Why the Leadership Bench Never Gets Deeper:
Ten Insights About Executive Talent Development

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The New York Yankees and the Atlanta Braves baseball teams have competed brilliantly in that American pastime on the basis of deep bench strength and the development of exceptional players in their minor-league organizations. While occasional championship teams buy their way in with newly acquired veteran teams, the Yankees and the Braves have demonstrated the power of relentless scouting, growing the most-talented farm teams and skillfully managing the movement of players through the system, with a constant eye on the depth of bench hitters and the pitching in the bullpens. They also occasionally acquire seasoned, star-quality players to fill specific gaps, but they do so as part of a larger strategy for building depth. From 1991 to 2001, the Braves won their division in all but one year, while winning four league championships and one World Series. The Yankees won four World Series in the six years between 1996 and 2001.

Business leaders have similar ambitions with regard to their management teams. The leadership pipeline has received a great deal of attention for more than 25 years (Walker, 1992; Mahler, Wrightnour, 1973) but most leadership teams can only dream about the kind of depth that the perennial champions of baseball (and The General Electric Company) have achieved.

In the mid-1970's Walter Mahler wrote *Executive Continuity*, (Mahler, Wrightnour, 1973) one of the first detailed descriptions of how leading corporations planned for the replacement of key executives. The book described the practices of GE, Exxon and a handful of others that had become "academy companies" -- in growing future leaders.

Mahler and Ted LeVino, the former senior vice president of human resources at GE, had worked together to develop many of these practices; LeVino was quoted at length in Mahler's early work. Succession planning, as it was known, was an evolving business practice considered by some very successful companies as an important complement to business strategy.

By the mid-1980s, many or most Fortune 500 companies adopted programs that looked, on the surface, like the GE approach. The key ideas that dominated thinking at that time included the following:

- Planning the career moves of executives produced improved results over opportunistic selection
- Leadership talent could and should be assessed, with regard to future potential.
- "General-management talent" could be identified relatively early in the executive career, and development could be accelerated through "planned intervention"
- Moving general managers across businesses was beneficial in growing future CEOs

While many of these ideas were widely adopted in company practices, by the early 1990s the benefits of succession planning seemed elusive, and many of the practices had grown bureaucratic and procedural-bound. In 1997 a now well-known consulting study on the "war for talent" (McKinsey & Co., 1997) proclaimed many of these practices had been a failure. Executive leadership, the study concluded, has been "the most under-managed corporate asset for two decades." How was that possible?

Many companies have set out again to deepen future senior-leader talent pools in their businesses. Our research and consulting with more than 25 major companies over the past ten years has provided opportunities to observe varied approaches to building greater leadership bench strength, especially for general manager positions. There are significant variations in the results these companies have achieved. The article describes ten insights that we believe account for those variations.

1. Why Succession-Planning Often Produces Little Change

Peter Drucker told us nearly 50 years ago (Drucker, 1954) not to confuse strategic planning with forecasting, and in talent management, as in competitive strategy, this principle is often ignored. In many companies succession planning is equated with replacement planning. Effective succession or talent-pool management concerns itself with building a series of feeder groups up and down the entire leadership pipeline or progression (Charan, Drotter, Noel, 2001). In contrast, replacement planning is focused narrowly on identifying specific back-up candidates for given senior management positions. For the most part position-driven replacement planning is a forecast, which does little to *change* leadership readiness. Put another way, very little is different after companies invest months in completing detailed executive-replacement plans. In fact most position-driven succession planning gently militates against change because filling in succession charts often produces a sense of accomplishment.

For many companies, leadership bench strength – the availability of strong and deep pools of talent, able to assume a number of varied leadership roles at various levels -- is a major business problem, which demands a breakthrough change in the status quo. But many if not most companies that initiate new talent-management practices do so without a clear picture of the outcomes they seek. It is not enough to move forward with a vague sense of "improving leadership bench depth." When new practices unfold without a clear sense of what results must be delivered they become mere activity generators.

Rather than adopting the processes of General Electric, IBM or Citicorp, which have been seated in these companies over many years, it is often best to start with a few key practices that are likely to produce tangible results, geared to the needs of the company. The CEO should work with human resources leadership to define a clear set of outcomes and targets for the process. An analysis of current strengths and weaknesses usually leads to some clear target areas. (In many companies the initial target for change is general-management bench depth.) A set of three-year outcomes should be drafted, and debated among the senior leadership team, guided by the CEO. Examples might include expectations regarding the number of “ready-now” candidates for GM positions (possibly differentiated by business segments), or strengthening the quality of scientific leadership in R&D, or achieving a level of retention among screened high-potential marketing leaders, and so forth.

