

Victorian TAFE
Association

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Implementing Succession Planning Strategies in TAFE

Featuring:

Strategic Succession and Talent Management - Excerpts from the HR Report
edition of 30 April 2002 on the IQPC's conference on 22nd April 2002

and

Succession Planning for TAFE - Notes from a workshop conducted by Judy Kent,
Director Winning Spirit Pty. Ltd. at the Victorian TAFE Association Human
Resources Conference 2002

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Contents:

1. Foreword _____	3
2. Strategic Succession and Talent Management - Excerpts from the HR Report edition of 30 April 2002 on the IQPC's conference on 22nd April 2002 _____	4
3. Slides from the Succession Planning for TAFE workshop conducted by Judy Kent, Director Winning Spirit Pty. Ltd. - at the Victorian TAFE Association Human Resources Conference 2002 _____	10
4. References and further reading: _____	22

Foreword

Succession planning has been defined as “perpetuating the enterprise by filling the pipeline with high-performing people to assure that every leadership level has an abundance of these performers to draw from, both now and in the future”

Succession Planning can be looked at in both simple and in comprehensive terms.

- Put simply, leaders should ask themselves, “If I am hit by a bus, who will be my back-up?”
- From a more comprehensive viewpoint, companies may have successive management programs that are fully aligned with their visions, missions, ethics, goals, policies and practices.

Commentators have stressed that:

- managers should get involved in succession planning and make it part of their jobs; and
- human resources staff play an integral role in succession planning by being behind the scenes in helping managers to do their jobs.

The Victorian TAFE Association has promoted that succession planning is a vital practice for its Members to adopt in the continuous development of their workforces. The Association’s *Future of the TAFE Workforce Search Forum* conducted in 2001, identified succession planning as a key issue and recommended “implementation of ongoing and whole of organisation succession planning”. In support of this principle the Association has been the managing agent for the OTTE funded “Leadership Development Contract Scheme”. Now in its second year, this scheme has funded 16 Leadership projects involving more than 45 participants with over \$250,000 in grants having been issued.

Succession planning continues to be advocated as an integral tool for the long term future of Victorian TAFE workforce. It features in the report by Kay Schofield (January 2002) - *A new balance: investing in public infrastructure to sustain Victoria’s training and skills development*, and reinforced in the July 2002 Ministerial Statement on *Knowledge and Skills for the Innovation Economy*.

This booklet contains excerpts from a *HR Report* (April 2002), which featured the *International Quality & Productivity Centre (IQPC)* conference of that month on succession planning and talent management. These excerpts outline practical lessons and advice from both public and private sector leaders in the field of succession planning.

The booklet also contains a presentation by Judy Kent of *Winning Spirit Pty Ltd* made to the VTA HR Conference in April 2002. The presentation notes are provided as a useful reference point for those committed to developing and implementing a succession planning framework within their organisation.

Should you require further information regarding this booklet and related matters, please contact the Association on telephone number 9639 8100, or:

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Strategic Succession and Talent Management - Excerpts from the HR Report edition of 30 April 2002 on the IQPC's conference on 22nd April 2002

Development Dimensions International (DDI) on succession management

Development Dimensions International (DDI) is a global human resources and business consulting firm. Its Chairman and CEO, Bill Byham said that the most important factor by "ten times" in good succession management was the advocacy of top management. But he said it had to be sold to them in a strategic way. "You've got to give a payoff to top management on how it will be a big win for them," he said.

Byham told *HR Report* that 50% of DDI's business came from companies' board of directors pushing for it. He said the "trick" was to get top management to "own the system" and to review it twice a year. According to a DDI 2001 survey on retention trends, the top factor influencing retention was the relationship with one's leader or manager, followed by opportunities for growth. DDI sponsored IQPC's Strategic Succession & Talent Management conference. DDI MD David Tessmann-Keys agreed that the difference between effective and highly effective succession management programs was CEO commitment and the linkage to business strategy. According to Tessmann-Keys there has been a shift in the past 12 to 18 months to 'who do we invest our energy in?' and 'how do we work with non-potentials to maintain their commitment?'

