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Leaders Connecting Leaders

Talent Management: Now More Than Ever

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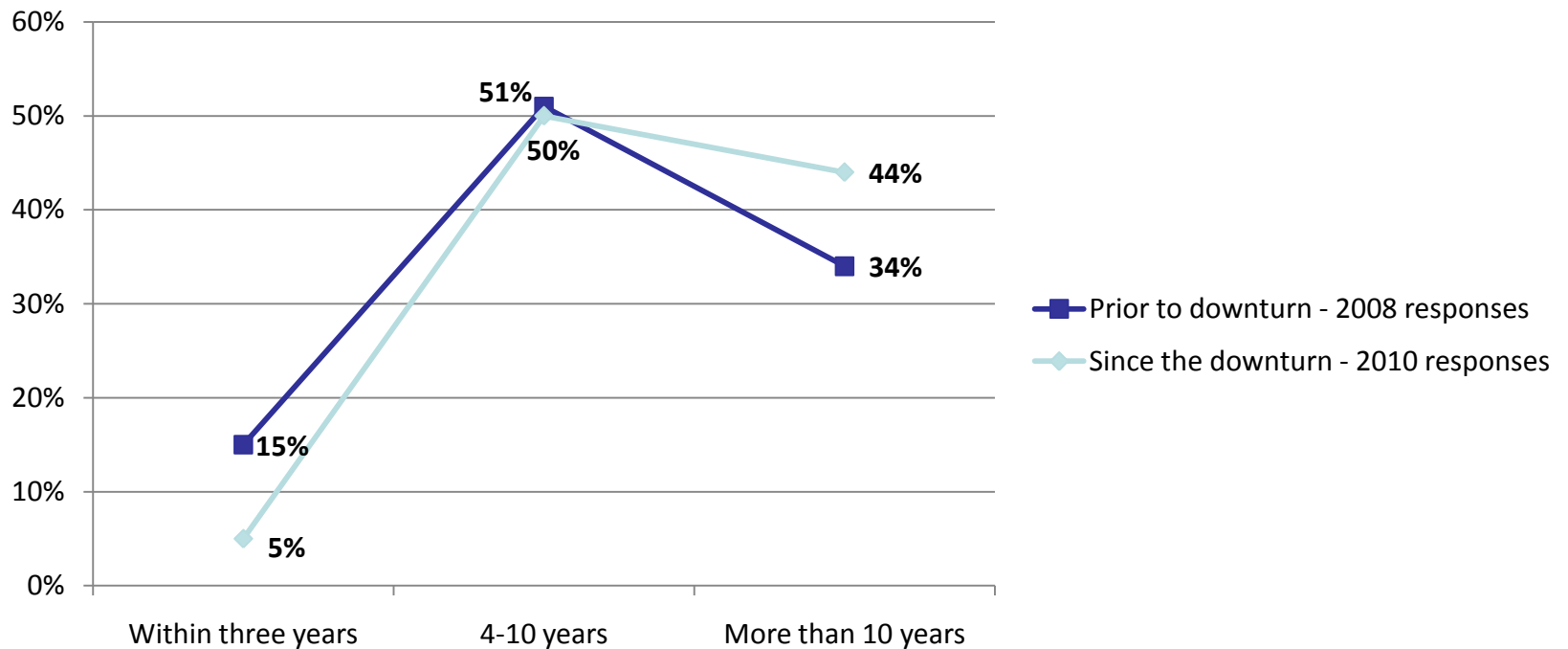
VHA Health Plan Alliance Meeting
February 2, 2011

What We'll Focus on Today

- ❑ CEO retirement and labor force trends – Witt/Kieffer & Pepperdine /Kevin Groves study/other studies on talent shortages
 - The “5/50” leadership crisis
- ❑ Recent *Wall Street Journal* Material on Talent Shortages
- ❑ A “Six step” Program for robust talent management program
- ❑ Leadership development vs. leadership education

