


# Strategic Talent Management

Not Your Father's  
Succession Planning

MICHAEL COUCH  
& ASSOCIATES INC. 

A silhouette of a person in a suit stands on the left side of the image. The background features a bar chart with blue bars of increasing height from left to right, and a faint globe behind the text. The text is centered and reads: 

**“Talent issues are at the heart of our rapidly changing world economy and will continue to present formidable challenges to business leaders.”**



# How is HR Handling the Challenge?

**% Not Satisfied**

**HR drives business results**



**Talent aligned with Strategy**



**Succession Planning Process**



**HR responding to future talent needs**



**Corporate Leadership Council**

Ratings by 16,000 Line Manager

# 16,000 Line Managers

% Not Satisfied

HR drives business results

90

Talent

90

Success

80

**“HR fails to respond to this new strategic planning mandate.”**

HR responding to future talent needs

70

Corporate Leadership Council 2008

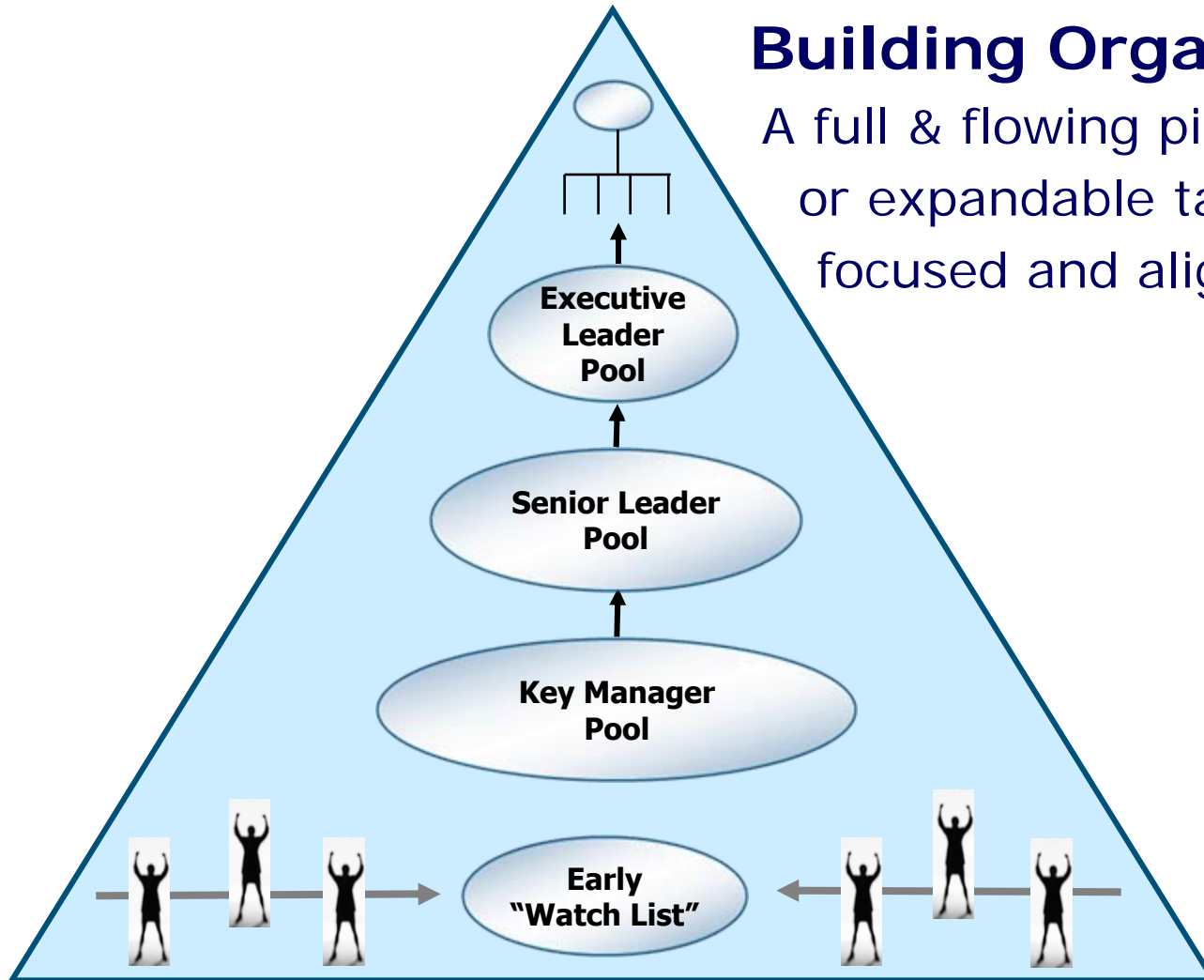
A photograph of four people standing in a line against a white background. From left to right: a man in profile wearing a blue and white striped shirt; a man smiling slightly wearing a grey and white striped shirt; a woman with blonde hair wearing a purple top; and a woman with blonde hair wearing a black top. A semi-transparent grey rectangular box is overlaid across the middle of the image, containing the text.

# **A New Perspective on Talent**

# HR's Real Value



# Strategic Talent Management



## Building Organization Muscle

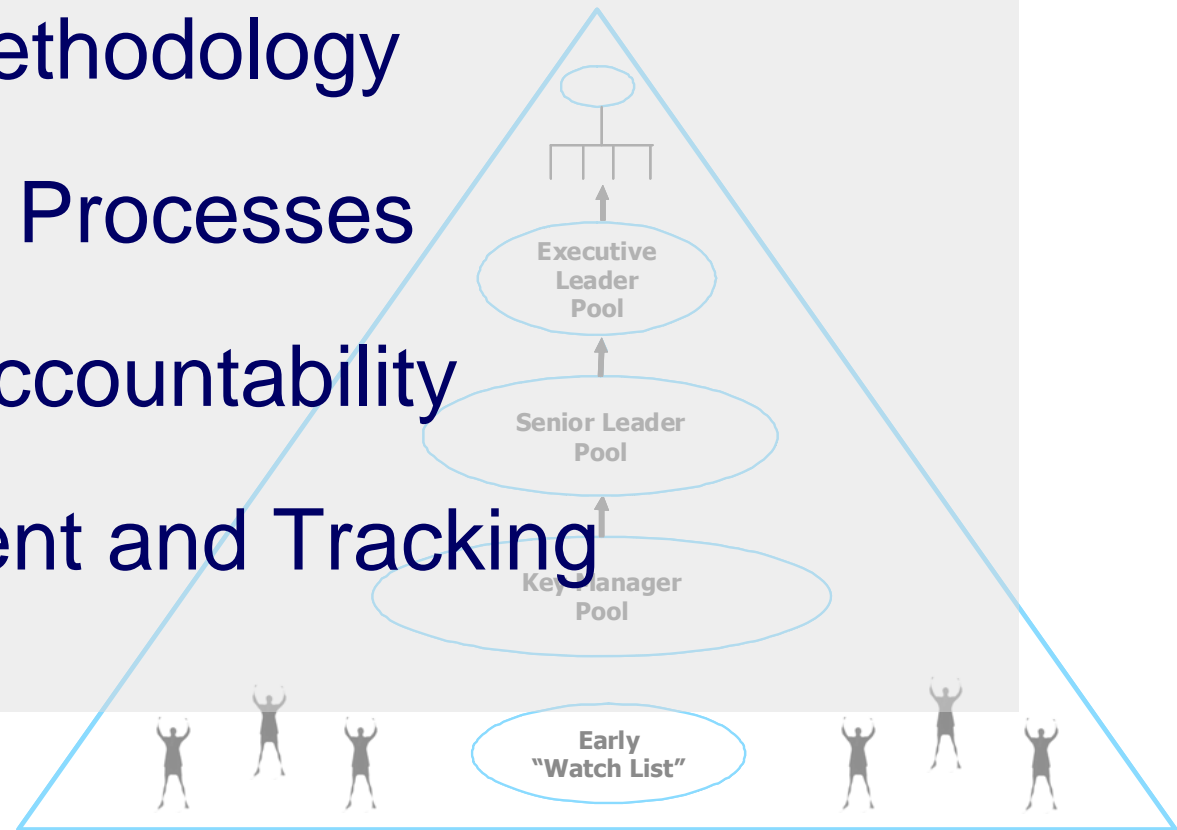
A full & flowing pipeline of promotable or expandable talent that is future-focused and aligned with strategy

