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Best Practice Institute's

Best Practices in Talent Management

How the world's leading corporations attract, motivate, and retain top talent

By Louis Carter and Marshall Goldsmith

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Part One: Introduction

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About This Book

The purpose of this best practices handbook is to provide you with the most current and necessary elements and practical "how-to" advice on how to implement a best practice talent management program within your organization. The handbook was created to provide you a current 21st century snapshot of the world of talent management today. It serves as a learning ground for organization and social systems of all sizes and types to begin attracting, retaining, and motivating top talent through more employee and customer-centered programs that emphasize consensus building; self, group, organizational, and one-on-one awareness and effective communication; clear connections to overall business objectives; and quantifiable business results. Contributing organizations in this book are widely recognized as among the best in organization change and leadership development today. They provide invaluable lessons in succeeding during crisis or growth modes and economies. As best practice organizational champions, they share many similar attributes including openness to learning and collaboration, humility, innovation and creativity, integrity, a high regard for people's needs and perspectives, and a passion for change. Most of all, these are the organizations who have invested in human capital; the most important asset inside of organizations today. And, these are the organizations that have spent on average $1M on talent management, an average of $2M over the course of their programs, with an average rate of return on investment of over $5M.

Within the forthcoming chapters, you will learn from our world's best organizations in various industries and sizes:

Key elements of leading successful, results-driven talent management

Tools, models, instruments, and strategies for leading talent management;

Practical "how-to" approaches to diagnosing, assessing, designing, implementing, coaching, following-up on, and evaluating talent management; and

Critical Success Factors *and* Critical Failure Factors, among others…

Within each case study in this book, you will learn how to:

1. Analyze the need for the specific Talent Management program
2. Build a Business Case for Talent Management
3. Identify the audience for the program
4. Design the program
5. Implement the design for the program
6. Evaluate the effectiveness of the program

How to Use This Book

Practical Application

This book contains step-by-step approaches, tools, instruments, models and practices for implementing the entire process of talent management. The components of this book can be practically leveraged within your work environment to enable a leadership development or change initiative. The exhibits, forms, and instruments within the back of each chapter may be used within the classroom or by your organization development team and/or learners.

Workshops, Seminars, or Advanced Degree Classes

The case studies, tools and research within this book are ideal for employees, students, managers, and executives who are implementing or managing a talent program, inside of a current talent management program, or are currently seeking a job from one of the organizations in this book. Students of advanced degree courses in management, organization development and behavior, and/or social/organizational psychology should also take notice of this book, as it contains critical information that is useful for your practicum and internship work. This book can be used by any senior vice president, vice president, director, or program manager who is in charge of leadership development and change for his/her organization. Teams of managers – project manager, program managers, HR/OD designers, or other program designers and trainers should use the case studies in this book as starting points and benchmarks for the success of the organization's initiatives.

This book contains a series of distinct case studies with various corporate needs and objectives. It is your job as the reader to begin the process of diagnosing your company's unique organizational objectives.

When applying and learning from the case studies and research in this book, ask yourself, your team, and each other the following questions:

What is our context today?
What do we/I want to accomplish? Why?
What am I most passionate about leading talent management in? Why?
What are the issue(s) and concerns we are challenged with?
Are we asking the right questions?
Who are the right stakeholders?
What approaches have worked in the past before? Why?
What approaches have failed in the past before? Why?

For more information on Best Practice Institute's action learning labs on the most current talent management topics, contact BPI directly in its North Palm Beach office at: 561-881-1231, toll free at: 800-718-4274 or via e-mail at: info@bestpracticeinstitute.org

If you would like to connect with any expert, practitioner, or author in this book, please e-mail us at info@bestpracticeinstitute.org . All contributors/authors in this book are listed/known experts within the Best Practice Institute community.

Introduction by Louis Carter

The assets of an enterprise can perhaps be divided into two parts: its people, and everything else. While some may measure the value of a company by its real estate, sales, inventories, supply chains, accounts receivable, brand recognition, and the thousands of other pieces that when assembled create an organization's physical and market presence, it may also be said quite simply that a company consists of the human beings who use technology to improve the lives of their fellow citizens.