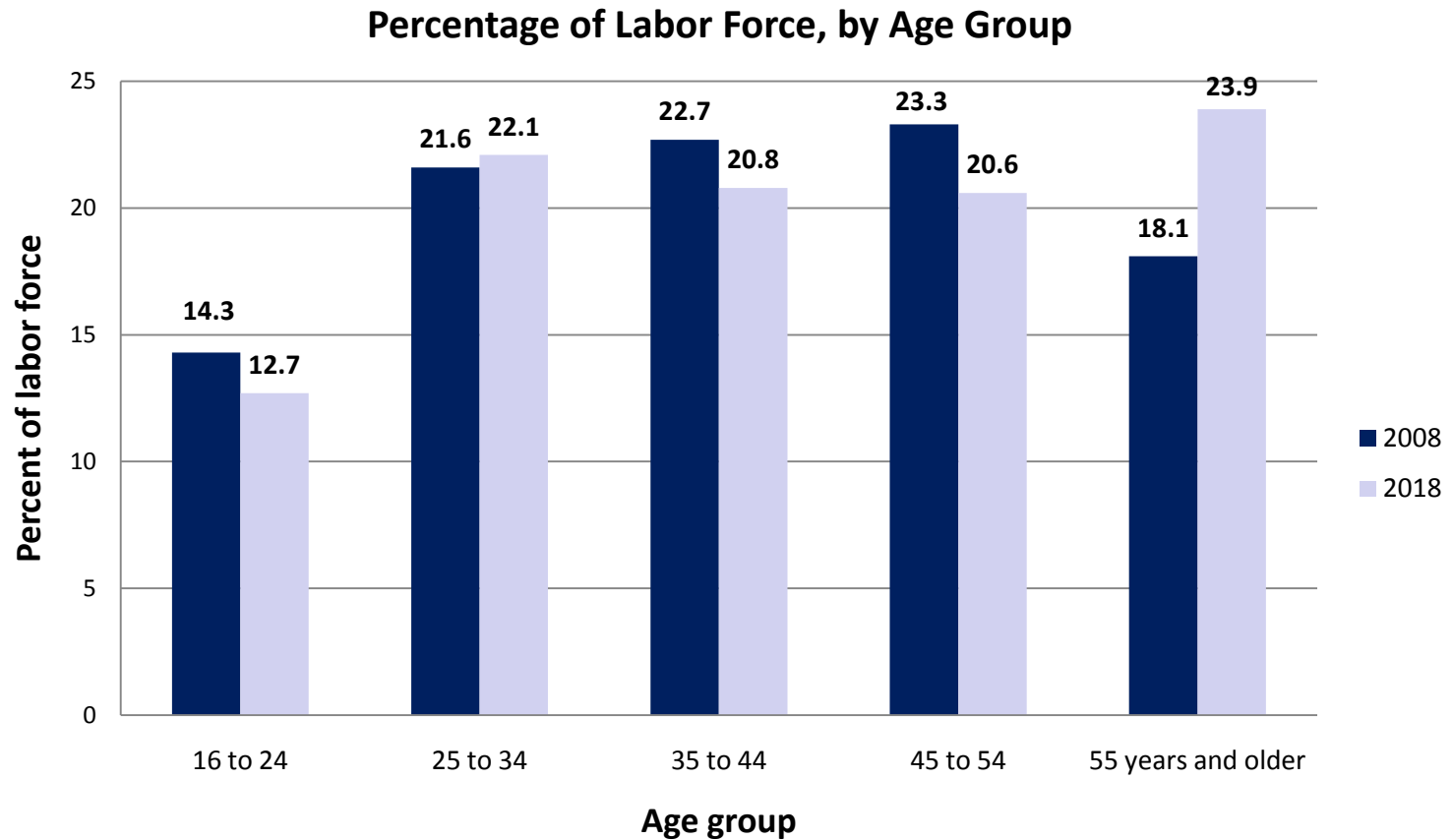
CEO Retirement Trends

Expected Retirement of CEOs



Source: 2010 Witt/Kieffer Survey on Economic Downturn

Labor Force Trends



Source: Bureau of Labor Statistics Division of Industry Employment Projections

Baby Boomers Retire

As the year 2011 began on Jan. 1, the oldest members of the Baby Boom generation celebrated their 65th birthday. In fact, on that day, today, and for every day for the next 19 years, 10,000 baby boomers will reach age 65.

The aging of this huge cohort of Americans (26% of the total U.S. population are Baby Boomers) will dramatically change the composition of the country. Currently, just 13% of Americans are ages 65 and older.

By 2030, when all members of the Baby Boom generation have reached that age, fully 18% of the nation will be at least that age, according to Pew Research Center population projections.

Baby Boomers Retire

The corporate world is about to be hit by a generational transition never before seen in history. The Baby Boomer generation — roughly 76 million strong — will start to retire from the workplace over the next five years.

Taking their place at the helm of private and public organizations will be Gen X'ers, many of whom have not been equipped with the leadership skills needed to assume the responsibility being passed to them.

The “5/50” Leadership Crisis

- Shrinking economy
- Impending retirement of baby boomer-generation leaders
- Inadequate numbers of future leaders (yes, there was a baby bust that followed the boomer period)

