



## Special points of interest:

- *...coaching, a development-based strategy...*
- *Succession management should not be a stand-alone practice.*
- *Good people grow business*

## Inside this issue:

The Succession Fix	2
Succession Planning Training	4
The New Art of Hiring Smart	5

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## Getting to Know All About You

One theme surfaces frequently these days in our presentations to leaders of organizations, and consumes those of us who are trying to help create best-practice companies that attract and retain top talent. That theme is, know your employees well, better than they know themselves.

Knowing an employee well is a key element of performance management, and we are stressing that heavily as we shed the traditional tools many organizations still use. These outdated tools include backward-looking employee appraisals that occur infrequently. Instead of that approach, we place our highest priority on coaching, a development-based strategy that looks forward by setting goals and establishing a plan to achieve them. This forward-looking kind of management asks coaching leaders to work with employees to set and reach their goals, after assuring they are aligned with the company mission.

A fundamental fact to acknowledge about this kind of coaching for performance is that although employees are alike in many key areas, they are different in significant ways. No single coaching/managing style fits all employees. This is a difficult idea for many managers to grasp, and it can be overwhelming if a conscientious manager believes he must memorize the names of his employees' children and spouses.

While knowing all those names is a nice thing to do, it is not imperative. But getting to know employees is an imperative, and it is less time-consuming and more enjoyable than playing the churn game – hiring employees for jobs they don't fit, leaving

them to flounder, then replacing them six months or a year later and wondering what happened.

Let's use Fred as an example of someone we need to get to know. Through assessments, we already know that Fred has a high learning index and energy level, measures low on needing to control others or the situation, and high on manageability. What we do not know is whether the job we want Fred to do requires these competencies for successful performance. We also do not know:

- How Fred fits with the rest of the team.
- How Fred fits with his manager/coach.

Obviously, in addition to getting to know Fred's competencies, we have to comprehend fully what we want him to do and what makes people in that role successful. Knowing all of these things allows Fred's manager to form a coaching strategy that will close the gaps, if any, between his capabilities and job requirements.

Now let's look at the phrase "one size does not fit all" as it applies to managing people. Perhaps another way to say this is, don't generalize or make assumptions about people based on age, gender, ethnicity or any of the other qualities that make Fred appear similar to Joe. As similar as some employees appear to be, to presume that two women, two men, two young people or two people of the same ethnic origin will think and act like each other because they share some of the same traits is a foolish oversimplification. That kind of thinking ensures we will be mired in yesterday's management rut.

*(continued)*

Here are some ideas about getting the right people into your organization from the start, then getting to know them:

- **Know your organization's culture well enough to talk about it.** This includes the business strategy, the vision of top leaders, how employees view one another, and how workers treat each other.
- **Know your organization's culture well enough to talk about it. Communicate with employees.** Go beyond regular meetings and memos. Take frequent walks through all departments.

Find out what is going on by talking to people. Figure out what they are thinking. How? *Ask* them.

- **Ask for feedback about resources and other critical issues.** Keep the channels of communication open and flowing freely.

- **If you want your employee rewards program to be effective, knowing your people is essential.** Instead of planning rewards around the CEO's interests and needs, find out what workers want. Special incentives should be tailored to recognize the person who performed well.



- **People change.** So do their job interests, their energy levels and their competencies. It's the coach's job to know them at every stage in their lives and to change the motivation program to match their changing skills and interests.

- **Know yourself.** It's much easier to understand other people if you get to know the inner you first, the things that make you tick, the job tasks that you enjoy and the ones that you do not, how you work with teams, and your compatibility with others.

In future issues of Profiles Advantage and in our white paper "Beyond Performance Appraisals," we will focus on the five perspectives of the coach, including:

- Does the employee fit in his/her current job?
- What motivates the employee in the job, and how will he or she respond to stressful situations?
- How compatible is the employee with the manager?
- How compatible is the employee with his/her work teams?
- How effective is the employee as a leader?

## Succession Planning The Succession Fix

Cindy Marsh, Ph.D., L.P.

The purpose of a succession plan is to decrease interruptions and negative business impact in the event a leader leaves the organization. Traditionally, succession efforts focused only on C-suite-level positions, but pivotal non-C-suite roles also should be included in a comprehensive succession plan.

