

# Critical Talent Management Trends and the “20-2020” Roadmap

By

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***A Preview of the 2014-2015 TRENDS IN EXECUTIVE DEVELOPMENT & TALENT MANAGEMENT BI-ANNUAL RESEARCH STUDY, CO-AUTHORED BY JOHN MATTONE (Pearson, 2014).***

What is top of mind for corporate boards and CEO's worldwide? It is *not* competitive threats, rising costs, innovation challenges, risk management, technology, debt, or even the regulatory environment. Corporate directors and CEO's identify ***talent management*** as their single greatest strategic challenge.

It was both an honor (and fun) to partner with my co-authors, Bonnie Hagemann (CEO of Executive Development Associates) and Pearson's John Maketa throughout this exhaustive research study which we initiated in July of 2012. We have spent the past six months analyzing results and writing the 50-page report which will be published by Pearson in January, 2014. As we do every two years, we interviewed and surveyed over 150 CEO's and Heads of HR and Talent Management from a variety of global organizations. We asked them a lot of questions, however, the #1 issue cited by our respondents was their need to **identify and develop future leaders**. This has been identified as the #1 global operating issue facing organizations all over the world since 2004! In another compelling Harvard Business School Study entitled “Talent Management Receives an F”, researchers Boris Groysberg and Deborah Bell, recently surveyed over 1000 corporate directors and their concerns regarding talent management and leader bench strength clearly echo the concerns of those in the c-suite. Here's the issue: If you are the CEO of a typical organization anywhere in the world—except India and a few South American and African countries—you actually are faced with two major issues: One, anywhere from 40-70% of your management team is expected to retire in the next five years; and second, when you look at your supply pool of available talent to take these critical roles, your Gen X population is in massive short supply and your Gen Y population is too young and not ready. In some respects it is a global demographic issue but, most importantly, our research clearly identified that the main issue is that most companies are not doing a good job looking deep into their organizations at younger individual contributors who possess the

capability to become great leaders and future senior executives. There is massive leadership talent “hiding” in most organizations and these people need to be **identified** and **developed**.

Clearly we need to think about the pipeline and all eyes are on Generation X as they are now being evaluated, analyzed, groomed and pruned for the senior leader positions. With the ongoing need to increase bench strength, we wanted to know what kind of emphasis is being placed on succession planning as well as the selection and development of high potentials.

Only about 50% of participants indicated that they had a formal succession planning process. Even among the 50% who did many said that did have a formal process, only a few felt that they did succession planning well while others said they were:

- “just starting”;
- “in the early stages of development”;
- “only had it at the most senior levels”; and
- “inconsistent in their implementation of succession planning”

#### **Other Trends of Concern:**

- Despite leader bench strength being identified as the #1 global operating issue since 2004, only 34% of the respondents indicated that their leadership pipelines were in fact “stronger” than what they reported in our 2011 study. 66% of the respondents indicated that their pipelines were either the same or worse than what they reported in our 2011 study. Clearly, organizations need to do a much better job identifying and accelerating the development of both their high potential and emerging leaders.
- There is more “replacement planning” going on than strategic succession planning, if anything is going on at all. Organizations that are strategic in their succession processes execute the following: (1) focus on key leadership and individual contributor roles; (2) focus on isolating the target competencies required for success now, and into the immediate future, for those key roles; (3) identify candidates, based on calibrated objective assessments, past and current performance, and senior executive opinion—who are deemed to be “ready now”, ready in 1-2 years; and ready in 3-5 years; (4) create and implement individual development plans for all candidates that prepare them to excel in their current role while having developmental components that prepare them for future potential roles; and (5) measure, measure, measure the ROI of their succession process.

- There is a lot of confusion that exists between *performance* vs. *potential*. Most high potential employees are high performers; however, not all high performers are high potential.
- There is too much subjectivity involved in talent decisions. There is more due diligence done when an organization makes a key operating decision than when they make a key talent decision. There needs to be more objective assessment and calibration done by organizations when key talent decisions are made.
- Only 50% of organizations we surveyed have a formal high potential identification program and only 54% have a formal high potential development program.

