Building Change Capacity in your Organization

Ensuring that you have the talent and bench to implement your strategic agenda

By Charles H. Bishop, Jr.

Introduction

Business has experienced an evolution from the agricultural age to the Industrial Revolution to the information age. Now, the talent age has arrived. Companies realize that in a world where every other aspect of doing business has been commoditized, talent is the only real competitive advantage they have. Currently, the competitive battlefront is for the best people, the true creators of value.

What is clear upon review of the literature and lessons learned in our practice is that exceptional business performance is driven by superior talent; teams with the best people and change capacity perform at a higher level.

This article is a continuation of the ideas brought forward in the book: *Making Change Happen One Person at a Time*, which was cited by the University of Michigan's David Ulrich and his team as 'one of the best books on Leadership in the past 40 years'; Fred Smith the highly respected Chairman of FedEx suggested that 'the necessity for change is now a universal business mantra; Charlie Bishop provides an excellent blueprint for making change a reality rather than a slogan'.

Since that time we have advanced those ideas and have focused on assisting organizations in building change capabil-

ity through their people; thus, while the book laid out how to assess Change Capacity, this article focuses on what to do to ensure that your talent management process is effective in delivering a robust pipeline of exceptional leadership that drives change. To that end, hopefully offering practical, intuitive and very workable solutions. Along the way we pose questions that a C-Level executive and the Human Resources profession should review.

> **The talent age has arrived: the competitive battlefront is for the best people, the true creators of value.**

Organization Change Capability…implications

Change, as we know will not go away; it is not a transitory issue. There are two ways to think about change. One is reactive...the other approach is proactive.

- Reacting is just fixing things..."getting back on track"
- Proactive change is "getting ahead and staying ahead"

To win over the long haul, organizations must master the change game in a proactive manner. A company can either reap the rewards by being a change master or it can allow its market success to dwindle in the shadow of more nimble, change masters.

Winners are the leaders – they do not allow themselves to get left behind in launching change initiatives within their industries. Change is not a program. Proactive change is systematically focusing in on the key levers that can help you drive change over time. Building an organization for the future. Nothing fancy, just focusing on the basics.

Winners invest in creating that "battle ready" capability for mastering change around direction, culture, their processes and their people.

There are a number of skills that are important. Many books have been written about a specific approach or a key competency. A whole industry has been built around identifying competencies. All are good, helpful and informative; however, it is our contention that they all come together under the umbrella of Change Capability. Some of the better thought leaders and practitioners have zeroed in on Change Capability. This includes John Kotter, David Nadler, David Ulrich, Jack Fitz-en—Fred Smith at FedEx, Tom Dolan, President of the American College of Healthcare Executives and the renowned, highly respected Ram Charan.

Change Leadership—the essential difference

The real difference between market *leaders* and the rest of the pack is the quality of change leadership, according to a University of Michigan study.[1] Across the world we see examples of large corporations that have recently experienced leadership crises and are struggling to repair their leadership, talent pipelines, and performance. Who can forget the 2008 insolvency of some of the United States' oldest and largest investment firms, folding sim-

ply due to the impact of inferior leadership—Lehman Brothers, Bear Stearns. In contrast, Wall Street continues to bid on those companies with a superior leadership team and performance, including PepsiCo, Procter & Gamble, Dell, Johnson and Johnson and FedEx. The full stories behind the headlines of each of these case-study companies only reinforce McKinsey's various *War for Talent* conclusion studies, which consistently point to the fact that talent management "needs to be elevated to the status of a burning corporate priority."[2]

Companies search for solutions that will ensure their leadership pipelines are deep and flowing with "ready now," best-in-class talent. *Talent that truly can drive change.* In a competitive world, where success comes to those who capitalize upon early market entry and competition is so keen that competitors rarely "win by a mile," the quality of leadership is at the heart of what differentiates those who consistently "win" from those who perennially fall short.

What are we looking for in Change Capable Leaders?

Change Capable Leaders consistently in their career demonstrate the 'head set' and 'skill-set' to win, no matter at what level. They are distinctive and they are difference makers. If that is the case we can start to discern capability even at early stages of their career.

Head-Set:
• Constructively dissatisfied, recognizes patterns and has a good nose for the needs or opportunities to make change happen for the better;
• Learns, modifies approach and adapts based upon experiences;
• Self motivated and shows courage in approaching any task with a sense of urgency and passion;
• Looks to make the place better able to serve customers and constituents vs. Self interest,

Skill-Set:
No matter at what level demonstrates a unique balance of skills:
• **Strategic…** "Knows what hill to take"—good at "figuring out"/defining a destiny beyond day-to-day and peripheral vision to develop the "path forward",

• **Execution…** "Can take the hill"—able to affect, alter and guide outcomes and developments, is pragmatic and has the political capability to move others to his/her side. They are influential in navigating in the organization,
• **People Skills…** "People are going up that hill with him/her"—able to form and maintain a key coalition(s); rallies people to the task and traditionally makes those around them better;

Outcomes:
This approach serves the individual, and the organization well; they distinguish themselves from peers, they are known as someone who
• Is developing/has a track record in producing sustainable results/time – and
• Is futuristically viewed as being able to take whatever they are doing "to the next level".