But in order to produce a change in results, decisions must be made and actions must be taken that alter the natural course of events. As in effective business strategy, effective talent-planning amounts to making choices today for the purpose of changing the outcome tomorrow. That brings us to the second insight.

2. Why Annual Organization Reviews Should Be Replaced with Ongoing Dialogue

The “AOR” or annual organization review, active in many companies, is just what it sounds like. It is an annual event, which typically amounts to layers of managers each completing paperwork aimed at holding a discussion with one’s boss, building layer-by-layer toward a chairman’s review. It is apparent to those who have sat in on many of these sessions that they often become stilted, administrative tasks that line managers dread (Leibman, Bruer, Maki, 1996). There is always a corporate calendar and the objective is often reduced to meeting administrative deadlines so the “chairman’s review” can be performed on time. One senior HR officer told the author that in his company, many line managers simply update forms from the previous year to satisfy the task. Little value is added.

There are several reasons why this administrative tradition does not produce change in readiness or executive thinking (Leibman, et al. 1996): First, annual reviews are simply not frequent enough. They are events rather than ongoing processes by which decisions are made, actions are taken and the results are checked on a continuous basis. Second, the annual nature of these reviews causes them to be mechanical, and short on quality dialogue. Because they are annual a mass of organizational and individual data must be reviewed in short periods of time. Sadly much of the best dialogue is lost in the preparation process, often sheltering the senior executive from the real story. Third, the discussions are too often one-on-one conversations (with one's boss, supported by the HR officer), limited to reviewing forms that were prepped in advance. These reviews do not engage a business team in an open, candid manner; there is no shared agenda, so action is more difficult to take after the review process.

At PBI Corp. (not a real name) the management committee spends one full day together each quarter comparing, rating and ranking a field of seven key leaders against 30-40 others previously evaluated. Development plans are identified for each of the seven current candidates. At the next quarterly review, sponsors will report back on how the candidates reacted to the feedback they were provided, and in six months the same sponsors will report on what development actions have taken place. Plans are altered, as events change, and talent is actively brokered from unit A to unit B to broaden candidates' exposure to the business. Committee members agree to act as coaches for each others' candidates when it makes sense. And decisions are made to fill specific gaps with external hires – gaps that would take too long to fill through internal development.

At PBI Corp. there are very few succession or replacement charts. The annual review is nothing more than a summary prepared for the board of directors. There is a growing bench of current and future leaders, managed across three different talent pools, among three levels of leaders, guided by the COO and an executive team that has total visibility into those pools.

3. How the Politics of Talent Limit Outcomes (Solving The Operating Governance Problem)

The politics of talent management needs to be understood more than it is, and it needs to be confronted more openly in most companies. Like most other change initiatives, building leadership bench is fraught with operating-governance questions (Corporate

Leadership Council, 1998) -- the fundamental being, who owns the talent? While it may be apparent that the top 200 in a large corporation (or some appropriate number of key leaders) should be managed from the center, CEOs are sometimes reluctant to directly confront the matter, in order to avoid interfering with the sense of accountability among division heads (Nadler, 1998).

In one very decentralized company, we examined, that was formed largely through a series of mergers, integration was a challenge in nearly all facets of the enterprise. Physical assets were leveraged no more than key people assets in this company. The new CEO found it a daunting task to challenge the politics of talent management. After several false starts aimed at team reviews of the 150 executives across its seven businesses, he decided to postpone the initiative and focus instead on integrating some of the key operational processes.

In contrast, the head of PBI Corp. placed the talent agenda at the top of her priorities, following a major re-organization. Historic norms at PBI were at odds with her intent to see her management team candidly working together to assess or calibrate each others' potential replacements. But the culture-change and the team-building effects of forcing the management committee to work together as an assessment and development forum were enormous, as she knew from a previous experience.

Who owns the talent is only one element of the politics that must be confronted. At PBI Corp., as in many companies, when the management committee began joint "calibration meetings" to agree on ratings and rankings of key players, it was an uncomfortable process to say the least. Here's the typical scenario when executive teams begin working collaboratively to differentiate key potential leaders, and to plan development moves:

- Executives characterize their own candidates in overly positive terms
- There is a general lack of candor evaluating another officer's candidate (for fear someone might be equally candid assessing one of yours)

- Members distrust the judgments of others (including attributing motives, like “passing the trash” to other parts of the business)
- Running conflicts among the team members lead to cheap shots about others’ candidates
- An executive (or more than one) assumes an intimidating posture as an offensive or defensive device
- Information about the best players is held back in an effort to protect assets members believe they own

For change to happen, leadership teams should work through these practices on a regular basis (at least 2-3 times per year) with skilled facilitation from the human resources officer or his/her designee. Executive teams learn by doing, and doing this work drives more change than most activities in which leadership teams engage. At PBI, a year into the process, the executive committee behavior was substantially more productive.