Wait five years to identify leaders

"The research says you are better off waiting for somebody to have been in the company for about five years before you evaluate their potential," Byham said. "By this time you have learned about leadership and developed how participative you will be," he said.

Byham argues strongly that pen and paper psychological tests don't cut it. "All the psychological literature clearly says the more different methodologies you use to evaluate each potential applicant, the clearer the finding," he said. It is also important to have "at least three people making the judgements". He said DDI's succession management 'acceleration centres' have been modernised. "Now we get as much assessment in one day as we used to get in three days," he said.

Acceleration: Who and how

DDI says to its clients, "If you were hit by a bus, who would be your back-up?" When you name the person you would say "ready now" or "ready in two years" and HR would put that in a book. But according to Byham, many companies who have spent time and money implementing a succession management program, "when the rubber met the road", had not even looked at the book. Companies try to find people and get them ready for senior management, "but you are never going to find very many people that are 100% ready", Byham said. The question is: "What kind of experience do you want the person to have?" "It might have been the right back-up when the person filled out the form, but by the time the person dropped dead, the job has changed," he said.

The problem is not that companies don't have enough hardworking, motivated people, the problem is that they haven't had the "breadth of experience necessary to go up", according to Byham. "Chance won't give it to them or chance will play a trick on them,"

he said. Some bosses will hoard their good people - they will promote them but not move them around. "A good succession management program will fix that," he said.

He said companies fail to understand what really changes behaviour. He said targeted individuals needed to be put on professional training and immediately be given an assignment somewhere to use what they got in the training program.

DDI's acceleration centres can judge two things. The first is "potential" according to Byham. The more common kind of assessment is achievement, "wherever you got it, whether you learned it or inherited it. We don't care where you got it." Success also depends on how well you take feedback, according to Byham. He said participants in succession management programs "will get some pretty stiff feedback" and if they are the type who cannot accept it, that will impact on their potential.

Interfacing succession management with other tools

HR's role in Westpac's succession management program was in coaching managers, facilitating sessions and ensuring the process was completed, Westpac's portfolio leader executive development Helen Jackson told the - IQPC's Strategic Succession & Talent Management conference.

Jackson said that a lot of managers were "ill-prepared" to go into feedback sessions with succession management program participants and needed coaching by HR professionals.

The two key areas of focus of its succession management program were talent management and development initiatives. Talent management meant identifying and growing leaders out of its 28,500 employees in Australia and around the world, and developing a "high potential" strategy to "stretch" people.

Westpac provided a "safe to fail" rather than a "failsafe" environment for developmental assignments. According to Jackson, "stretch" initiatives are likely to identify a business problem that requires cross-functional attention using emerging talent. The development imperative is a "by-product", she said. The result is more successful if it is seen by those involved as a business imperative.

As part of its executive resource review (ERR), Westpac chose to interface its succession management program with 360-degree feedback tools to assess performance and potential, give feedback, and identify outcomes and development for high potential staff.

The "inputs" of Westpac's succession management program were a "leadership compass", performance and potential assessment, performance and potential map by managers, and its "leadership dashboard".

The leadership compass consisted of assessing individual's potential in four areas: people (empathy, integrity, diversity), judgement (business acumen and strategic thinking), outcomes (decision-making and discipline) and drive (energy).

At ERR meetings the leadership group discussed and debated data on each individual. Participants were given 360-degree feedback on three out of four areas of potential, excluding outcomes. The leadership dashboard was used at ERR meetings as a summary picture. Feedback was provided to all participants in the program.

360-degree feedback

Westpac made 360-degree feedback mandatory for all leaders down to fourth (GM) level but the feedback was designed for development purposes only. However, Jackson said it was also being used for evaluative purposes and companies needed to clarify how and for what purposes it was to be used.

Jackson said another challenge was to identify a person's readiness - the length of development time they will need before they step into the role. To this end, Westpac developed several talent definitions including: high potential, emerging talent, key resource, and team talent.

Important lessons Westpac learned during the development of its succession management program were:

The importance of a clear and consistent leadership profile.

The importance of adequate tools and processes to identify potential.

The clarity and role of the 360-degree feedback tool.

Adequate succession planning for key roles, particularly below the GM level.

Gaining full benefits of time and resources expended.