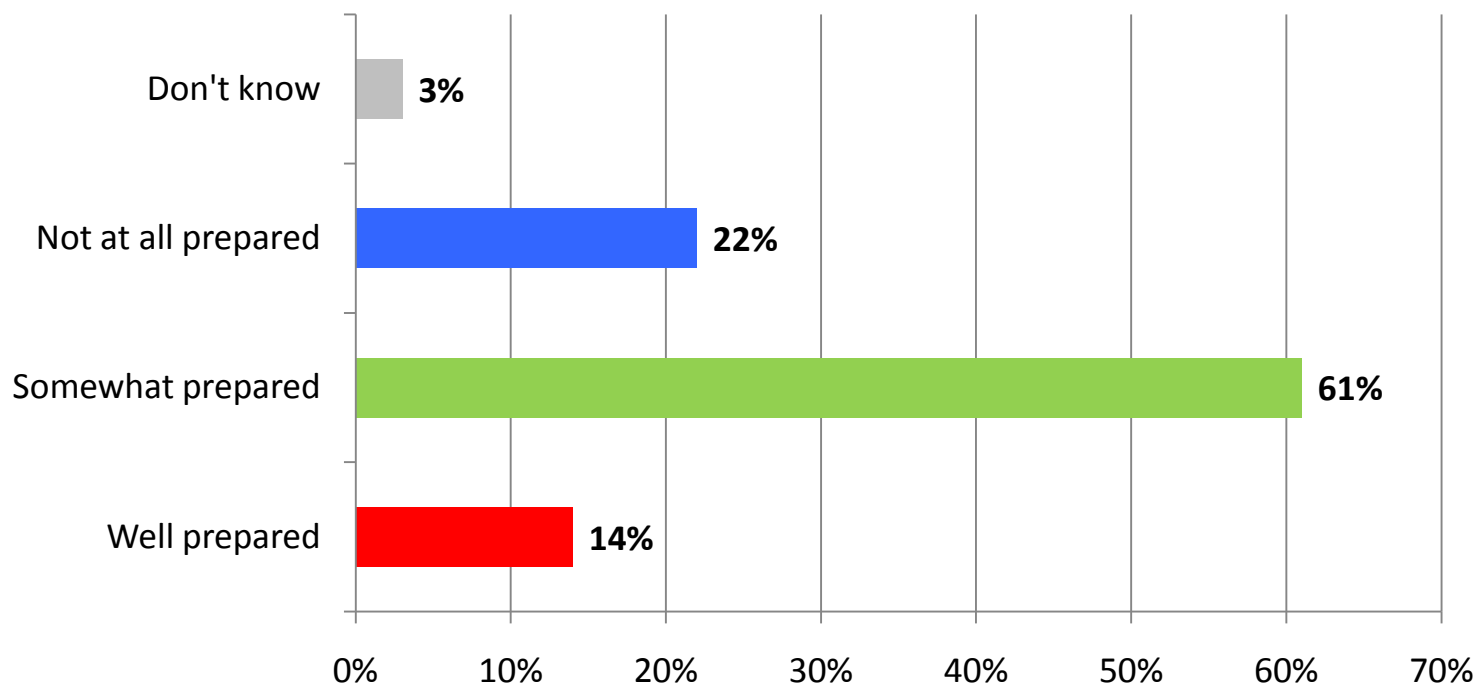
Result: Loss of 50 percent of management talent over the next five years

Sudden Leader Loss Leaves Firms in Limbo

- Newly released December 2010 survey of 1,098 senior managers by the American Management Association (WSJ, 12-24-11)
- More than one-fifth of senior managers say that their companies are "not at all prepared" in the event of a sudden loss of a key member of the company's senior management team
- Companies often acknowledge that leadership development is important but rarely back that up with action (David Larcker, professor/Stanford Graduate School of Business)
- Compensation programs rarely factor in how well managers plan for their own succession

Preparing for Loss of Key Leadership

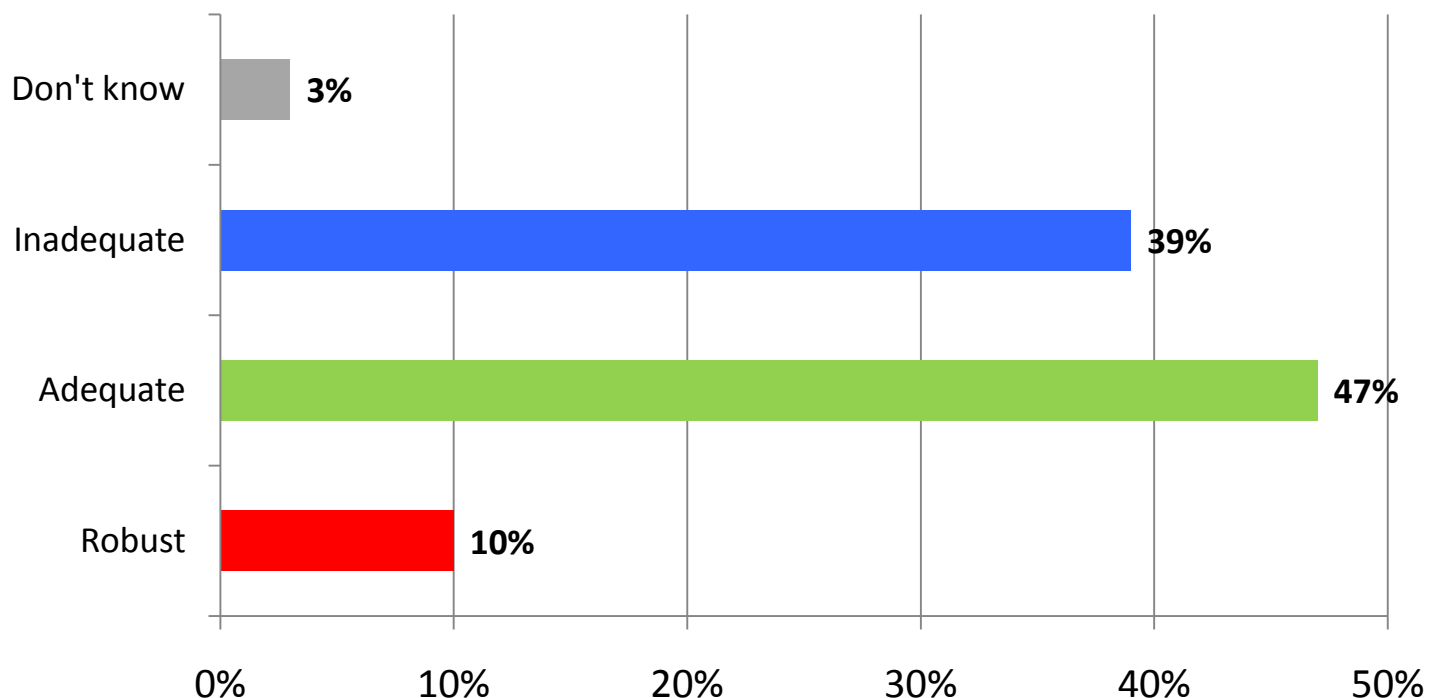
Is your organization prepared to deal with a sudden loss of key senior managers?