4. Why the CEO Must Set The Talent Agenda

GE’s retired chairman, Jack Welch writes in his recent biography (Welch, 2001): “For a guy who hates bureaucracy and rails against it, the rigor of our people system is what brings this whole thing to life. There weren’t enough hours in a day or a year to spend on people.”

The CEO in a $30 billion company recently told his chief HR executive that he had just finished reading the Welch biography, and that he was intrigued by what Welch characterized as the GE “people factory.” He was very surprised, however, at the apparent amount of time Welch invested in people reviews and planning discussions. “How could a CEO possibly spend so much time doing that work?” he argued.

No CEO would say that she was not interested in succession planning or executive bench depth. At some level succession is critical to all chief executives, if only to satisfy the demands of board committees (Charan, 1998; Rothwell, 2001). But the demands on the CEO's time are enormous and the best intentions often give way to more urgent (and less critical) matters. Major division heads of large multi-nationals bear similar responsibilities in their units, and the same pressures on time often limit their role in these practices.

People development, as a corporate way of life is, like most critical priorities, a matter of culture. The top executive must set those norms, and she does so by investing personal time and energy. It is the discipline and the routine, matter-of-fact manner that Welch employed in the hard work of bench building that made it so powerful.

We have already talked about the importance of defining a clear purpose and set of objectives for what results the process will generate. The chief executive should also lay out a set of principles or philosophies that will guide the work. These principles should be unequivocal statements that directly confront political dynamics that block effective cross-business collaboration on the talent agenda. Warner-Lambert's human resources senior leadership team prepared a set of principles as part of a redesign of its practices. The first principle stated: "Talent across the company is managed for the larger interests of the company. Our divisions are the stewards of that talent, and company-wide interests prevail." Strong, clear statements of this nature should be debated vigorously among the senior leadership team, to gain understanding and buy-in. But the CEO's position on the issues should be clear. The search for common principles may very well include debate around these and other issues:

- Expectations regarding the differentiation of talent
- The role of line leaders in the development of people
- Philosophy regarding the movement of people across businesses and functions
- The role diversity will play in staffing strategy
- Beliefs about hiring for potential vs. hiring for position
- The role of HR leaders.

A robust talent agenda begins with high standards, and the CEO cannot delegate that leadership. It is his or her agenda. Over time the nature of the standards directly influences how robust the agenda remains. At a large capital equipment company, we have observed for years, group executives began to treat a previously effective succession-planning process as an administrative task due to subtle signals from the CEO. Three of its 40 product divisions were staffed by mediocre general managers who survived repeated annual reviews in which they were rated as lower performers. Two of them were in small, seemingly less important divisions, but by remaining in place they were blocking general-management development opportunities for highly-promotable industrial-marketing executives. The two marginal GMs were long-time colleagues of the CEO, and executives soon perceived he was protecting them. Only with the retirement of the CEO were the two GM roles filled with stronger players. The next CEO immediately eliminated his predecessor's succession-planning process to make a point, and only later introduced his own set of practices.

5. Why Assessing Potential Is So Difficult

A number of assessment techniques are common used by companies. Regardless of specific tactics employed it is clear that multi-source ratings remain the most effective (Ryan, Barbera, Sackett, 1990; Giber, Carter, Goldsmith, 2000). As others have observed too often companies rely on a single manager's evaluation of candidate potential, which leads to halo effects and other problems. (Leibman, Bruer, Maki, 1996). The best assessment alternatives engage the senior leadership team, in consensus-oriented, forced-choice comparisons of a field of future senior leaders, sometimes referred to as calibration committees.

Development potential is not easy to measure, but executives and their companies can do it much more effectively. Calibration committees must overcome two stubborn problems in their assessment work: One is the lack of attention to the importance of tangible accomplishments in the measurement of current performance. The other, paradoxically, is over-reliance on the truism that past accomplishments predict future performance. Each deserves attention.

In assessing leadership potential, an objective evaluation of past accomplishments is critical in calibrating the importance of specific levels of competency. It is clear that past accomplishments predict future accomplishments (Jaques, 1989). It is striking how often senior executives respond to direct questioning about a candidate's accomplishments with comments such as: "She is very bright and very strategic," or "he has done a great job of winning the support of the management team." In completing more than 250 executive-assessment interviews over the past 10 years, we are often surprised how few executives can list tangible, specific accomplishments for their direct reports, achieved over a 2-3 year period of time.