A dictionary definition of "talent" is people who possess a special aptitude or faculty. There is in this definition the whiff of creativity, of thinking outside the box, of a unique ability to solve a problem. Today's intensely competitive marketplace tolerates no automatons or robotic time-card-punchers who dutifully perform the same task year after year and hope to retire with a gold watch. Companies large and small—both the mom-and-pop corner store and the global Fortune 500 leviathan—must be nimble, creative, and ready to abandon the old reliable methods when challenged by new paradigms. The performance of a task by rote inevitably leads to decline and irrelevance; talent is what infuses the human experience with dynamism and creativity.

In recognition of the importance of human assets to an enterprise, a subject now given stark new importance with the global economic crisis that began in 2008, The Best Practice Institute surveyed a range of enterprises in order to identify leaders in human resource management, and specifically those that had initiated transformative efforts to strengthen organizational leadership. We looked for organizations that had responded to either external or internal challenges—or a combination of both—and successfully created programs that brought out the very best in their existing talent, and helped to recruit and train new talent from outside.

For this book, The Best Practice Institute carefully selected fourteen dynamic enterprises that have succeeded in implementing talent enhancement programs—although to be fair, to call them "programs" is not entirely accurate, as they are in reality vital strategic components integrated into the companies' core operating values. For what we found was that to be effective, change must happen in the very guts and muscles and bones of a corporate body, and not be a mere cosmetic applied to the visible exterior. The enterprises presented here responded to inevitable evolutionary forces with carefully considered and emphatically administered strategies that not only made a difference to the short-term success of the company but provided a compass setting in the direction of future growth and vigorous health. Indeed, it can be said that a crisis—even such as we are experiencing in the close of the first decade of the twenty-first century—provides an opportunity for the type of re-invention, renewal, and revolutionary progress that is not likely to be undertaken during more comfortable, less interesting times.

The enterprises we surveyed represent a wide spectrum of industries. They include financial giants in banking and government revenue collection, and global leaders in fast food, marketing communications, technology, industrial construction, insurance, and consumer products. Every case was unique, and every solution grew out of each company's strategy for growth. And while it is understood that solutions devised by one company cannot be grafted onto another, it is expected that the diagnostic processes and values embraced by these fourteen success stories may prove to be an inspiration and guide for any enterprise seeking to strengthen its most valuable asset—its talent.

The Enterprises

In this book we present fourteen organizations that, for a variety of reasons, embarked on a program of self-examination and renewal that focused on enhancing the value of their talent. The companies are varied—indeed, one is a U.S. government agency and one is a not-for-profit health plan—and each was faced with a unique set of circumstances that made change necessary. Each made the evolutionary step and, like the caterpillar that metamorphoses into a butterfly, emerged with the same DNA but somehow permanently altered and more able to thrive in a harsh environment.

Table 1.1: List of Best Practice Corporations in Talent Management in this book, by industry, employee size, and revenue.

Company or Division	Industry	Total Employees	Parent Company Revenues ($US)
Avon	Consumer goods	42,000	$10 billion
Bank of America	Banking	243,000	$119 billion*
CES Division	Insurance	38,000	$36 billion
Corning Incorporated	Technology	27,000	$5.95 billion
Ecolab	Industrial products	26,050	$6.14 billion
GE Money Americas	Consumer finance	323,000	$182.52 billion
Internal Revenue Service	U.S. government agency	79,000	$2.7 trillion
Kaiser Permanente Colorado	Health plan	5,400**	$1.9 billion**
McDonald's	Food service	400,000	$23.52 billion
Microsoft SMSG	Software	91,000	$60.42 billion
Murray & Roberts	Construction	33,466	$18.2 billion
Porter Novelli	Marketing communications	70,000	$12.6 billion
Southern Company	Electric utility	26,742	$15.35 billion
Whirlpool	Consumer goods	70,000	$18.91 billion
			*2007
			**Colorado only

Avon Products, Inc., is a $10 billion consumer products company that for over 100 years has promoted the economic empowerment of women around the globe. Bank of America is one of the world's largest financial institutions, serving individual consumers, small and middle market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk-management products and services. The company serves more than 59 million consumer and small business relationships in 150 countries.