Continuum of Change Leadership Behaviors

Individuals that truly drive change for you are the 'Game-Changers'. Their behavior is decidedly different than those that will drag performance down. One way of describing this is the following:

	By-Standers	Game Changers
Strategic Ability		
1. Business Acumen	**Limited Insight —** Marginal at best, little curiosity — might not be satisfied with present state, but— just does not look much beyond present status quo.	**Broad Insight –** Insights help us advance the strategic agenda – probes, perceives and deciphers environment to understand emerging and important problems and opportunities; understands the business model and how we make money; curious; alert; accurate.
2. Prioritizes	**Focus on urgent and easy Vs Important Issues-** Does not step back and look at patterns to see if there is a common theme; emotional, reactionary and well-known based views are key in their approach; operates in reachable and well known challenges.	**Makes the Case -** Demonstrates the courage and skill to use facts, emotional appeal and influence to be successfully persuaded decision-makers and opinion leaders to a course of action. "Faces up" to unpopular topics and seemingly unreachable challenges. Focuses on the important issues…not just the urgent or easy ones.
3. Personal Commitment	**Personally tentative and unwilling to commit to change -** Little passion or urgency	**Personally Commits -** Assumes personal risk/accountability in committing to a change program, stepping up to the challenging goals, and raising the bar to achieve the "right" org. goals. Instills passion and intensity in the challenge ahead.
Execution Ability		
4. Plans	**Known formulas or actions are 'plans' — no matter what the situation the plan is the same--** title recognition of the interdependencies and attention that needs to be built for political support.	**Assembles an appropriate High Performance Plan -** Builds achievable "game plans" that reflect adequate physical and people resources, manageable timetables, clear recognition of interdependencies and attention to building political support.
5. Timing	**Waits-** little sense of urgency — must be pushed; very frustrating to other peers; unit rarely seen as co-equal ally in execution; can create organizational chaos.	**'Gets after it'- Relentless pursuit of *Results* -** Drives the work plan forward "on spec/on time" while avoiding organizational chaos; pushes others for their "best".
6. Navigation	**Clumsy-** is seen as either unskilled, uncaring or naïve in how to deal with normal and expected resistance, roadblocks and detours; surprised when issues and changing conditions emerge; mid-course corrections do not occur.	**Agile –** Skillful deflection of detractors and dead-end detours, alert to surprises and changing conditions and adroitly navigates mid course corrections.
7. Style of mgmt	**Isolated Style of Management-** If a plan, executes and communicates in silo; does not appreciate need for keeping stakeholders involved in support of the issue; can lose focus - pays attention to urgent, "off target" matters. Addressing a challenge that the organizaton is dealing with. Present world is the focus.	**Highly skilled in "day to day" alignment skills -** Proactive communicator; keeps stakeholders involved in support of the coalition with timely and tailored communications – often personal. Skilled in keeping the organization's attention focused on the important and away from "off target" matters.
8. Day to day/"getting it done"	**Disorganized in "day to day" alignment skills -** Has a short ingrained pattern in attempting to influence others; not orderly in assigning and measuring work; lack of clarity about who is responsible for what; lack goals or priorities; work in progress and feedback seems to be lacking; chaos and randomness are the norm.	**Highly skilled in "day to day" alignment skills' -** Proactive communicator; keeps stakeholders involved in support of the coalition with timely and tailored communications — often personal. Skilled in keeping the organization's attention focused on the important and away from off target matters.
People Skills		
9. Openness/ Learning	**Team members operate in a vacuum -** High performance is a shortcoming due to some combination of inflexibility, lack of clear, calm transactions with others, political missteps, or not being seen as constructive with others; uncomfortable in conflict situations.	**Engages team members in the spirit and meaningfulness of the challenge -** provides team leadership and support, fosters a high performance atmosphere to the "core" team and enlists support cross functionally. Appeals to team members' "head and heart".
10.Select/ Develops	**Selects "C" players -** Overemphasizes technical aspects and ignores leadership factors in selecting talent; short in knowing how to manage/develop people.	**Selects and develops "A" players -** knows what "A" players "look like"; attracts them to the team; knows how to manage, motivate and develop them; seen as a net exporter of talent to replenish the organization pipeline of talent.
11. Culture	**Control oriented and creates a marginal culture -** Has no track record or reputation for winning and building; doesn't create a common mindset/challenge; synergies are missing; everyone works on his/her own projects; doesn't manage in a way that builds team morale or energy; may be very action and control oriented and won't trust a team to perform.	**Creates a "Winning Culture" -** Winners and followers – with constructive style and spirit. Followers choose to remain attached and involved. Creates personal reputation for winning and building. Makes others around him or her better. Generates a loyal following of supporters and advocates.

What is the value of real talent - what difference does it make financially?

In a study at Harvard, cited by Gary Loveman, the difference in talent at various levels is significant. A summary of the findings of the PIMS study that was conducted over a number of years illustrates the point (see table on the right).

Beyond the financials there can be opportunities lost and talent lost. The poorer performers that we might refer to as By-standers seriously affect an organization's ability to attract and retain talent. Our findings are very much in line with the Harvard study.

Top Talent... the difference maker

If the right person is in the right job ...productivity is an "order of magnitude" -not 10% - 15%, but 100%, 200% more productive

... Harvard research material presented by Dr. Gary Loveman

Level of Talent		% Profit Growth	
High	Game Changers	+ 37%	Value Creators
Average	Load Bearing Walls -Technical Leaders -Spectators	+ 4%	
Low	By-Standers	-7.5%	Value Destroyers

How do we see organizations incrementally getting into trouble?