But a second measurement problem persists: over-reliance on the predictive power of past achievements. This problem needs to be understood beyond the platitudes of the Peter Principle. Accomplishments *do* in fact predict a great deal about future accomplishments. (See Exhibit 1.) But they predict a candidate's future potential primarily in the context of future roles that may be bigger, but not dramatically different from the candidate's current position – that is for roles that demand a similar level of *task complexity* (Jaques, 1989[1]).

Executives must make judgments about candidate fitness for roles that require step-function increases in ability to manage complexity. To predict potential to perform in a higher "band" of complexity – such as a move from functional management to general management – assessors must distinguish differences in processing speed, judgment and other personal characteristics upon which past accomplishments shed little light.

The career-crossroads model (Mahler, 1986; Charan, Drotter, Noel, 2001), provides a lucid way to think about these dramatic shifts in intellectual and emotional demands that major career changes demand. Each crossroad, it argues, represents one of these step-function changes, which can be anticipated and planned for. In order to estimate

[1] Eliot Jaques presented a research-based model that characterizes seven bands of work complexity, which exist in the nature of all large business organizations. His concept of complexity-management provides an operational definition of cognitive ability, as part of an integrated model of organization design and leadership. It is a controversial but important piece of work.

the success of a leader in a substantially "more complex" role, judgments must be drawn from observed behavior. The ability to manage complexity is only one dimension, but an important one, which attempts to define a set of intellectual and emotional abilities that apply to business.

Ability to manage complexity is a key "differentiator" within a given field of candidates in the sense that it tends to be "hard-wired," and very difficult to develop or train.

Senior leaders, who must select future senior leaders, should have a clear sense of the complexity demands of key leadership roles, and should become adept at observing the behaviors (as well as the accomplishments) that signal its presence within a candidate. Executives don't need to know all the subtleties of these models, but they do need to understand the basic notions. Members of an executive (assessment) team need to work with a common vocabulary and a calibrated sense of shared standards.

Competency models were a fresh idea 20 years ago that should have helped in the measurement problem. Unfortunately competency models became enormously complex and often overly-process oriented. A top HR executive recently said, "We need to get out of the competency business. Our executives can't relate to competencies." His frustration is an understandable reaction to the complexity that has evolved around these models, and yet most executives *can* relate to competency dimensions when they remain simple, and when they are used in practical ways – *not to measure performance, but to skillfully make judgments about future potential.*

As for performance appraisal, as we know it, there is little point in most companies trying to "integrate" those practices into the succession planning process. The pressure that compensation administration places on performance appraisal encourages distortion, and the time frame for appraisals is too short to shed much light on the assessment of leadership potential. This is often not a popular point of view, but it is usually accurate.

6. How Senior Executives Learn To Assess and Develop Talent

There is no more important general-management skill than selecting the right people into the right jobs. Many executives believe people-selection is an intuitive task, and most senior leaders rate their own intuition very highly. The fact is assessment is a skill that must be developed. Once the tools and skills are mastered, they are transferable, but when an executive joins a new management team, standards must be re-calibrated.

The best way for an executive team to learn a common vocabulary and to share a single set of standards is to work and struggle through the task together in real time. The only way for a team to gain an understanding of the merits of an assessment discipline is to try it. An executive team should identify five or six internal candidates who may have the potential to succeed members of the team, and *with skilled facilitation,* begin to work as a group to rate and rank them, with the aid of some carefully considered tools (Corporate Leadership Council, 1997). Well-documented criteria are necessary but not sufficient. The goal is consensus, and the team cannot reach consensus on its findings without debating definitions and calibrating standards. As comparisons among the candidates are made, and as real candor is coaxed from the group, common meaning is finally reached. It is not unusual for initial calibration sessions to last several hours just to reach agreement on the ratings and ranking of three or four candidates.

It is best to establish an environment of experimentation, to note that ratings of the candidates will be re-adjusted as more candidates are entered into the forced-comparison dialogue. The tools will be scrubbed, as the team gains experience with them. Over time, more emphasis can be placed on identifying development actions to fill assessed gaps.

At PBI the management committee met once per quarter for 18 months to complete calibrated assessments of 30 key leaders. At the end of that time they discovered the ratings of the last ten candidates were substantially lower than the ratings of the first ten. It became clear through discussion that their standards had become higher through the process of repeated day-long talent sessions. (They also discovered that the standards of their direct reports had also been raised, as they had begun to implement the practices within their respective teams.) But the calibration sessions became far more efficient. With a common vocabulary and a new sense of confidence and newly-earned trust in the judgments of their colleagues, talent differentiation had become a shared competency. As members of the PBI management committee changed, each successive newcomer learned the process and expectations.

As importantly, the PBI senior leadership team had discovered the culture of the company had begun to change. While there remained much work to be done, the "talent ethic" had become a genuine operating norm in the business, much as the chief executive had hoped.