Source: "Sudden Leader Loss Leaves Firms in Limbo," *wsj.com*, January 2010.

Preparing for Loss of Key Leadership

How would you describe the leadership pipeline at your organization?



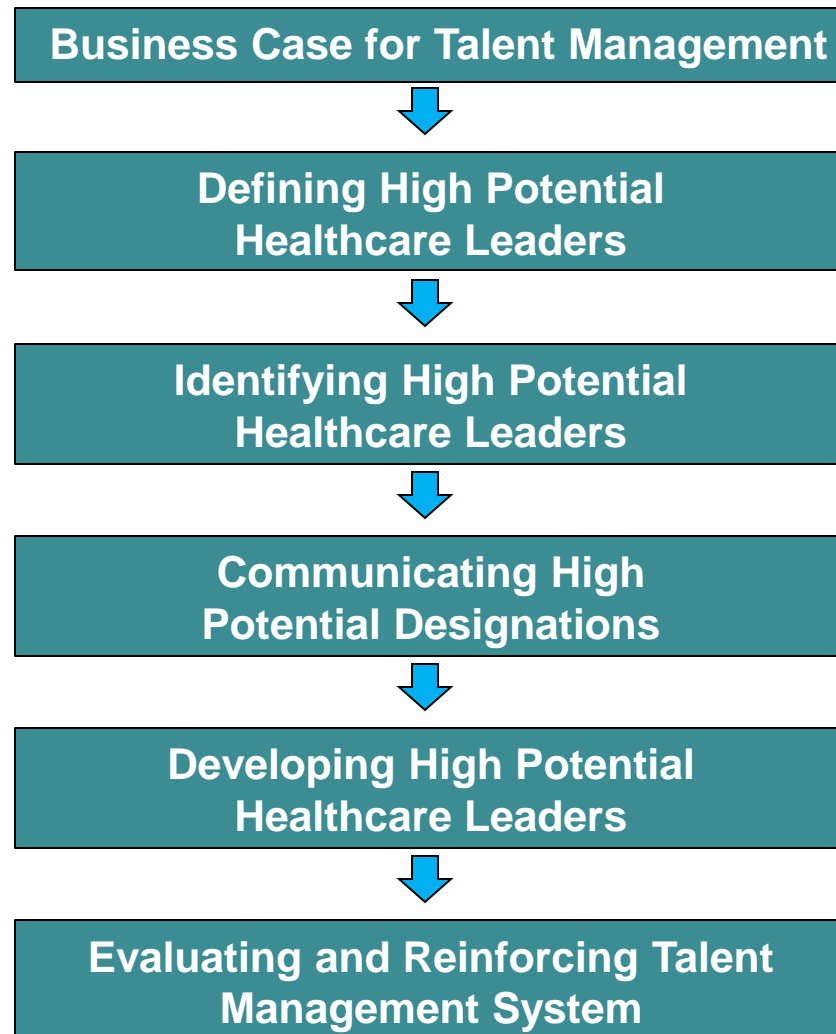
Source: "Sudden Leader Loss Leaves Firms in Limbo," *wsj.com*, January 2010.

Witt/Kieffer Talent Management Survey

- Conducted by Kevin Groves, Ph.D., Graziadio School of Business & Management, Pepperdine University and Witt/Kieffer
- Purpose was to study and identify:
 1. Practices for identifying high potential talent
 2. Leadership competencies of high potentials
 3. Development practices targeted to high potentials
 4. Opportunities to improve talent management processes
- 15 participants from 13 healthcare systems including Senior VP of HR, Chief Learning Officer, VP of Learning and Organizational Development, VP of Strategic Talent Management, EVP and Chief Administrative Officer.