# Top 10 signs that you are NOT taking a strategic approach to talent

1. No one can describe the link between talent and the business strategy
2. No one can describe the talent strategy
3. Executives are not held accountable for managing talent
4. Employee goals not closely linked to company goals
5. The financial discussion with HR focuses on the budget
6. Don't invest in high-value employees based on the feeling that some employees will be left out
7. Poor performance is tolerated
8. Annual comp changes are not that different between low and high performers
9. T&D is all "T and no "D"
10. Competency models are not high-performance +/- or future-focused

# STM Keys to Success

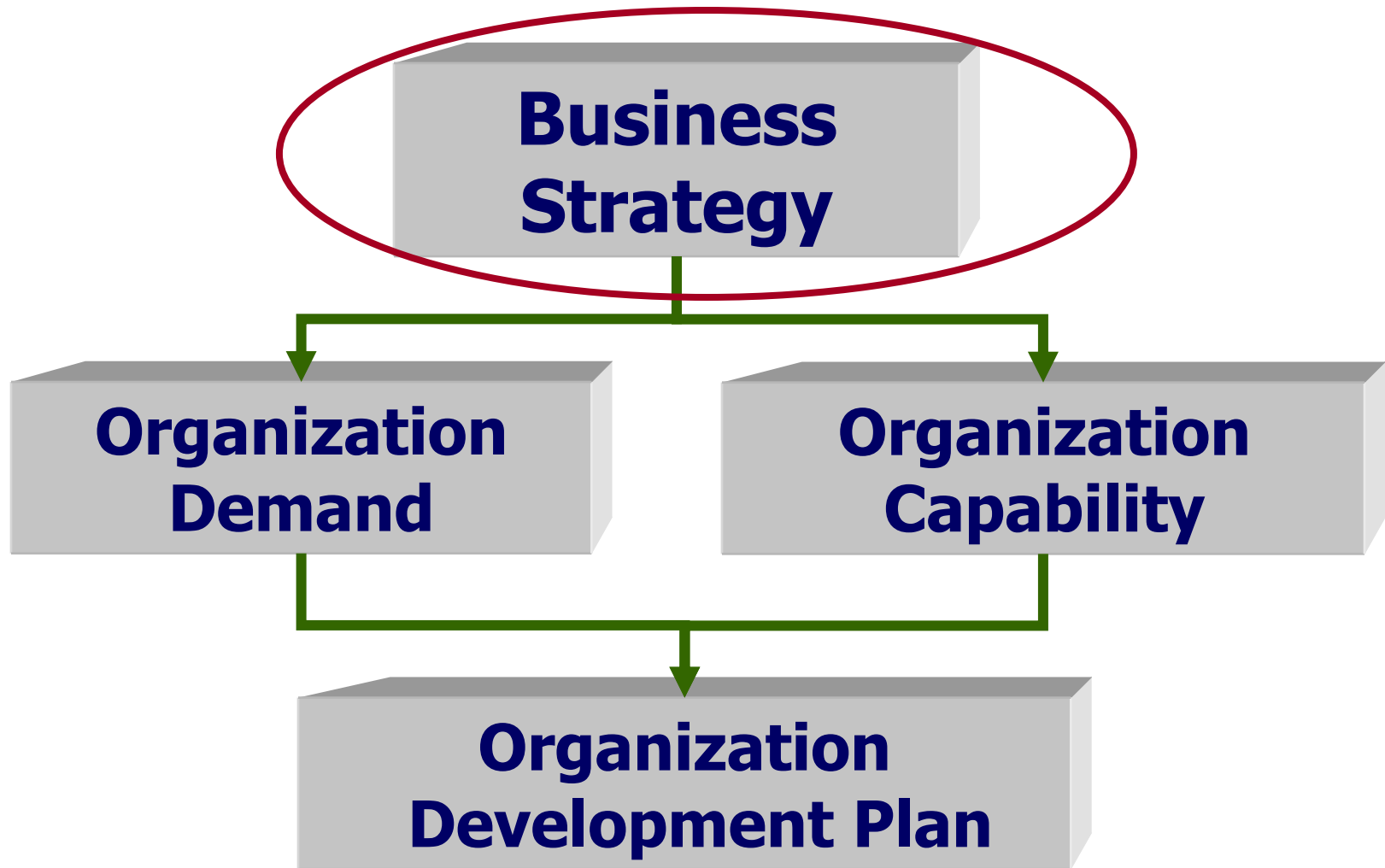
- Driven by Strategy
- Effective Methodology
- Aligned HR Processes
- Business Accountability
- Measurement and Tracking



# Building Organization Muscle



# Strategy Driven Organization Development<sup>SM</sup>



**Put Strategy First, Not People**

# Manufacturing Case Study - Strategy

- **Slow Growth**
- **Declining Margins**
- **Mature Markets**
- **Domestic**
- **Relationship Selling**
- **Increased Competition**



# Manufacturing Case Study - Strategy

- **Offer New Products and Services**

- Development, promotion, and delivery

- New products
- Value-added services

- **Priorities**

1. Existing Product / Existing Markets
2. New Products / Existing Markets



# Strategy Driven Organization Development<sup>SM</sup>



# Manufacturing Case Study - Demand

## Create the Growth Infrastructure

- New Products and Services
- Value Marketing and Pricing
- Team-Based Consultative Selling
- Margin Improvement



# Strategic or Pivotal Roles



- Impact strategic success
  - Additional investment would drive results
- Highly developed skills and knowledge
- Small % of positions
- Not directly related to hierarchy
- Talent is scarce
- Performance varies

# Manufacturing Case – Pivotal Roles

## Create the Growth Infrastructure

- Product Development
- Sales & Marketing
- Product Management
- Order Fulfillment Value Stream



# Talent Demand – Healthcare Example

## Past

- Tactical
- Traditional hierarchy
- Clinician
- Technical Knowledge
- Department Manager
- Certainty

