

STRATEGIC LEADERSHIP DEVELOPMENT

Background

At the Center for Organization Effectiveness, we believe that the practices associated with traditional “succession planning” are conceptually too narrow and too cumbersome to implement for the needs of organizations today. Succession planning conjures images primarily of replacement planning – the effort to identify back-ups for all key positions and make sure they are ready to move into them when needed. This can work well in a fairly stable business environment with predictable direction and needs for leadership capabilities. However, most organizations today are not so static. This makes it more difficult to prepare managers for advancement because issues of timing, need and readiness are so uncertain. In addition, organizational leanness has limited the opportunity to have managers who are primarily in a development mode (e.g. rotating through functions to get exposure to the overall business). Finally, organizations can no longer promise advancement. This means that development efforts have an uncertain outcome. For both the individual and the organization, the investment in development leads to readiness for increased responsibility, but little certainty regarding the opportunity to use what is learned.

Ultimately, succession planning has always been about the development of talent. Unfortunately, the administration of the planning component has had a greater focus than the actual development that should result. We choose to use different terminology for our approach, calling it Strategic Leadership Development, in the hope that this language will communicate something different and broader than succession planning. The aim of strategic leadership development is to create a system whereby the organization is intentional about its efforts to develop people. The emphasis is on building a broad spectrum of capability in the management ranks so that the availability of internal talent will not be a limiting factor to the organization’s strategic direction.

These are the outcomes of a strategic leadership development system:

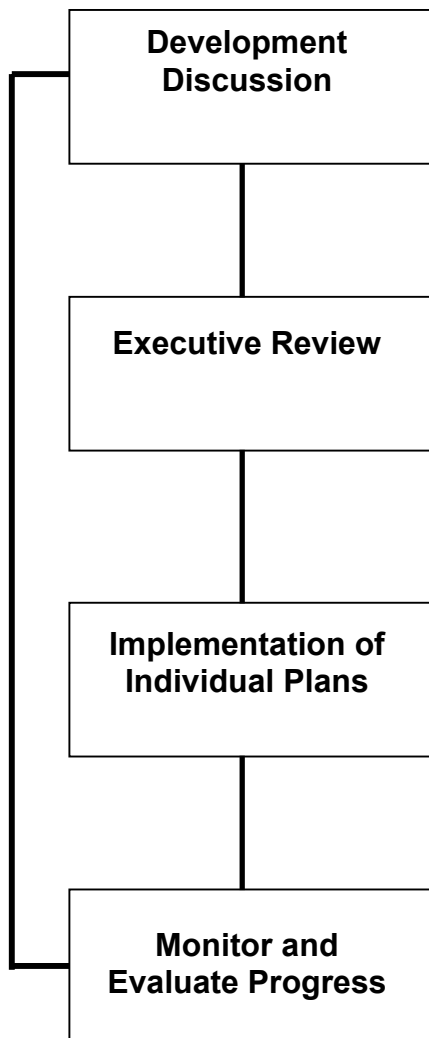
- Retaining and developing high potential employees;
- Building internal staff capabilities for the emerging organizational demands;
- Creating opportunities for inclusion of minorities in management development;
- Establishing a professionally managed organization with the appropriate systems in place to assure its endurance and future success.

The recommendations that follow are based on the belief that such a system can and must be simple and efficient to execute. In addition, more important than the specific elements of the process itself is the manner in which accountability is built in. When development systems fail, it is often because they collapse from their own complexity and/or because there are no consequences to managers for failing to comply or participate.

Strategic Leadership Development Process: Four-Step Model

The illustration below shows a four-step model for identifying high potential managers and creating development plans for them. The first step is a **development discussion** between each manager and his or her direct report. This structured discussion produces two things: an initial development plan for the individual and a decision by the manager on whether to select this individual as a high potential candidate for review by the next level of management. These names continue to be passed up through the management levels until they arrive at the senior level. The **executive review** is an annual meeting of senior management where each high potential manager is discussed, options for replacement planning are identified, and the development plans of these individuals are approved. Following this review, managers **finalize and implement individual plans** for all their direct reports. Finally, mechanisms are established to **monitor and evaluate progress**. The cycle begins again in a year. This cycle can be shortened as needed.

The process is shown below:



- Conducted at least annually
- Manager and direct report both prepare
- Use Development Discussion Guide

- Manager prepares Leadership Development Summary
- Annual meeting of Executive Team
- Review and approval of development plans and recommendations

- Involve Employee and Organizational Development as needed in planning and resource coordination
- Manager and direct report periodically review progress on Individual Development Plan

- Quarterly executive review of progress
- Annual evaluation of “bench strength”
- Measure promotion rates and readiness of internal candidates

SUPPORTING STRUCTURES AND ACTIVITIES

Articulation of the Business Rationale and Organizational Linkages

Strategic development is an intentional business strategy with very specific business outcomes. In order to ensure that this development process is anchored in the organization's strategy, a brief business case for this process should be developed. This document, based on interviews with senior managers, includes criteria for measuring success and serves as a guide for the process and an integral part of the educational component.

Linkages to current organizational practices, such as performance management and leadership training, should be explicit. It is important to set this activity in a context and not have it appear to be "yet another HR program." In fact, human resources can play a valuable coordinating role, but the accountability for results should reside with line management.

Development of Success Profiles

The foundation for identifying talent and determining appropriate development activities is a definition of the expectations, competencies and characteristics for the targeted positions. In particular, such Success Profiles should be developed for the executive-level positions and key director/manager level positions. This is accomplished through interviews and surveys of incumbents and their manager. Draft Success Profiles are submitted to management for final approval and serve as a working document – subject to revision as the needs of the business change.

Communication/Education Plan

All participants in the process will need to be informed of the new system. This communication should be handled carefully and consistently. It will send a message, sometimes with unintended interpretations and consequences. For example, it can be misinterpreted as an advancement program or as the organization "taking care of my career," neither of which are appropriate messages. This introduction to the process can be handled in a "briefing" for managers. The briefing will include an overview of the purposes and procedures associated with the process and written resources that will assist them in completing the Development Discussion Guide and conducting the development discussion. *(Some managers may need additional assistance with this process. This can be accomplished through one-on-one coaching and/or referral to additional written resources.)*

SUPPORTING STRUCTURES AND ACTIVITIES

Accountability Mechanisms

Managers should be held accountable for holding development discussions, identifying high potentials, recommending a development plan, and assuring that development plans are executed. This accountability should be addressed in the performance management system currently in place.

Assessment Resources

It is helpful to have access to sound assessment mechanisms, not as a centerpiece of the process, but as tools to assist in making development and promotion decisions. A 360° process utilizing organization-specific competencies is one such resource. Assessment centers, both internal and external, and psychological testing can also be useful. However, they should be used with caution. Too often these evaluation processes become the dominant element of a succession planning program, in part due to the perceived objectivity and accuracy of the measures. Their best use is in what they can show the individual about him or herself that can serve as a guide to their own development efforts.

Development Opportunities

The process means nothing if it doesn't result in managers engaging in development activities. Most of the development needed can and should be handled on-the-job, in the context of the current individual's responsibilities and/or the broader organizational needs (special projects, etc.). Some skill and knowledge gaps can only be handled in other settings such as seminars, university courses, etc. It will be important to establish discipline regarding development choices so that the outside courses are not seen as the only options.