Drawing on more than 150 years of innovation, Corning is a world leader in specialty glass and ceramics, creating and manufacturing sophisticated components that enable high-technology systems. Ecolab, with more than $6 billion in sales, is a global leader in cleaning, sanitizing, food safety, and infection control products and services. General Electric (GE) is a global infrastructure, finance, and media company producing a wide range of products from everyday light bulbs to fuel cell technology, to cleaner, more efficient jet engines. The subject of our survey is GE Money Americas, the consumer finance brand for GE Consumer Finance worldwide, with more than $163 billion in assets.

The Internal Revenue Service was established in 1862 by President Abraham Lincoln and helps Americans "understand and meet their tax responsibilities." The IRS has 79,000 full-time employees and in 2007 received $2.7 trillion in tax receipts. Our Fortune100 Insurance Company includes our subject, the Customer and Enterprise Services division (CES), which encompasses accounting, call centers, inspections, and even one of the country's largest printing shops.

Founded in 1945, Kaiser Permanente is the nation's largest not-for-profit health plan, serving 8.6 million members, with headquarters in Oakland, California. In this book we focus on Kaiser Permanente Colorado, which has more than 5,400 employees and 2006 revenues of $1.9 billion. McDonald's operates or franchises more than 30,000 restaurants in 119 countries, and directly employs 47,500 people with a total of 400,000 including franchisees. Microsoft is the worldwide leader in software, services, and solutions that help people and businesses realize their full potential; the Sales Marketing and Services Group (SMSG) employs more than 45,000 people and is responsible for Microsoft sales, marketing, and service initiatives; customer and partner programs; and product support and consulting services worldwide.

South Africa's leading engineering, contracting, and construction services company, Murray & Roberts has 34,000 employees across five continents. Porter Novelli, a wholly-owned subsidiary of Omnicom Group Incorporated, is one of the world's top ten public relations companies with offices in 54 countries.

With nearly 4.4 million customers and more than 42,000 megawatts of generating capacity, Atlanta-based Southern Company is the premier energy company serving the Southeast. Whirlpool Corporation is a leader of the $100 billion global home appliance industry. With a presence in nearly every country around the world, Whirlpool manufactures appliances across all major categories, including fabric care, cooking, refrigeration, dishwashers, countertop appliances, garage organization, and water filtration.

The Best Practice Institute Six-Phase System to Talent Management

As the result of years of research and first-hand involvement with hundreds of top companies, The Best Practice Institute has developed a six-phase system to talent management that brings together lessons and strategies from the most successful case studies:

1. Business diagnosis
2. Assessment
3. Program design

4. Implementation
5. On-the-job support
6. Evaluation

Phase One: Business Diagnosis—The Catalysts for Change

During periods of smooth sailing—growing markets, new products, rising revenues—it is not unusual for companies to take their talent for granted. The human resources office may be unconcerned about turnover and employee satisfaction. The CEO may cast a satisfied eye on his or her realm and pronounce it good. The board may assume that management has everything under control. Golf is played on Mondays.

But sooner or later the system breaks down, is inadequate for growth, or is threatened by an external force. The metrics and practices that were acceptable suddenly look flawed. Profits slump. Employee turnover soars. Markets constrict. Board members start attending meetings.

The fourteen organizations presented here were each faced with a moment of reckoning: a point in their development when it became clear that painful change was necessary. Each of them turned their attention to the question of talent management, and each followed a process of diagnosis, assessment, program design, implementation, on-the-job support, and evaluation. Each was able to transform their talent management and make the company healthier, more competitive, and better able to fulfill its mission. And in every case, the process began with a rigorous, unflinching diagnosis.