**Predictable Funding**  
**Non-Profit**  
**Consistency**

## Future

- Strategic
- Cross-Function Collaboration
- Generalist
- Business Acumen
- Team Player
- Ambiguity

**Fee for Service**  
**Cost Reduction**  
**Outcome-Based**

# Strategy Driven Organization Development<sup>SM</sup>



# Building Organization Muscle



# Talent Assessment Methodology

- Manager Assessments
- Testing
- Assessment Centers
- Organization Capability Assessment



# Talent Assessment Tools



<b>Tool</b>	<b>Validity</b>	<b>Reliability</b>	<b>Face Validity</b>	<b>Utility</b>
<b>Manager Assessments</b>			✓	
<b>Testing</b>	✓	✓	✓	✓
<b>Assessment Centers</b>	✓	✓	✓	✓
<b>Organization Capability Assessment</b>	✓	✓	✓	✓

# Reliability of Manager Assessments



**6,000 leaders evaluated by two bosses\***

- 80% rated above average
- 15% rated “outstanding” by one boss
  - 2nd boss disagreed 62% of the time
- 17% rated “average” or lower
  - 2nd boss disagreed 39% of the time



\*Single question, 7 Point Scale

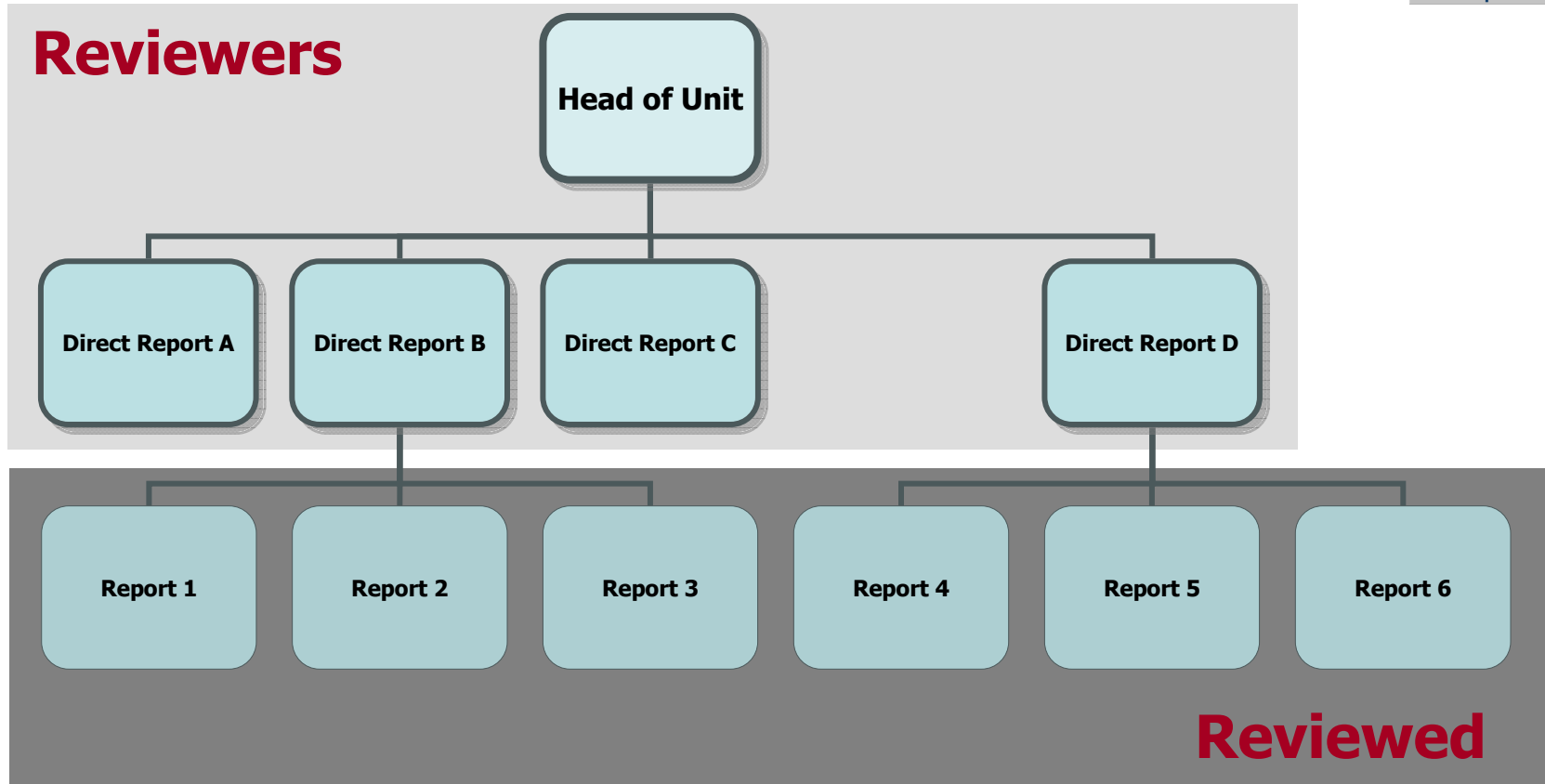
# Organization Capability Assessment

- “. . . honest and open conversations about performance and potential.”
- “. . . honest assessment of talent capabilities and gaps through robust talent reviews.”

Hewitt Associates, Talent Management Magazine 2009



# Talent Reviews



- Facilitated, objective, candid discussions
- Observations from multiple sources
- Critical leadership behaviors

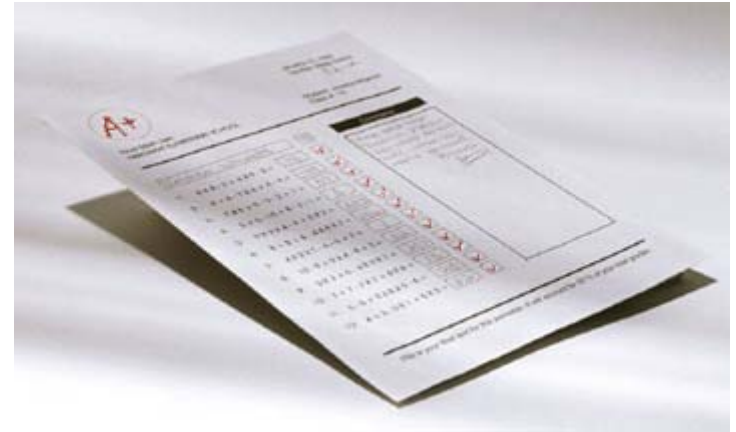
# Building Organization Muscle



# Talent Assessment



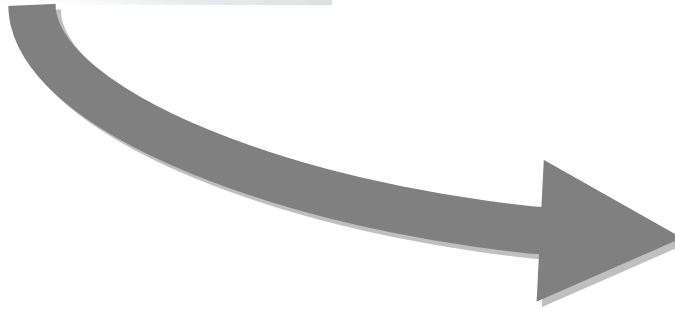
- Strengths
- Development Needs
- **Performance Agility**
- **Growth Potential**
- Opportunities, Back Up, Succession
- Turnover Risk
- Turnover Impact
- Next Position Readiness



