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GROW YOUR OWN LEADERS

How to Identify, Develop, and Retain
Leadership Talent

Acceleration Pools:
A New Method of Succession
Management

William C. Byham
Audrey B. Smith • Matthew J. Paese

GROW
YOUR OWN
LEADERS



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DEDICATION



To a future leader—

Spencer Charles Lehman—

my first grandchild
and the apple of my eye,
born on February 29, 2000.

WCB

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GROW YOUR OWN LEADERS WEB SITE

www.ddiworld.com/growyourownleaders

Development Dimensions International maintains this web site for people who are interested in succession management. We invite you to visit the site, which includes:

- Information and implementation advice that supplement this book.
- A link to which you can e-mail suggestions about the book. We plan to revise *Grow Your Own Leaders* periodically, and we welcome your input.
- A discussion forum on succession management where you can ask questions, make comments, share your ideas and best practices, and explore issues.
- Information about what's new in succession management best practices, legislation from around the world, events, and more.

We hope you find the web site useful.

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Introduction

Today, more and more organizations face a shortage of leaders at both the executive and general management levels. This shortage is driven by a variety of factors, including rapid growth, a dramatic rise in retirements, poaching of key people by competitors, and the difficulty of retaining talented people. And it's happening at a time when leadership is increasingly important to an organization's success.

To contend with this reality, organizations essentially have three options: 1) intensify their efforts to hire hard-to-find, increasingly expensive people from outside their organization; 2) do nothing and likely experience a competitive decline, which could lead to being acquired or going out of business; or 3) tap into the quality people already in their organization, thus growing and keeping their own leaders.

The third option is, of course, the most desirable. By finding effective ways to grow their own leaders, companies can make sure they have the executive talent they need in an increasingly competitive world. They can reduce the time and resources that they devote to attracting outside talent. And, they can improve their ability to retain their best and brightest employees. In today's opportunity-rich economy, talented leaders enjoy a myriad of alternatives. Research has shown that a primary reason people leave companies is lack of personal growth and job challenge opportunities (Axel, 1998; SHRM, 1997 [as cited in AMA, 1997]). By growing your own leaders, you give high-potential people the chance to pick up new skills and knowledge and take on new responsibilities. You



denotes that information on this topic is available at the *Grow Your Own Leaders* web site (www.ddiworld.com/growyourownleaders).

give them clear opportunities to reach for bigger and better things, and in so doing you give them a solid reason to stay with your organization.

The benefits of being able to grow your own leaders are clear. Nevertheless, many organizations try to do so by using traditional “climb the corporate ladder” approaches and replacement-planning programs—systems that are increasingly out of place in a fast-paced, ever-changing leadership environment.

In this book we provide a more systematic and targeted method for identifying and developing high-potential individuals. We call this approach the Acceleration PoolSM. Compared to traditional approaches, it is:

- **Faster and simpler**, requiring less paperwork and management time (e.g., eliminating the yearly replacement-planning forms that have long plagued managers).
- **More accurate** in terms of getting the right person in the right job at the right time to meet organizational needs.
- **More developmental**, with improved diagnoses of development needs, a sharper focus on building skills and knowledge, and better support for change and growth.
- **Fairer** by providing greater integrity and transparency, minimizing “old boy network” influences, and creating more diversity by encompassing high-potential people wherever they are in the organization.
- **More closely linked to business plans and strategy**. The focus is on the development of leaders who can run the organization as it will be, not necessarily as it is now.
- **More involving**. Participants decide whether they want to join the Acceleration Pool, share in the responsibility for creating and executing their development plans, and are consulted relative to their assignments.
- **More flexible** because it can accommodate late bloomers, work-life conflict considerations, and people from outside the organization who are coming into middle- and senior-management positions.
- **More contemporary in its approach to retaining top talent**. It provides the job challenges that top talent crave as well as the appropriate support. Top talent feel they are growing in terms of skills and responsibilities.
- **More tailored to specific organizational situations and needs**. It is not a “one size fits all” approach.

Traditional Replacement Planning

To understand the value of Acceleration Pools, it helps to take a look back at the more traditional approach. For decades replacement planning has concentrated on preselecting backup people for key positions and then charting a series of job assignments to prepare them to fill the positions. One company called this approach “bus planning,” as in “What would we do if Joe were hit by a bus?” It was not a bad system for the times. Back then:

- Organizations were stable, large, and hierarchical; there were few changes in job titles, job responsibilities, or organizational direction.
- Organizations employed many middle managers, most of whom had time for assignments outside their regular job duties.
- Technical and competitive changes occurred much more slowly.
- Human resource staffs were large, and control of personnel systems was more centralized.
- Succession planning was largely an HR-managed means of knowing who would replace departing leaders.
- Typical career path options within an organization were generally understood and rarely deviated from. People changed jobs and moved to new towns when asked to do so.