Internal Realignment

Some of our case studies responded to the perception that the organization itself had become lethargic or was following inappropriate strategies. John Bader, Vice President of the Insurance CES division, sensed a qualitative problem with the system's 6,000 employees at 14 locations around the world. Managers were locked into a nineteenth-century mindset: people were managed like commodities; innovation was nonexistent; growth was stagnant. The customer was someone to be tolerated, not thrilled.

It is a corporate axiom that when hiring executive talent, 60% should be promoted from within the organization, and 40% on-boarded from outside. This ratio provides a mix of institutional loyalty and experience, and new approaches and viewpoints. At Kaiser Permanente, the National Organization realized that 65% of its executives were recruited externally, indicating that the organization was not focusing on leadership succession management and that it needed to build an internal pipeline of leaders.

The opposite situation existed at Southern Company. The electric utility, with over 26,000 employees, had traditionally followed a strategy of hiring at the entry level and promoting from within. In 2003, the average age of its executives was 52—and at Southern Company, employees are eligible to retire at age 50. The company faced a shortage of executives as the retirement wave approached, and embarked on a study to determine how to most effectively produce a sustainable supply of quality leaders.

Capacity Matches Growth

At Avon, Inc., CEO Andrea Jung faced a different problem: the company's growth had outpaced organizational capacity. In 2005 the company had achieved a ten percent annual growth rate and operated in more than 40 countries worldwide. But as Avon entered 2006, revenues flattened and operating profits declined. Jung and her team realized that in order to move forward, the company had to be restructured. After reviewing the company's talent practices, the Talent Management Group identified weaknesses including opacity, excessive complexity, a lack of quantitative measurements, and inconsistency.

Over the past decade, Bank of America has achieved spectacular growth both organically and through acquisitions. As a result, the company must annually recruit and hire and train a significant number of executives. Typically, industry figures suggest that 40% of senior managers hired from the outside fail within their first 18 months on the job (Watkins 2003). This rate was unacceptable to Bank of America, and the leadership development group needed to quickly and effectively devise strategies to on-board executive leaders from acquired banks.

At Whirlpool, the growth, size, and scale of the company, along with a more demanding consumer marketplace and competition for talent, prompted the company to build a defined set of leadership competencies and put into place an effective talent management system.

In 2001, Ecolab's executive team committed to an aggressive growth goal—they intended to increase revenues at a 15% annual growth rate for five years, and by 2007 more than double the company's size. However, they recognized that they did not have the number of qualified leaders required to effectively run an organization twice its current size. The lack of leadership talent and bench strength was identified as a primary constraint to its success.

Building Talent Resources for the Future

Corning bases its long-term success on its ability to nurture and grow both talent and technology over the long term—25 and even 50 years. In today's competitive environment, CEO Jamie Houghton realized that the company had to step up the pace of innovation, moving from a target of one to two breakthroughs per decade to two to four breakthroughs.

The Internal Revenue Service has a bigger boss than most other companies: the U.S. Congress. With the passing of the Revenue Reform Act of 1998, the IRS underwent a restructuring and modernization that left it with a shortage of qualified employees. In 2001 Commissioner Charles Rossotti directed a review of IRS leadership competencies, and in 2008 Commissioner Douglas Schulman created the "Workforce of Tomorrow" task force to prepare the IRS for the next 15 years.

Beginning in 2004, leading global marketing communications company Porter Novelli undertook a fundamental strategic assessment to position itself for growth during the next five years. The senior management group identified the need to restructure human resources management to reflect the company's client-centric focus and encourage employee engagement with the company's vision.

Creating Consistent Internal Systems

With more than 45,000 employees, Microsoft's SMSG division had a high potential development program in each of its 13 geographical areas. The programs were not aligned to Microsoft's Leadership Career Model and there were no consistent criteria for defining high potentials, making lateral movement difficult.

Similarly, at Murray & Roberts, with operations spread over Southern Africa, the Middle East, Southeast Asia, Australasia, and North America, talent management processes and practices were not formalized or even were nonexistent. There was no codified succession plan or centralized talent inventory.

