Two Sides of the Same Coin:
Using Succession Management and Career Development To Improve Talent Mobility

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ONDEMAND *Empowering People*

Introduction

The paradox of today's economy is this: Even as unemployment rates linger near levels unseen in a generation, top talent is hard to come by. Anyone who is involved in a hiring function is already aware of this. And in a talent market where it is difficult to find top performers through external recruiting, more organizations are moving to develop internal talent programs to close the existing knowledge and skills gaps. But developing internal talent is no guarantee that the pool of talent will be deep enough when it is needed most.

Consider the story of two companies:

Company A	Company B
When considering candidates to lead a major project worth $500 million, this company realizes it doesn't have a reliable way to find the right talent in the company. HR takes weeks to deliver a list of candidates, many of whom are unqualified or uninterested in the new position. More weeks pass with the project unstaffed. Eventually, running out of time, management chooses a poorly qualified candidate and hopes for the best.	When considering candidates to lead a major project worth $500 million, this company conducts a quick internal talent search that yields five strong potential candidates within minutes. Candidates are added to a talent pool for tracking and distribution to key managers. Each candidate profile includes career preferences, competency and performance information, potential and readiness ratings, and development histories. Top candidates can be immediately nominated for the new leadership positions and the project gets staffed on time with the right people.

Obviously, any company would want to have the talent agility of Company B. However, creating a talent strategy this nimble requires not only data and consistent insight into bench strength but also the ability to develop employees, close talent gaps, and ensure that people are moving up, not out.

Succession management and career development are two sides of the same coin. Both should be used in tandem to improve talent mobility, build an organization able to weather unforeseen changes and answer these questions:

- Do we have the right people with the right skills to fill our critical roles?
- Will they be ready to take on greater responsibility when we need them?
- Do we have enough visibility into our own people, skills and competencies?
- Do we have the right tools in place to improve performance, facilitate career management and manage succession effectively? If we identify weaknesses, can we develop, coach and mentor our people toward success?

Smart organizations are moving away from thinking about succession management from only one perspective – a top-down process that focuses on a few key executives. The right technology and processes can allow an organization to not only expand succession planning deep into the ranks of the organization, but it also lets a company engage employees directly in career management. Technology can facilitate the collaboration between managers and employees that supports both the needs of the organization (bench strength, talent mobility, flexibility, agility) and the needs of the individual (professional growth, career management, the ability to build a career path).

Why Do Critical Roles and Competencies Matter?

Succession management and career development issues are top-of-mind for many organizations today for several reasons. First, organizations are more aware than ever that their talent needs to be clearly aligned with the overall business strategy and achievement of business goals. However, many organizations lack the awareness of, and visibility into, the critical roles and the key competencies that are drivers of business success:

- **Critical roles** are the positions that an organization needs to meet its key business objectives. Although a tendency may exist to identify superstar roles such as a division president or a VP of sales as a critical role, the truth may be far different. For example, a critical role in a retail organization may be a store manager or a regional manager.

- **Competencies** are the knowledge, behavior and skills that correlate with organizational success and performance. For example, customer satisfaction may be a leading business driver in a retail organization, and as a result, key competencies may include customer responsiveness, relationship building, account management experience and other areas.

In some roles, success may seem easy to measure. A retail store manager may be assessed on store sales totals. But what about the store manager who has lackluster sales results but excels at developing future store managers? This manager still adds value to the organization, and competencies provide a framework to assess that value. As a result, critical roles and competencies are interwoven. A business can define its critical roles with job profiles, then use competencies to measure success and replicate the qualities of a successful employee in others throughout the organization.

The benefits of understanding critical roles and key competencies

- **Agility/flexibility:** Creating talent mobility that allows people to be moved proactively and strategically from role to role allows an organization to respond to sudden changes in the economy. (Source: Bersin & Associates. The Important Role of Talent Mobility in Business Performance. October 6, 2010)

- **Knowledge mobility:** Today, developing and leveraging the collective knowledge of an organization is a tremendous business asset.

- **Talent readiness:** Businesses need to understand how quickly these individuals will be ready to fill designated roles and what eventual development is needed to close the gap.

- **Engagement and retention:** An employee who understands his or her career path is more apt to stay motivated — and to stay with the organization.