Talent Management Survey Results

Six Phases
Identified:



1. Make the Business Case for Talent Management

Key Drivers and Success Factors:

- Workforce demographics – healthcare CEOs retire younger than in other industries
- Fewer resources devoted to development of new leaders
- Need for Diversity

Focus and Key Outcomes:

- Create urgency for talent management
- Elevate priority with top management and board

2. Define High-Potential Healthcare Leaders

Key Drivers and Success Factors:

- Business strategy
- Organizations must develop a core set of competencies
- There must be a sophisticated assessment process in place

Focus and Key Outcomes:

- High potentials identified against competencies and a process put in place

3. Identify High-Potential Healthcare Leaders

Key Drivers and Success Factors:

- Talent management review sessions take place!
- Talent review takes place among ALL leaders
- Robust performance appraisal system
- Tools in place (such as the 9 box model – shown later)

Focus and Key Outcomes:

- Identify and codify strategic talent across the system
- High-pos are allowed / encouraged to work across the system

4. Communicate High-Potential Designations

Key Drivers and Success Factors:

- High-pos know it -- Implicit designation by advanced development plans
- Training managers with scripts

Focus and Key Outcomes:

- Emphasize development, not status
- Manage equity view, morale and turnover

5. Develop High-Potential Healthcare Leaders

Key Drivers and Success Factors:

- **Experiential learning (more on this later)**
- Stretch assignments
- Action learning projects

Focus and Key Outcomes:

- Shed silo view of organization
- Develop strategic and system competencies
- The academy ***not*** the major focus

6. Evaluate and Reinforce Talent Management System

Key Drivers and Success Factors:

- Evaluation metrics – balanced scorecard
- Alignment of incentives with performance mgt system
- Board engagement

Focus and Key Outcomes:

- Embed and enhance talent management system
- Develop learning and development culture

Development (Phase 5) the most important

- How are high potential leaders truly developed?
- Ask yourself – how did I develop and grow?

“What matters most is what one makes of experience, particularly the traumatic and often unplanned crucible events that challenge one's identity as a leader. What distinguishes leaders who grow through a crucible experience? Their approach to learning -- Like accomplished athletes or artists, they practice as strenuously as they perform. And because the line between performance and practice is often hard to discern, they learn how to practice while they perform.”

Crucibles of Leadership: How to Learn from Experience to Become a Great Leader Harvard Business School Press (March 24, 2008)

The Difference Between Leadership Development and Leadership Education

- Contemporary leadership development
 - Can be “baked” into other organizational activities (orientation, training, performance management, performance evaluation, assessment, promotion, succession planning) – activities that organizations do even in times of cost reduction pressures
- It does **not** require “St. Elsewhere University”

The Difference Between Leadership Development and Leadership Education

- A key argument – ***most*** growth and development for leaders takes place ***experientially*** – ***not*** through classroom training or attendance at outside seminars
 - This is one place where leadership development can be done without extensive external resources

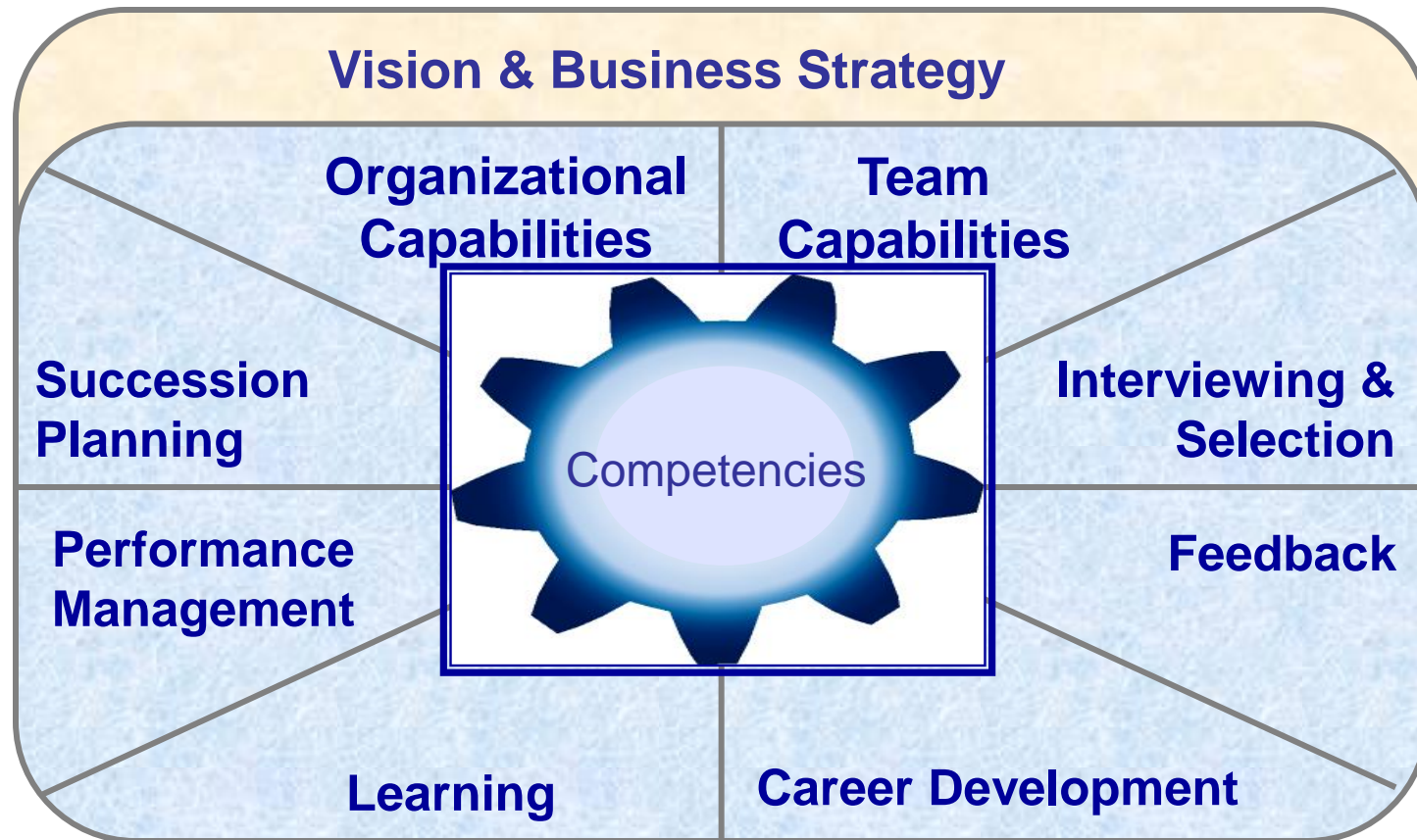
The Difference Between Leadership Development and Leadership Education

