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# How to Develop the Future Executives of Your Organization



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## The Presenters

|                            |   |  |
|----------------------------|---|--|
| Moderator                  |  | <b>Patrick Sweeney</b><br><i>Executive VP<br/>Caliper</i>                                |
| Succession Planning Expert |  | <b>Jo Moore</b><br><i>Senior VP<br/>Organizational Development<br/>Caliper</i>           |
| Executive Perspective      |  | <b>Peter Chalke</b><br><i>President and CEO<br/>Central Maine Healthcare Corporation</i> |

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## Discussion Points

Why do organizations *need* a **succession plan**?

How do you create the **right** plan for your company?

How does a succession plan translate into the **future success** of your organization?

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## Case Study – Central Maine Healthcare Corporation (CMHC)

“We all consider ourselves to be invincible. But, admittedly, I know my age, and I know I’m not going to be here forever.”

- Peter Chalke, *President and CEO of CMHC*

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## Polling Question

How soon do you expect most of your key executives to retire?

- A. In the next one to five years
- B. In six to ten years
- C. Retire? My execs aren't going anywhere.


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## Bye-Bye Baby Boomers

According to the Department of Labor, last year, the first of about 78 million baby boomers – a group that makes up **more than half the entire workforce** – turned 60 years old.



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## Top Performers Wanted




To implement a strategic plan and to survive and grow in a field that has become increasingly difficult, competitive and challenging, an organization needs top-notch management talent to be able to continue.




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## Finding the Right People



To help you identify the *right* **high-potential leaders**, it is important to use a valid and reliable personality assessment.



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## Polling Question

Where would you look for the next leader of your company?


- A. Outside the organization
- B. Within the organization

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## The War for Talent Isn't Looming... **It's Already Here.**




20-25% of U.S. senior executives are eligible for retirement right now.

Half of all senior managers will retire by 2010.

“There will be a shortfall of nearly ten million workers in the United States by 2010.” Roger Herman, *Impending Crisis*

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## What is Succession Planning?



Succession planning is the preparation, execution and ongoing management of a company's **critical future people needs**.

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## Why Every Organization Needs a Plan

A succession plan can help companies find and develop *talented* leaders within their organizations to **drive competitive strategy**, **reinforce values** and **successfully secure the future of organizations**.



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## Other Reasons For Using Succession Planning

- 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 ramp up time, lost productivity and hiring costs**.
- Since you realistically cannot develop everyone, focusing on those individuals with the **highest leadership potential** is essential.




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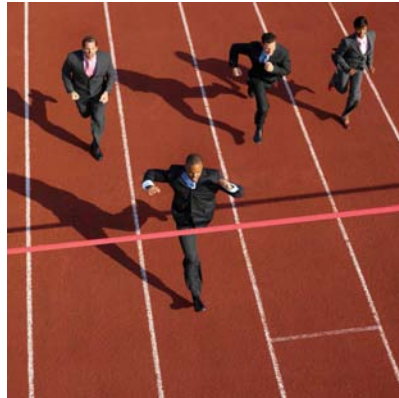
## Important Questions to Ask About Your Organization

- Do we have the leadership bench strength to **achieve** our projected growth?
- What does it **cost** to fill a leadership vacancy with someone from the outside?
- Do we **risk** compromising leadership qualities just to fill openings?
- How has our business environment **changed** over the last few years?
- How many of our current executives say they were all **prepared** for their first leadership role?



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## Traits of a Top Leader



For leaders, **cross-functional experience**, **strategic-thinking skills** and **emotional intelligence** are absolutely necessary.

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## Who's On Deck?

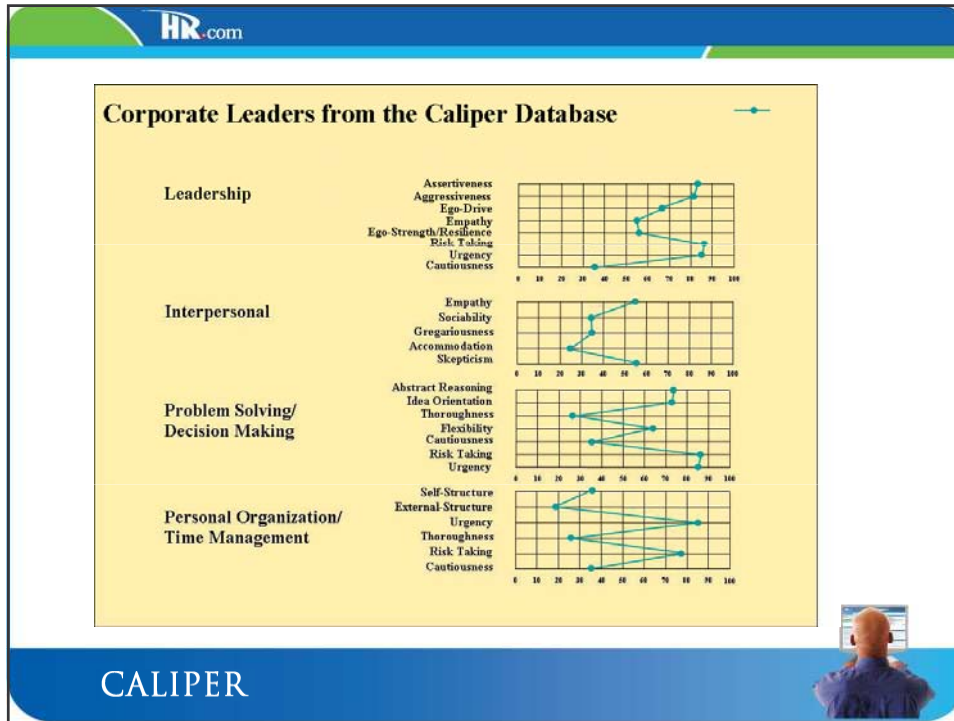
Consultants can provide an **objective** view on who would be the right fit for the leadership positions you're looking to fill.