### **How to Reverse These Trends?**

In my book, ***Talent Leadership: A Proven Method for Identifying and Developing High-Potential Employees***, I discuss what I call my “**20-2020” Roadmap** (20 talent management practices that will help you drive operating success for your organization through the year 2020):

1. Promote leaders and identify future leaders and position them in the leadership pipeline based upon the relevant competencies required for success now and into the future (i.e., 5 to 10 years).
2. Identify at least two candidates who are “ready now” and two “future” candidates for each mission—critical role throughout the organization.
3. Promote “top shelf” executive talent which is vetted using multi-method executive assessment.
4. Reduce “top shelf” executive talent turnover with thorough onboarding when introducing an executive to a new position and by having regular career and development discussions ensuring each executive is nurtured, properly challenged and developed with a strong emphasis on coaching and mentoring.
5. Establish a succession management process that is perceived to be fair and open. A critical factor in retaining high-potentials and emerging leaders is letting them know they have been identified as “valued assets” and then follow through with targeted coaching and development opportunities. It is likewise as critical to let your “valued assets” know that being identified as a “valued asset” guarantees nothing other than the organization’s commitment to help them become the best they can be.

6. Insist on “user-friendly” succession management processes and tools.
7. Effectively and correctly identify high potential and emerging leaders using multi method executive assessment.
8. Implement talent review meetings that effectively integrate performance, objective assessment data, potential, and readiness information.
9. Conduct talent review meetings to accurately calibrate a candidate's potential and readiness based on integrated diagnostic information.
10. Ensure talent review meetings include isolating development plans for successors and high potentials.
11. Include talent review meetings that focus on leveraging diversity and setting development plans/goals for minority successors.
12. Ensure senior management is involved and supports the executive development and succession management process.
13. Create executive development and coaching programs that are linked to the overall strategy of the company as well as the leadership competencies required for success now—and into the future—based on current and anticipated market conditions and resulting business strategy.
14. Set executive development programs and coaching goals linked to objective assessment results.
15. Drive multi-faceted (i.e., 70-20-10) executive development programs.
16. Have executives and future leaders create Individual Development Plans (IDP's) based on a combination of subjective feedback from their manager, objective assessment results, and results from the succession planning/talent review meetings with the help of an executive coach.
17. Arrange for executives and future leaders to partner with their hiring executives in creating their initial IDP's.
18. Have a personal passion and plan for ensuring that leadership development efforts do produce an effective ROI.

19. Possess a passion and plan for ensuring that leadership development is continuous—not “event” driven.
20. Create a way for executives, their managers, and HR to track developmental progress; don't be afraid to course correct high potential lists based on re-calibrated performance, potential and developmental progress information (i.e., high potential lists should be fluid, meaning that executives can enter or exit the high potential pool based on their developmental progress).

### **About John Mattone**

John Mattone is widely regarded as one of the most influential *leadership, talent management, and personal success* authorities in the world. He was recently nominated for the prestigious **2013 Thinkers50 Leadership Award**, which recognizes the global thinker who has contributed most significantly to our understanding of leadership over the last two years. He appears on *The Thinkers50 “Guru Radar”*, which recognizes emerging thought leaders in the field of leadership and is currently recognized by *Leadership Excellence Magazine* as one of the world's top independent leadership consultants, executive coaches, and speakers. John is the author of seven books, including the best-selling, *Talent Leadership: A Proven Method for Identifying and Developing High-Potential Employees* (October, 2012) and *Leadership Intelligence: What You Need to Know to Unlock Your Full Potential* (March, 2013-Foreword by Marshall Goldsmith). He lives in Orlando, Florida. John can be reached [john@johnmattone.com](mailto:john@johnmattone.com).

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