At McDonald's, systems existed for evaluating manager performance, but there was no control over validity. Management discovered there was chronic rating inflation for both annual performance (amazingly, 98% of managers were rated either "Outstanding or Excellent") and potential (78% of managers were rated as having the potential to advance in the business at least one level), rendering the system useless and creating a false sense of entitlement.

Towards an Efficient Hiring System
Sometimes the process of on-boarding is inefficient and expensive. At GE Money Americas, recruiters realized that the high volume of job applicants was not being managed efficiently: there were too few outlets for applicants to apply, narrow reporting capabilities, unclear processes, the cost per hire was an unacceptable $8,000 each, and the time to fill a position often exceeded three months.

Phase Two: Assessment

The fourteen companies in this book were faced with a wide variety of challenges, both internal and external, and the assessment strategies were unique to each enterprise. Different groups—the CEO, human resources, a task force—took the lead in driving change. In some organizations the focus on change was narrow and involved a select group of potential high-performers; at other organizations the determination was made that the effort had to be company-wide.

It must be pointed out that there is a difference between *evaluating* talent—seeing which employees show up on time and do their jobs and hit their numbers—and *investing* in talent, which requires a much more proactive effort to identify, train, and prepare talent for the future.

Not everyone can be a leader; that's just a fact of life. But surely every person who draws a salary or punches a time card at a company needs to be committed and inspired and empowered to be creative. The kid who gets his first job in the mailroom could work his or her way up the ladder to be CEO—it has happened before and it will happen again. In an ideal world, every employee would receive training appropriate to his or her aspirations and capabilities.

Our fourteen enterprises, having made the decision to evaluate and/or invest in talent, took varied approaches to the scope of the process and the number of participants.

At one end of the spectrum, the Insurance CES's John Bader initially included the division's core leadership team (CLT) in the first "wave" of leadership alignment sessions. The results were so positive that the CLT committed to transforming the entire system—all 6,000 employees in 14 locations around the world. They created a series of waves that included 1,200 employees in groups of 300 to 500, and then a massive one-day event with everyone else.

At the Internal Revenue Service, the Workforce of Tomorrow (WoT) Task Force was charged with restructuring human resource policies and practices that would affect the entire 79,000-member workforce. Murray & Roberts's Leadership Pipeline was created to be accessible to any manager in the company, as were the Pipelines at Porter Novelli, Whirlpool, and Southern Company, where succession plans for the top 65 positions across the Company were formulated.

Ecolab, which also adopted the Leadership Pipeline philosophy, presented an initial launch at an annual meeting where approximately 1,100 key leaders in the company were introduced to the Talent Pipeline in small group, face-to-face meetings. McDonald's five-part initiative reaches every staff position, with additional investments for executives.

Bank of America's on-boarding program was primarily focused on executives who came to company from outside, and in the past seven years has tested its approaches on 500 internal and external hires.

Many companies, however, chose to invest only in identified potential leaders. At Avon, a key plank in the company's approach was to place a few "big bets" on a small number of leaders. With limited funds to spend, Avon followed research that suggested the top five to ten percent of a workforce population was capable of advanced leadership. The company's investment in its highest potential leaders was five to ten times what could be invested in an average performer. The investment included training, coaching, and incentive compensation.

Perhaps because they were seeking program managers with highly specialized technical skills, Corning's two-week Leadership Fundamentals for Program Managers program involved thirty-three incumbent participants. Similarly, Kaiser Permanente, which focused its talent development efforts on building an in internal pipeline to reduce the number of external hires, identified approximately 55 incumbents in its first review process. Microsoft's SMSG division targeted less than four percent of its population—still, more than 1,600 individuals—for its ExPo *Leaders Building Leaders* program. At Hewlett-Packard, the Executive Development process is aimed at understanding the quality, strengths and development needs of the talent at the Vice President level worldwide.