# Organization Capability



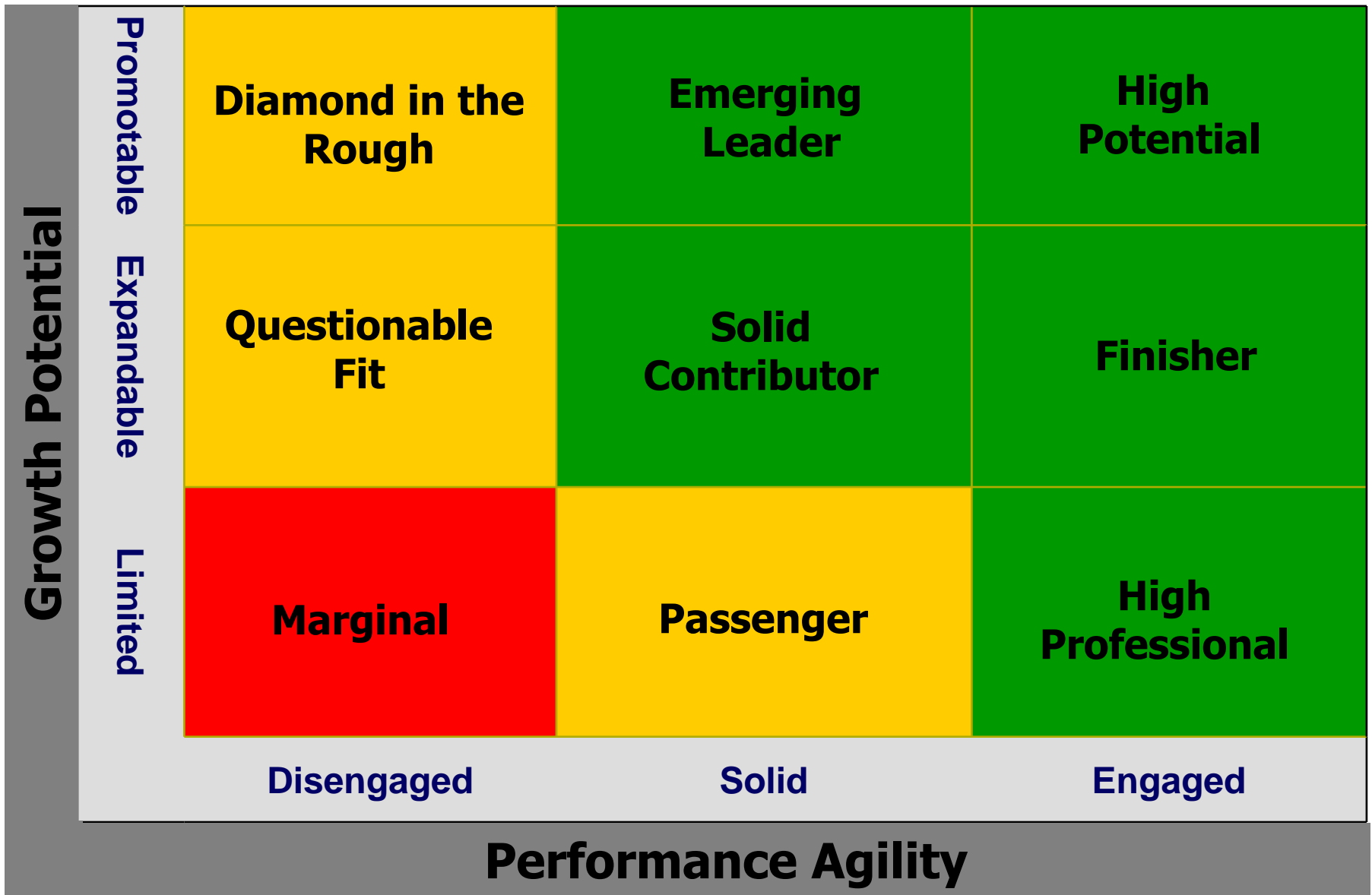
## Talent Assessments



## Organization Capability

<b>Potential</b>	Promotable			
	Expandable			
	Limited			
		Disengaged	Enrolled	Engaged
		<b>Performance</b>		

