

Talent Spotting

*Succession planning doesn't stop with the CEO. **Criticleye** examines why organisations need to create a system which scouts individuals with high-potential and gives them the breadth of experience to develop into genuine leaders*



Egos, personal agendas and the demands of the day job frequently undermine good succession planning. It's up to the CEO to establish the agenda and set the tone by giving full support to programmes which identify future stars and nurture those who may one day occupy important management positions. Indeed, the whole board needs to be pushing and probing to find out where the talent lies in an organisation.

Tim Eggar, Criticaleye Board Mentor and Chairman of Cape, which provides industrial services to the energy and natural resources sectors, suggests that risk, strategy and succession should be seen as priorities for discussion in the boardroom. In terms of the talent agenda, he says: "It's probably the area where the board can both protect and create the most shareholder value."

It's about identifying potential leaders who can fill the top roles and getting an idea of the strength of the management within an organisation. "The board has a clear obligation to form a view on the quality of people at the 'ex-co' level," he comments. "In my view, it should actually be taking an interest in... one layer below the ex-co [too], and also all management development plans by the ex-co."

Beyond asking the standard question about what to do if a CEO falls under the proverbial bus, other conversations need to be taking place, such as whether graduate recruitment is taken seriously or whether there is a junior management development plan.

Ian Ryder, Chairman of information services provider DatacenterDynamics, says: "Its leadership skills for all levels, not just board level. If you don't have an embedded process... within the organisation for developing and growing talent, then you've got a problem."

"A lot of what is done for leadership and management development is a waste of time and money"

Kai Peters, Criticaleye Thought Leader and CEO of Ashridge Business School, says: "What you're trying to do with leadership development is fast-forward people's experiences... If you want someone to get up-to-speed faster you have to present them with all kinds of different contexts to make sense of."

"What then happens, psychologically and neurologically, is they start absorbing these different experiences. People begin to understand how to behave in many more situations than they otherwise would have known, not only on the basis of different projects but also with different nationalities for organisations that work with or have sites in other countries."

For **Hayley Tatum**, Senior VP for People at retailer Asda, it's important to take into consideration what's happening in people's lives when looking to develop them and take them to the next level. She explains: "You've got to balance what people are doing, the ages of their children and the likelihood of them being as mobile as you need them to be."

"It's essential to be very personal about this and not too process-minded so that you don't forget that these are people's lives. That's a big point. Secondly, it is

about giving people breadth of experience, so you are building capability to deal with the unknown."

Being part of Walmart, says **Hayley**, provides Asda with plenty of scope to move people into both start-up businesses and mature operations of immense scale across a range of locations. "This is very testing and challenging," she comments. "You know that it's providing a good grounding for leaders of the future to have those experiences."

It's about taking people out of their comfort zones. **Howard Kerr**, Chief Executive of business standards company BSI Group, recalls that he was working for private trading group SHV Holdings when, at the age of 36, he was made managing director of a joint venture in Thailand. "When you promote people early you find out quickly whether they really have the capacity," he says. "Not everybody succeeds. You've got to take risks."

The difficulty lies in judging which people not only have the talent, but are serious about fully committing. **Hayley** comments: "It goes wrong when there isn't enough transparency. Individuals worry about telling the truth. They'll tell you they are fully mobile and will go anywhere, but the reality is they can't, not all of the time."

THE BIG PICTURE

It's easy to think of companies which have made the headlines when a CEO departs and there's no replacement in the wings. The fact is many companies are flying blind about talent and fall woefully short when it comes to creating a plan that caters for the short, medium and long-term needs of the business.

"Succession planning for the board and key executive roles is one of the most important processes in any business, but in my experience also one of the ►

weakest,” says **Brendan Hynes**, Chairman at beauty and cosmetics designer Swallowfield. “A little delving usually exposes a large gap in the strategic thinking around the board table. I think this is largely down to the fact that of all the softer processes, this is the one that requires the highest degree of maturity and honesty, from both sides of the board table.

“The sad fact is that many organisations find the whole process slightly uncomfortable or just do not have the management sophistication to discuss it in an open and transparent manner. This approach comes at a high price.”

According to KPMG Partner **Robert Bolton**, who leads the Big Four firm’s Global HR Transformation Centre of Excellence, while it’s necessary to have a next-in-line approach to succession for the executive team, more imagination is often required when it comes to identifying and developing the tier of leaders who are coming through below.

He says: “A lot of what is done for leadership and management development is a waste

“*HR won’t succeed without engagement from the line leadership*”

of time and money. It’s effectively an exercise in junkets. There’s a lot of delusion about people going on these events and they say, ‘Oh, it was fantastic and wonderful, it’s transformed my life,’ and it makes not one jot of difference to organisational performance.”

The underlying issue is the structure of the organisation they’re working within. **Robert** says: “Some of the best leadership development is opening up the eyes of potential leaders to the organisation system; to be able to stand back and understand the influence it has on them and other employees as well as how they, as leaders, can shape it to drive behaviours and... performance. It’s absolutely fundamental.”

This is where it can get difficult as, in the short term at least, it may not be in everyone’s best interests to think differently and challenge the status quo. It’s one of the reasons why a CEO has to show courage so that the mentoring and coaching programmes, combined with projects and secondments, are creating people who are capable of getting the best out of themselves.

Moreover, it requires a CEO to realise that good leadership goes way beyond their own character, personality and desire to ‘lead from the front’.

David Dumeresque, Partner at executive search firm Tyzack Partners, says: “It

should be driven by the board and the chief executive should be putting pressure on all of his direct reports to develop their subordinates for leadership roles. How they drive it may well be through the HR departments, but HR won’t succeed without engagement from the line leadership.”

In many ways, good succession planning should form part of the cultural fabric of a business. **Ian** says: “Frankly, the quality and approach to talent development in an organisation is almost wholly, in my 35-40 years’ experience, linked to the values, ethics and behaviour of the chief executive.” ■

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5 Tips for Leadership Development:

1. **Test early** – Put promising talent in charge of a JV or subsidiary to see how they react
2. **Be honest** – Discuss what’s missing at the senior management level and question how you intend to remedy it
3. **Keep it personal** – Understand what motivates your future leaders and use that to inspire them to succeed
4. **Get the board involved** – Expect NEDs to challenge your strategy for developing leaders at all levels of the company
5. **Lead from the top** – CEOs must personally promote leadership development if they expect others to follow suit