Jackson said it was important to ensure that succession management decisions were not made externally to the process and for those in charge of the process to "do what they had decided on".

Difficulties promoting women

Despite being committed to promoting women into upper levels of management Westpac has not found it easy going, Jackson said.

Jackson told the conference that despite women being regularly approached and targeted to take part in succession management programs, it was often the case they were not interested in the very high level positions. She told the conference she was at a loss to understand why.

But succession management consultancy DDI's chairman and CEO Bill Byham told HR Report that it is only at particular stages in a woman's career that she will not be interested.

He said at certain stages women are not able to "fast-track" their careers because of family or carer responsibilities, but at other times are ready and willing to go for the top jobs. "Women's answer will very much depend on the time they are approached," he said.

"In every country you've got leading companies that are doing things well," he said. "I really don't see Australia as any farther behind than anyone else, even America.

Linking talent management to your strategic planning

Succession management is key to Arnott's' plans for growth because, with no new product line being developed, its commitment must be to its talent, Arnott's' manager organisational development Linda Howarth told the April 22 conference.

Arnotts/Campbell's Soup is the biggest umbrella brand in Australia with a \$580m business. Arnotts sells 525 million packets of Sao biscuits per year and has its brand in 97% of Australian homes.

Talent management had been happening at Arnotts for four years but had only been working "very well" for the last two or three years, Howarth said.

Arnotts had to look at which employees it was losing and whether they were from the right pool, that is, not from the high potential pool. It developed organisational charts to see if managers were building the right teams around them.

But despite having a succession management program in place, "the experience I've had is that people do put it to one side", Howarth said. She said there had to be a dedicated team for quarterly tracking because regular follow-up was "essential".

Howarth said the future role of the company's leaders had to be about relationship and change management because its competitive advantage was its brand and relationships and specific alliances with other companies.

Building organisational citizens

Mater Health Services (MHS) is concentrating on building good organisational citizens as part of its succession management program because they are fully engaged and fully aligned with the company's vision, mission, values, ethics and goals, corporate coach for MHS Dulise Maxwell told the April 22 conference. They are also proactively involved in continuous improvement, Maxwell said

MHS surveyed its staff on what engages them to be better organisational citizens. Some 8.4% said financial payoff, 8.5% said participation, 8.0% said influence, 8.5% said community, and 9.1% said fairness.

Maxwell cited a Sears Roebuck study that said for every percentage point increase in employee satisfaction a company can get up to four times that in increased profit.

Organisational citizenship also results in less loss of productivity through absenteeism and fewer industrial disputes, Maxwell said.

Enhanced role modelling results in increased synergy, listening, image, decreased bullying and horizontal violence (which Maxwell said is a "huge issue" in the nursing industry) as well as a decrease in customer complaints.

A good succession management program means capabilities are matched to future needs, replacements are in place so there are no productivity gaps, shared knowledgeable decision-making, reduced recruitment costs, and maintenance of corporate history.

Personal outcomes of succession management are increased status, feeling valued, new challenges, greater autonomy, greater involvement, greater influence and fair treatment.

Aligning succession management with company strategy

An Australian Federal Police 2001 staff survey found that while career opportunities underpinned the attraction and development of key people, three-quarters of staff wanted further career development, Heinz Workforce Research consultant to the AFP Louisa Vanderkruk told the conference.

Vanderkruk said a Harvard study conducted in 1995 showed that motivation drives corporate performance, reduces absenteeism and turnover, and drives up market value (Pfau & Kay). The survey also found that simply getting staff to fill in a survey and communicate the results to them could drive market value up by as much as 6.5%.

The AFP has over 3,000 employees. It is seen as "elite" to new recruits with a high level of accountability to govt. and the community. It needed to attract, retain and develop qualified people. "It is expensive to train an agent," Vanderkruk said.

Vanderkruk conducted a census-style survey of AFP staff in Sept 2001 and its results showed that although staff demonstrated extremely high levels of interest, satisfaction and commitment, "there was stuff around career we had to address", she said.

The survey's culture investigation revealed five employee types of approximately equal size - "the neatest profiling we've ever done", Vanderkruk said. Four out of five groups said career development was "crucial". She said the remaining group was apathetic, alienated and "unpleasant to have around" and AFP now had to decide if it wanted that group to stay or go.