# Organization Capability Assessment



# Strategy Driven Organization Development<sup>SM</sup>



# Capability Assessment - Manufacturing Case

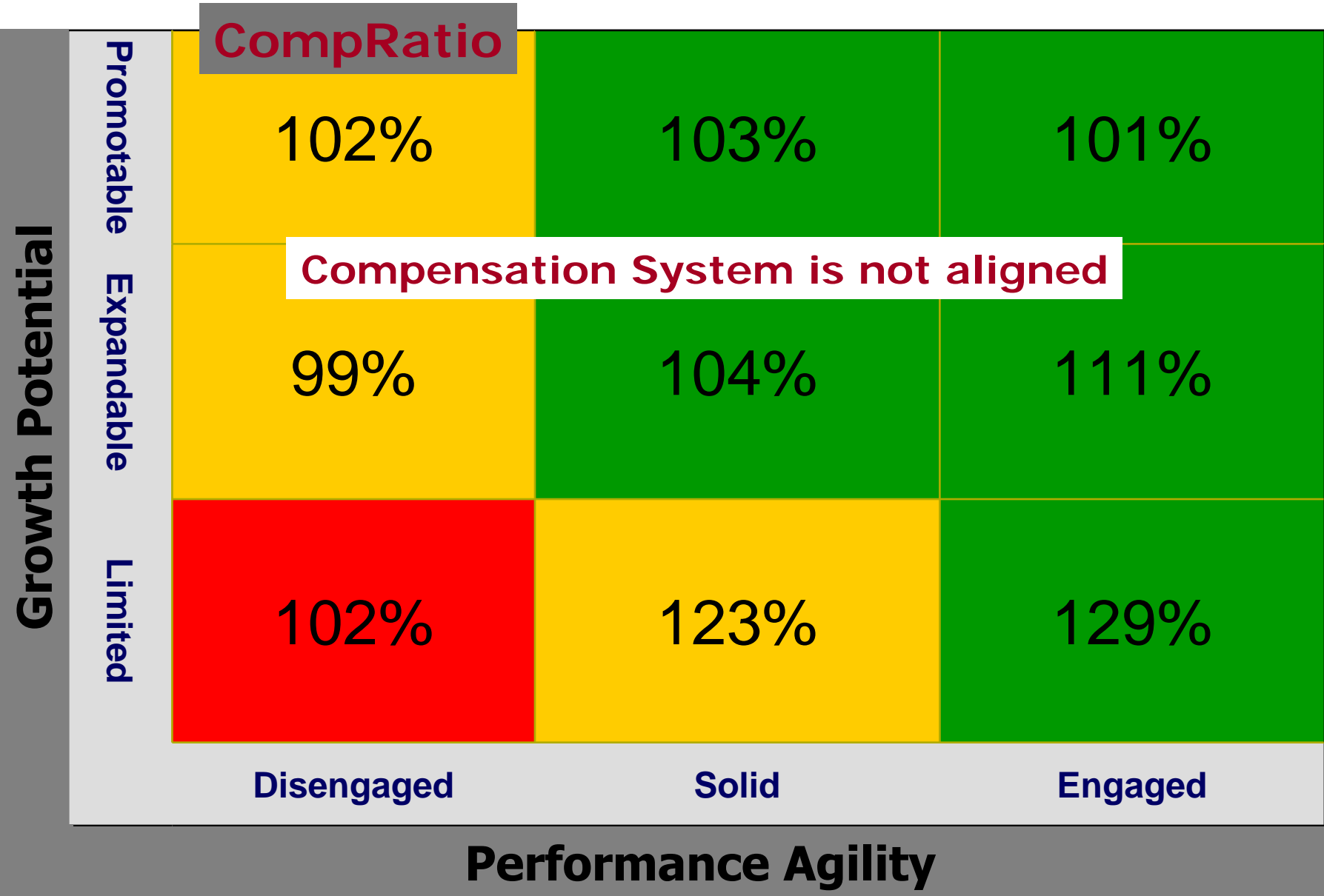


# Building Organization Muscle

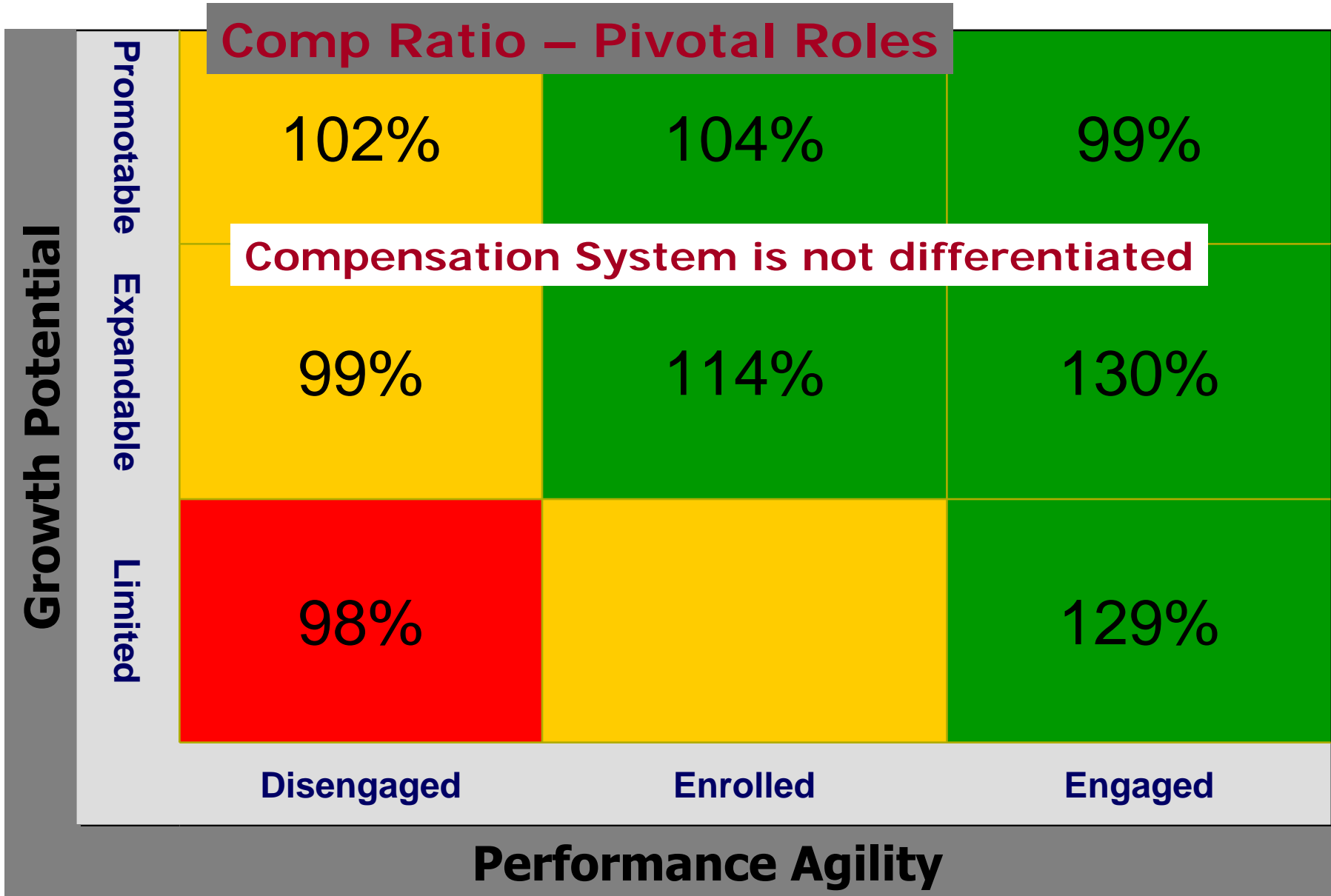


