

Strategic Talent Management

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Current State

- Roughly 40% executives fail within first 18 months of a new assignment
- Succession Planning and leadership development are rated as one of the top 3 business priorities for companies and Boards

YET

- Only 30% of companies/Boards are viewed as effective at developing leaders

Why????

- Succession planning is often confused with “replacement” planning
- Lack of clear ownership of talent pipeline – Board? CEO? HR?
- Lack of well-defined processes
- Lack of ability to:
 - Identify talent need
 - Assess /Differentiate talent
 - “Will” to develop talent

The Hard Truth:

...” the pursuit of leadership bench-strength development is not a race for talent ... it is a strategy of ongoing labor that requires discipline, decisiveness, and responsible risk taking ...”

Why Now More Than Ever?

- Turnover in C-Suite is at an all-time high
- Talent Crunch is real
demand > supply
- Fragility of the “talent” supply chain
promotion before full- preparedness
- Retention of top talent will be key competitive advantage
going forward

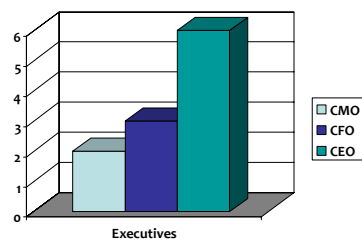
Turnover

- Turnover in the C-Suite level is at an all-time high:

CEO – Average tenure 6 years

CFO – Average tenure 3 years

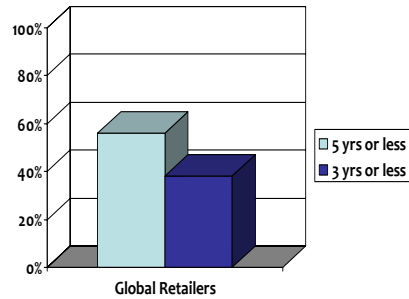
CMO – Average tenure 2 years



- Turnover beneath the C-Suite level is equally high due to changes in strategy, organizational structure, cost structure etc.

Of the Top 100 Global Retailers:

- 56% of the CEO's have been in the job 5 years or less
- 38% have been in the job 3 years or less



CEO – Median tenure is 4 years
Average tenure is 6 years

Of the Top 100 Global Retailers with HQ in:

NA:

- 63% have been in the job 5 years or less
- 53% have been in the job 3 years or less

CEO Median tenure: 4 years
Average tenure: 6 years

EMEA:

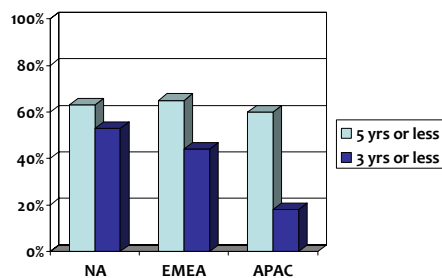
- 65% have been in the job 5 years or less
- 44% have been in the job 3 years or less

CEO Median tenure: 4 years
Average tenure: 6 years

APAC:

- 60% have been in the job 5 years or less
- 18% have been in the job 3 years or less

CEO Median tenure: 5 years
Average tenure: 9 years



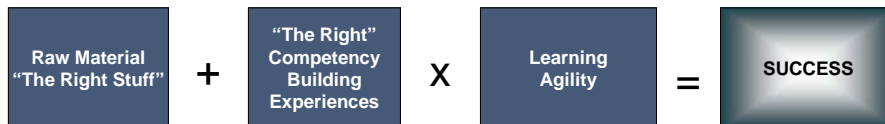
Why Does Succession Planning Matter?

- Enables organizations to build sustainable leadership teams that can drive more consistent performance
- Allows organizations to benchmark, identify and nurture talent on a more proactive basis both internally and where required, externally

Assessment Matters

- Talent is different from “bench”
- High Potential is different than High Performance
 - 93% of high potentials are high performers
BUT
 - Only 29% high performers are high potentials

Success equation for executive succession planning



- ✓ Raw Material – Applied Intelligence “Savvy” and emotional stability (EQ/EI), Price of Admission Competencies (what most people have already)
- ✓ “Right” Experience Opportunities – Variety in job changes, in-place assignments, hardships, people, feedback, workshops, courses, readings (70-20-10) to drive competency development in the relevant competencies
- ✓ Learning Agility – Ability and willingness to learn from experience, developing new competencies and modifying behaviors – overall adaptability

Assignments Matters

- Managing talent is like managing one’s business
 - Short AND long-term view
 - Needs of today may differ from needs of tomorrow
- 70% leadership development occurs via assignments vs. other training



“Best in Class” Identifying Talent Early and Plan Ahead

Goal:

CEO

EVP/Managing Director

VP/Director

Plan:

10 years – 6 roles

10 years – 6 roles

5 years – 3 roles



Talent Spotting- A key Strategic opportunity

- Organizations are leveraging talent spotting internally to identify hi- potential talent early
- Benchmarking is being used to identify key talent externally to fill strategic gaps



Talent Spotting

- Boards/CEO's get to know executive leadership
- Executive talent can be calibrated and groomed for critical roles pro-actively
- Development dollars are spent wisely- invest in talent most likely to perform
- Builds the employer brand in marketplace
- Transitions tend to be smoother and faster
- Key talent can be retained given increased visibility/opportunities



Talent Spotting

- Builds relationships that allow for evaluation over time
- Benchmark external talent against key gaps/competencies
- Manage for cultural integration more completely

Organizations that embrace strategic talent management are able to accelerate and retain their best talent into critical roles and have a higher likelihood of retaining externally-hired talent because of a more proactive versus reactive approach