Almost imperceptibly organizations accept the status quo and lull themselves to sleep. While not intending to be all inclusive it seems as if the following certainly play a key role in scuttling efforts to build the kind of change capable organization required to win in the future.

1. Growth Stall-Outs

Matthew S. Olson, Derek van Bever, and Seth Verry in their insightful treatment of the issue in the Harvard Business Review[3] suggest that *Successful companies lose momentum for four main reasons and they suggest that all are within management's control if spotted in time.* Two of the key factors of the four cited are directly related to change capacity/talent or lack thereof: When innovation management breaks down, or When change capable talent comes up short.

The authors suggest it happens even to exemplary companies: after years of neck-snapping acceleration in revenue, growth suddenly stalls. And no one saw it coming. They argue if executives don't diagnose the cause of a stall and turn things around fast, that company stands little chance of ever returning to healthy top-line growth.

It's tempting to blame stalls on external forces (economic meltdowns, government rulings) and conclude that management is helpless. But according to Olson, Van Bever, and Verry, the most common causes of growth stalls are knowable *and* preventable.

2. Pyramids of Mediocrity

The Executive Conference Board termed this phrase to describe what occurs over time when the issue of performance is not on center stage. We know that many organizations have trouble dealing with poor and marginal performance. Over time, the practice gets embedded into the culture, and it accumulates to the point at which some organizations may have as much as 25 percent of the leadership positions staffed with either "By-standers" or marginally acceptable "blockers." Organizations generally are adept at identifying the 10 percent of this group; however, the particularly perverse effect of over-retaining blockers constitutes the single biggest threat to top-talent retention as they impede the upward trajectory of high potentials.

This second category is a hidden-value destruction phenomenon that spreads beyond the actual performer in which he or she might be viewed as marginally acceptable. The situation worsens if the under-performer is in a pivotal, make-or-break position. The Board helped capture this dynamic in their "Pyramids of Mediocrity."[4]

Too many will take the spirit and soul out of an organization. Talent leaves primarily because of whom they report to. Do you have these pyramids in your organization? If so, what have you done about them? If you tolerate this, you are undermining the value of the organization. Do not try to change it overnight, but act—too much is at stake.

3. Active Inertia[5]

Many organizations are 'busy'—individuals within the organization are 'busy'; however, many times it is the urgent rather than the important that occupies much of their time. Active inertia is a situation where you will find:
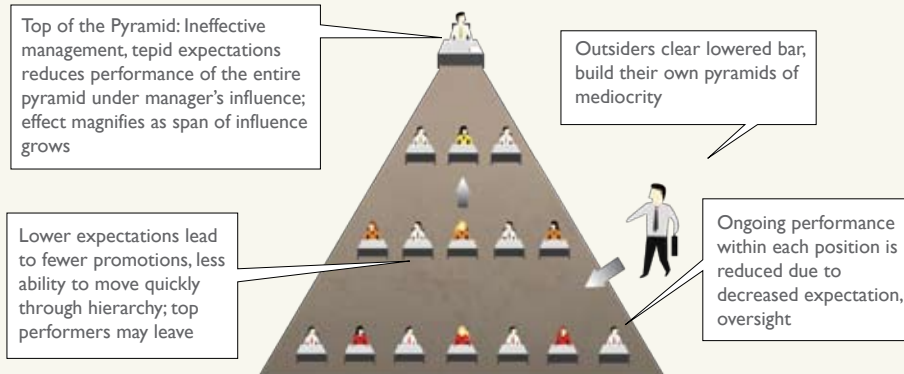
• Strategic Frames: the way we think about our business; the set of assumptions that determine how managers view the business… these become Blinders/Assumptions and Beliefs that are never examined;

• Processes: "the way things are done around here" … Routines and "workarounds"

• Relationships: the ties and views of your employees, customers, suppliers, distributors and shareholders…they can be 'Shackles'… 'that is the way they are' and

• Values: these are the set of shared beliefs that determine corporate culture…they can become dogmas and seen as out of reach, out of touch.

When you have the confluence of some or all of these factors the ability to challenge and provide contrarian views is decidedly limited. It is then very easy to slip into complacency.

4. Organization 'Wind Chill'[6]

'Wind chill' was described by Bain corporation as the phenomena that is felt and observed, yet hard to describe and measure; but, assuredly you know it when you see it. This is when you have a significant difference between what individuals could 'give'---let's say 110% and what you receive—suppose it is about 50%...this is enough to maintain employment, but just barely.

Their major conclusion again was that proactive leadership was the difference maker. This low morale in organizations seriously hampers organizations that tolerate poor performance.

Top of the Pyramid: Ineffective management, tepid expectations reduces performance of the entire pyramid under manager's influence; effect magnifies as span of influence grows

Outsiders clear lowered bar, build their own pyramids of mediocrity

Lower expectations lead to fewer promotions, less ability to move quickly through hierarchy; top performers may leave

Ongoing performance within each position is reduced due to decreased expectation, oversight

What occurs on a day to day basis in the 'people world' to cause this?[7]

When an organization needs to make a strategic move, many times senior management is typically disappointed with the found talent deficiencies, but chalk up this problem as a natural aspect of talent management. Meanwhile, the ability of the organization to rapidly muster great talent for strategic moves in the marketplace is compromised by both quality and timeliness factors.