The second reason for the focus on succession management and career development issues is the external factors that place obstacles in the way of acquiring, developing and retaining top talent. These factors include:

- **Generational shift:** Many organizations will lose knowledge and skills because of demographic changes in the workforce. It's a simple numbers game. As the Baby Boom Generation moves into retirement, Generation X lacks the sheer numbers to fill its shoes, and Generation Y lacks the experience to take its place.

- **The current business environment:** With organizations trying to do more with less, high-performing employees are crucial to success. Companies are moving cautiously forward. Most are preparing to address the talent challenges they expect to face when a full recovery is under way. When job markets strengthen, companies don't want to experience an exodus of talent. As a result, companies are working to engage and develop key talent today in the hope that these moves will boost retention rates in the next 12 to 24 months.

- **The growing demand for technical and leadership skills:** An inadequate talent pipeline can jeopardize growth and profitability. According to a 2010 research report from Manpower Inc., the global shortage of key skills in areas such as engineering, accounting, skilled trades, sales and executive/management functions could actually inhibit economic growth.[1] Demand for talent with these skills far outstrips the supply.

Because of these obstacles, identifying and developing talent seems much easier and more likely than acquiring talent on the open market – if it even exists in the first place. Understanding critical roles and competencies helps organizations to identify both today's high-performing employees and those high-potential employees who could become tomorrow's high performers and leaders.

To build succession pipelines to meet current and future talent needs in critical roles, more organizations today focus on creating talent pools rather than just replacing individuals. The goal is to develop and coach these pools of talent continuously to increase the overall talent mobility of the organization.

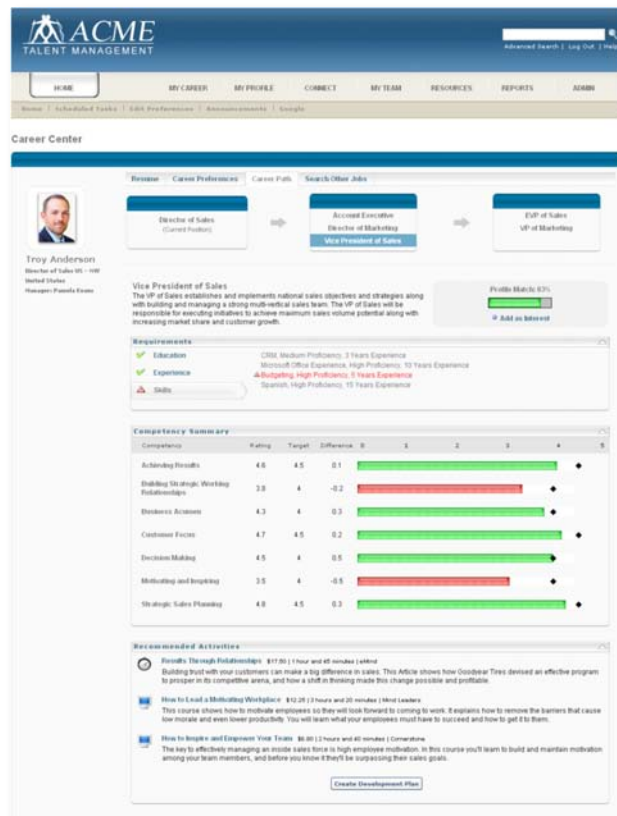1 Manpower Inc. Supply/Demand: 2010 Talent Shortage Survey Results.

Succession Management Should Be an Interactive Process

Succession management used to be a top-down process for top executives only. Today, that idea is changing. Succession management still requires the involvement of senior leaders, but employees at all levels are becoming active participants in their careers.

The top-down approach still matters because senior management must be actively involved in defining critical roles and key competencies. However, succession management must also be an interactive, organizationwide, bottom-up process. Why is the bottom-up approach gaining traction?

- **Career management and career-pathing empower employees to take more active roles in their careers.** Employees can easily understand which job is next, identify any knowledge or skills gaps and seek out development and training.

- **Career management tools improve engagement and retention.** Online tools can allow an employee to develop networks, apply for jobs and seek out opportunities as they arise. An employee can also convey career aspirations to his or her supervisor and other appropriate parties, such as colleagues, HR and other managers.[2] As a result, employees can take ownership of their careers.