Phase Three: Program Design

Once the problem was identified and scope of the solution determined, the next step for our fourteen companies was to design the program. In some cases, the solution involved a specific program limited to a set number of individuals; in other cases the transformation was company-wide and affected everyone who drew a salary. In most cases the CEO was personally invested, giving the program the authority of the highest office and energizing the executive layers below. Some efforts were designed and executed wholly in-house, while in other cases outside consultants were brought in to either provide an objective viewpoint or supply specialized expertise. The choice made by our fourteen companies to create a comprehensive plan is in alignment with the results of the Best Practice Institute's recent Talent Management Survey, in which we surveyed 45 leading companies and found that well over half (60%) had a formal talent management plan in place.

Here are a few highlights of the fourteen companies' program designs:

Avon Products

- CEO Andrea Jung and the Talent Management Group (TM) built their talent practices on two guiding principles: execute on the "what," and differentiate on the "how."
- Moved from a regional to a matrix structure; cut management layers; made a significant investment in management talent.

Bank of America

- CEO Ken Lewis personally spearheaded BOA's executive development strategy.
- Created a New Executive Orientation Program with coaching and support.

Corning

- Created a boot camp immersion experience for potential program managers.
- The Corning Management Committee chartered a task team to design a pipeline for program leaders.

Ecolab

- Human Resources formulated key areas and ways through which Ecolab would establish and maintain its competitive advantage—the five key business drivers. These included Talent Development, Leadership, Relationships, Innovation, and Delivering Results.
- HR established the Ecolab Talent Council, composed of the ten most senior Ecolab executives including the CEO, and representing all key business lines, geographies, and critical functions.

GE Money Americas

- With the assistance of a human resources consultant, created a centralized staffing process and a dedicated team.
- Applied the Lean approach to the staffing process to create efficiencies and cut costs.

Insurance CES Division

- Hired consultants to review CES's structure and finances, and another set of consultants to perform an assessment survey.
- Got the ball rolling with a no-holds-barred leadership conference.

Internal Revenue Service

- Developed a competency model with 21 Leadership Competencies.
- In collaboration with a consultant, developed the Leadership Succession Review (LSR).

Kaiser Permanente Colorado

- Restructured in collaboration with the Kaiser Permanente National Organization.
- Designed a series of programs including the Peer Network, Leadership Edge, Experience Management, and Executive Coaching.

McDonald's

- Top management asked Human Resources to redesign the performance development system in order to place a stronger focus on accountability for results, increase performance differentiation, and enhance openness to change and innovation.

Microsoft SMSG

- Formed a new program, ExPo Leaders Building Leaders (ExPo stands for Exceptional Potential), drawing on the Corporate Leadership Council's 2005 study "Realizing the Full Potential of Rising Talent."

Murray & Roberts

- A project team was assembled consisting of line managers, HR practitioners, and a consultant. The project team reported to the Executive in the Office of the Group CE.

Porter Novelli

- Hired a Chief Talent Officer to work with the executive management group.
- Implemented a Leadership Pipeline program with results-based role definitions.
- In a series of staff interviews, Porter Novelli grappled with the question of defining leadership and management. These concepts were regarded as critically important, but participants stated that neither was well-articulated or easily measured. A client-centered strategy was a key success factor, as was creative thinking.

Southern Company

- The CEO initiated an in-depth review of the company's leadership development and succession processes.
- Chartered a group of executives as the Leadership Action Council, serving as a steering committee for leadership development.

Whirlpool

- Chairman David Whitman and the executive committee spearheaded development of the Whirlpool Leadership Model.

Who says that corporations have no loyalty to their executives? The results of the Best Practice Institute's recent Talent Management Survey found that fully 36.5% of corporate respondents were focused on developing talent internally; 59.7% were developing both internal and external talent; and only 3.8% were focused exclusively on acquiring external talent.

Phase Four: Implementation

The implementations reflect the goals of the respective organizations, the challenges faced, and the scope of the restructuring.

At Bank of America, which has focused on improving the quality of external hires, outside recruiters must understand the bank's culture and leadership requirements, and consequently Human Resources devotes a great deal of attention to its partnerships with executive search firms. Once a candidate is presented to the Bank, interviews with the candidate are conducted by one of the Bank's Leadership Development Officers (LD Partner) to assess compatibility.