What then are some of the major disconnects in truly identifying and nurturing change leaders?

1st. Inept Assessment

Each day, leaders throughout your organization make judgments, or "calls", to select talent for more challenging and complex jobs. When these decision-makers fail to make astute talent assessments and predictions, a little bit of your company's future is chipped away.

When inept assessments from individual managers are combined across an organization into an overall picture of your organization's talent strength and readiness, this composite view too often catches senior executives off guard as they scrutinize or "scrub" promotability slates to select key leaders for critical assignments. That rich and ready pipeline is just not there.

When the talent-assessment process ultimately generates only "good enough" talent and teams, what is the outcome to your organization when those great competitors in your sector take aim at your markets and your customers?

The stakes are high. Boards and financial investors have demonstrated a lack of patience for the uncertain adventure of evolving good teams into great ones when the individual talent does not measure up to winning. It is better to start with building great high-performance teams.

Some symptoms that you might see:
- Senior Leaders Don't Agree on What "Success" Looks Like
- Appointments Are Not Made From Your Promotability List
- Performance Is Mis-used as a Proxy for Assessing Potential
- A "Conspiracy of Politeness" Exists During Talent Review Meetings

As a senior leader you should ask *Key questions for gauging the quality of talent assessment:*
- Can your managers explain the difference between great vs. good talent?
- Which managers accurately spot promotable talent early in their career?
- Who were the members of your promotable talent pool three years ago, and where are they now?

2nd. Loose Accountability

One of the most unforgivable sins a senior executive can commit is underestimating the future leadership needs for the business—either in terms of quantity or quality. These oversights traditionally go unmentioned in annual reports and during analyst meetings. Yet these oversights compromise your organization's competitive future.

Many senior leaders show up at annual talent review meetings but are not fully engaged throughout the year in the process. No leader would ever think about going through the motions with the company's strategic planning process. Yet sustaining the organization's leadership cadre is the most strategic activity leaders face in dealing with the future of their organizations. Too many times line management does not accept the mantle of leadership, rather suggesting this is Human Resources accountability. The systems and processes are decidedly HR's accountability; however, the talent capability is decidedly a key issue for those managing the individual talent.

Some symptoms that you might see:
- Managing (Only) From the Heart
- "One-Horse Races" Are Run for Key Appointments
- Senior Leaders Are Not Held Accountable for "Bad Calls"

The key questions a leader might ask to ensure accountability:
- Are leaders accountable for their promotability candor and their promotability calls? Does this impact their compensation?
- Are metrics tracked from year to year for judging the effectiveness of the process?
- Are those deemed "promotable" actually appointed to your key positions? If not, why not?

Additionally, it is suggested that you use the following "acid test" questions to bring focus to the outcomes of talent-management programs. CEO's should ask:
- Is there a solid leadership team at the top of the operating unit?
- Can the operating unit fill its own leadership requirements with great talent? Furthermore, can it supply great talent elsewhere?
- Is the talent throughout the unit consistently best in-class?
- Is the unit capable of stepping up to additional challenges if needed—for example, major acquisition, and change in strategy?

3rd. Tolerating Protectionism

Protectionism exists when organizational walls and cultural norms limit the movement or development of emerging leaders across organizational boundaries. This sin narrows your degrees of freedom regarding development for emerging leaders and ultimately limits choices in appointing "ready now" leaders, compromising the quality and readiness of your talent pipeline.

Protecting employees is noble. Overprotecting emerging leaders often stifles their professional development. Equally harmful is allowing underperforming "favored sons" and slow-learning leaders to be shielded in safe harbors erected within "silos" throughout your organization.

Maturation and leadership development require that individuals be exposed to different challenges and tested in a variety of settings. When talent development is not centrally managed, moving talent across silos and other organizational boundaries becomes a hazardous journey. Often, great talent is simply not freed-up for these moves. In other cases, even when they are, the receiving unit treats the incoming talent as an intruder. This talent rarely gets the most valuable learning or development opportunities. Developmental rotations may be painful for many organizations and may even be career-ending moves for the talent.

Silos naturally operate as an outgrowth of complex organizations reaching for functional focus or specialization. They are not necessarily destructive. The leadership challenge is to bridge silos with management process when it is essential for the broad organization.

Talent management should be one of these processes.

Protectionism may be alive when talent management is not a transparent, cross-organizational process. Another signal is that there is too much of 'these are my people', with the all too common attendant... 'I will make all the decisions', vs. seeing talent as corporate assets.

Symptoms that protectionism is impacting talent management include:

- Inability to Move Talent Across Organizational Boundaries
- "States' Rights"[8] Mentality and Practices
- Cronyism
- Talented "Outsiders" Have Difficulty Breaking Into the Culture

Questions that get you going in the right direction:

- Which senior leaders too frequently use the excuse that an emerging leader is "not quite ready" for an assignment elsewhere in the company or that business conditions are such that promotable talent can't be freed up for a move elsewhere in the company?
- In which units do your organization's best emerging leaders get lost or leave?
- What units choose to place someone in a job that is out of sync with your promotability list? This tells you whether the list is faulty (faulty information) or that this unit likes to 'do their own thing'.
- What senior leaders are successful exporters of talent into other units?