- Leadership development cannot be the sole – or primary – responsibility of human resources (or the education department or the chief learning officer) - ***it is a critical line management accountability***

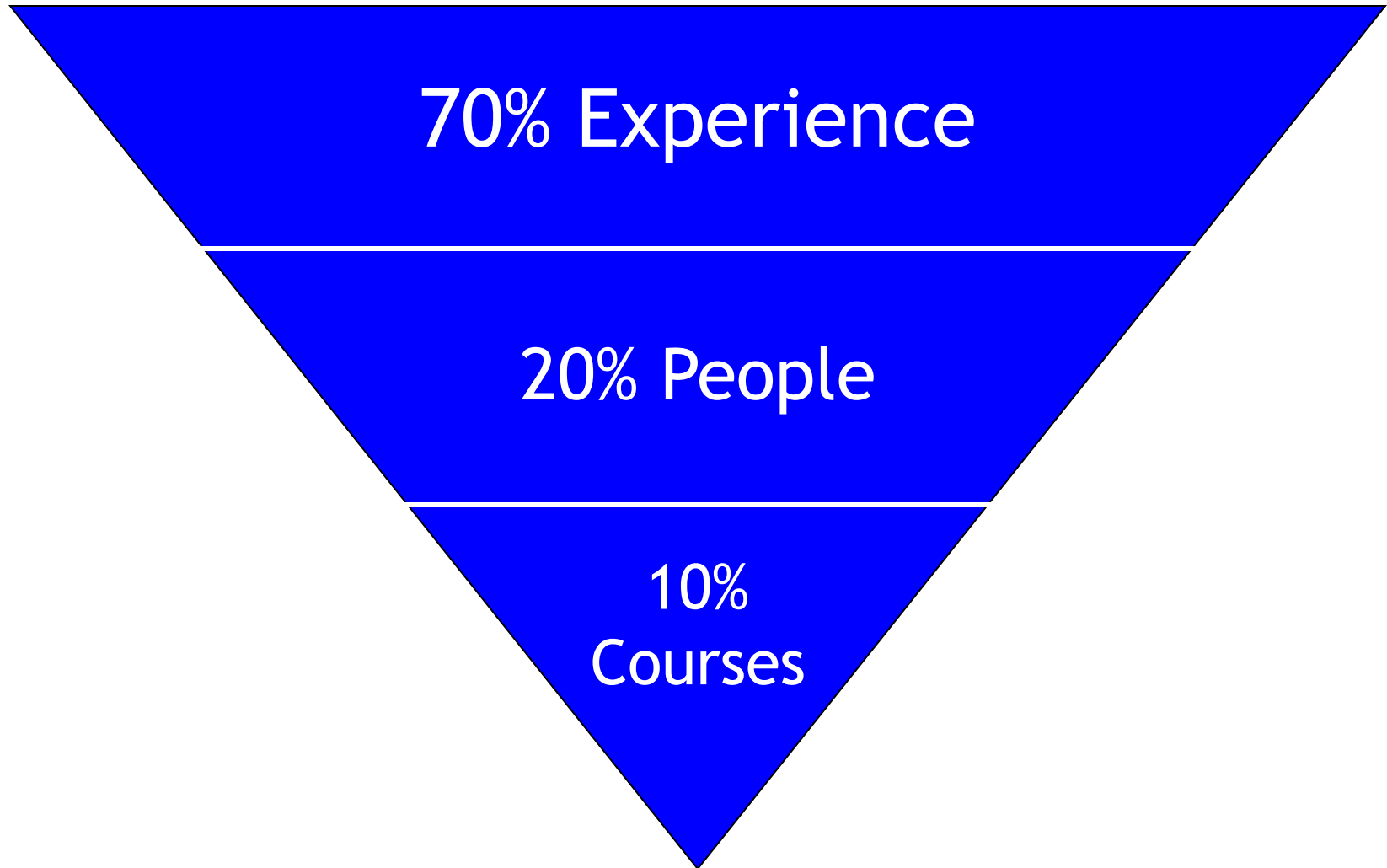
The Difference Between Leadership Development and Leadership Education

- Leadership development ***must*** be linked to
 - Performance management systems – annual evaluations, training & development, and any needed corrective actions
 - Interviewing & selection
 - Succession planning
 - Care and nurturing of high potentials – retention of your up and comers

A Competency-Based Model



How Do Leaders Develop?