Stakeholders, including a Leadership Development officer (LD), interview candidates; but a complete picture is formed when the LD in turn interviews the interviewers. This 360° approach provides a sense of how well the candidate—who may have enjoyed a successful career at another banking institution—will fit into Bank of America's culture and work environment.

GE Money Americas, also concerned with the quality of outside hires, centralized and restructured the application process. The company introduced the Lean Principle, 5S, as the foundation for all improvements focused on Kaizen opportunities.

The Internal Revenue Service created the Leadership Succession Review process, which provides a highly structured and disciplined approach for each IRS Business Unit to prepare qualified leaders. Kaiser Permanente Colorado created the Executive Leadership Program, which provides participants with an opportunity to evaluate and strengthen their leadership approach and skills. Whirlpool initiated the Master Assessor Program, which trains both human resources staff and line managers with frequent hiring needs to identify and evaluate potential leaders.

At Microsoft SMSG, a foundation of the ExPo program is regular interaction between high potentials and current leaders, in order to build the capability of future leaders and also to give senior leaders greater accountability. Executives demonstrate engagement by conducting ongoing reviews, acting as mentors and coaches, and even accompanying high potentials on business trips. At Murray & Roberts, managers and subordinates sign a performance contract and development plan that charts a course for success.

At some companies, travel is involved. Insurance CES held a series of leadership retreats, initially with executives but expanded to include all 6,000 employees. Corning created "Boot Camp for Program Managers," a two-week program held at the stately old home and newly transformed company conference center of the former CEO Jamie Houghton.

Phase Five: On-the-Job Support

Diagnosing the challenge, assessing the effort, designing the program, and implementing the program are critical steps to organizational transformation. Committed managers know, however, that the lessons learned in program participation must be carried through to the daily grind of business. They must be proven in the field and must translate into measurable results. For this next phase to succeed, companies must support their talent as they put their new confidence and insights into practice.

At Bank of America, new hires are paired with a peer coach (a fellow executive) and a senior advisor at the same level or above. To facilitate a close relationship between the new executive and his or her team, a New Leader-Team Integration session takes place within the first thirty to sixty days of an assignment.

Kaiser Permanente Colorado includes 360º feedback, BarOn EQ-I 360º feedback, Meyers Briggs type indicator (MBTI), and Insights assessment. Each potential leader is assigned a case manager who works with them on their personal development plan. The Leadership Edge Program has an alumni group that continues to work with the Executive Team on business solutions.

Follow-up remedial workshops were instituted by Porter Novelli, and in 2007 a performance management workshop focused on skills in creating SMART goals and cascading goals from manager to subordinates in a work team.

At Southern Company, job assignments, developmental moves, and special assignments are the primary methods for developing high-potential individuals. An educational experience for cross-system high-potential managers who are ready to move into officer roles is being created by Human Resources.

Phase Six: Evaluation

Within a company the need for leadership development may exist, but is there an agreed-upon standard that will serve as a benchmark or threshold for promotion? Evaluating an existing manager can sometimes be as simple as measuring quarterly revenues. For some companies, a restructured talent development strategy means identifying, hiring, and retaining individuals who have executive qualities that are aligned with existing metrics: work history, project success, skill sets. But in other cases choosing potential leaders for future advancement not unlike consulting the Oracle of Delphi. How do you predict an executive's performance at a new position that is vastly more complex than the previous job? As part of the talent restructuring process, more than a few organizations went back to the drawing board to create a new definition of leadership, one that cut across the existing talent pool and re-shaped the company's most fundamental talent characteristics. And, if such a definition could include methods of measurement, so much the better. Today, we can see what the results have been.

The Internal Revenue Service, perhaps not surprisingly, uses a table with numeric scores. On the Leadership Competency Targets by Leadership Level table, candidates are scored 1-4 in categories that include Adaptability, Customer Focus, Continual Learning, and Political Savvy. Varying target levels are designated, depending upon organizational rank. An executive, for example, should score a "4" in Business Acumen, while a regular employee needs to score only a "1" in the same category. In addition, a matrix is used to rank individuals according to their readiness to assume leadership positions.