**Consistency**

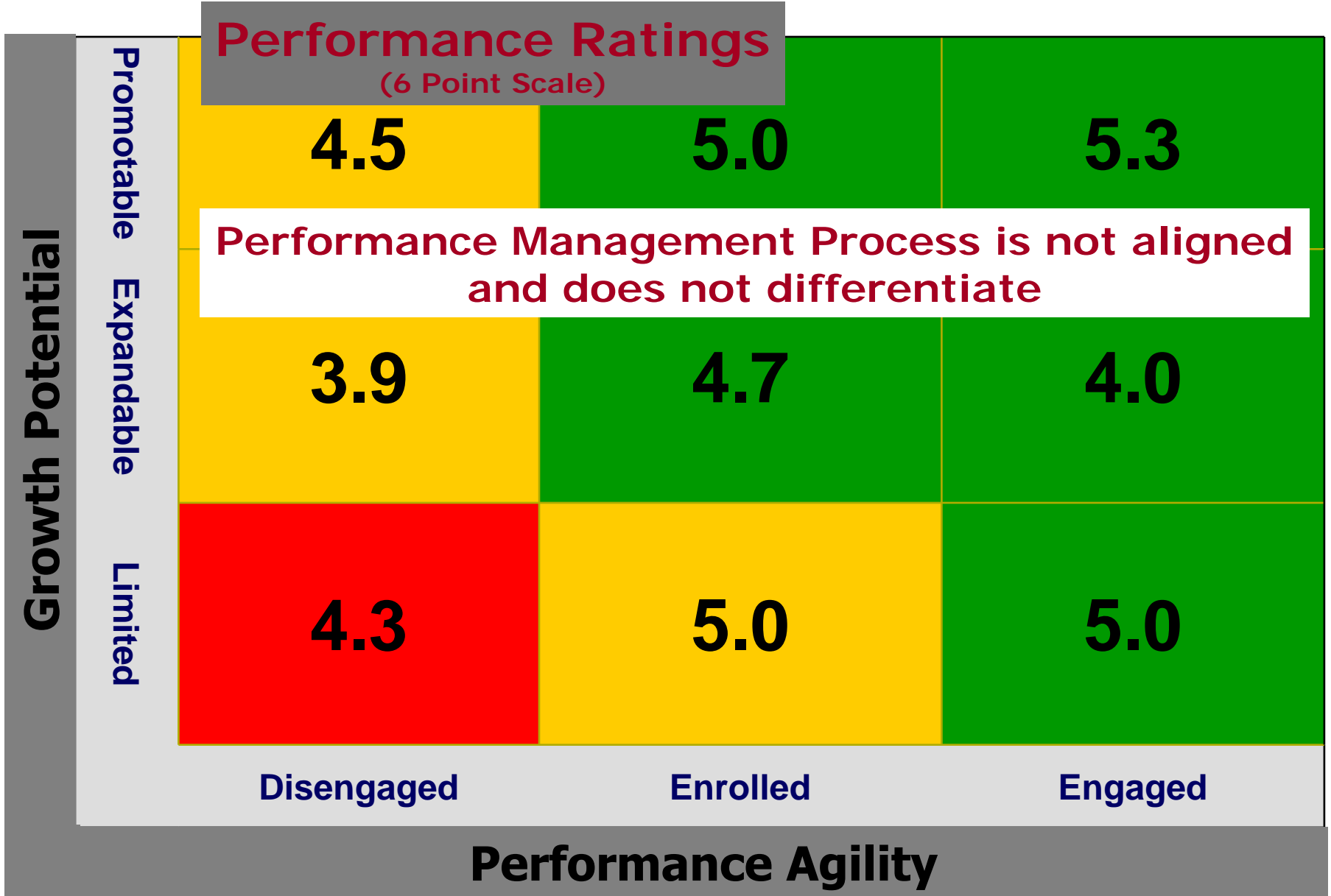
# Capability Assessment - Manufacturing Case



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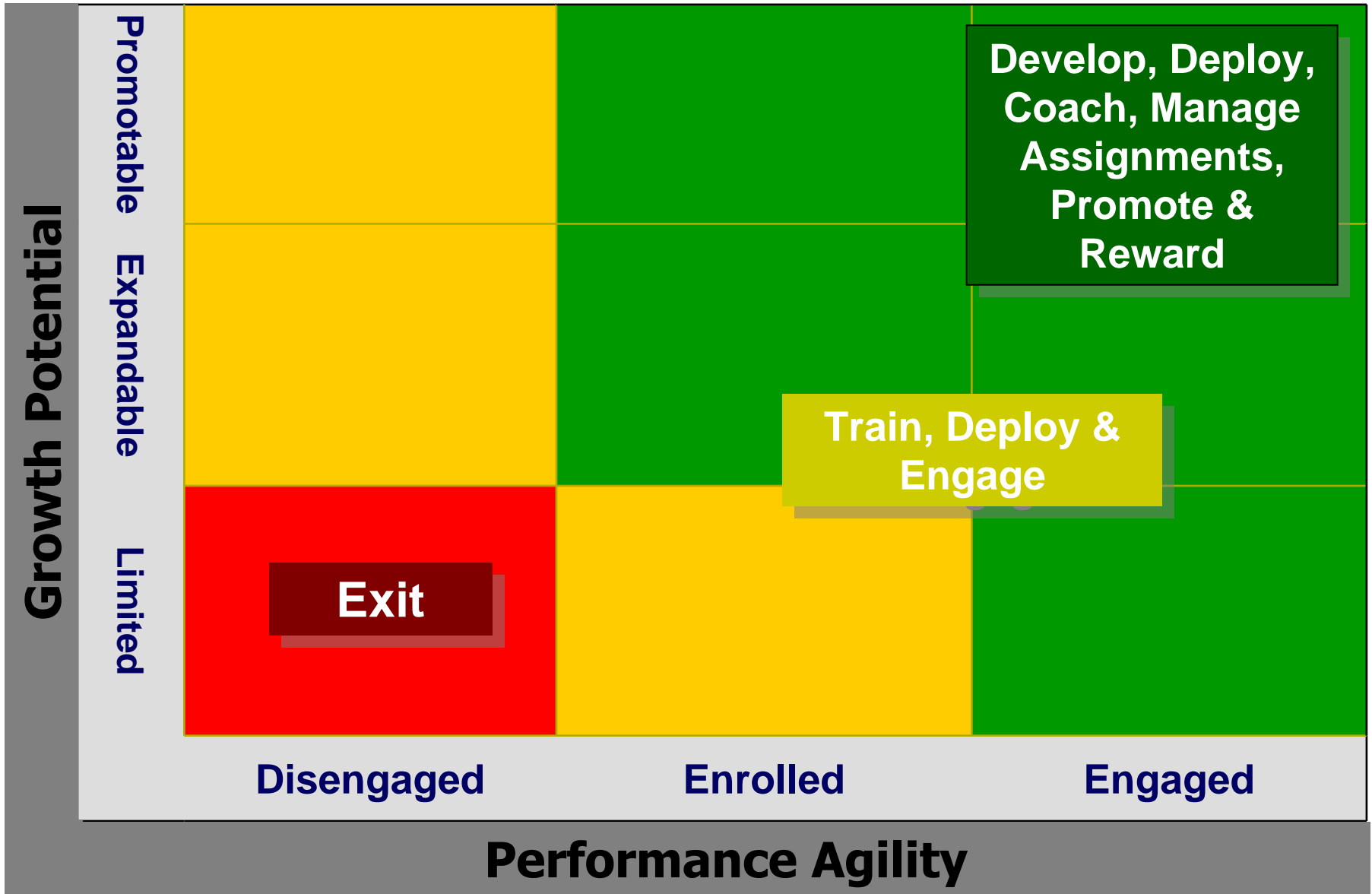


