

Filling Your Talent Pipeline

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No talent, no sales. No sales, no cash. No cash, no business. It all starts with Talent. The better your talent, the better your business performs. A sustainable business requires a sustainable pipeline of talent to drive business growth.

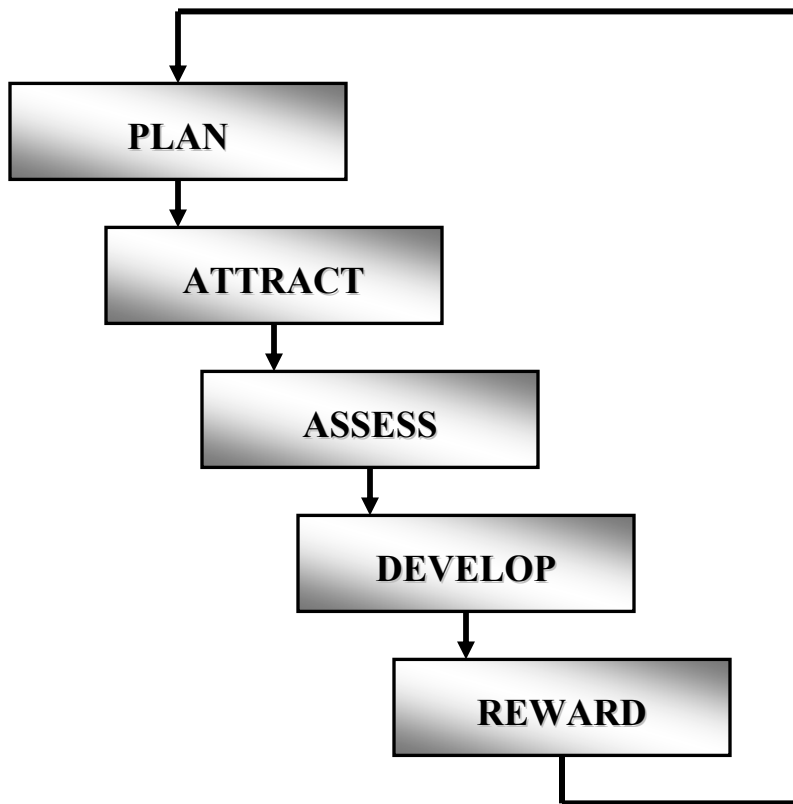
Although the current economy has created a temporary labor glut, it is important that leaders do not lose sight of the bigger demographic picture. Here is a quick sketch:

- America will experience a 15% decrease in 35 – 44 year olds, our emerging leaders, in the next 10 years.
- By 2050, the proportion of older adults in the U.S. population will double to represent 20% of all Americans.
- As 76 million Baby Boomers approach retirement, employers will have to replace them with 56 million Generation Xers.
- By the age of 32, the average Gen X worker has held nine different jobs – that's more than triple the number of jobs for a typical Baby Boomer.

Regardless of your company's size these macro numbers will ultimately impact your micro organization. Although many companies are currently struggling, we remind them that no trend goes up (or down) forever. The path to long-term growth is like a roller coaster ride. In fact, the greatest opportunity for your company to create a sustainable competitive advantage is during a tough economy.

Filling Your Talent Pipeline

We use a 5-phase cyclical process for filling your talent pipeline. Your success in building your talent pipeline is directly related to your ability to integrate these five phases into the way you do business versus an event-driven approach (i.e., once a year review of talent). Managing your talent pipeline is a broader and more integrated process than simply planning for successors to key positions. As Aristotle said, "We are what we repeatedly do. Excellence, then, is not an act but a habit."



Phase 1 – Plan

Like any such broad reaching initiative, two critical success factors are **senior management involvement** and **alignment with your business needs and corporate values**. Once you are confident that you can incorporate these two factors, consider these items as you plan your approach:

- Company growth goals,
- Size of key talent pool (not necessarily only managers),
- Geographic dispersion of operations,
- Understanding obstacles to developing talent,
- Average vs. desired employee tenure and
- Strength of your employer brand.

Many leaders view the management of their talent pool as synonymous with succession planning; however the most effective Talent Management initiatives integrate various planning, human resources and operations-related systems. If you are seeking funding, your plan for filling your talent pipeline is a key factor. Sophisticated venture capitalists and acquirers consider this factor as they assess the sustainability of your business and assign a value to it.

Start by analyzing the future needs of your business to ensure that your talent pipeline does not lag behind your future needs. Companies commonly design their plans and develop their talent for today's reality versus tomorrow's possibilities. Identify the number of positions that are considered critical to achieving your business goals. This will help get your hands around the scope of your talent management initiative. Next, conduct a "what if" analysis. This analysis will illustrate the impact to your leadership team when a key player leaves. It will also yield a specific picture of the strength of your talent pipeline.

