



# Caliper Succession Management

## FACTS TO CONSIDER <sup>1</sup>

- 25% of senior executives are eligible for retirement right now
- 45% of current employees are between 40 and 57 years old
- Half of the companies recently surveyed expect to lose 50% or more of their Senior Management by the year 2010
- 15% from the same survey said they expect to lose 75% or more of their Senior Management within the same period

***Planning and preparing for a company's most critical future needs by developing today's talent into tomorrow's leaders.***

**W**hat happens when an executive leaves your company? Who will replace that person? Will you have to hire from the outside? And how long will it take that person to get up to speed?

The ideal solution is to have a pool of internal candidates who are ready to step in—and step up—to take on a leadership role and move your organization ahead. These internal candidates will already be trained, well-versed in your corporate culture, and best of all, available immediately.

### *Questions to ask yourself:*

1. Do we have the leadership bench strength to achieve our projected growth?
2. What does it cost to fill a leadership vacancy with someone from outside the company?
3. Do we risk compromising leadership quality just to fill openings?
4. How has our business environment changed over the last few years?
5. How many of our current executives say they were well prepared for their first leadership role?

**Caliper's Succession Management program will enable you to find and develop talented leaders within your own company to drive your competitive strategy, reinforce your values, and successfully secure the future of your organization.**

Succession Management is crucial for many reasons:

- Retaining leadership talent is both a strategic and economic necessity.
- You cannot implement your strategy without the right leadership.
- Filling positions internally cuts down on hiring costs, ramp-up time and lost productivity.
- Succession management fosters both leadership growth and retention.
- Since you cannot realistically develop everyone, focusing on those individuals with the highest leadership potential is essential.

***“Our Caliper consultants acted as our partners in providing structure and focus to help us accomplish our goals. Together, we created a program that has already resulted in an internal appointment to the executive leadership team.”***

Dave Lawson, Vice President  
Human Resources  
Franciscan Health System

## **What is Succession Management?**

Succession management is the planning, execution, and ongoing management of a company's critical future people needs. The focus is on developing today's talent into tomorrow's leaders.

There are key positions in any organization that, when left unfilled, will cause chaos - problems won't get solved and decisions won't get made. High-potential employees need to be developed with these key positions in mind. Executive leadership is continually changing. The competencies required for success become increasingly complex; cross-functional experience is necessary; and strategic thinking skills and emotional intelligence are demanded.

We are facing the most severe leadership shortage of our time. The demand for executives is actually on the increase because of ongoing economic growth, just as the baby-boom generation is retiring. And, most often, retirees take their knowledge and experience with them. In addition, the field of potential leadership candidates has been reduced by downsizing, flatter organizations, and the emphasis on work/life balance.

If your organization does not have an internal strategy to fill executive positions, you must rely on hiring people from the outside. However, hiring external candidates is not only costly, but studies reveal that a staggering 66% of senior managers hired from the outside fail within the first 18 months."

To keep your company competitive and growing, it is important to start planning now, before a staffing crisis occurs.

## **What is the Succession Management process?**

In order to build a succession plan that will create a strong talent pool, it is necessary to move through a five-step process. This process will give you the peace of mind that comes with knowing that you have skilled and experienced leaders to implement your organizational growth strategy.

### **Step One: Assess your business strategy and define your leadership objectives.**

The process must begin with an assessment of your organization's current and future business strategy. Understanding your competitive position in the

marketplace, along with your growth goals, allows for better definition of future leadership needs.

### **Step Two: Develop the model for an integrated talent management system.**

You cannot begin to prepare your future executives if you do not know what they will be called upon to do—and *what competencies they will need to succeed*. During Step Two, you will define future leadership needs and the competencies required for success. Once you know what is needed, you can then establish internal talent identification and evaluation criteria. At the end of this process, we will work with you to create a selection system for future leaders so you can choose the best candidates for your high-potential talent pool.

In addition to identifying executive competencies, we can also uncover executive "derailers" that can cause executives at any level to fail. These can include such behavioral traits as the inability to motivate others or build a team, indecisiveness or the tendency to take criticism too personally. Knowing what works, along with what doesn't work, makes for a comprehensive leadership model.

### **Step Three: Assess and align the talent in your organization with your business strategy.**

In Step Three, you begin to assess and identify people with the most leadership potential. To be certain the process is objective, and to avoid overlooking those not currently in management roles, assessments will be used along with current performance data.

## ***Studies reveal that a staggering 66% of senior managers hired from the outside fail within the first 18 months***

Casting a wide net ensures that you never miss promising people at any level of your organization. Current employees will be rated against the established leadership competencies, and individual gap analyses will be used to determine their developmental needs. As a result, you can be sure that all leadership areas will be covered as you move into the future.

### **Step Four: Provide leadership feedback and development planning.**

Filling key positions from within your organization is much more accurate and efficient than bringing in an executive from the outside. It also has the added advantages of providing opportunities for employee growth and retention, as people will feel more valued and confident about their future with your company. Therefore, it is crucial that your high-potential leaders have a clear understanding of your organization's leadership competencies, as well as their own developmental needs. This is achieved through individual feedback and coaching, as well as providing each individual with a development plan. These plans, along with ongoing mentoring, will support your high-potential employees and help them reach your shared goals.

### **Step Five: Implement, monitor, measure and report developmental strategies.**

To be certain that you have the people you need waiting in the wings, leadership development needs to be a continuous process, not a series of one-time events. People can make adjustments and develop new skills if they are motivated and provided with the required resources and support. Developmental learning has a much greater and more lasting impact than conventional training, since individuals in your talent pool would be expected to grow and would see their growth measured over time. During this phase, specific strategies to address your particular business needs can be implemented—including, but not limited to: Action Learning, Executive Coaching and Team-Based Projects.

### **Why Partner with Caliper for Succession Management?**

When working with Caliper to create a Succession Management plan, you have the option of integrating our assessments and processes into your current Talent Management System—or we can create a new Leadership Development/Succession Management process for your organization. Our reputation for excellence, assessment tools, and consultative expertise are well established and have stood the test of time.

Dave Lawson, Vice President of Human Resources, Franciscan Health System, says of Caliper's Succession Management, "Our Caliper consultants acted as our partners in providing structure and focus to help us accomplish our goals. Together, we created a program that has already resulted in an internal appointment to the executive leadership team."

The time to start thinking about executive staffing decisions is *before* an executive leaves your company. If you wait until someone does leave, you might feel pressured to compromise, make a hasty decision, or risk bringing in someone from the outside. You should be grooming candidates for that role now, as well as for all key areas of your organization. Any plan for the future will be a dynamic, evolving process, and a solid Succession Management process for your organization will enable you to react to staffing changes with confidence and a solid plan, rather than with uncertainty, desperation or doubt. And the time to start creating that plan is now. ■

<sup>1</sup>Herman, Roger; Olivo, Thomas; and Gioia, Joyce. *Impending Crisis: Too Many Jobs, Too Few People*, (Winchester VA: OakHill Press, 2003)

<sup>2</sup>Lorrina J Eastman, *Succession Planning: An Annotated Bibliography and Summary of Commonly Reported Organizational Practices*, Center for Creative Leadership, 1995

## About Caliper

*Caliper helps companies achieve peak performance by aligning the potential and motivations of individuals with the goals of a business. Our expertise and accuracy, combined with the depth of our personal approach, has enabled us to provide objective, adaptable solutions for over 25,000 companies throughout the past four decades. By helping executives select the right people, manage individuals most effectively and develop productive teams, we are able to bridge the gap between where a company is and where it needs to be.*

# CALIPER

*Solutions for peak performance.*

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