Kaiser Permanente uses a Model of Potential, a set of assessments that factors Performance, Abilities, and Predictors of Potential to provide a score of Promotability. At Kaiser, it's important that an executive candidate has the ability to be mobile, and there's a survey tool that gathers information related to a candidate's aspirations, technical skills, and proficiency at VP-level behaviors.

McDonald's initiated five programs including a set of Talent Reviews, ensuring that the president and lead staff officer of each geographical division are responsible and accountable for addressing the leadership talent needs in their area and are doing so within the framework of the template.

Murray & Roberts adopted the Leadership Pipeline philosophy and moved away from a numeric system to a qualitative approach, which requires managers to apply a thinking model supported by evidence, as opposed to manipulating and arguing about numbers. Performance is defined through a set of symbolic circles that are filled in by lines representing performance dimensions. The more snugly the lines fit into the circle, the higher the probability of success in leadership.

How do we measure overall program success? Is there a bottom-line indicator that tells us that our investment has paid off and our talent is optimized? Many of our companies reported quantitative and qualitative measures of program success:

- At Insurance CES, the wave seminar events produced higher customer satisfaction, increased engagement by customers and employees, and millions of dollars saved over and above the cost of the program.

- Avon reported faster movement of talent into key markets and accelerated development of leaders. There was also a rise in revenue to $11 billion in 2009 from $8 billion in 2005 despite 10% fewer Associates.

- Since 2005, Kaiser Permanente Colorado has identified 13 high potential leaders, of whom 60% have been either promoted or given expanded roles.

- Murray & Roberts reports benefits including job clarity, identification of successors, improved feedback, and cross-company appointments.

- Porter Novelli, after instituting the Leadership Pipeline, experienced a decline in turnover of 24% from 2005 to 2006, and in 2006 and 2007 reported zero turnover of identified high potential managers.

- Whirlpool Corporation's Quality of Hire Metrics indicate that that the Master Assessor Program has had a positive impact on the quality of hires, who perform at high levels and exhibit high levels of job satisfaction.

Conclusion

We have seen from our fourteen success stories that when an organization reaches a crossroads in talent management, a consistent and comprehensive approach can provide both a measurable benefit and assurance of long-term growth. Each solution must organically grow from the unique circumstances of a particular moment in time and set of circumstances. While each case is different, valuable lessons can be learned from these examples because together they provide a template showing how to diagnose, assess, and address the challenges that face every organization today. Their commonality lies in the dedication and imagination of the talent that drives every successful enterprise.

As we move into the post-great recession era, challenges will arise that do not have the comfort of familiarity. Solutions must be crafted with integrity, honesty, and an appreciation for the best qualities of the people who every day try to do the very best they can for themselves, their company, and their community.

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Louis Carter (lou@bestpracticeinstitute.org) founded Best Practice Institute on the principles of organizational development and systems dynamics. Mr. Carter has written over eight books on best practices and organizational leadership including the *Change Champions* and *Best Practice* book series published by Jossey Bass/John Wiley and Sons. As an expert in the industry, he has been interviewed, profiled, and quoted by such publications as *Business Watch Magazine, Workforce Magazine, Investor's Business Daily*, and *CIO Magazine*. He founded BPI after obtaining his graduate degree from Columbia University in Social/Organizational Psychology and an undergraduate degree in Economics and Government from Brown University and Connecticut College. At Columbia, Mr. Carter obtained honors from Kappa Delta Pi, an organization promoting excellence in, and recognizing outstanding contributions to, the field of education. Mr. Carter's books, research, and teaching have been translated into eight languages across Asia, the Middle East, Europe, and North and South America. He has taught at major universities including Tsinghua School of Business in Beijing, Jackson State University, Seton Hall University, and at Fortune 500 conferences throughout the globe.

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