# Organization Development Plan

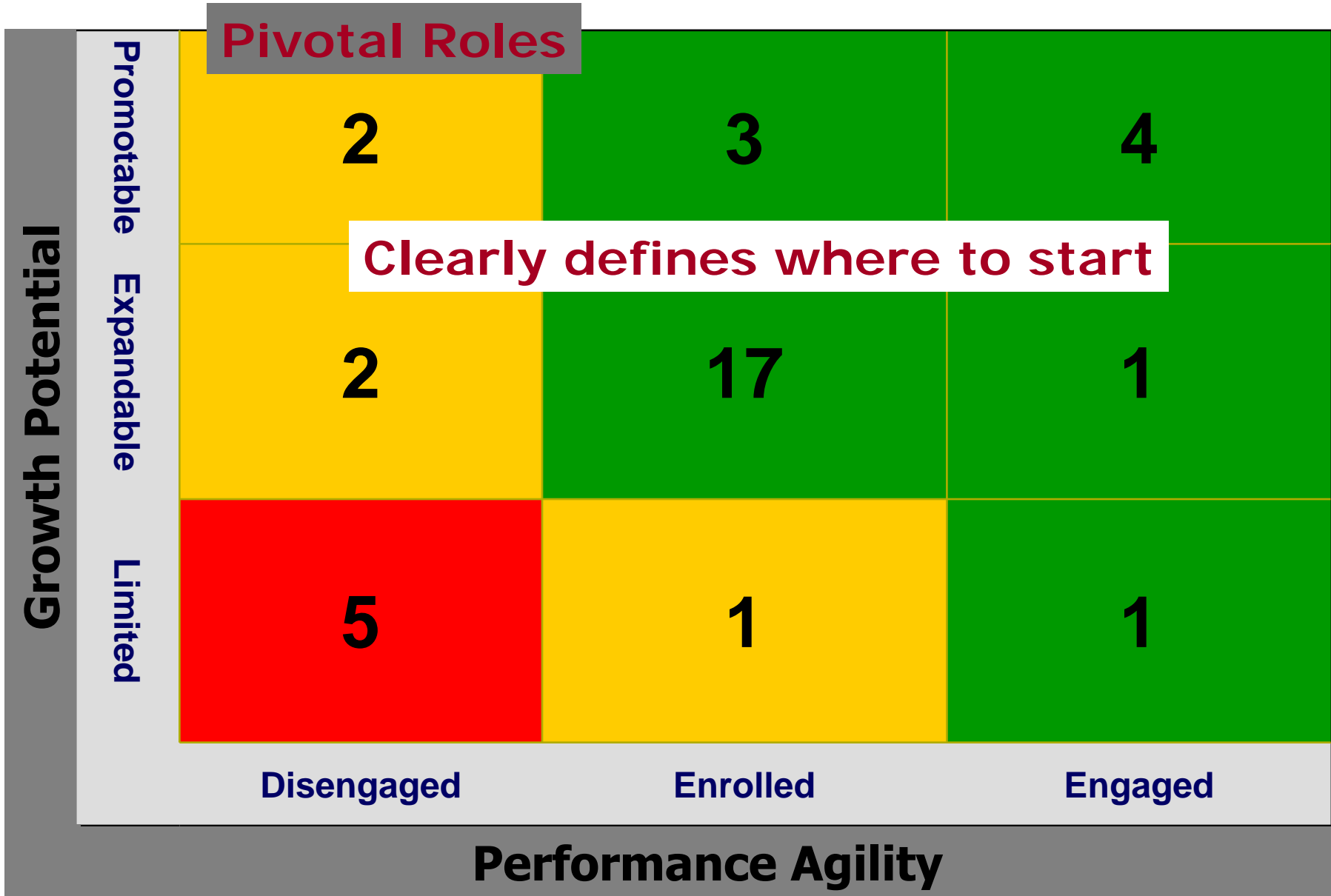
- “Best practice organizations . . .
  - go beyond recruiting-based plans . . .
  - an integrated action plan . . .
  - 4 - 5 most effective talent management changes to close strategic gaps”

**Corporate Executive Board 2007**

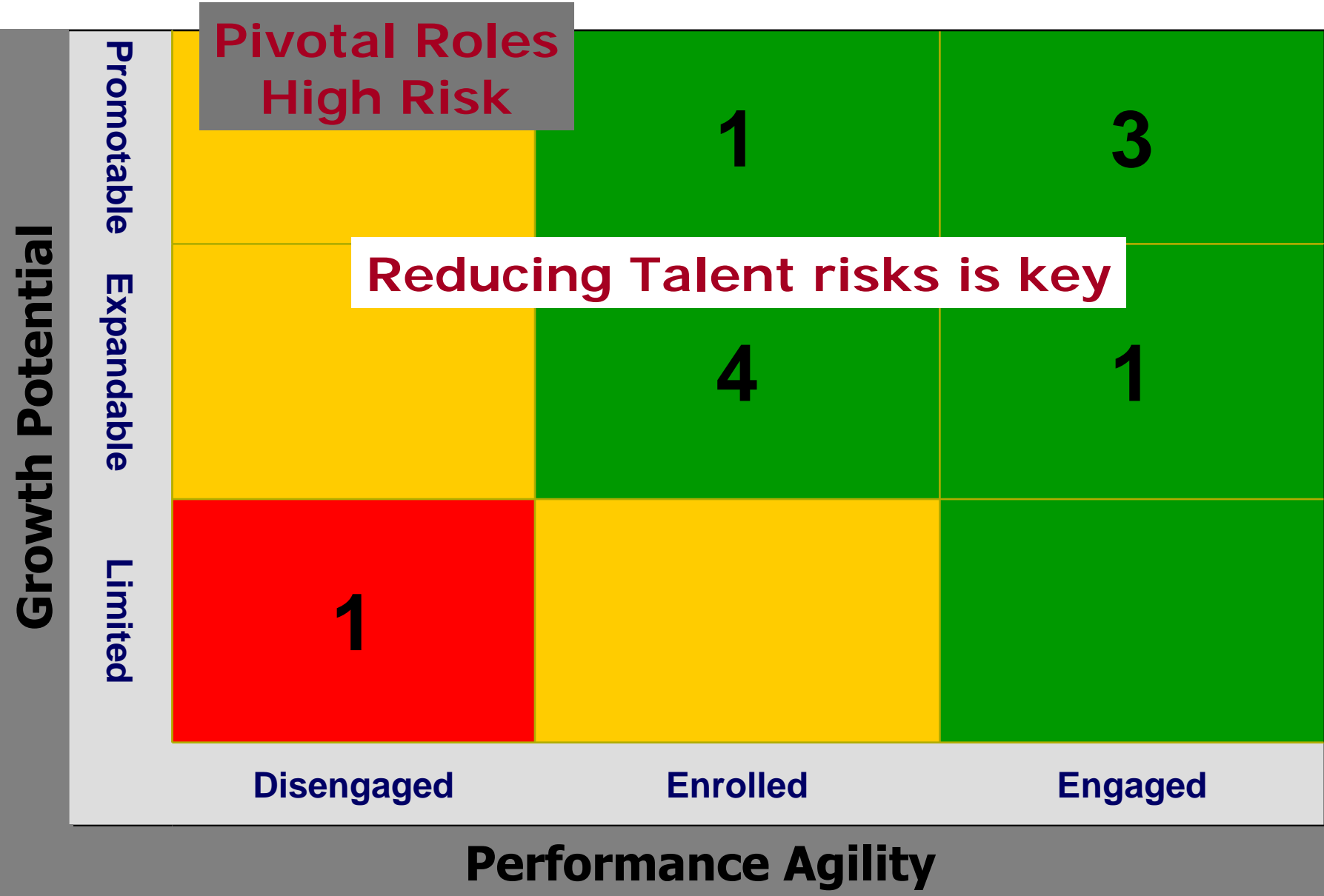
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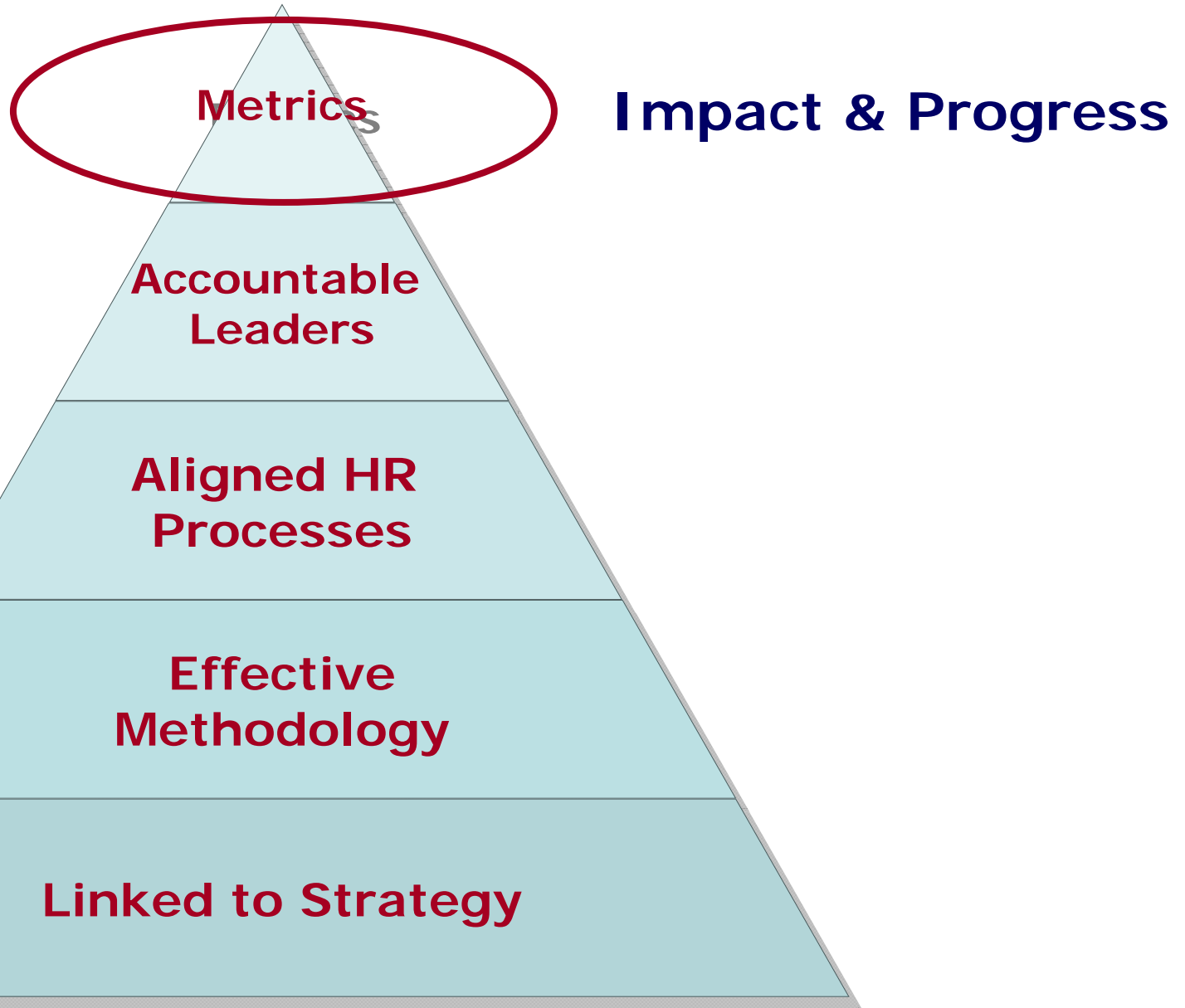
# Capability Assessment - Manufacturing Case