7. Why Executives Should Not Develop Their Own Successors (and Why "Executive Continuity" Should No Longer Be The Point)

It is intuitive that executives should be accountable for talent development. But it is simplistic to charge each key leader to select and develop his own replacement. The exception is the CEO, and even he or she must work with the board to build support for leading candidates.

It is implied in the notion of developing one's own replacement, that the judgment of the incumbent leader is the best judgment. But executives often select and develop others in their own likeness. In any case, it is important to evaluate every executive vacancy as an opportunity to search broadly across the organization for the very best available candidates. To narrow that search to candidates who have been hand-picked and mentored by the previous leader is an unnecessary limitation, and often a mistake. There is a natural tendency for managers to select successors in their own likeness (Leibman, Bruer, Maki, 1996). In today's business environment that can be dangerous. In contrast, at GE when a vacancy occurs in a bonus-eligible leadership position within the lighting division, a search across all of the other divisions is completed in order to prepare a slate of names.

In some cases the business challenges facing an executive change substantially in short periods of time and a completely different profile may be required in the successor – a profile the previous incumbent may never have considered (Guthrie, Datta, 1998).

Today, “executive continuity” is often not the right objective. When pressure to grow the business produces significant changes in strategy, changes in leadership models are necessary. Strategy writers (Hamel, 2000) argue persuasively for the importance of making clear, differentiated growth choices for a business. Keeley (1999) has defined four highly differentiated growth paths, and makes the case for focusing resources intensely on distinct choices. (See Exhibit 2.) As an example, when the growth path shifts (in a mature business) from chasing the next innovation in product performance to a strategic commitment to building brands, changes in culture are critical. Established leadership traits, skills and knowledge, or “overemphasis on organizational tenure may pose a significant downside risk” (Guthrie, Datta, 1998).

In a major US-based multinational, White Goods Inc. (not the actual company name), the talent process has been used for years to force periodic changes in leadership. When the essence of the business strategy shifted from product management to consumer branding in this large multi-national, the CEO forced many “discontinuities” in leadership through quarterly talent dialogues, and was disciplined about continuously applying a tough performance curve onto incumbent rankings. The culture shifted dramatically to one of very high performance expectations. But years into the process it became apparent that leadership had not placed enough emphasis on bringing new blood into the pipeline from outside the company. The industry operates on very slim margins, and while the standards of performance were high, the level of investment was not, and as the company rounded the corner for its next major competitive initiative the bench was nearly empty.

8. How General Managers Are Grown (and Why Early Differentiation Matters)

The acid test of how much value is added by bench-depth programs is the question: what has changed as a result of painstakingly differentiating the future potential leaders in the business?

The point of differentiating levels of future potential is *not* to anoint the next generation of leaders or even to forecast likely successors. The point of differentiating *future potential* is to allocate scarce development resources to the targets that are likely to bear the most fruit. The development actions that have the most impact building future general managers are those aimed at giving target candidates continuously increasing levels of responsibility, at the right time intervals, in a series of tough, but manageable jobs – roles that are likely to develop greater abilities to manage business complexity – supported by frequent feedback. Mahler and Drotter's early research into the careers of general managers led to the creation of the previously cited career crossroads model (Mahler, Drotter, 1986). The path to the CEO role is a series of highly varied experiences that occur between each of these crossroads. (See Exhibit 3.) With the exception of rare prodigies, shortcuts or by-passes around these crossroads are ill-advised. While there is no set prescription for the time that executives should remain within each of these levels, leadership development occurs from real and sustained accountability during each of these sojourns (Charan, Drotter, Noel, 2001).

Early identification of GM potential is not about playing favorites with younger talent, it is about increasing the odds that a number of talented people will gain enough of this diverse experience (because it takes time) to actually succeed, to demonstrate results, at each level. These development assignments are always in short supply, so early differentiation is critical.

Individual development plans are often written down in performance appraisals or in annual organization review documents, and nothing is more frustrating to line and HR leaders alike than the lack of substance and follow-up in these plans.

As managers move upward, crossing bands of job complexity, dramatic shifts in intellectual and emotional capabilities are necessary, as we have noted. This is the nature of executive development. The development of future senior leaders depends not only on new skills and knowledge, but on changes in insight, behavior and work values (Charan, Drotter, Noel, 2001). For a given executive, development toward the next major career crossroad depends on demonstrated willingness to reallocate time, to change the way one attacks problems, and to view the new or prospective role as fundamentally different. The move from functional manager to general manager may be the toughest of these transitions to be made.

The root causes of our frustrations with development planning for future senior leaders, and especially general managers, come down to these:

1. Narrow development objectives of a limited nature ignore the shift that must take place
2. Over-reliance on management education as a solution to developing business leadership know-how
3. Senior executives rarely hold developing leaders accountable for these larger shifts in behavior, values and perspective.