4th. Settling for 'Just good enough"

Can your team outwit and outmaneuver your competition---losing the change capability?

Great talent has a way of creating enthusiastic consensus among selection-makers. When the selection process fails to converge on great talent, and a compromise candidate moves forward in the selection process, trade-offs may implicitly lower performance expectations and limit the new appointee's freedom to act. Remedial actions, such as additional or special support staff or additional managerial attention, are often suggested to assist the compromise appointee. In essence, the original job specification is downgraded due to the limitations of the candidate.

Organizations can lose their fitness edge when not challenging to attain market share or functional excellence. In the early stages of decline, signs of "organizational dry rot"[7] can be detected in the middle-managerial appointments. In those cases, "good enough" leaders are appointed to key roles and steer their operating units toward incremental improvements and even deliver strong results. These organizations have worked harder and managed to win—for a period of time. Often, they have chosen to keep score using internal measures of success and performance— year-to-year metrics, for example, as opposed to external metrics that score against best-in-class performance comparisons. Soon these organizations are in over their heads—overworked and out of gas. Their reputations slip, and great talent becomes difficult to attract and retain. Predictably, the competition begins to outwit, outflank, and outmaneuver them.

Nothing---absolutely nothing communicates the values of the organization as does those who are appointed to key positions or are in position. Individuals truly read the picture of 'what is valued and rewarded around here'. All of the enthusiastic speeches and plaques on the wall are over-shadowed by the placement process. And the group that suffers the most blame---the senior leaders.

Symptoms of settling for 'just good enough' include:

- Compromise candidates are appointed into key roles.
- Operating Units Rarely Stick Their Necks Out in appointments
- Operating Units Are Unable to Renew Their Performance Capability
- Belief in "Management Alchemy"… a belief in the ability to create "A" teams with "C" players through training, team-building, and other forms of magic.

Key questions that should be asked:

- Are game-changers getting the best development slots and being appointed into the most critical jobs?
- With the appointments made…is there an enthusiastic response at the lower levels of the organization?
- Are you able to protect the game-changers as they learn and gain experience?
- Into what operating units are your best talent reluctant to go?
- Individual assessment of an individual is very high…but, why is that no one wants to recruit that person?

5th. Lack of solid information on which to base decisions that hinder building Change Capability

Poor input into people deliberations is a significant issue. If poor input is coupled with a lack of the candor one needs then the process is doomed from the start. According to Larry Bossidy and Ram Charan, "The people process is more important than either the strategy or operations processes...It's the people of an organization who make judgments about how markets are changing, create strategies based on those judgments, and translate the strategies into operational realities." They conclude, "To put it simply and starkly: If you don't get the people process right, you will never fulfill the potential of your business."[9]

It also never ceases to amaze how companies will acknowledge that their managers cannot, at a macro level, provide quality *(comprehensive, valid, reliable, differentiating, useful and defensible)* ratings of individual performance. Yet, they still develop and accept succession plans based on "assessments" by those same managers, of the same individuals, of performance to be delivered in 3 to 5 year's time!

Yet that is the situation in too many cases. So the information is neither believable nor used.

'Credenza-ware' is the unrealized output of talent review meetings. This output finds its way to the shelves, disk drives, and credenzas of senior executives and presenters. Nice work that goes nowhere. We believe the culprit is the once-per-year process of conducting talent review meetings in which forms and formal presentations overwhelm the process of candidly assessing your organization's talent strengths and deficiencies and setting plans in motion to close gaps.

When the talent-management process is not properly orchestrated across the business cycle, the typical outcome is a once-per-year review meeting designed to discuss talent and the pipeline. Most likely, talent review meetings are limited to information exchange and stop well short of real planning, resource allocation, and commitment

to action or expected outcomes. A once-per-year mindset exists for a presentation—not a meaningful action-planning process that addresses business needs.

When your talent meetings feel more like reviews than action-planning sessions, be on guard that the time and effort of many executives may have been squandered. Your future is in jeopardy.

Symptoms that you are on the path to unrealized outputs and the absence of follow-up…i.e., creating credenzaware include:

• Dominance of a "Once-Per-Year" Mindset
• Talent Review Meetings Are a Road to Nowhere
• Poor data input…most common
• Talent Plans Are Not Tracked for On-Time, On- Target Result

What helps build Change Capacity: Essential steps to take to identify and nurture your game changers?

Human Asset Inventory® …an MRI of your talent

In *Making Change Happen One Person at a Time* we documented our process at that time; we have made significant changes and modifications. We use this breakthrough process called the Human Asset Inventory® to create this atmosphere of robust dialogue and formulate an accurate composite view of your organization's talent pipeline. This paperless facilitated process accelerates the assessment phase, improves the accuracy of the individual assessment, and delivers a solid composite roadmap for managing the organization's talent depth and readiness. The following is an example of how individual information builds into the organizational composite:

Bench Strength®
Talent Forecast
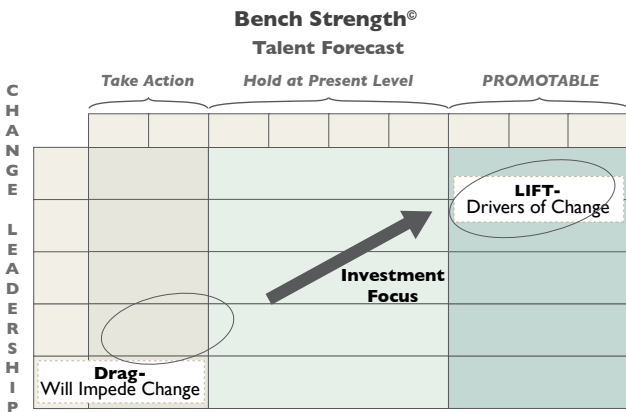
The overall mission of this process is to assist the senior leadership team to address the strategic question: "Do we have the talent we need to meet our strategic agenda?"

