



## Unit 1

# An Introduction to Talent and Performance Management

## Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ Apply the multifaceted aspects of talent management in your own organization
- ✓ Describe the skills required to manage high potential candidates

## Unit 1

# An Introduction to Talent and Performance Management

### **What is Talent Management?**

As a business practice, talent management is relatively young and rapidly growing. Aspects of talent management have existed in organizations for years, but it is only really since the end of the last millennium that we have brought thoughts about recruiting, retention, engagement, succession planning, and leadership development together and discussed them in terms of talent management. In the business marketplace, having a strong grasp of talent in your organization and being able to use talents appropriately will differentiate strong companies from their competitors.

While a CEO may hesitate to plan for his or her own replacement, they also recognize that leaving an organization without strong replacement options is a poor choice. While it might feel a bit like planning your funeral before you have died, a solid talent management program makes everything much easier for the people that are left behind. It also means that the organization is committed to growing and being sustainable beyond the reach of leadership that is currently in place.

### **A Focused Effort to Manage Talent**

Most of us hesitate at planning our own departure from a current job, but in terms of leadership that could leave unexpectedly or on short notice, an organization without a plan is in trouble. Boards and companies that fail to assign high priority to succession planning and leadership development will see a steady attrition in leadership candidates or may retain people with outdated skill sets. Successful companies, in terms of talent management, don't just make a commitment to a process; they embed it in their strategic plan. From the board of directors downward, the program is integrated so that senior executives, middle managers, and front line supervisors are all involved. These key people are evaluated specifically for their contributions to organization-wide efforts.

In terms of risk management, the issues surrounding talent management are amplified in terms of loss. When the head or senior managers of a company are lost, then the stability of the company falters. (Think of the numbers of people and companies that would be impacted following a major natural disaster.) If there is no one available to step in and take over, then there really is no one guiding the organization. While most companies can function short-term with someone out of a key position (say for a surgery or short-term illness), most companies cannot sustain a longer-term loss, unless there is a ready individual waiting in the wings.