In Feb this year the AFP decided that career prospects needed to be broadened, redefined and communicated to all staff. "Job vacancies needed to be transparent," Vanderkruk said. "Promotion needed to be based on performance, not politics."

The succession management program is employee-driven - candidates don't need to be handpicked or nominated. "Your path is entirely at your discretion," she said. It is open and IT-based because it already has the IT resources and career maps internally.

Centrelink's approach to succession management

Centrelink was undergoing a "rapid journey of change" in embracing new technology, and its succession management aim was to build intellectual capital by recruiting and retaining the "right" staff, national manager people management Carmel McGregor told the Sydney conference.

Centrelink is a Federal govt. agency operating in a decentralised and competitive business environment. It is a young organisation - five years old in July. It has 24,000 employees, 1,000 service delivery points, 26 call centres, 6.3 million customers and 3.4 billion online transactions.

Although McGregor said Centrelink had always encouraged employees to broaden their experience it was not until recently actively tracking it. HR services had to support and reinforce the succession management process, McGregor said. When Centrelink compiled age, leadership and separation profiles it found that one-quarter of senior execs were aged 52-54 and could leave in the next two or three years.

Given that 80% of Centrelink's prospective retirees took a "phased approach" to retirement by reducing their hours, it would help to minimise the loss of corporate

expertise if these people remained "amenable" to working at Centrelink. It had to retain contact with retired senior execs to get feedback on strategic issues, mentoring and their services on one-off projects.

It encouraged employees to broaden their experience across business areas. It needed to ensure current and future leaders have the appropriate skills, knowledge and values. It needed people who were able to "shape strategic goals", show integrity and communicate with influence. Its succession management program "supports the retention of quality employees" - "the right people with the right skills in the right jobs".

IT talent bank

Centrelink developed the IT talent bank where IT workers work in one of four "virtual pools", with no-one attached permanently to any team and everyone considered "on assignment". This idea uses supply and demand, allows for flexible assignment and reduces redeployment costs, McGregor said.

Integrating succession management

Succession management is a continuous process and for premium outcomes companies need to nominate specific HR people to spend some time each day on it, according to vice president of HR at GE Australia & NZ, Samantha Sheppard. They must find out what vacancies are available and which employees are available to fill them, Sheppard said.

She told the April 22 Sydney conference - IQPC's Strategic Succession & Talent Management – succession management is not a "one-off" process but must be revisited every year.

She said a key challenge for many organisations was addressing the issue of global mobility. "To be a successful leader you cannot have remained in one business in one locality," she said. Many senior leaders are now required to lead "remotely" and Sheppard said in such cases leaders need to ensure "you know your talent".

Good succession management is about defining what successful leadership is for your business. What's good for GE might not be good for you, Sheppard said. "Start simple". You might not need the robustness of a global cycle like GE. To get "top-down" support, HR has to translate everything into its business impact, Sheppard said.

If those identified in the course of a succession management program are found to have "no significant investment" in GE's core values, the company will work to push them out of the company. Sheppard sees leaving those people in the company as "more of a performance risk" than losing them. "We have no place for people who will flout the GE values," she said.

The following website contains details of other International Quality & Productivity Centre (IQPC) conferences:

www.iqpc.com.au/cgi-bin/templates/0/home/aust.html

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Human Resources Conference 2002

Succession Planning for TAFE

Judy Kent
Winning Spirit Pty Ltd

References used in this presentation:

Charan R, Drotter S, & Noel J. *The Leadership Pipeline: How to Build the Leadership – Powered Company*. Josey - Bass, San Francisco, 2001

Sorcher M and Brant J. *Are you Picking the Right Leaders*: Harvard Business Review, February 2002, Pages 78-85.

3 Questions

- What do you understand “succession planning” to be?
- What are you currently doing about it in your organisation?
- What are your expectations for today’s session?