At a New York City-based consumer brands company the CEO had lost confidence in an executive he had promoted. The new group president had been a former sales executive. Her drive, sales skills and relationships with retail partners caused the CEO to promote her. Eighteen months into the role, the young executive received 360-degree feedback and was coached to gain more of a sense of what it meant to lead a large organization. She was advised to deploy objectives across the business, staff and build an organization that could deliver results, and to rely less on her own significant talents to bail out the P&L statement every quarter. The CEO agreed with the 360 assessment of his group officer, but he also relied on her selling skills. Her ability to cajole the numbers out of the retailers each quarter kept her in the role, until a major, human crisis occurred in the company, which required wisdom and sensitivity. There was no way to mask the insensitivity she demonstrated toward people during the crisis.

Her “leadership efforts” to refocus people’s attention back on their work and the business objectives after the crisis rang hollow, and serious morale effects developed at all levels of the large division she operated. By not helping her to develop true general-management breadth and judgment, the CEO helped to enable the group president’s failure in the role.

9. Why Accountability and Feedback Matter

In the best talent-management programs risks are taken to move people through assignments. But when planned intervention occurs, measurement must follow, and feedback should be frequent.

In the mid-1990s, the CEO of a very large telecommunications company was concerned about the lack of performance orientation among senior leaders in the business. An external assessment and coaching program, conducted over three years for 38 officer-succession candidates, had begun to reveal some interesting dynamics. The first related to the time that key promotable leaders remained in positions. The chairman and the chief HR officer were both surprised by the discovery that the norm was about 18-24 months, and often less. Management assignments were lengthened to minimums of two or more years, as accountability received greater focus.

The second discovery was revealed in post-interviews following the extensive, three-year assessment-feedback program with the 38 succession candidates. The interviews revealed some interesting findings about feedback and high-promotable executives:

- More than three quarters of the participants indicated the assessment feedback from the consultant was the first substantial feedback experience in more than five years. (One third of the candidates were told for the first time by the consultant of potential “career derailers” others observed in their behaviors.)
- More than two thirds indicated they took tangible actions to improve skills and knowledge or to change their behavior as a result of the feedback.
- More than two thirds indicated they desired more feedback from their boss and indicated he or she currently demonstrated one of the following:

- low willingness to give feedback or coach
- low standards in evaluating competencies and practices
- lack of candor in feedback (even in the face of assessment results).

The CEO was surprised at first to find that so many senior people were so interested in feedback (at this level is it really necessary?), and he acknowledged that his own style did not demonstrate much attention in this regard. The insight led him to experiment with feedback to his own team members, as well as high-potentials in the business. The new expectation soon became very obvious, and his own coaching skills became quite effective. Soon, innovations in the executive compensation program were introduced to assure the impact on business results of all VP-level players was evaluated beyond a single year. Development assignments were identified, and expectations were made clear with regard to sustained results and time-in-position for developmental incumbents. The performance orientation was changing along with many of the leadership development practices across the company.

10. What Great HR People Do to Help Build Leadership Depth

The CEO and other senior line executives own the outcomes of talent development, but human resources executives own the processes. In companies like GE, Coca-Cola, Colgate-Palmolive, Honeywell (Allied-Signal) and Citigroup talent is the center of the work that human resources people do at nearly all levels of the business. The human resources function must be organized to do this work effectively, while casting aside the many other urgent but less important tasks that find their way onto these people's plates.

The role of human resources as strategic partners is well documented (Ulrich, Beatty 2001; Michaels, Handfield, Axelrod, 2001). With regard to the talent agenda the critical pieces of HR work are:

- Diagnostic assessment
- Thought leadership
- Process, data and technology management

- Network building

Diagnostic thinking is the core of strong human resources leadership (Kesler, 1998). The most effective approach to rejuvenating these practices is often action research into current strengths and gaps, which encourages experimentation with new practices. Eventually these practices must be documented and institutionalized, but the initial emphasis should be on making tangible improvements in results rather than deploying elaborate, procedure-oriented methods.

One of the most impressive solutions that an HR team can bring to the business is robust data about people, and none more powerful than reliable assessment data on key leaders. An activist HR team will be known for strongly held views about key talent in the business, and that is appropriate. They should articulate their own informed, fact-based opinions about the candidates *in the appropriate forums.* But they should also provide professional assessment resources, both internal and external, to support line-management judgments about leadership potential. Once these data sources are defined HR leadership must develop the information technology tools to put the data to work.