It is discussion based, with no paper to fill out. In fact paper is discouraged. The outcome of this work, using the Human Asset inventory and the companion tool, the Leadership Pipeline® Dashboard, is to:

• ensure that you have The Right People for Today. The Right People for The Future; talent ready...a Pipeline that works for you; to ultimately,
• create a durable competitive advantage and generate high returns for less money and with less risk:

Accurate information is the key---you will fail if the foundation is built on poor information.

A couple of steps:

1st discuss in a group to reach agreement on the talent that exists in the team: this simple process;
This process equips leaders with a "plain English" approach, definitions and ground rules to assess the leadership in the company (their direct reports); a robust discussion is key ...so that "everyone is on the same page". This type of facilitated session moves the discussion from controversy to consensus, and discourse to action; a team can quickly identify leaders who embrace change, are innovative and can 'get you to the future"; it works to save precious time; the team can pick up the process quickly.

It provides a conversational framework for assessment; mitigating two traditional issues; the capability to 'Differentiate "Great" talent from "Good"' and Settling for "Good Enough". Additionally, it teaches the team how to "talk talent". It isn't about the perfect process or the most elaborate forms. It's about the dialogue, the interchange: providing assessors with a common language for discussing talent.

2nd Step: Delivery of a Summary of the Leadership Pipeline
This assists the leadership team in being able to quickly lock in on the key issues; the 20 percent that drives the 80 percent of the value in your organization; it summarizes the organization's bench strength and provides organization, functional and individual assessment results.

It allows management to address important questions such as who are the real leaders. A significant benefit is that it increases the likelihood of success with your direction—the team is closer to being 'of one mind" as to strengths and areas of vulnerability.

Immediate Value: Takes those important first steps/puts in place a solid framework to understanding the talent you presently have…in essence it provides you with an MRI of the bench-strength…and other key issues.

And, it provides solid information required to implement the **Leadership Pipeline ® Dashboard** to manage your talent to assure you have leaders today who consistently meet - better yet, exceed - your company's strategic goals.

The Leadership Pipeline® Dashboard: *a GPS talent management system*

The Leadership Pipeline® Dashboard builds and links with agreed decisions reached in the Talent Reviews – 'with everyone on the same page'…the actions agreed to are put into play;

In its truest sense it is more than a dashboard. It maps out a route along best practices, is intuitive and easily understood. It incrementally helps you steer away from hurdles and barriers; provides alerts along the way and provides real time information to make decisions along the way as you develop your talent.

While it is web-based its roots go back to the requirements; to construct the dashboard we sourced head of Human Resources and C-Level executives and asked them: What do you need to know to have the type of support to develop your change leadership capabilities? Overall, this research involved over 22 executives; 6 of which were CEO's.

To that end, we defined those questions; it was our assumption that if you can figure out the questions, the reports will be evident. The overall framework that undergirds the Dashboard: (See table 1 on page 18).
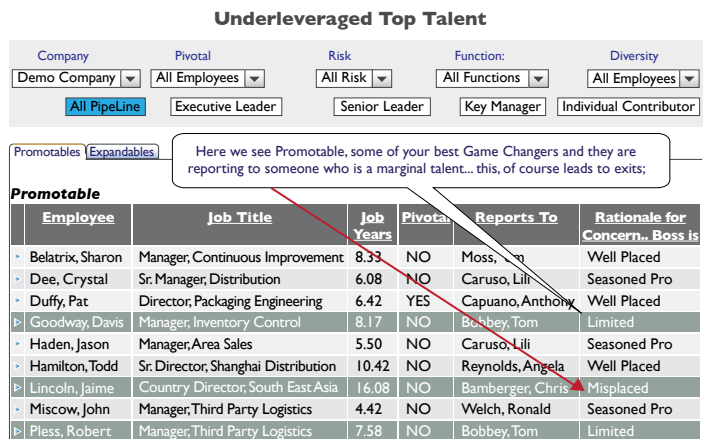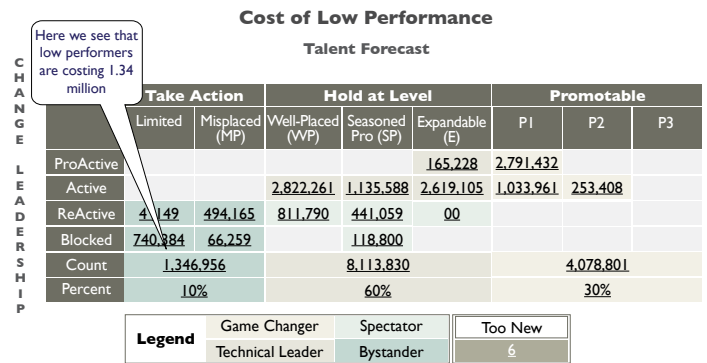
Table 1

