

## Should organizations develop talent or hire it?

**R**etaining top talent is one of the greatest challenges facing organizations. Senior-level executive talent is hard to find and even harder to integrate successfully into the cultural fabric of an organization.

As baby boomers approach retirement age, many organizations are facing up to 50-percent retirement in their management ranks. Due to the emphasis on retirement savings and enjoying life to its fullest, most are expected to retire well before age 65 while they can physically, emotionally and financially enjoy the remaining years of their lives.

This means succession planning is no longer a “value add,” it’s a fundamental requirement. To be competitive, organizations need senior managers who can plan ahead and identify successors. Boards of directors and shareholders are pressuring senior management to develop key individuals for future senior positions. It’s all about having the right person in the right place at the right time to keep the momentum and maximize profits.

The process doesn’t have to be as complex as most senior management teams and executives imagine it to be. Succession planning can be simplified by integrating it into the organization’s performance review process and other day-to-day activities.

Why is this so important? Since most products are competitive, it’s the “human assets” of the organization that make up the true leading edge of competition in the marketplace. Organizations need to retain top talent and develop talent to save time and money spent on extensive searches to recruit and train new people.

Most organizations’ challenges and problems eventually come down to leadership — all levels of leadership. With increasing global competition, it’s essential individuals being developed in succession planning have excellent leadership and coaching skills.

Executives who know how to develop others through leadership and coaching are — and always will be — in demand. A big part of the job for senior management is to work together to develop the best team for the future of the organization.



### ■ GUEST COMMENTARY

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Their task is two-fold: ensure they have a potential successor in place for themselves and work with the senior team to provide candid input and feedback on their own staff and other high-potential candidates in the organization.

Consider what happens to an organization that doesn’t commit to succession planning. It stalls in its tracks, resulting in lost momentum, not to mention lost profit, talent, time and energy. When internal candidates are groomed for senior positions, there’s often a faster learning curve since they are already familiar with the organization and its culture. The organization needs highly trained managers, with excellent leadership and coaching skills, to replace senior management as required to continue to provide direction to the organization and a return on investment to shareholders.

The key challenges of retaining high performers and planning for the long-term health of the organization become one. It’s like a “just-in-time talent bank” linked to the fiber of the organization. That’s why it’s critical for the succession planning process to be highly customized to the specific needs of the organization. To achieve the desired outcomes, it requires hands-on experience to implement a succession planning process combined with inside knowledge and outside perspective on the challenges faced by the organization and industry.

To customize succession planning and meet the unique needs of the organization, some of the key components to review are

the organization’s vision, mission, core values, leadership competencies and current strategic business plan. Where is the organization today and where does it need to be in three to five years?

It’s also important to learn more about the current skill sets, demographics and career aspirations of individuals in key middle- and senior-management positions and consolidate this information for analysis. Combining this information with past and current performance reviews can help match the skill sets of future positions in the organization with the strengths and areas of development of the high-potential candidates.

It’s also essential to provide appropriate training for individuals who wish to continue to significantly contribute to the organization without a desire to be promoted. When highly engaged in their positions, they provide a solid foundation of current and past organization knowledge and support for other new leaders being developed.

When working with an external consultant in succession planning, much of the work can be completed by in-house experts to ensure overall cost effectiveness. This saves the organization time and money and also accelerates the process. For instance, much of the information needed for succession planning can be gathered by human resource management systems, line management and other employees.

When an organization implements a solid succession planning process, key individuals are readily available and trained to meet the timelines and ensure the ongoing momentum of the organization. This is certainly one key area where HR can be proactive to spearhead an intervention to strategically make a difference in the organization.

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