# Capability Assessment - Manufacturing Case



# Building Organization Muscle



# Measurement & Tracking

## Time A

Growth Potential	Promotable	Diamond in the Rough	Emerging Leader	High Potential
	Expandable	Questionable Fit	Solid Contributor	Finisher
	Limited	Marginal	Passenger	High Professional
		Disengaged	Solid	Engaged
		Performance Agility		

- Investment
- Return/Impact

## Time B

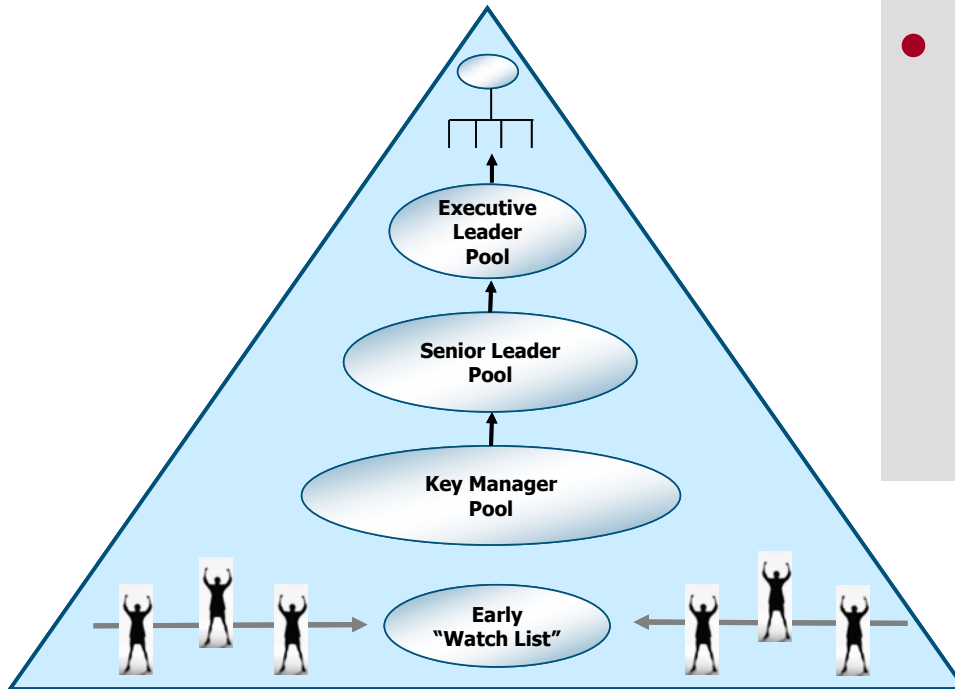
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# Other Metrics



- Ratio of “A” Players to “C” Players
- % Pivotal Roles with ready backup
- % High Potentials with development plans
- Diversity capability matrix
- New hire capability matrix
- Retention by talent group
- Quality of talent by pools
- Change of organization capability over time

# The End-State



- **Pipeline of Talent**

- Full & flowing
- Ready to step-up
- Future-focused
- Aligned with strategy

- Sustained Productivity and Change Capacity
- A source of competitive advantage



People are **NOT** your  
most important asset



The **Right People** in the  
**Right Roles** doing the  
**Right Things** are your  
most important asset



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MICHAEL COUCH  & ASSOCIATES INC.

[Michael@mcassociatesinc.com](mailto:Michael@mcassociatesinc.com)

[www.mcassociatesinc.com](http://www.mcassociatesinc.com)

412-952-9036