Leadership Pipeline Dashboard

Twenty-Eight standard Reports...all based upon key questions-

Questions*	Reports
1ˢᵗ Area: Right People on the Plane?	
1- What does our overall pipeline of talent look like?	1- Total Leadership Pipeline
2- Do we have the leadership required at the top two levels?	2- Leadership Coalition
3- What does the Promotable list look like?	3- Talent Forecast
4- What does the succession picture look like?	4- Succession Coverage
5- Who do we need to move?	5- Need to Move List
6- What does the diversity pool look like?	6- Diversity Pool
7- Where could we move our best talent for development?	7- Vacant Position
8- Are those we identified being moved?	8- Need to Move Tracking
9- Are we filling our key jobs on a timely basis with our best?	9- Position Fill Progress
10- Are Diversity candidates being considered for opportunities?	10- Diversity Pool Tracking
2ⁿᵈ Area: Wrong People getting off the Plane?	
11- Who are our poorer performers?	11- Poor Performance
12- Where are we willing to tolerate poor performance?	12- Limited Talent—in position 2 + Years
13- Are we consistent in how we rate and reward everyone?	13- Rating/Reward Consistency
14- Who are we vulnerable to losing and are we taking action?	14- Leadership Risk Analysis
15- For those we deemed promotable ...are they getting the jobs...if not who is?	15- Promotable Pool Hit-Miss Report
16- What is our specific plan with a poorer performer?	16- Performance Improvement Plan
17- What progress are we making with our poorer performers	17- Poor Performance Action
18- What positions are under-leveraged?	18- Underleveraged Position Report
3ʳᵈ Area: Right People in the right seats on the plane?	
19- Who are in our pivotal positions—are they up to the task?	19- Pivotal Position Incumbent Analysis
20- How much functional depth do we have in key areas?	20- Functional Depth Chart
21- Who could we lose by retirement—do we have a plan?	21- Retirement Vulnerability
22- What positions are we going external for—and, is the search progressing to meet the desired time?	22- External Search
23- With this new individual in position, what is the plan for a successful entry?	23- On-Boarding Plan
24- Who are those that are not being challenged—could do more?	24- Underleveraged Talent Report
25- With our high potentials...what is the specific development plan?	25- Individual Development Plan
26- With our key populations that we are recruiting, are they staying?	26- Key Population Tracking
27- With our pivotal positions, are we making sure we have stellar talent in those key positions?	27- Pivotal Position Tracking
28- When we gather information about potential leaders, those that we absolutely need to stay up with...how can we track them?	28- Don't Lose List

*The original work of Jim Collins should be noted; in his seminal work he used the mantra of a bus versus a plane.

Following the entry of Examples of Reports: the data you can deal with issues that accelerate or impede development and the retention of talent. Issues such as:

Cost of Low Performance

Talent Forecast

	Take Action		Hold at Level			Promotable		
	Limited	Misplaced (MP)	Well-Placed (WP)	Seasoned Pro (SP)	Expandable (E)	P1	P2	P3
ProActive					165,228	2,791,432		
Active			2,822,261	1,135,588	2,619,105	1,033,961	253,408	
ReActive	4,149	494,165	811,790	441,059	00			
Blocked	740,884	66,259		118,800				
Count		1,346,956		8,113,830			4,078,801	
Percent		10%		60%			30%	

Here we see that low performers are costing 1.34 million

Legend	Game Changer	Spectator	Too New
	Technical Leader	Bystander	6

Underleveraged Top Talent

Company	Pivotal	Risk	Function:	Diversity
Demo Company ▼	All Employees ▼	All Risk ▼	All Functions ▼	All Employees ▼
All PipeLine	Executive Leader	Senior Leader	Key Manager	Individual Contributor

Promotables | Expandables

Here we see Promotable, some of your best Game Changers and they are reporting to someone who is a marginal talent... this, of course leads to exits;

Promotable

Employee	Job Title	Job Years	Pivotal	Reports To	Rationale for Concern.. Boss is
Belatrix, Sharon	Manager, Continuous Improvement	8.33	NO	Moss, Tom	Well Placed
Dee, Crystal	Sr. Manager, Distribution	6.08	NO	Caruso, Lili	Seasoned Pro
Duffy, Pat	Director, Packaging Engineering	6.42	YES	Capuano, Anthony	Well Placed
Goodway, Davis	Manager, Inventory Control	8.17	NO	Bobbey, Tom	Limited
Haden, Jason	Manager, Area Sales	5.50	NO	Caruso, Lili	Seasoned Pro
Hamilton, Todd	Sr. Director, Shanghai Distribution	10.42	NO	Reynolds, Angela	Well Placed
Lincoln, Jaime	Country Director, South East Asia	16.08	NO	Bamberger, Chris	Misplaced
Miscow, John	Manager, Third Party Logistics	4.42	NO	Welch, Ronald	Seasoned Pro
Pless, Robert	Manager, Third Party Logistics	7.58	NO	Bobbey, Tom	Limited

Some of the benefits of laying this information out using this vehicle:

It provides a *'broad view' (Telescope)* and also the ability to easily *'drill down' (Microscope)*; the key information across organization...'sliced and diced' around key inquiries. Most of all it helps to monitor, measure and manage the talent picture; 'early warning alerts'; ....*You can see the forest...you can see the trees.*

The dashboard focuses priorities: you do not need to make 'all the moves'; however, the Dashboard helps you *make smart, informed moves*; there is a common data definitions and understanding of priorities; thus, spending less time debating the data and more time deciding and acting; additionally, it saves time and resources: it helps leaders stay on top of the issues – real time information so that there is finger-tip access to all the information managers need to understand and improve talent/change capability of their unit.