- **An interactive process allows managers to play an important role.** Line managers need to be able to have candid discussions with employees about performance, development and aspirations for possible next positions. A manager should provide career coaching, identify development opportunities and recommend employees for job openings.[3]

Technology can empower employees to take a more active role in their careers. They can visualize a career path and understand knowledge or skills gaps that need to be addressed.

- **Transparency is important.** Enabling candid conversations with managers requires employees to have open access to information. They need to understand the criteria they need to meet and gaps that must be addressed before moving to the next level. This openness also has a bottom-line impact: Organizations with transparent mobility strategies are usually the highest-performing in their peer groups.[4]

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2 Bersin & Associates. Modern-Day Career Management. July 2009.

3 Ibid.

4 Bersin & Associates. The Important Role of Talent Mobility in Business Performance. October 6, 2010

Part of a Whole

Succession planning is moving from a limited, standalone process to one that informs and is informed by many other talent management functions. An integrated approach to succession management should also include these aspects:

- **Performance Management:** Many organizations are automating their performance management processes today because doing so makes it easier to incorporate development into the day-to-day workflow and:

  o Identify and track high-performing employees.
  o Align individual effort with organizational goals.
  o Begin identifying and addressing knowledge and skills gaps.
  o Help managers coach employees.

- **Competencies:** Having a "common language" to talk about talent makes it easier to:

  o Align individual development with organizational needs.
  o Identify competency gaps and strengths to predict and address issues and opportunities before they occur.

- **Learning:** This is often a missing link in succession management and career development. When gaps in competencies and skills are identified, an organization must be able to deliver training to close gaps, as well as:

  o Assign training as part of a succession planning scenario.
  o Assign development to a talent pool.
  o Generate development plans as part of career-planning activities (to narrow any identified readiness gaps).

Org charts and graphics make it easy to see at a glance the impact of personnel changes and model scenarios, and to understand which candidates are ready for openings now.

By leveraging the benefits of succession management and career development automation, organizations can far more easily bring together these disparate functions of talent management and:

- Increase collaboration among managers and employees.
- Facilitate internal recruiting by matching available job openings to top internal candidates.
- Allow easy modeling of succession scenarios for the organization.
- Aggregate employee data in online résumés.
- Build org charts and graphics to easily understand the impact of personnel changes.
- Allow employees to easily explore internal job options, build career paths and establish career preferences.
- Build job profiles.
- Create and have visibility into talent pools.

Best Practices

Succession management and career development initiatives – especially when supported with the right technology tools – can help organizations make great strides toward filling their talent pipelines today and tomorrow. The following best practice recommendations can help avoid common pitfalls and maximize the effectiveness of these programs:

- **Provide more than one way up in an organization.** Climbing the ladder of success isn't always a journey straight to the top. Modern organizations require diverse capabilities and skills. Organizations should provide multiple routes in a career journey to avoid creating a culture that is risk-averse and unwilling to innovate.

- **Reward managers for developing talent.** Unfortunately, some managers are unwilling to promote top performers to the next level for selfish reasons. Organizations that value talent understand that this is a recipe for turnover and create incentives for managers to recommend employees for promotions and new assignments.