It is tempting to discard the stereotyped, policing tasks for which the personnel department was once known, but the fact is human resources must design a deployment process, then, exert strong control over the practice by which internal searches and candidate slates are generated when there are vacancies in key positions. Candidate slating forces a company-wide search for the best candidates – not always the “ideal candidate” for the opening, but candidates who will be successful and who may have the highest potential, including minorities and women. Without clear standards and controls on vacancies at the key-management levels, little or no progress is made in growing the bench. Acting as a process owner also means assuring integrity of the process, including the objectivity and balance brought to talent assessment.

To avoid falling into the role of king-maker or political broker – HR leaders should avoid dominating staffing decisions and direct the dialogue back to the leadership team, when appropriate. They should remain as transparent as possible with peers about their points of view, and avoid alliances that create factions within the leadership team. And most of all, they must be leaders to avoid bargaining or allowing compromises in selection standards to meet short-term objectives.

In large multi-national companies the nature of the corporate staff role vs. that of HR professionals in the business units remains murky and troublesome in too many cases. The reasons are not just political. Often the problem is a greater lack of clarity about the operating philosophies of the corporation. The finance function and other staff organizations, often struggle with the same confusion. At the heart of the matter are questions about centralization vs. decentralization, degrees of operating autonomy for the P&L units and the question of how staff units add value to the business.

It is clear that corporate human resources, working with the CEO, must set the driving purpose, the core policy and the standards for measurement for talent management. But more role definition is needed.

The obvious way to distinguish the role of corporate and divisional HR staff is to segment the talent pools – to make corporate HR staff the stewards for incumbents and potential successors to the top 200 positions (or whatever the appropriate number is given the size of the enterprise). Business-unit HR people commonly assume the same role for the next two or more levels down in the business. This can work, but there are a number of other matters that must be sorted out if the result is going to be a continuous flow of talent through the pipeline. Another way to distinguish the roles of corporate managers and divisional managers is to sort specific responsibilities with regard to talent supply and talent demand.

Coca-Cola HBC, the major European bottling company, operates within 23 highly decentralized, country-based operating units. Its senior management committee has made it clear to the operating units that talent is one of the few “center-led” business processes, intended to provide integration. The central HR function has creatively pieced together a set of “talent development forums (TDF),” a network of operating management committees that are assigned ownership for specific talent pools. The top management committee owns the country-GM TDF and completes all assessment and development planning for nominees into the pool, through a full-day, quarterly calibration session. They are managing elements of both supply and demand for general management talent.

At Coca-Cola HBC, two lower-level sets of teams focus on talent supply: cross-country, functional teams focus on identifying key promotables in information services, operations, product sourcing and finance; and a set of country-based committees assess the feeder group for the other talent forums, and assure that development plans are actively managed for the highest potential players.

The visibility of talent across this far-flung set of country-based units is exceptional. As candidates are nominated into the general management pool, they are invited to come to the company headquarters to interview with the members of the management committee. Data from those interviews are “integrated” in the general-management TDF sessions, along with sponsor assessments and outside assessment data. The HR officer guides an active dialogue in each of the quarterly sessions about current and anticipated GM vacancies, and because the management committee has built its own vocabulary and well-calibrated set of standards, they are highly collaborative in striking moves that will benefit the greater objective. These multi-national executives are avid consumers of the outputs of the system they have created, but they also behave like investors, anxious to pull more human capital through the pipeline.

What may be most instructive about the role of human resources at CC HBC is the skill with which the HR executive challenged and cajoled the CEO and his team to invest time and energy in the work, enriched by a continuous flow of practical ideas and resources. She acted as a catalyst for change, and constantly worked to build the network, refusing to allow the work to become primarily the domain of human resources people.

Conclusion

The pursuit of leadership bench strength is not a race for talent. It is a steady, ongoing labor that requires discipline, decisiveness and responsible risk-taking. The solution to the gap in leadership bench depth is a clear and pervasive leadership-development agenda, managed over time, by executive teams at the top of the corporation and at the top of each of its major operating units. In addition to embracing effective tools and processes, senior leaders must adopt a mindset about talent in which:

- Talent is a constant priority in decision-making.
- Blocks of time appear on the management agenda continuously, not annually.
- Difficult judgments are made that differentiate people.
- Development is not an off-line activity, but the result of placing talented people in the right stretch assignments, supported by effective bosses and coaches (and occasional education or training).

The concept of "succession planning" needs to be refocused away from replacement planning to include a more comprehensive set of assessment and development practices that support the entire pipeline or flow of talent, from entry level campus recruiting through general-management selection. In addition to the insights outlined in this paper, companies must become more aggressive in continuously recruiting new talent into the business, and must become more creative in rewarding and retaining the highest performers.

New results begin with new expectations. There are few results more important to shareholders of today's large and small companies alike, than the next generation of leaders who will guide our companies forward.