## Understanding Performance Management

### The Differences Between Performance Management and Talent Management

Performance Management	Talent Management

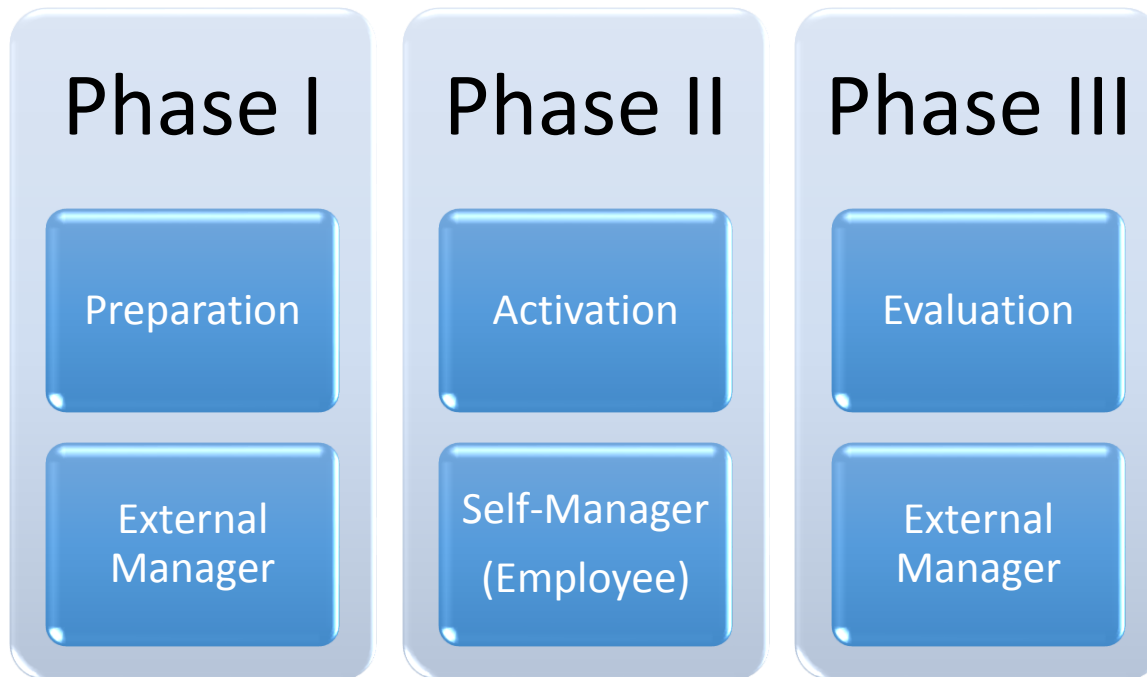
### The Shared Management Model

There is a story about a CEO who was working with an independent consultant in the hope of getting company productivity higher. It was the fall of the year, and one day as the CEO and the consultant were heading out the door, they spied an employee raking the lawn with a rake that only had 7 of its 12 tines. Obviously the employee wasn't doing a very good job, going over ground previously raked several times, and still leaving behind a lot of leaves.

The CEO became enraged. "Why would a supervisor let an employee rake with such a poor rake? No wonder we have such poor results!" The consultant said, "Are you sure the supervisor is the only one to blame?" and the CEO said, "No, of course not. You're right. It's my fault for not making sure that all supervisors understand that the company will support the notion of having proper tools. I will meet with them this afternoon to make sure they understand how important it is that workers have the right tools."

However, the consultant said, “Is there not someone else who must shoulder some responsibility?” But the CEO didn't understand. Who else could be at fault? “What about the employee?” said the consultant. “Where is the employee’s responsibility to make sure he/she has the right tools?”

Here is the Shared Management Model:



The Shared Management Model takes the whole load off the supervisor/manager and divides it between them and the employees. Supervisors/managers can and must prepare the employee, through teaching, training, coaching, counseling, and supporting. The employee’s work must be evaluated after it is done, to determine if it meets expectations. However, ultimately, it is the employee’s responsibility to do the task.

In the Shared Management Model an important member of the organization’s team is highlighted—the employee! This model demands that you, the supervisor/manager, focus on the growth and development of your employees, so that they can manage their own performance.

One of a manager’s/supervisor’s roles is to make sure everyone knows what a good job is, and what the employee needs to do in order to be more successful than they already are. Identifying performance competencies and setting goals or targets is one of the best ways to accomplish this. This binds a person to a standard of performance and the results that are expected. If individuals don’t know what a good job is, nor what they must do to become more successful, they are unable to do anything different, or to channel their energies to improve personal performance.

## Understanding Succession Planning

### Replacing vs. Succeeding

Successful succession planning means that if someone leaves an organization, the right person is in place to take their place. Succession plans were first used by family-owned companies as a way to ensure that the business stayed in the family; if the business owner was the family patriarch, it was common for the children to be “groomed” to take over the business. That process evolved slightly as businesses began intensive research and preparation to replace CEOs.

Today, succession planning means that businesses provide developmental, support, and search activities to ensure that the organization continues effectively when people who occupy key roles leave or are promoted.

- Succession planning is an aspect of workforce planning that concentrates on key positions within the organization.
- Workforce planning involves all positions within the organization.
- Replacement hiring is a response to a vacancy; succession planning is a proactive process that addresses needs before they exist.

If we hope to compete for talent in today’s workplace, then our organization has to make sure that it appeals to, and can successfully compete for, the best talent available.

Succession planning means that we are working long term, like we do when we invest our retirement savings. This is different than hiring in response to a vacancy.

### Understanding Succession Planning Terms

#### The Definitions

As you read each of the points below, decide whether they fit what you already know about replacement hiring (write RH on the line) or succession planning (SP). Discuss each point with your group to determine any subtle differences, areas of overlap, or questions that may arise.