- **Use enterprise learning as a performance lever.** Career development without the "development" aspect is insufficient. Gaps in knowledge, skills and behaviors can be addressed through development plans that tie directly to learning. Career Development can also drive engagement and retention as employees see clearly how the organization is helping them grow. As the screen on this page shows, the right technology can allow managers to assign training or a development plan with the click of a button.
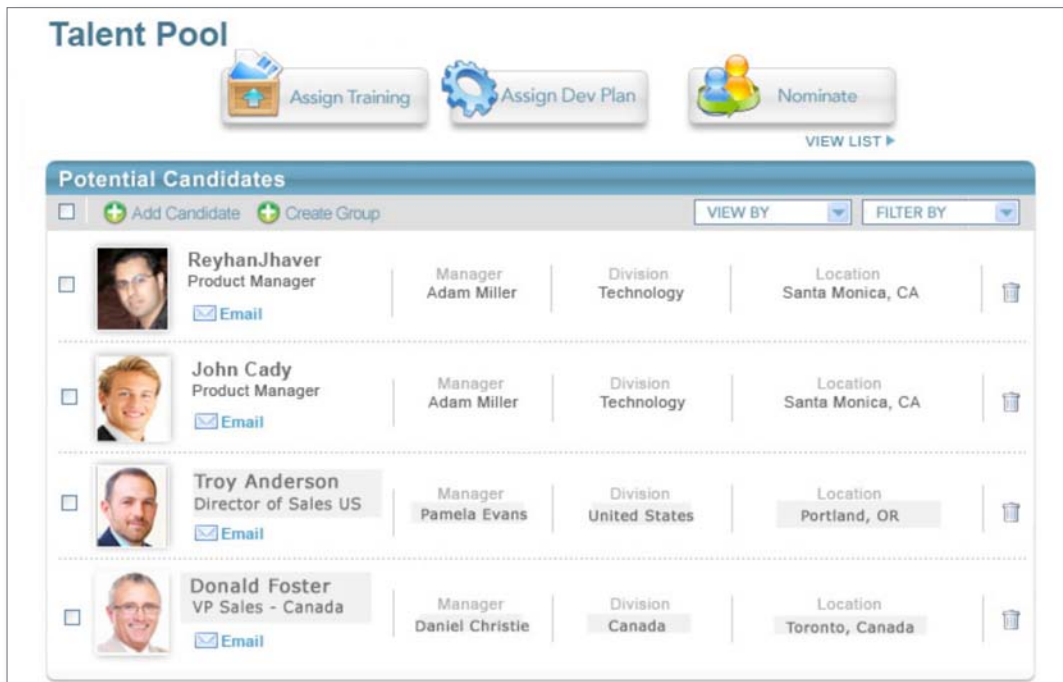
Managers should be able to quickly search candidates within the organizational talent pool as well as see an automatic candidate ranking. Managers can even assign training and create development plans.

- **Understand that senior management isn't the only destination.** Not every valuable employee is destined for the C-Suite. Creating a career track for technical experts and non-management positions allows employees with specialized skills and knowledge to build a career while focusing on what they do best.

- **Train managers to be coaches and provide them with the right tools.** Line managers may excel within their functional areas but may not have a clue how to be a career coach. Whether through classroom or online training or access to development tools within a talent management system, take the time to cultivate the skills of the people who will have a direct impact on the development of your employees.

- **Allow employees to move horizontally as well as vertically in the organization.** Employees have different needs at different life stages. A new parent may not be willing or able to access a foreign assignment. A young and rising star may want to focus on graduate school for a few years. Providing opportunities for employees to make horizontal as well as vertical moves can drive both retention and engagement in the long run.

- **Make transparency a priority.** Effective succession management and career development thrives on providing access to information. Executives need insight into talent gaps and opportunities. Managers and employees need to be aware of measurement criteria and career opportunities. Technology can facilitate this openness.

Conclusion

Organizations must understand whether they have the right people with the right skills to fill critical roles. The right technology can show at a glance which candidates are ready now and which ones need more time. Visibility into these roles and the associated skills and competencies can help leaders to know if talent will be ready to take on greater responsibility when needed, as well as enable them to take the right steps to develop talent accordingly. The organizations that can facilitate career management and manage succession effectively will be the winners in the years ahead.

Managers can view graphical summaries of each employee's performance versus potential in order to identify high-potential talent by division or other criteria.

The right tools and technology allow succession to be more than a list of names in a desk drawer. Instead, succession management and career development can become a dynamic process that empowers both organizations and employees.

Cornerstone OnDemand provides a full range of solutions that allow organizations to understand how critical roles are connected to key business drivers.

- Competencies provide a development framework for critical roles.
- Performance management can allow an organization to identify high performers and high potentials.
- Learning allows an organization to close knowledge and skills gaps.
- Succession management allows organizations to better understand talent needs and risks to protect continued growth and success.

Contact us today to find out more about how we can help. Visit www.cornerstoneondemand.com.

About Cornerstone OnDemand

Cornerstone OnDemand is a leading global provider of a comprehensive learning and talent management solution delivered as Software-as-a-Service (SaaS). We enable organizations to meet the challenges they face in empowering their people and maximizing the productivity of their human capital.

Our solution consists of five integrated platforms for learning management, enterprise social networking, performance management, succession planning and extended enterprise. Our clients use our solution to develop employees throughout their careers, engage all employees effectively, improve business execution, cultivate future leaders and integrate with their external networks of customers, vendors and distributors. To learn more, www.cornerstoneondemand.com.

www.csod.com | p +1(310) 752-0200 | f +1(310) 752-0199