How Do Leaders Develop?

70% Experience

Cross Moves

Fix-Its/Turnarounds

Significant People Demands

Heavy Strategic Demands

Influencing without Authority

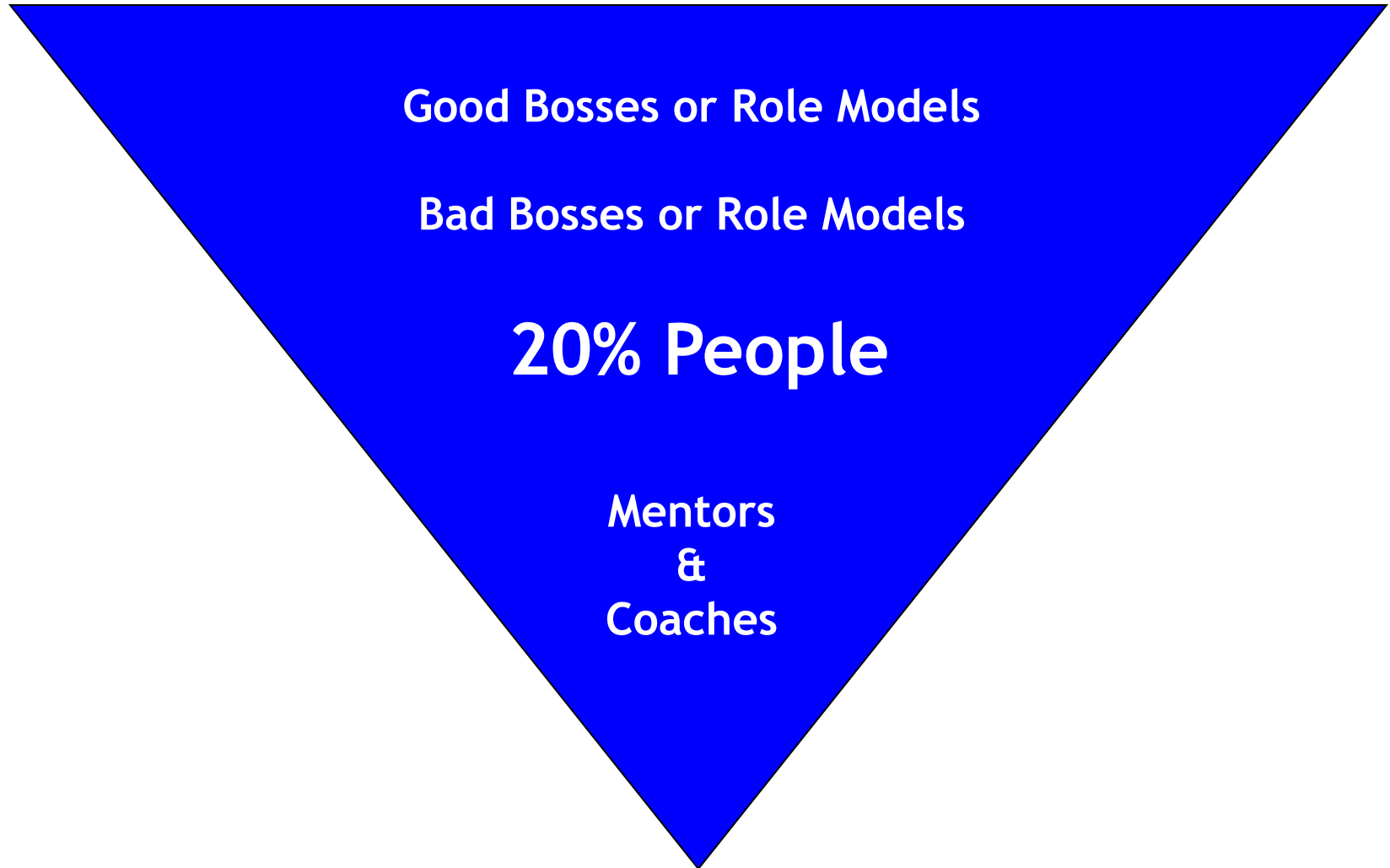
Line-to-Staff Switch

Projects/Task Forces

Scale/Scope

Start-Ups

How Do Leaders Develop?



How Do Leaders Develop?

Coursework that looks a lot like real work

Generating Self-Insight

Focus on Problem Solving

Strategic, Purposeful Learning

**10%
Courses**

Experience

For those learning to lead, experience trumps formal training.

Definition of Competency

Any observable and measurable attribute (whose sources may lie in skills, knowledge, values, traits or perspectives) that contributes to success in performing a task or job.

Include values (such as ethics & integrity), cognitive skills (such as thinking & problem solving), interpersonal skills (such as communicating & listening), embracing diversity (such as tolerance & respect), and change management (such as strategic planning & risk taking).