In such an environment managers could tolerate—not necessarily enjoy—a forms-driven system that consumed days or even weeks of their time each year. One study in the 1980s found that line managers at Exxon spent as much as *one-third* of their time on succession-planning and human resource development activities (McManis & Leibman, 1988).

Today it is impossible to conceive of devoting even a fraction of that much management time to replenishing managerial talent or other related HR activities. For business in the 21st century, the landscape is far different from the relatively stable times of two or three decades ago. In today’s business world:

- Organizations are flatter, with horizontal career paths taking an increasing importance in addition to vertical paths.
- There are fewer middle managers—and those who remain have multiple demands that compete for the time required to develop themselves or coach and mentor their direct reports.
- Rapid change is occurring in all sectors—technology, competition, distribution, globalization, etc.

- There is greater decentralization of business units, resulting in fragmentation of HR initiatives.
- Top executives face myriad pressures that severely restrict the time they can spend on leadership development and succession management; yet, shareholders and board members show an increasing interest in the quality of the organization's executive talent.
- Quarterly pressure to meet Wall Street's expectations is enormous for some companies, often leading to short-term thinking relative to the development of leadership talent.
- Talented individuals expect unique attention that addresses their personal goals and aspirations, not just the promise of promotion if solid performance persists.

What We Believe About Growing Leaders

Grow Your Own Leaders describes a new system for managing leadership development and succession that we believe is essential in this rapidly changing and highly demanding world. We have used the following beliefs to shape the Acceleration Pool approach.

Reasons for Succession Management

- Business strategy can be implemented only if appropriately skilled and experienced leadership is in place.
- Decisions about filling positions are more accurate when candidates are from inside the organization.
- Effective succession management systems operate as both talent-*growth* and talent-*retention* mechanisms; both are central to the system's success.
- Organizations don't have the time or resources to develop the leadership skills and organizational savvy of *all* their people. They must concentrate on those who will benefit most.

Identification of Talent

- Organizations need to actively identify high-potential individuals. We do not subscribe to the "bubble-up" theory, which maintains that the best leaders inevitably move upward and gain the skills and experiences needed to meet the increasingly complex challenges of today's organizations.



- Organizations should cast a wide net in choosing people to be developed. Companies can't afford to miss good people, wherever they are. Although relatively young individuals will be the primary source for Acceleration Pools, leaders in later stages of their careers should also be eligible.
- Accurately selecting the talent to bring into the organization is critical. Everything depends on the developability of the organization's talent.

Diagnosis of Development Needs

- Diagnosis of individual development needs is critical. A “one size fits all” development plan is a waste of money and fails to produce results.
- Diagnosis should cover experience and knowledge required at the executive level, executive competencies derived from organizational strategy, and executive derailers (personality attributes that can cause executives to fail).

Meeting Development Needs

- Executives should both leverage their strengths and develop their weak areas. They can change behavior and develop new skills if they are motivated and provided with the required resources and support.
- High-potential individuals (high potentials) should be responsible for their own development.
- High potentials should be consulted regarding their job assignments and development plans.
- Leadership development is a continuous process—not a one-time event.
- Developmental assignments that stretch people, such as challenging job responsibilities and task force membership, have more impact than training experiences.
- High potentials should have development goals for each assignment or training activity and a plan for immediately implementing their new skills or knowledge in the workplace.
- Development initiatives should have a measurable impact on job objectives, not be an extra responsibility added to people's job objectives.

Managing the Succession Management System

- Senior management should own the succession management system and be fully accountable for its success. As part of their involvement, senior managers should teach special programs for high potentials and show their support in other ways. Top managers should be given incentives to be active participants in the succession management process and to develop the leaders below them.
- The best way to grow your own leaders is *not* to earmark specific backup people for specific jobs. It is much more effective to identify and develop a pool of people who have the potential to fill multiple senior management positions, except of course for the very top leadership positions in the organization, for which specific backups *should* be identified.
- Good performance is required in every job—there is no room for “crown princes” or “princesses” who move through their jobs with no real responsibilities. Individuals operating below their potential or the organization’s standards need management attention and corrective action.
- The role of the Human Resource department is to facilitate the succession management system. It should support the executives who are identifying and working with high potentials and help those individuals manage and monitor their own development.
- Forms and meetings should be minimized. Executive time should be focused on high-impact activities that directly support high-potential identification and development.