A key to the Planning phase is to identify leadership competencies that will help drive the growth of your company. These competencies form the foundation for the following phases and also serve as an explicit statement of your company's leadership expectations.

Phase 2 – Attract

Filling your talent pipeline requires more than just succession planning. This phase focuses on creating an employer brand to help potential candidates self-select you as a target employer. Your employer brand describes what kind of employment experience you offer (e.g., innovation, entrepreneurial, family-oriented, competitive). Just like your internal corporate values, your brand should not be for everyone. It should inherently attract those who relate to it and encourage others to look elsewhere.

Another aspect of attraction is reaching out to future employees in order to expand your potential talent pool. This is a critical part of pipeline development due to the demographic trends stated at the beginning of this report. Outreach strategies include any form of contact with future candidates (i.e., not for current openings). Some companies have gone to extremes to do this. Nortel has been known to recruit at rock concerts. Hewlett-Packard and many other technology companies have targeted high school students.

Phase 3 – Assess

There are many simple, customizable assessment instruments that can supplement management's judgments with quantitative data regarding a leader's performance and values. Multi-rater approaches are the most valid and help to overcome resistance by the person being rated. Quantitative data helps you validate nominations to your High Potential (HiPo) pool. Frequently, attributes like initiative, emotional intelligence, stress tolerance and personal values are better predictors of future success than past performance.

Here are four key areas for assessing your talent:

1. **Job Challenges:** What experience should candidates have before assuming a leadership position?
2. **Organizational Knowledge:** What should candidates know about your company before assuming a leadership position?
3. **Competencies:** What will future leaders have to do to achieve your goals? What competencies will be needed to do it?
4. **Executive Derailers:** What makes people fail even if they meet the criteria in 1, 2 and 3 above? Derailers tend to be personality attributes. Business coaches are a good resource to identify derailers and help the employee before they become problems.

For example, at a lower level in the organization, a ‘hard-driver’ may be very successful, but at higher levels this attribute may be offensive and seem arrogant. A ‘micro-manager’ may be very successful when working with subordinates; however, in a peer group of other managers, the peers may rebel against the micro manager’s style.

Do not compromise your standards when you are identifying future leaders for your company or hiring a front line employee for that matter. Conduct periodic reviews of your talent to ensure that your plans are on track, bench strength is sufficient and the right people are still being developed and rewarded appropriately. Use this review process to help design individualized development plans for your HiPos.

Phase 4 – Develop

Design your development options to target specific levels and competencies.

A Hewitt study found that companies who were best at developing their leaders used these approaches:

- internal training (79%),
- cross-functional experiences (73%),
- job rotations (64%),
- external training (55%) and
- global/regional assignments (46%).

It is interesting that none of the “best practice” companies for developing leaders used formal education as an approach, yet 38% of the comparison companies did use formal education. Also, although executive coaching does not appear on this list, it is the fastest growing form of development for executives because it is individualized and focused on achieving business results.

Many Gen Xers expect and demand the fast track. As a result, companies are accelerating the development of their new talent. This “acceleration pool” is typically targeted to a specific level in the organization rather than a specific job.

The content of your development experiences should include: profit/loss responsibility, people management, working with/influencing peers, learning the basics of your business, building and using structure and control systems, building leadership courage, persevering under adverse conditions, negotiation tactics, framing and solving problems and managing former peers or supervisors.

Market your development process internally. Name it (e.g., Advanced Leadership Program or ABC Company University) and create a logo/identity for it. This program should be integrated into your overall development plans for all employees to avoid cynicism about developing only HiPos and ignoring other employees. Use more cost-effective, self-directed methods for developing the majority of your employees. With all of this investment in your HiPos, ensure that you measure their performance and the effectiveness of your talent management initiative.

Phase 5 – Reward

Reward strategies warrant a dedicated report, so we will keep this section very brief. Companies that excel at developing their leaders ensure significant compensation differential between HiPos and their peers. However, it’s not all about compensation. Tell your HiPo who they are, thank them for their contribution, give them exposure to your top management or Board and ensure that they are challenged. Non-cash forms of recognition can serve as a powerful retention tool.

Baby Steps

With this brief overview you can see that an integrated approach to filling your Talent Pipeline is no small undertaking. Therefore, we suggest taking baby steps. Start with a small group, use a simple assessment and provide just a few basic development options. Use your experience to build your initiative over time. The benefits of baby steps are:

- Opportunities to gradually build senior management commitment and a habit of assessing and developing talent, resulting in greater chances of sticking to it over time,
- Reduced time and resource demands up front (mitigates risk and enables you to establish an ROI for the initiative) and
- Methodically integrate the various systems that support your Talent Pipeline initiative, and ultimately, your business objectives.

Remember, Rome was not built in a day, neither will your Talent Pipeline. Take baby steps.

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