

## **Five Things the CEO Can Do to Win the Race for Talent**

**By**  
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The starting gun in the race for talent has been fired. The Baby Boomers are starting to leave the workforce, and the impending retirement of more looms. Global expansion into unfamiliar markets, like China, has begun, but our schools continue to fail to prepare a large enough pool of high potential, financially literate candidates for key positions. CEOs are learning they can no longer view hiring and development as HR battles that can be waged intermittently and sporadically when the company has an opening. Instead, wise CEOs know executive inattention to the race will have tangible and dire consequences. They realize they must synchronize talent acquisition, development processes, and their current strategies to create a free-flowing pipeline of current and future leaders. Here are five things they do to win the race.

### **Actively Engage in the Process**

The single best way to lose a race is to be slow off the starting block. The second way to lose is to stumble along the way. Companies do both when they have a “flavor of the month” initiative they will practice for a time or a protocol they will follow if nothing stands in the way of its execution. However, winning the race demands a deep-seated commitment from senior executives, financial backing, and a dedication of their time for interviewing.

Your clearly communicated expectations for the company to hire only high potential or top performing candidates will require you and others to patiently evaluate internal and external candidates until you find a winner. Settling for anyone who isn't will send conflicting and dangerous messages about your views. Similarly, not being willing to pay for the services of top notch recruiters and not making yourself available to interview candidates yourself will combine to sabotage your efforts.

In a recent conversation with the president of a local company, I learned he wanted to launch an impressive and robust growth strategy. I asked him how he would manage this since he already worked too many hours. He said he needed a clone to do the additional tasks and make the complicated decisions he couldn't get to. However, he balked when I suggested that, since he didn't have anyone internally whom he could develop, he should hire a search firm to locate someone who had the unique blend of skills and experience he would need. Instead of investing \$30,000-50,000 in recruiting costs, he chose to stay the course, use his network, and try to juggle his duties of running the company with the additional burden of locating a second in command. He's currently struggling to keep the company afloat, has no one with the right skill set to take over for key positions, and has not identified successor for his own job. The future of this company hangs in jeopardy, largely because he refuses to invest in their future talent.

The things this president could do are the same steps you can take. Set an example by identifying potential candidates for your own position, and then create leadership development plans for them. Include them in meetings, even if their presence is not required; provide mentoring yourself and fund external coaching, as needed; encourage

them to explore opportunities for them to attend external training or to cross train internally to hone skills and build on experience.

### **Know What Talent You Need to Execute Your Strategy**

Strategy needs to drive talent decisions, but talent also must also drive the strategy. One is the voice; the other the echo, but you must never separate the two. Without a clear succession plan in place, you can't make decisions about growth. The *who* will drive the *what*. On the other hand, *what* you want to accomplish will determine *who* has to be on your bench.

Confused? Start with your mission. Why do you exist? One of the mistakes many business leaders make is ignoring the importance of having a clearly defined mission and strategy that everyone can articulate. Often the executive teams engages in a strategic planning session at the beginning of the year or the company has a mission statement displayed in the lobby, but decision makers fail to tie these to the role talent needs to play in supporting the mission and driving the strategy. If you know why you exist and what your clients expect of you, you'll be able to answer these questions.

Do you know what skills your company needs to execute its strategy? Whether considering an internal or external candidate, do you now what the best looks like when it walks in your door? If so, how do you use this information in your interviews to ensure prospective employees and high potentials understand what you are trying to accomplish and how they might fill key roles? The key question they will be asking themselves is "What's in this for me?" If you can answer that question and sell them on your strategy and your confidence that they can play a critical role in achieving it, you're more likely to attract them. Also, if they perceive an opportunity to do challenging, important work, negotiations about salary become more manageable.

### **Select the Best and Brightest Candidates**

Magnetic CEOs know they must have companywide processes for assessment, recruiting, performance appraisals, and leadership development. Through these, they can guarantee a degree of objectivity and establish a common measurement for those entering the organization and those advancing to new positions. However, especially among smaller companies that don't have a human resources officer, the process is inconsistent or nonexistent.