For most companies, showing leadership consistency during CEO transitions is essential to ensure business continuity and maintain the confidence of customers, investors and key talent. Imagine the business and stock implications for Apple if Steve Jobs' health scare had turned out differently or if McDonald's didn't have a successor ready in 2004 after Jim Cantalupo died suddenly of a heart attack at age 60.

Smart organizations also realize interruptions in leadership below the CEO level can have a major impact on business operations and productivity. This knowledge has prompted many companies to look for a more comprehensive succession management system that will allow them to operate seamlessly during any leadership transition.

### Succession Value Beyond the C-Suite

Succession management should not be a stand-alone practice. A good succession management plan is woven into an overall HR system that values continuous talent assessment and development programs. For example, programs that identify which high performers have the potential to ascend the corporate ladder should be linked with succession management.

Succession management plans also should reflect overall business objectives and projected challenges. If a company has a large pool of baby boomers in executive positions that plan on retiring relatively soon, the succession plan should have a large pool of potential candidates ready or being readied to step into those roles.

Or if the business plans to expand into new global markets, talent to fill necessary roles abroad should be reflected in the plan. Executing these tasks will almost certainly require leaders outside the C-suite.

Every position at a business serves a functional purpose, but some roles are so crucial that even minimal disturbances could have a detrimental impact. The concept behind comprehensive succession management is to take the

necessary steps to have the right people in these crucial positions and a pool of able candidates ready to fill them when the time comes.

### **Which Levels Should Have Succession Management Plans?**

Knowing succession management is valuable and knowing how to execute a comprehensive succession management plan are two different things. One of the biggest challenges is deciding which levels and positions to focus on. Should there be a successor in the wings for every senior executive? What about mid-level leaders? Are there other specific positions that need attention?

Overall, succession management plans should include:

- ◆ Chief executive suite (CEO, CFO, etc.).
- ◆ Senior executive positions (frequently referred to as the Top 50, 100, etc.).
- ◆ Pivotal roles.

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Generally, constructing an expanded succession program to include every senior executive role makes sense. These roles have greater importance because the business units or groups they oversee would be significantly impacted by sudden transition or leadership gaps. However, it is essential to remember each business is different, and the unique aspects of each business model will determine other positions that should be included in a succession management plan. These positions are pivotal roles, positions that significantly impact operations or overall success regardless of leadership level.

Consider an engineering company. Program managers at engineering companies tend to manage multimillion dollar programs, as well as large teams. While the position is not in the senior executive ranks, a sudden transition or departure would dramatically impact a large number of employees, as well as a large budget. Thus, the program manager position is a pivotal role, and engineering organizations should have succession plans in place.

Another example can be found in the oil and gas industry. In this sector, some roles are responsible for negotiating deals on oil drilling rights or access to pipelines with other countries and competitors. The impact of these deals can last for 20 to 30 years and involve billions of dollars. Clearly, this is a pivotal role, and it's in the company's best interests to have successors ready to fill these spots should they turn over.

### **Define Skills and Experiences Successors Need**

No two companies are the same. Nor should two succession management plans be the same. Each position included should be clearly defined.

That said, some skills and characteristics will be similar for positions at the same level. Vice presidents all will need certain leadership competencies to be successful. But they also will need a certain set of skills and experiences that are specific to their roles. Despite the positions being relatively equal in terms of compensation and job tasks, managers in France would need to function under different government regulations than their counterparts in China.

Despite the same VP status, a vice president of marketing would need a different set of skills and experiences than a vice president of finance. A succession plan should reflect all of this.

To maximize resources, broad-based skills training pertinent to multiple positions should be standard, and additional training dollars for tailored coaching or skills training should be available as needed. A full set of expectations and requirements for each role must be identified prior to setting up a pool of potential successors. After all, how can talent managers prepare to support a role without understanding the full breadth of responsibilities and tasks the role requires?

### **How Should You Identify Successors?**

Generally, the best way to identify successors is to pay continuous attention to the performance assessments of the host organization's high-performance and high-potential employees.

Talent assessment might look at four components: performance, potential, readiness and fit. Performance indicates how well individuals are doing in their current roles and how they achieve results. Potential indicates whether individuals are capable of performing well several levels above their current roles. Readiness measures an individual's ability to take on a new role at the next level, now. And once an individual has the potential and readiness to take on a new role, his or her fit for the new position must be considered.