Benefits

- There aren't enough leaders to go around
- Home grown leaders understand the culture and how to get around in an organisation
- Successful organisations prosper with home-grown leaders (“Built to Last”)
- New horizontal leadership skills are necessary to grow alliances and partnerships
- “New”IT and globalisation skills and experience are required

Challenges

- Change happens too quickly
- Creates an elite group
- Causes a “halo” effect
- Need for new blood
- Not seen as a priority
- Seen as HR's job

Jack Welch

- *From now on, choosing my successor is the most important decision I make. It occupies a considerable amount of thought almost daily.*

CEO General

Electric, 1991

How do you do it?

- Identify true work requirements
- Identify people's potential
- Match individual potential with a series of requirements

Potential

- “Future work potential is based on accumulated skills and experience as evidenced by past achievement, ability to learn new skills and willingness to tackle bigger, more complex or higher quality assignments.”
- Charan, Drotter & Noel, The Leadership Pipeline, Jossey-Bass, SF, 2001

Critical Career Passages in a Large Business Operation



Each passage requires:

- Skill requirements
 - new capabilities required to execute new responsibilities
- Time applications – new time frames that govern how one works
- Work values – what people believe is important and so becomes the focus of their effort

From Managing Self to Managing Others

- Shift from doing work to getting work done through others
- Less time doing what you're good at and more time coaching, directing, & managing other's performance
- New values associated with managing others, managing budgets, managing directives from senior management

From Managing Others to Managing Managers

- Pure managerial tasks – no individual or functional tasks
- Coaching skills essential for first-line managers
- Managing strategy
- Value management expertise, not technical

From Functional Manager to Business Manager

- Manage different functions
- Manage profits
- Value differences and encourage others to integrate
- Plan for the future – balance short and long-term
- Manage upwards

From Business Manager to Group Manager

- Evaluating strategy for capital allocation
(dividing the pie between more than one business)
- Developing business managers
- Managing a business portfolio
- Matching resources and capabilities to the strategy

From Group Manager to CEO

- More focused on values than skills
- Long-term, visionary thinkers
- Outward-looking
- Upward looking
- Focus on three or four mission critical priorities
- Assemble and lead a team of highly competent and skilled direct reports

Diagnosis

- Identify individual's behaviours and work production in context of organisational goals
- Discover the individual's impact on others
- Compare with Pipeline
- Determine current level of operation
- Create a development plan which is value-focused

Multi-dimensional Leadership

- Operating results (revenues, costs, profits)
- Customer results (acquisition, retention, satisfaction)
- Leadership results (setting direction, communicating, developing people, managing change)
- Relationships (internal, team, external, business & government)

Multi-dimensional leadership (cont'd)

- Social responsibility (community, government, environment)
- Individual technical competence

Diagnosis

- Identify organisational goals, e.g.
- To be largest TAFE in Australia (nos students/revenue)
- To attract a proportion of foreign students according to a 60:40 ratio
- To be known for specialities in the following areas:
 -
 -

Identify Leader's Goals

- E.g. Department Head
- Satisfy my own students
- Maintain currency in my subjects
- Manage and develop staff
- Manage budgets
- Develop business in the department

Identify Leader's Multi-dimensional Competencies

- Operational Results
- Customer Results
- Leadership Results
- Relationship Results
- Social Responsibility
- Technical Competence

Australia Post

- Evaluated top 2,000 for potential not past behaviours
- 3-day role plays “A day in the life of...”
- 70-80% predictive
- Identified leadership competencies (Drotter used by GE)

Outcomes

- Identified 620 out of 2,000 for “Talent Pool”
- People can go in and out of pool –open process
- Challenge to keep them and get line management buy-in

Key Lessons

- Customized to the organisation
- Driven by top management & guided by HR
- Focused on development opportunities
- Aligned to future strategy and culture
- Using objective multi-rater assessments
- Developing a leadership pool – not queue

Succession Planning Model

Design

Identify required competencies

- Values based management & leadership competencies
- Job and industry specific competencies

Measure and Develop

Evaluate all managers using multi-dimensional tools

Develop and coach all managers for future success

Succession

Summarise succession readiness for each manager

Plan for succession and continued development

References and further reading:

Charan R, Drotter S, & Noel J., (2001), *The Leadership Pipeline: How to Build the Leadership – Powered Company*. Jossey - Bass, San Francisco, 2001

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