Description	SP or RH?
Quick answer to immediate need	
Long-term commitment	
Developing individuals	
Based on current job descriptions	

Description	SP or RH?
Based on new directions and expanded responsibilities to the job description	
Uses input from the incumbent and supervisor	
Uses input from multiple perspectives and resources	
May offer advancement within the organization as a reward or result of seniority	
Considers whether the right person is in the right role and merits advancement	
Addresses developmental needs of an individual to ensure success in current and future roles	
Is integrated with recruiting, training development, and diversity factors	
Must usually be done quickly and is not consistently coordinated with other human resources activities	
Can lead to finding the best person available at the moment	
Focuses on the best candidate for the position	

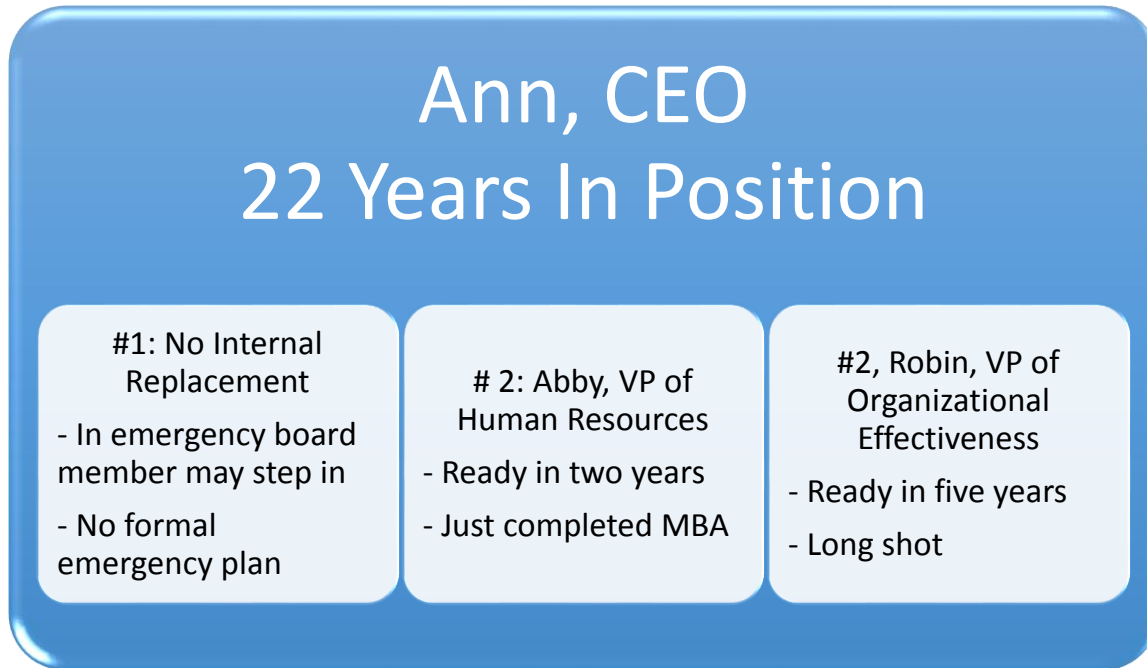
**Identifying Critical People**

The critical people for your succession plan are those whose absence directly interferes with business operations. In a small, family-run organization, this could be just two people (namely mom and dad), and in a medium-sized organization, this could just be four people (for example, the CEO, COO, HR Director, and CFO). As things get larger, the numbers will increase. Beyond those first people that you identify, you must delve down at least two layers to reach all of the people involved in your succession plan.

Note: In businesses that experience high levels of turnover because of contracts, burnout, or retirements, you will need to work through three layers.

**Case Study One**

Here is an example of succession planning for a CEO named Ann, using a Succession Plan Chart that delves down three levels. Note that the people under Ann in this chart may not report directly to her, but these are the staff that have been identified as best able to step into her shoes.