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## Successful Leaders...





- Create a vision
- Analyze situations and develop strategies
- Instill enthusiasm and momentum
- Surround themselves with the right people
- Take risks when needed
- Develop other leaders

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## Leadership Derailers

- Poor interpersonal savvy
- Not being able to build a team
- Low integrity or fairness
- Low composure or patience
- Arrogant
- Passive Aggressive



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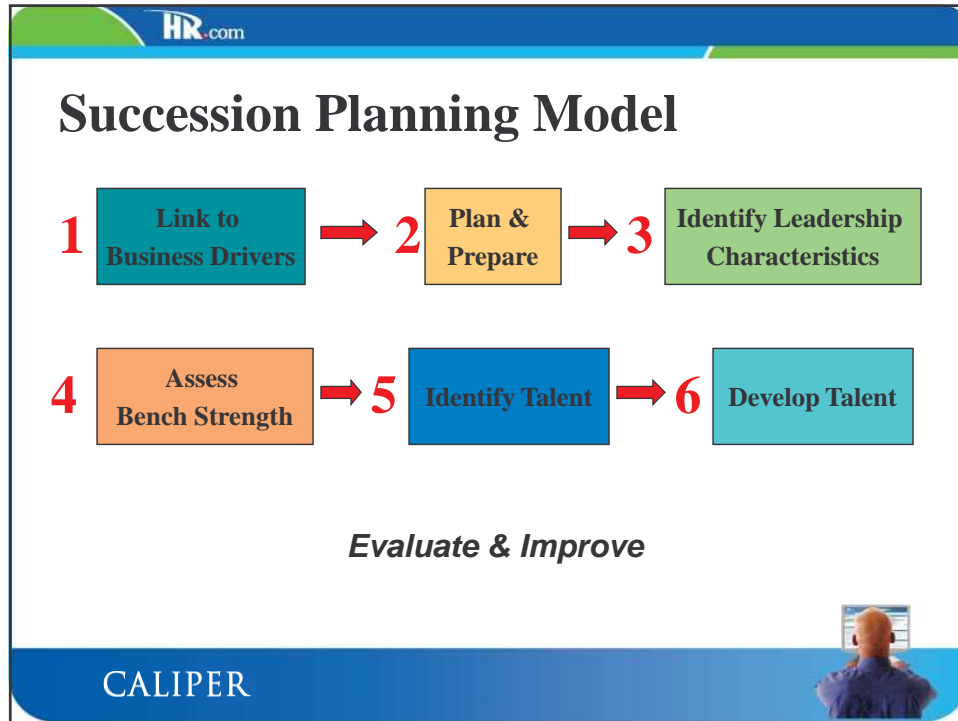
## What is the Right Plan for Your Company?



- Simple
- Support of Top Management
- Continuous Monitoring and Improvement
- Developmental Focus
- Business Driven



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## Step 1: Assess Business Strategy and Define Leadership Objectives

The process must begin with an assessment of your organization's **current** and *future* business strategy.

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## Step 2: Plan & Prepare




- Create Succession Planning Team
- Establish Program Objectives
- Set up Measures of Success
- Create Program Design
- Develop Implementation Plan

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## Step 3: Identify Leadership Characteristics



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.

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## Step 4: Assess Bench Strength

Identify a pool of **high-potential** talent.

|           |   |             |     |
|-----------|---|-------------|-----|
|           | C | B/A         | A   |
| Potential | C | B           | B/A |
|           | D | B           | B   |
|           |   | Performance |     |

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## Step 5: Identify Talent

Accelerate individuals' development to give them cross-functional experience and an understanding of the organization from a **broader perspective**.

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## Step 6: Develop Talent

Pool should receive structured development activities

Targeted to close individual gaps

Develop for job levels, not specific jobs

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## Where Learning Takes Place

Where Learning Takes Place...



| Challenging Assignments  | Coaching & Mentoring   | Structured Learning  |
|--|--|--|
|  <p>70%</p> <ul style="list-style-type: none"> <li>• Action Learning</li> <li>• Rotational Assignments</li> <li>• Cross-functional Task Forces</li> </ul> |  <p>20%</p> <ul style="list-style-type: none"> <li>• Development Plans</li> <li>• Coaching</li> <li>• Career Mentoring</li> <li>• Feedback</li> </ul> |  <p>10%</p> <ul style="list-style-type: none"> <li>• Courses</li> <li>• Conferences</li> <li>• Books</li> <li>• On-line Learning</li> <li>• Simulations</li> <li>• Workshops</li> </ul> |





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## Best Practices for Developing Leaders

- Coaching
- Mentoring
- Skills Development
- Stretch Assignments
- Cross-Functional Experience



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## Action Learning Has It All

**Action Learning** is about solving a challenging organizational problem while building **leaders** in real time.




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## Successful Results

The 20 top-performing organizations in the Fortune 500 clearly link leadership development to financial success.  
*(Hewitt, How the Top 20 Companies Grow Great Leaders)*

Reduction in the costs of losing and replacing staff is dramatically clear in smaller organizations (< 500 employees) where average turnover costs of \$233,231 per year.  
*(Aberdeen Group, 2005)*



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## Things to Remember

The **first year** is the **most difficult**.

An external consultant with experience and expertise in Succession Management will be most helpful during this time.

Always utilize feedback and experiences to **continually improve the program**.



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Please join us on  
**Tuesday, October 9th at 1 pm**  
for our next HR.com webinar about  
Action Learning.

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## Q&A

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the right succession plan for your company,  
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or  
e-mail [information@calipercorp.com](mailto:information@calipercorp.com).

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