Fit should take into account whether the person's particular set of strengths are appropriate for the business challenges to be faced, whether his or her leadership style will mesh with the culture of the group or organization, whether the promotion is being given at the appropriate time in the person's career, whether the person is mobile and whether he or she has the right mix of experiences.

When designing a program, it also is important to understand work silos that may exist and block the organization's comprehensive succession plans. Ideally, a good succession plan should identify multiple people for any one position, and multiple positions for any one person. If a company is separated by specific business units or geographic areas, they tend to miss potential pools of talent outside of immediate work groups.

For example, many companies look to each individual leader to identify successors within each business unit. Although there may be likely candidates in this pool, the approach doesn't offer much breadth on an enterprise level. A director in one unit may have several traits and characteristics that, with some minimal additional experiences or skills training, could be a perfect fit for another business unit. Looking across business units allows talent managers to expand their potential talent pool and take advantage of leaders from different business units who can bring a broader range of business knowledge to a new position.



The goal of a succession program is to create the largest qualified pool of candidates possible for each position. When planning for the unknown, talent managers certainly do not want to put all of their employees/eggs in one basket.

**Pushing the Right Development Experiences for Succession**

When successors have been identified, the development process begins. Successors can be given general development

opportunities and specific exposure to the roles they most likely will be asked to fill. Providing experiences does not need to be an activity separate from real work. In fact, development activities or experiences should be integrated with the host organization's business needs in the same way a company's strategic plan should align with its succession planning process.

Consider a high-level executive who is being groomed for the CEO position at XYZ Corp. This individual may have exceptional skills but might need more exposure to the overall business. This exposure might mean a stint as the CFO. In this particular company, the CFO position certainly has a high level of responsibility, but placing the high-level executive there offers lower business risk due to the overall strength of the finance function and the existing financial systems in place across the company's business units. By providing this experience, the high-level executive is able to do useful work while getting the necessary exposure and experience needed to further his readiness for the CEO position.

**Address Business Risks and Talent Constraints**

Finally, a good succession plan should address talent-related business risks. For key strategic initiatives or critical parts of the business, talent managers can't afford to lose a person in a pivotal role. The succession process should ensure there are viable successors being groomed, and where none are available, it should provide ways to bring in talent from outside.

Executing comprehensive succession planning proactively, before there is a crisis, will minimize the likelihood of business disruption. Similarly, a good succession process will identify where an organization's business plan may be at risk and highlight alternative approaches to achieve an organization's strategic goals.

Succession planning is not just for CEOs anymore. A solid succession plan should reflect business challenges, identify as many successors as possible and take the steps needed to ensure qualified candidates are ready to fill key positions and maintain business continuity.

Succession planning enables your organization to identify talented employees and *provide education* to develop them for future higher level and broader responsibilities. Succession planning helps you "build bench strength."

Succession planning helps you decide where people belong on the bus. Find out more about how our training can help your employees!

**Applied Behavioral Insights e-Learning Academy**



Course Title	Course #	Duration
Succession Planning Overview	LEAD0301	2.0
Succession Planning Strategies	LEAD0302	4.5
Succession Planning and Human Resources	LEAD0303	5.0
Initiating a Succession Plan .5 Hour(s)	LEAD0300	0.5
Succession Planning Management	LEAD0304	2.5
Implementing a Succession Plan Simulaton	LEAD030S	.5

# ABI HR Helpline

## The New Art of Hiring Smart\*



### Good People Grow Business

It's the best of times and the worst of times too – if people problems are coming between you and the commercial success that you see your peers enjoying. If you're either experiencing excessive staff turnover or finding that the people you're hiring simply don't fit in, use the following six steps, *The New Art of Hiring Smart*, to ensure that you get more of the people you need.

#### 1. Determine the Cost of Turnover

Take the annual salary for any job where you have excessive turnover, add a typical 30 percent for benefits, and calculate 25 percent of the total. That's the absolute minimum it costs you every time that position turns over. If you provide any other benefits or incur any other costs, it's actually much more. Multiply this figure by the number of times the position turns over. Do this for every job where you have turnover.

Scary, huh? Add other costs (agency fees, advertising, travel, etc.), training costs, lost production/opportunity cost while the position is empty, and morale costs. Now that we have your attention, let's do something about the problem.



