generate excellent discussions and very insightful information on the state of talent in the organization. Human resources facilitates both processes, in very close partnership with the business, and ultimately keeps the output information from the sessions—i.e., the final succession plan, the final 9-box, and the follow-up development actions and activities as defined in the talent review session. With this information, human resources possesses a level of knowledge that will allow it to drive talent development and coach managers on the follow-up actions that they need to set in motion. Some examples of follow-up development activities that may be appropriate based on the outputs of the succession and 9-box events include **training**, **stretch assignments**, **individual assessments**, and **individual development plans**. Training and training plans identify the learning events that an individual would benefit from, either in a classroom or online format. Stretch assignments may be an appropriate development action for an employee who is being tested for or who wants to take on additional responsibility. Individual assessments, such as a **360 assessment** for managers, is a good developmental tool to provide feedback from manager, peers, direct reports, customers, or others who interact with the employee regularly. Finally, an individual development plan is an important document that employees should use to map out their personal development goals and actions, and to track their own status and progress toward those goals.

Talent development is a collection of organization-wide processes that help to evaluate talent strengths and gaps within the organization. Although many of the processes are carried out in a group setting, the output of talent development needs to be very individualized via a collection of development tools and strategies to enhance performance. Human resources is a key resource and partner for these tools and strategies, and thus plays a critical role in the future of talent for the organization.

Conclusion

Human resource management is a complex and often difficult field because of the nature of the key area of focus—people. In working with people, we begin to understand both the expressed and the hidden drives—intentions and emotions that add complexity and additional context to the processes and tasks that we set forth. We also begin to understand that an organization is a group of individuals, and that human resources plays a critical role in ensuring that there are philosophies, structures, and processes in place to guide, teach, and motivate individual employees to perform at their best possible levels.

concept check

1. What roles should an organization discuss as part of the succession planning process?

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