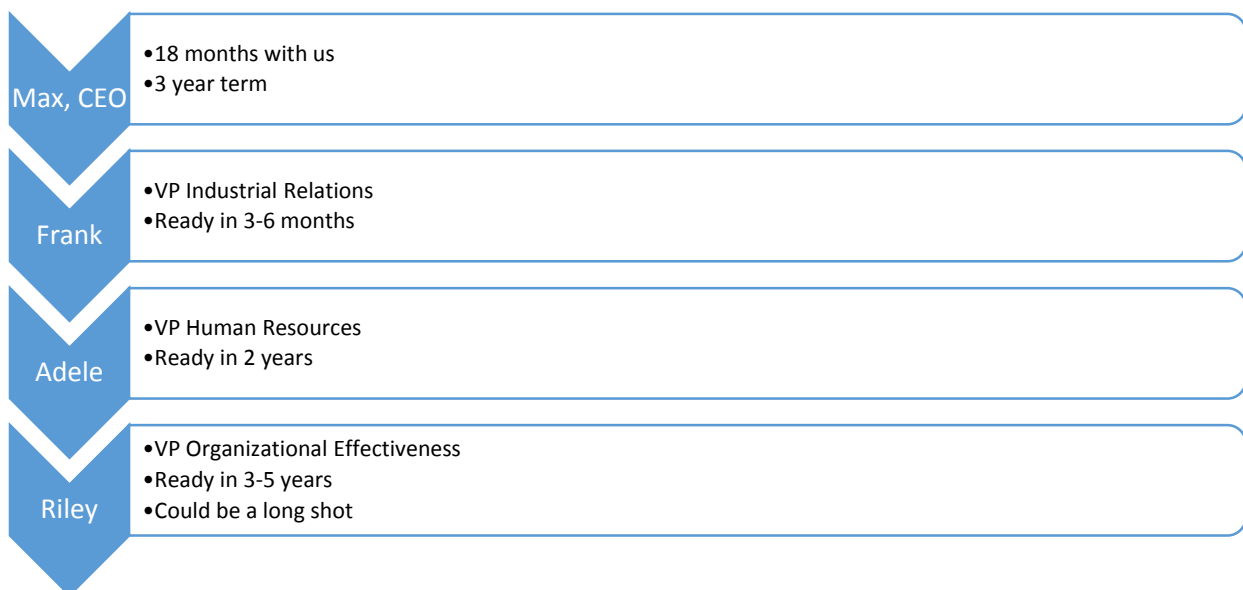


Each chart needs to do the following:

- Identify a critical position in the organization (Ann, the CEO)
- Delve down three levels below the critical position (no one, then Abby, and finally Robin)

### Case Study Two

Here is another example:



## Identifying Resources

Now that you have looked at the resources within your organization, and identified who the critical employees are, you might also be thinking about the fluidity of the current marketplace.

It is tough to explore succession planning without acknowledging that the employment marketplace moves in cycles. Depending on things like the economy, retirement waves, and mobility of the workforce, we could set ourselves up for difficulty. For example, we may groom an individual for a senior position, and then they leave the organization and apply their talents (and our hard-earned training money) to another company.

What about loyalty? What about gratitude?

Well, don't count on gratitude, but there is good news. Although loyalty is not a major attribute of people entering the workforce today, mobility might not actually hurt you as much as you think. The process of developing leaders is a calculated risk that you take to ensure the success of your business. Although newer workers entering the workforce will exhibit high levels of mobility (changing jobs and even professions many times), they are also expected to revisit previous employers. So if, for example, you hire me in an entry level position when I have just finished school, and I work with you for three years, it is true that I may move somewhere else. However, if I change jobs every two to five years and there are only half a dozen organizations that exist within my industry, the chances are good that at some time in my future, I will return to your organization.

Where are your other resources located? Where do the people that you want to attract actually spend their time?