#### 2. Identify Hiring Problems and Mistakes

Identify any part of your organization that's having people problems and find out what's causing them by:

- Asking your department and human resources managers why, in their opinion, these departments have turnover, why people quit, get fired, or become problematic.
- Conducting exit interviews. Ask each person who leaves what you could have done to help them succeed and to prevent them from leaving. Don't be fooled by "pay more money."
- Asking your top people what they like about their jobs and how you can make their jobs better – try to replicate whatever they like throughout the organization.

- Looking at the people doing the hiring, and asking them (or asking yourself): Do they need training? Do they have a system that works? Do they take hiring new people seriously?

#### 3. Recruit People Who Fit Your Jobs

***First, You Must Understand the Job and Develop a Competency-Based Job Description.***

It is critical that you document the competencies required by all of your jobs from a technical, educational, experience, and industrial know-how basis – otherwise, how can you know what you're looking for?

#### ***Match People to Jobs***

*Harvard Business Review* conducted a huge study – 360,000 people in 14 industries during a 20-year period – in an attempt to identify what made for job success. The study discovered the people are successful only when they are matched to their jobs. They must have the right level of learning abilities, have a motivational interest in the work, and their behavioral makeup or personality must equip them to do the job well.

You cannot get the information necessary to match people to jobs from candidates' resumes or from conventional interviews. The only way you can uncover this information is by formal assessment of candidates using assessments designed specifically for this task – you can find more information about this with [jim@appliedbehavioralinsights.com](mailto:jim@appliedbehavioralinsights.com)

#### 4. Prospect Innovatively for Candidates

Consider additional sources you may not be using, such as:

- ***Employee Bonus for Referrals of Candidates you Employ***
- ***Physically or Mentally Disadvantaged Senior Citizens***

The retired community is a rich source of motivated candidates for many empty positions.

- **Companies that Have Announced Cutbacks**

Contact the personnel and department managers in organizations announcing cutbacks and describe the candidate you are seeking.

- **Set Up Educational Relationships**

Find the universities, colleges or schools that support your industry through their curricula, and develop relationships with them.

## 5. Prepare for and Conduct a Winning Interview

Preparing for an interview is just as important as the interview itself.

- **Review the Job Description**

In advance of the interview, clarify in your mind the job requirements, and the kind of competencies you expect to find in the person who will fill the job.

- **Develop Lead Questions**

Lead questions are based on the job description – designed to bring out answers that will lead to follow-up questions.

The interview itself has three parts:

- **The Open**

No candidate likes doing interviews – they are viewed simply as a necessary evil.

The Open has two objectives: first, to put the applicant at ease and build rapport. The better the rapport you create, the better the information you receive. Second, you want to set the agenda and timetable. Explain the sequence for the interview and approximately how long you will be together.

Your overall objectives for the Open are to create excitement about the job and put your candidate at ease.

- **The Body**

Ask your lead questions here. When doing so, think:

*Can this person do the job?*

Has he or she the necessary qualifications, experience, and competencies that you know are necessary for success in the position? Do his learning abilities match those the job requires?

*Will this person do the job?*

If you are satisfied that the candidate has the qualities to do the job successfully, your next task is to ensure

that he or she is motivated to be successful in the position. Is the nature of the work sufficiently motivating for him/her to ensure success? This can usually be determined only through assessment of the candidate's motivational interests, using assessments like The Profile (mentioned above). The purpose of the interview in this regard is then to probe any areas of concern uncovered by the assessment process.

*Will this person fit our corporate culture?*

Being capable and motivated to do the job well is sufficient only if you are confident that the candidate will also be a good fit to your company. Again, the extent of this match is best determined using a pre-interview assessment, with the interview providing an opportunity to probe any areas where the candidate seems to be a poor match to the position. Listen carefully and take notes. Later, review your notes and form your opinions.

- **The Close**

The Close is no less important than the two previous stages of the interview, allowing for both sides to summarize and agree on next steps.

In a book we highly recommend – *Hire with Your Head* by Lou Adler – there's a suggested closing statement that can be used with all candidates, especially those who will make the next cut:

*"Although we're seeing other fine candidates, I personally think that you have a very fine background. We'll get back to you in a few days, but what are your thoughts about this new position?"*



This close creates a sense of competition and job attractiveness, expresses sincere interest in the candidate, and allows the interviewer to gauge how much interest the candidate has in the position.

## 6. Continually Refine Your Practices

People are your most important asset. Shouldn't you invest at least as much effort in attracting, recruiting and retaining them as you invest in winning and retaining customers?