General

- Every organization has unique succession management needs based on its size, growth rate, number of expected openings, organizational structure, management commitment, and most of all, strategic direction.

Why Should You Listen to Us?

The ideas expressed in this book are based on more than three decades of experience that Development Dimensions International (DDI) has had in helping organizations find and nurture leaders and managers. In those 30-plus years, DDI has worked with 19,000 organizations throughout the world, including 470 of the *Fortune* 500 companies. Distinguishing

hallmarks of DDI's practice include our ability to help clients both *identify* and *develop* high-potential individuals and our extensive research evidence that confirms the effectiveness of our systems.

Although most of our experience has been with large, publicly owned companies, we believe the ideas presented in this book can be put to work in all types of organizations—large and small, new and old. Indeed, DDI has applied them in health care systems, schools, religious groups, and government agencies—in dozens of countries.

How This Book Will Help You

Grow Your Own Leaders is designed to help you understand and implement systems that will identify talent and develop the high-potential people your organization needs to grow and prosper—and to do it at “Web speed.” As most senior executives realize, organizations need more good leaders, and they need them now.

Grow Your Own Leaders describes a complete succession management system (Acceleration Pools), but an organization need not adopt the entire approach to benefit from this book. In fact, organizations just starting an Acceleration Pool have the freedom to begin their efforts through many different doors. For example, they can pilot a streamlined version of the Acceleration Pool and build toward a more comprehensive strategy as buy-in grows. Many organizations will benefit by using the ideas discussed here to tune up their already-effective succession management systems. Other organizations fighting for survival (e.g., young dot-com companies) might

Targets for Acceleration Pools

Much of this book concerns filling positions at the level of general manager or above—positions in which executives must be strategic, transcend functional or technical silos, make broad organizational decisions, and lead autonomous business units. We use the terms *executive* and *general manager* interchangeably to denote individuals in general management positions. When we refer to *senior executives*, we mean the CEO and the level that reports to the CEO (typically the executive committee, the operating committee, etc.).

Acceleration Pools also can be aimed at filling positions below the general manager level. Various uses of Acceleration Pools are discussed in Chapter 2.

view the concepts we describe as a premature focus for them. While such organizations might gain the most from focusing on near-term market windows, they should not neglect the future. Remember that Cisco Systems was a dot-com start-up just a few years ago, but now that it's a dominant computer-technology player, it has recognized that it must play catch-up to build a competitive, long-term leadership bench.

Who Is This Book Written For?

In his recent book, *On Writing*, author Stephen King (2000) describes an “ideal reader” as one whose anticipated interests and reactions help to shape his novels. While the authors of this book do not claim to be as mesmerizing writers as Stephen King, we too wanted to shape our book around the needs of our “ideal readers.” We considered two constituencies: 1) **CEOs and other executive stakeholders** (i.e., decision-making groups), such as members of the Executive Resource Board, and 2) **HR practitioners**, who are often the unsung strategic partners in organizations and serve as a cultural insurance policy for identifying and implementing sound people or leadership practices.

Writing about Acceleration Pools for two very different target audiences proved to be a more daunting challenge than we anticipated. Any comprehensive treatment of succession management reveals a kaleidoscope of questions, issues, and opportunities that, in practice, reflect unique vantage points, interests, and agendas that the different stakeholders have for outcomes.

As our book evolved, the many layers of the Acceleration Pool “onion” made it difficult to focus our discussion on the tactical execution challenges that HR professionals might face in implementing Acceleration Pools while we also tried to make the book interesting for the executive reader.

The “onion layers” analogy for succession management emerged over the last several years as customers came to us with seemingly different needs (on the surface), varying levels of organizational readiness or commitment, and a range of desired points of entry. Some organizations requested support on focused interventions, such as building executive competency models, facilitating selection processes following reengineering, providing 360° assessment and executive coaching, and planning executive learning events. Others came to us with broader (and sometimes amorphous) requests for help, such as establishing succession management systems, identifying (nominating) next-generation talent, or creating a culture that drives learning and accountability.