We have found the outcome of these two tools helps move an organization away from the common *'once a year mentality'*, assists managers to stay up with moving pieces and brings order out of normal chaos. It is seen by our clients as intuitive, common sense and practical. That to us is the highest compliment.

Conclusion

Leadership is often about delegation. Effectively building change capability is not. The senior leader and other members of the senior team must perform and send signals to your organization about the value of building a deep and ready change capability and the standards by which the process must be executed.

Leadership-rich organizations never believe their talent-management process and activities are discretionary duties. They understand the process as an essential core competency that can't be duplicated, that largely can't be delegated, and must not be neglected.

There is nothing altruistic about these values and ideas about building change capability. It is about building the capacity to perform and win. Great leadership is the foundation for sustained performance through both evolutionary and revolutionary phases of any company's life span. Without a leader putting a personal stamp on this process and investing personal time to know one's pipeline, the process is doomed for credenza-land.

At the end of the day, the central question for senior leadership is: "Do you have the change capacity and bench strength to successfully implement our strategy?"

About Charles H. Bishop Jr.

Charlie is one of the founding partners of a new firm --Coral Bridge Partners, LLC that focuses on connecting people, performance and results by implementing high impact cultures that drive business performance. The firm focuses on developing leadership capabilities so that talent becomes a sustainable competitive edge as organizations embrace rapid change and look to future growth.

He has held senior level roles in recognized Fortune 100 firms undergoing significant change including FedEx, where he was cited as "the architect of the organization's human performance system", Baxter International where he served as the Director of the Baxter Leadership Institute, and ADT where he was Senior Vice President of Human Resources and played a key role in the company's major turnaround effort. He is active in professional associations and consults with leaders and organizations across multiple industries to help them navigate change and get to the future first. Charlie has particular expertise

with succession planning systems and post merger talent assessment having supported Bank of America's executive team through multiple acquisitions and integrations. He is the author of the book *"Making Change Happen One Person at a Time"* which was cited by the University of Michigan as one of the ten best books on change in the past forty years. Dr. Bishop has a PhD in Psychology from the University of Georgia.

> ❝ The top CEO Challenge in 2010 is "execution" which requires having The Right Talent, in the Right Place, at the Right Time, doing the Right Things, …Right. That recipe bodes well in building Change Capacity which is what is required to win and prosper.❞

Notes

1. In a series of studies conducted by the University of Michigan, David Ulrich, Wayne Brockbank, Arthur Yueng, and Dale Lake concluded that leadership and change capacity were the key differentiators in performance. "Top Books on Change," in Human Resources Management Journal, volume 40, No. 3, Pp 275-286; updated 2008, John Wiley and Sons, Inc.
2. Ed Michaels, Helen Handfield-Jones, and Beth Axelrod, The War for Talent (Boston: Harvard Business School Press, 2001) p. 159.
3. Matthew S. Olson, Derek van Bever and Seth Verry, When Growth Stalls (Boston: Harvard Business Review; Reprint R0803C, March 2008)
4. Corporate Executive Board, Corporate Leadership Council, "At the Frontier: Employee Retention and Workforce Mix Management," (Washington DC: Corporate Executive Board, 1998): chapter 3, 53. Developed the idea of a Pyramids of Mediocrity.
5. Active Inertia is an idea closely identified with Donald Sull, an associate professor at the London Business School and considered one of the new and better thinkers in management. At the core of the idea is the observation that managers and organizations often get stuck in a rut, so that when an entirely new situation arises they revert to an old response pattern. Dr. Sull has published a number of articles focused on this concept.
6. Paul Calthrop - Vice President - Bain International; CEO Forum Magazine, circa 2008; Mr. Calthrop described this phenomena, referring to a specific organizational malaise that is hard to measure but easy to recognize and profound in impact; namely, people's reluctance to give of their best. His contention was that in many organizations, people perform to acceptable standards but are unmotivated to contribute the discretionary effort that is theirs alone to give or hold in reserve. He attributed 'wind-chill' to a lack of change capacity throughout the organization.
7. Patrick R. Dailey and Charles Bishop; The Seven Deadly Sins of Talent Management; article published by the Human Capital Institute; Fall, 2009. Four prominent 'sins' are included in a condensed format in the section entitled: What Happens on a day-to-day basis in the people world to cause this? Additionally, other cogent points of the article are included for emphasis. Dr. Dailey at this time is the founder a new venture BoardQuest.com…a board of director's consultancy. His contribution to the practice as a thought leader, friend and colleague over the years has been substantial and highly valued. He can be reached at pdailey@boardquest.com 310.400.9992
8. The term "states' rights" in the context of succession management and development is attributed to Bob Eichenger in a speech to a Human Resources Planning Society Workshop (circa 2002).
9. Larry Bossidy and Ram Charan, Execution (NewYork, NY: Crown Publishing Group, 2002), p. 172. In which the authors discuss the need for candid dialogue to discover those that can truly drive change, which, as they say ' is the key to the future and sustainability'.