Working with recruiting specialists as a part of your succession planning can open you up to resources that you were unaware of even five years ago. If prospective employees are not knocking on your door or flooding your inbox with resumes, they may be out experiencing their community and life. Explore where the up-and-coming leaders that you want to attract actually spend their time, and go meet them on comfortable ground. Do not expect that they will see your recruiting ad and want to work for you. Do not anticipate that the best candidates will come to your job fair. It just doesn't work that way anymore. They may see your ad, they may have heard of you, but they also are checking you out very closely. What kind of an environmental reputation do you have? How much money do you invest in employee development? What kind of benefits do you offer? (If you don't offer benefits, they may openly ask you, "What are you thinking?")

Don't be offended by changes in the way people are approaching work; this is simply the reality of how people are addressing their own values for balance, community, or meaning. Attract people with a long-term vision that reflects their own values, not just the values of the organization, and you may find that

in the long term you have attracted the people that enrich your organization, and that you can stop hiring to simply respond to an immediate need.

We cannot treat employees as commodities; they will not stand for it. Knowing that the strengths of the people who work for your organization are what can make or break you, you might as well put in the extra effort and find the people that you want.

### **Developing External Successors**

So far we have really focused on developing our internal people as the most appropriate successors. In some positions, however, that will not always be possible. A small resource pool or highly specialized jobs are just two reasons that we may have to look outward for successors.

Developing relationships externally to your organization can be an important way to attract interest in your organization. Meeting potential candidates through a business network and by attending or sponsoring functions for college students and graduates are just a few ways that you can look at finding external candidates. Developing methods to suit your organization could also involve commitments in sponsoring scholarships, participating in competitions, or setting up internships.

### **Risk Assessment**

People can become frozen solid when they think of risk assessments, and so our recommendation is to keep the process as simple and non-threatening as possible. Succession planning is rife with risks. People come and go from organizations. Whether we create ironclad non-competition agreements or confidentiality agreements, or we don't, we can still have our viability threatened.

The Risk Analysis here is a leader's very honest attempt to address the risks of continuing with a particular plan. The leader's role is to complete the analysis honestly and with feedback from the individual as well as the leader's observations. In our experience, managers need training and mentoring to complete these tools properly, and so that they become a tool that is meaningfully used. When managers and their direct reports complete tools such as this, they must concentrate on being honest and objective.

Risk Analysis for (insert name) \_\_\_\_\_

Date \_\_\_\_\_

Category	Factors	Current Risk (Yes/No)	Change expected by Employee (EE) before next reporting period? (Yes/No)	Warning Signs
<b>Pay &amp; Benefits</b>	Our compensation differs from competition by >10%?			Employee exceeding learning curve of colleagues (sign of impending departure)
	Are we offering fewer benefits than competitors?			
<b>Current Position</b>	EE not satisfied with position title			Peers and colleagues leave positions or advance
	EE not satisfied with position			
<b>Balance</b>	Work hours not consistent with life needs			Changes in personal/family factors
	Location not consistent with life needs			
<b>Supervision</b>	Is EE receiving enough mentoring?			Superior's feedback often negative or critical
	Is boss supportive of work habits and results?			
<b>Team</b>	Friend in the workplace?			Does not attend or appear to enjoy

	Team or friend including EE in activities?			outside events
--	--	--	--	----------------

<b>Development</b>	Not learning anything new			No learning opportunities since last reporting period (or not in past year)
	Not receiving developmental opportunities			

When you read through this form initially, do not be intimidated. This is a good time for you to answer these questions in terms of your own fit with the organization. Are you someone who seems to be settling in to lead, or are you on your way out?

### Further Reading:

- ✓ *Barbazette, Jean. Successful New Employee Orientation (3rd Edition). Pfeiffer, 2006.*
- ✓ *Bennis, Warren. On Becoming A Leader (Fourth Edition). Perseus Publishing, 2009.*