You don't have to settle for second-best, however, even if yours is not a large organization. In many small companies members of the leadership team either share hiring responsibilities or rotate them. In other words, functional leads take responsibility for hiring in their own areas and involve their direct reports when appropriate. However, people can also cycle in and out of the role of Human Resource functional lead in order to gain leadership experience and to address the needs of the organization. In all cases, having a systematic, uniform approach that outlines hiring practices start to finish better ensures you selecting a higher caliber of candidate.

### **Identify and Develop Internal Talent**

Replacement planning and succession planning are not the same processes, but they are often used synonymously. Replacement planning involves identifying who will replace key people, but it's usually limited to the upper echelons of the organization, and

it doesn't involve a pipeline for moving people forward over a length of time. Succession planning, on the hand, is a way to establish a leadership pipeline that facilitates high potential candidates preparing for promotion at all levels of the organization. Both are critical components in the race for talent.

The first step in both is to hold leaders accountable for identifying and developing their successors. At each level of the organization, leaders should be required to name one candidate who could replace them in an emergency situation, one or two who could be ready in a year, and several who could be ready in three to five years. If yours is a small company, this may not be realistic, but developing a truncated version of it is.

Once you have identified the high potential individuals, work with your executive team to identify internal and external strategies for their development. Here are some suggestions for both:

- Offer tuition reimbursement for degrees that address strategic goals.
- Identify and pay for conferences and external training that have relevant and immediate benefits.
- When there is a widespread need, especially if there are company or industry-specific issues, develop internal training and use your own experts as instructors.
- Hire external trainers to deliver skill-based training.
- Institute a formal mentoring program that encourages leaders to act as resources to those one or two levels beneath them.
- Map out a career path with a 3-5 year timeline for the highest potential candidates.
- Invite and encourage top performers to attend operational reviews and planning meetings that are one or two steps above their current purview of responsibility.

### **Develop a Clear Succession Plan**

Replacement planning harkens back to the 1960s when managers at General Electric identified four backup candidates for their positions. GE has progressed past this approach, but many organizations have not. Three fundamental problems limit an organization that chooses this path. First, most small companies don't have one, much less four, possible replacements for key positions. Second, attempting to designate a replacement for a job that may change in an organization that may change is fraught with problems. Third, focusing on replacement encourages decision makers to concentrate on *immediate* needs, not long term requirements. Succession planning balances the short and long-term needs and promotes the simultaneous analysis of each.

*Talent inventory* advocates propose another approach for fueling the leadership pipeline. They recommend gathering a group of talented individuals to serve as backup to those departing key positions. While solid in fundamentals, this method has problems too. Equating *potential* with *performance* can be risky because not all high-potential individuals actually end up performing. Only by placing these people in ever-evolving leadership roles can you accurately observe how they perform. Successful succession planning requires a balanced evaluation of talent, potential, experience, and performance. A course of action for identifying talent throughout the organization, it involves the selection of talented employees to replace key managers who will leave the company because of personal preference, retirement, reassignment, or termination. Therefore, I offer this definition of succession planning:

Succession planning is a deliberate, systematic effort to guarantee leadership continuity, a process for ensuring a suitable supply of candidates for current and future key jobs so that the careers of individuals can be managed to optimize both the organization's needs and the individual's aspirations.

Done well, succession planning maintains a view for implementing business strategy and achievement of organizational goals while minimizing the disruptions that often accompany personnel changes. In contrast to an automatic promotion system within the chain of command, succession planning prepares people for present and future work responsibilities so high-potential individuals are preparing for promotion at all levels. A powerful way to maximize human capital both now and in the future, it creates an ongoing, continuous plan to focus attention on talent. It establishes a way to meet the organization's needs for talent over a long period of time, starting with the sometimes daunting plan to advance someone to the number one position, the Chief Executive Officer.

### Conclusion

The race has begun. Smart leaders realize they must abandon the thinking that worked for so long. What got them to the top won't keep them there or allow them to advance further. They need a strategy for winning the race. They need to stay involved in the talent war, tie talent to strategy, hire the best, develop their stars, and link short and long term succession planning requirements. In addition to helping you win the war, your commitment to these five can lower employee turnover, improve morale, fuel the leadership pipeline, and place the most qualified candidates in key position. Clearly, succession planning is critical, and efforts to put it in place should begin immediately, but it can't happen over night. It will require considerable attention to design, commitment of top managers, the credibility of the planning staff, and resource allocation. The war for talent is one you can't afford to lose!