Strategic Succession Management in Cooperative Leadership

Jay R. Lux, Vice President of Talent Management
Objectives

• Discuss Succession Management and its application to Cooperative Leadership

• Review a few best-practice tools, then discuss your questions/ideas/challenges

• Take away a few ideas to enhance your perspectives on the topic & clarify action steps
What the Research Says.....

• A study by Aon Hewitt (2012) states that 72% of all companies have a formal succession planning process.
• Yet, only 53% of those companies feel they have a sufficient CEO pipeline to be successful in the future.
• Korn-Ferry states (2013) “40% or less of organizations today have a capable CEO-in-waiting.”
• The Conference Board (2012) found 44% of companies reported that developing top talent is the greatest challenge they face.
• Manpower (2013) revealed that 52% of US Co’s having difficulty filling “mission-critical” positions
• Bureau of Labor Statistics estimates, by 2015, US will be 21M – 40M workers short
The Cost of *Not* Planning for Succession...

A division president recently said to one of us during a strategic off-site, “We don’t need to waste time building a strong HR team, and certainly not a fancy talent strategy—that’s what headhunters are for!” His company is currently fighting for its life, largely because it didn’t invest in finding and developing the right people to execute its vision and strategy.

The Case for Succession Planning ....

*The Board’s role is to “... ensure that the success of the company is longer lasting than any CEO’s reign, than any market opportunity, than any product cycle.”*

Andy Grove, former CEO & current Chair, Intel
Effective Succession Management

1. It is a part of the *business planning*, not a separate “HR plan”
2. Built with involvement from CEO, *cascading down* to all possible levels
3. Action Items impact & are directly connected to *business strategies*
4. It has structure, specific *action items, dates* & clearly defined *ownership*
5. A *written* plan with trackability (*metrics & measurements*)
6. Has *regular reviews* by appropriate leadership / governance
7. **Simple:** Start with strategy, identify roles, clarify competencies, observe & evaluate, track & measure
Understanding the Data


**Individual Assessments**

- **How Able?**
  - Capacity
    - Cognitive: *Size of Wire*
      - WGCTA
  - Purpose
    - Motivation: *Juice thru Wire*
      - MVPI, Kenexa
  - Tendency
    - Personality: *Wiring Harness*
      - PI, HPI, HDS, MBTI
  - Action
    - Behavior: *Programming*
      - LSI, 360’s EQi
- **How Driven?**
- **How Different?**
- **How Skilled?**
  - Effective-ness
Our Approach

1. Identify key roles
2. Define competencies
3. Observe & evaluate performance
4. Talent Review
5. Measurement & Follow-up
6. Organization Strategy
7. Identify key roles
8. Define competencies
9. Observe & evaluate performance
10. Talent Review
11. Measurement & Follow-up
Executive Competencies

- Demonstrate Agility
- Use Astute Judgment
- Display Vision
- Apply Financial Vision
- Drive Global Integration
- Use Organizational Influence
- Energize the Organization
- Develop Organizational Talent
- Ensure Collaboration
- Build Organizational Relationships
- Align the Organization
- Optimize Execution
- Drive Organizational Success
- Lead Boldly
- Ensure Customer Focus
- Results
- People
- Thought
- Personal
- SENIOR EXECUTIVE

Adapted from PDI
# [Organization] Talent Review Worksheet

<table>
<thead>
<tr>
<th>Name:</th>
<th>Title:</th>
<th>Manager:</th>
<th>Talent Review Rating:</th>
<th>Readiness Level:</th>
<th>Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Competency</th>
<th>Competency Rating</th>
<th>Rank Order (1-17)</th>
<th>Performance Strengths</th>
<th>Developmental Needs</th>
<th>Developmental Activities</th>
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<tbody>
<tr>
<td>Earn Unwavering Trust</td>
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<td>Treats all individuals fairly and with respect; behaves in accord with expressed beliefs and commitments; maintains high ethical standards and integrity.</td>
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<td>Drive Organizational Success</td>
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<tr>
<td>Sets and pursues aggressive goals; drives for results; demonstrates a strong commitment to organizational success; works to do what is best for all stakeholders (e.g., customers, shareholders, employees).</td>
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<tr>
<td>Use Astute Judgment</td>
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<td>Applies broad knowledge and seasoned experience when addressing complex issues; defines strategic issues clearly despite ambiguity; takes all critical information into account when making decisions; makes timely, tough decisions.</td>
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<td>Display Vision</td>
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<td>Has a clear vision for the business; maintains a long-term, big-picture view; foresees obstacles and opportunities; generates breakthrough ideas.</td>
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Talent Review Definitions

- **Highly Valued / Well Placed**— Performance in their current role is strong, but do not see them as moving to SMT level.

- **Highly Promotable / High Potential**— High performance & high potential. Strong performance & seen as being promotable to SMT level.

- **Improvement Required**— Both low performance and not seen as having the ability to move beyond current role. Will need to make improvements in performance in order to maintain current level in the organization.

- **Needs Time**— Potential is high and the individual is seen as having the ability to move beyond current role (SMT). However, for any number of reasons (new to role, new to organization, etc.), performance in their current role needs time and/or cultivation. But, they are clearly seen as having the ability to move up in the organization.
Talent Review Grid

Hi

“Highly Valued / Well Placed”
- Joe Doe
- Ed Turner
- Jennifer Smith

“Highly Promotable / High Potential”
- Mary Smith

Lo

“Improvement Required”
- Emily Anderson
- Donald Erickson

“Needs Time”
- Pat Johns
- Tom Smith
- Bob Hope
Talent Planning Map

<table>
<thead>
<tr>
<th>Name</th>
<th>Role/Team</th>
<th>Readiness Level</th>
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<tbody>
<tr>
<td>Name</td>
<td>18+ Months</td>
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Readiness Level:
- 0-6 months
- 7-18 months
- 18+ months
Key Points on the Process

• Pretty simple: Start with Strategy, identify roles, clarify competencies, observe & evaluate, track & measure

• It works best as an integrated Strategic Talent Management process & Business Planning process

• Logistics / details
  — Clearly identify who *owns* the process
  — Assure Succession Management is linked to other systems
  — It hinges on the discussion (“Talent Review”)
  — Train & prepare managers to participate
  — Keep the Board / SMT well informed

• Cultural implications
  — “How good are we at assessing talent?”
  — The Talent Review & the value of peer pressure
  — “What resources are we willing to commit?”
  — What to communicate to the organization & individuals?

• Regular reviews of measures of success
Questions, Ideas, Challenges.......
How can we help you **Be more?**

www.fccservices.com

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