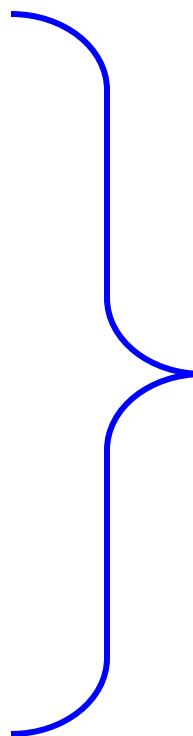
Good to Great Competencies

Cornerstones of exceptional leadership:

1. A well-cultivated self-awareness
2. A compelling vision
3. A real way with people
4. A masterful style of execution

The “Big 8” Competencies

- Dealing with Ambiguity
- Creativity
- Innovation Management
- Motivating Others
- Planning
- Strategic Agility
- Building Effective Teams
- Managing Vision & Purpose

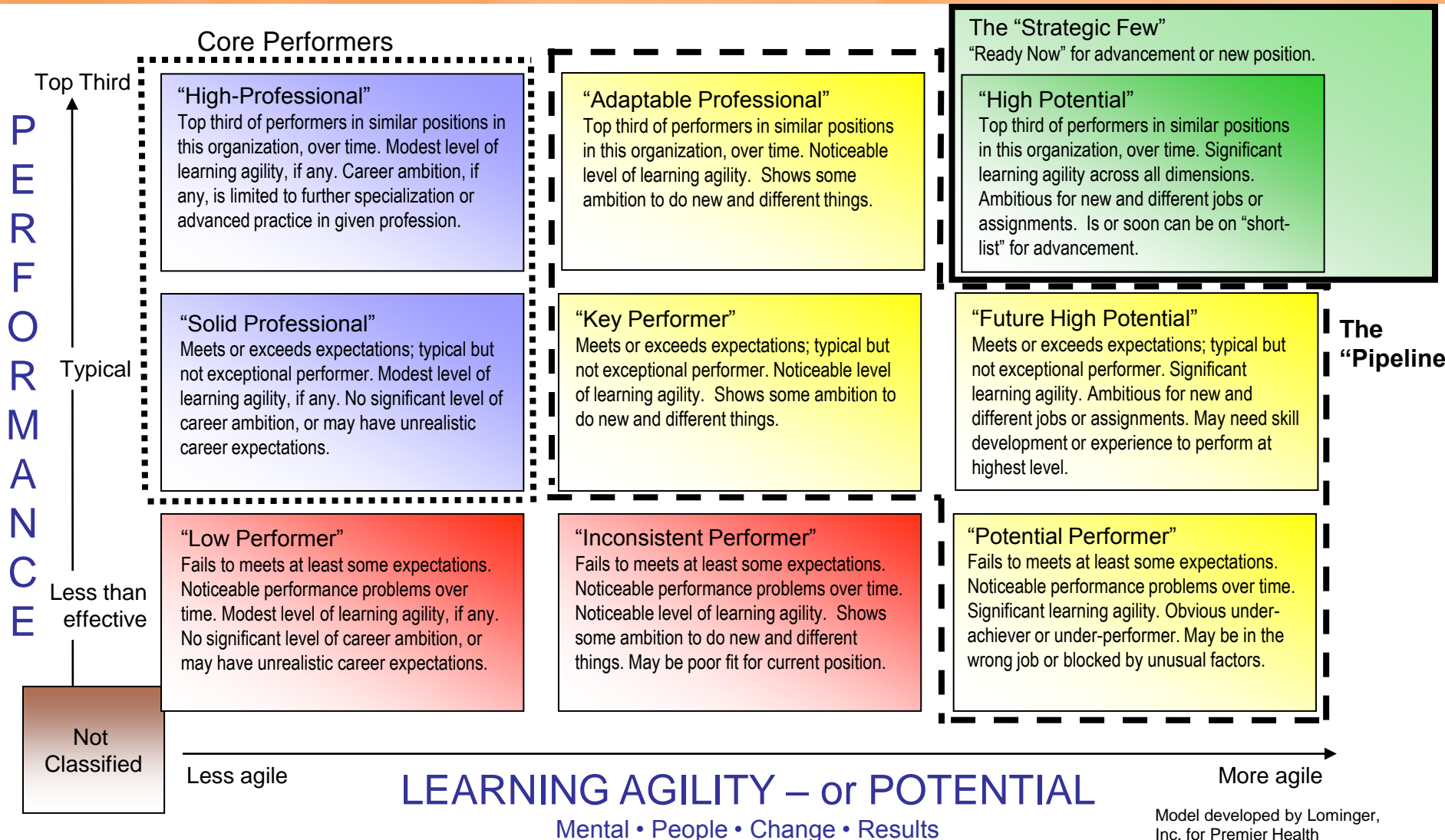


**The
Least Common,
Most Desirable
Competencies for
Leaders**

Talent Discussions

- Take place among the entire senior management team
- Purpose is to:
 - Have a broad organizational review with input from all sectors
 - Assess leaders for both *current* performance *and future* potential
- Leaders may be arrayed in a “Nine-box Model”

Talent Map Template



References

- www.lominger.com – Books – The Leadership Machine & FYI “For Your Improvement”
- Premier Health, Dayton, Ohio – 9 box model
- Complex Adaptive Systems – *Physician Executive* March/April 2010 “The Future Demands of Complex Leadership” pgs 6-10
- *Leadership in Healthcare*, 2nd Edition, Carson F. Dye, Health Administration Press, 2010
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Questions

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