Exhibit 1: How accomplishments help to assess competencies.

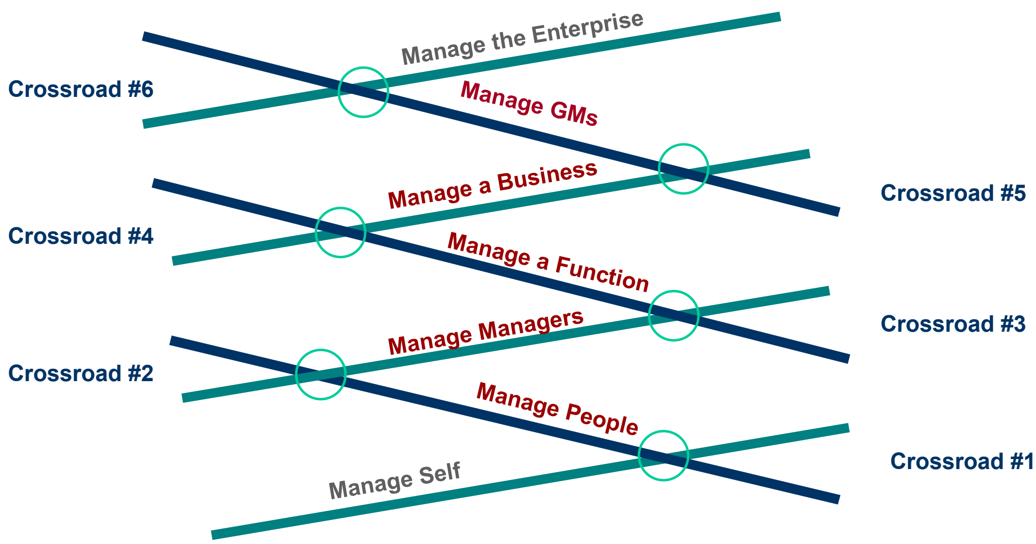
Documented Accomplishments	Competencies that May Be In Evidence
Consistent delivery of sales results over time	▪ Willingness to be held accountable ▪ Achievement drive ▪ Large-team leadership ▪ Motivating others
Substantial growth of a product or category (after limited previous growth)	▪ Creativity ▪ Strategic thinking ▪ Market or commercial knowledge
Substantial improvements in cost structure and/or productivity	▪ Decisiveness/Mental toughness ▪ Follow through & attention to detail ▪ Process knowledge & skills
Effective execution of a difficult project or new product-development program	▪ Influence skills ▪ Small-team leadership ▪ Planning and organizing

Exhibit 2: Shifts in strategy require shifts in leadership traits, skills and knowledge.

Strategic Choices for Growth*	Leadership Selection Implications
Product/Service Innovation	▪ Marketing-focused general management ▪ New product champions elevated ▪ R&D leaders require customer exposure ▪ More cross-business exposure ▪ Deep bench strength
Process Innovation (Core and Enabling Processes)	▪ Technology-capable general management ▪ Deep knowledge of the business & industry dynamics ▪ Thought leadership from outside the company ▪ Emphasis on managers with process & managerial disciplines & traits
Delivery Innovation (Channel, Brand, Customer Experience)	▪ Deep consumer-focused general management, or ▪ Alternate channel depth (e.g.: web entrepreneurs, etc.) ▪ More external hires – search for disparate skills/knowledge from other industries ▪ Search for radical innovators and culture change leaders
Business Model Innovation (Financial Model, Networking, Partnerships, etc.)	▪ Risk oriented general management ▪ Deal-driven, venture capital or JV-experience ▪ Elevate radical innovators ▪ Extensive external relationships management in capital & other environments

*Based on L. Keeley's growth-choices model.

Exhibit 3: The career crossroads model.



Source: W. Mahler and S. Drotter, 1986

Exhibit 4: (Sidebar)

Measuring the Impact of Succession Planning

An artifact of legacy succession planning is the supposed benefit of being able to know who will step in if the boss is laid to rest by a milk truck. While a list of likely replacements helps reduce the anxiety of board members, the effort to identify them offers little value in developing future leaders.

By the same token, when companies attempt to measure the impact of these programs by tracking the number of times that vacancies are filled by candidates identified in succession planning, a mistake is being made. The assumption here is that the objective is to be *accurate at forecasting.*

This is in fact is not the objective. Rather, the objective is to invest in a carefully selected group of people with potential, in order to maximize real competition for target positions. When vacancies occur the succession lists should be reviewed, but leadership demands and candidate assessments change. If the process has added value there may very well be a number of candidates (rather than replacements) who are now ready for consideration.

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Biographical Sketch

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