In some cases clients were surprised at the extent to which we viewed sound executive assessment, development, and succession management as culture change initiatives. At the same time, we were continually intrigued at just how different both the questions and initial focus were, depending upon whether our “client” was the chief executive or senior HR player.

Listening to a broad array of “presenting needs” during the last five years led us to conclude that communicating one simple path for solving unique organizational talent challenges would oversimplify a complex imperative. Our challenge was constantly to balance comprehensiveness against the risk that any given reader might not identify with our book or care about the content.

Ultimately, we decided to maintain our comprehensive approach to describing Acceleration Pools because there are so few up-to-date “road maps” available for the two constituencies. Therefore, we apologize in advance for our (perhaps overly conservative) bias toward inclusion, and we recommend that you focus on the sections of our book that will add the most value to your own objectives. To aid readers we have printed information on gray paper that will be of particular interest to CEOs and other senior executives.

How This Book Is Organized

We have incorporated several navigational tools to help you locate information of interest and have formatted the book into these five broad sections:

I. Leadership Talent: Crisis and Proposed Solution

Chapter 1 offers an orientation to the business and societal dynamics that have led to a worldwide leadership crisis. In Chapter 2 we propose a unique approach for organizations wishing to expand their leadership bench strength (the Acceleration Pool) and describe how it works. Chapters 3 and 4 elaborate on issues relative to an Acceleration Pool’s operation and explain why various features of a pool overcome traditional problems with succession management systems.

Chapter 1 The Growing Leadership Shortage: Building the Case for Acceleration Pools

Chapter 2 Acceleration Pools: The Basics

Chapter 3 Seventeen Reasons Acceleration Pools Work

Chapter 4 Acceleration Pools: Fundamental Questions and Rationale

II. Identifying High Potentials

Our chapter in this section focuses on best practices associated with initial identification of high-potential Acceleration Pool members.

Chapter 5 Identifying High Potentials

III. Understanding Organizational Talent

This section defines the basic activities and best practices associated with diagnosing the development needs of high-potential pool members. First we describe the *executive descriptors* (i.e., organizational knowledge, job challenges, competencies, and derailers) that define successful executive performance and highlight an array of assessment tools/practices for supporting an in-depth diagnosis of development priorities. We then deal with the very important—and often neglected—issue of translating an individual's diagnosis into a commitment to action.

Chapter 6 Defining the Executive of the Future

Chapter 7 Diagnosing Strengths and Development Needs

Chapter 8 Understanding and Prioritizing Development Needs

IV. Strategies for Accelerating Development

The first chapter in this section overviews development strategies available to fill pool members' development gaps, with emphasis on developing competencies. These four strategies for facilitating pool member growth and development (assignments, short-term experiences, training/executive education experiences, and professional growth through short-/long-term coaching) are discussed at greater length in Chapters 10 through 13.

Chapter 9 Development Options

Chapter 10 Growth Through Assignments

Chapter 11 Growth Through Short-Term Experiences

Chapter 12 Growth Through Training/Executive Education

Chapter 13 Growth Through Professional Coaching

V. Ensuring Acceleration Pool Success: Key Processes, Roles/Accountabilities, Meetings, and Other Mechanics

Our last section focuses on the processes and logistics associated with successful and enduring implementation of Acceleration Pools. The important development-facilitator roles of supervisors and mentors are described in Chapter 14. Chapter 15 discusses tactics to maximize the effectiveness of talent review discussions (where placement and development decisions are made), and Chapter 16 explores in detail the important role of the CEO. Finally, succession management, HR, and consulting practitioners will appreciate Chapter 17's discussion, Getting Started.

Chapter 14 Key Partners: Supporting Growth

Chapter 15 Optimizing Your Talent Review Discussion

Chapter 16 The Role of the CEO and Measures of Acceleration Pool Success

Chapter 17 Getting Started

Throughout this book we describe what we believe are best practices in areas related to successful succession management. For virtually every practice we could have reported that “some do it this way, and some do it the other way” and let the reader choose. Instead, with a few exceptions, we have hammered a stake in the ground and detailed what our experience has shown to be, out of the spectrum of possibilities, the best practices.

Additional Information Available on the Web

After we finished *Grow Your Own Leaders*, it was much longer than we thought it should be. To get the book to a manageable length while still assuaging our need to be as complete as possible, and to provide forms and lists of steps as appropriate, we have included additional information on various subjects on the Web. Throughout the book we have placed the symbol  to denote that you can find additional information about that particular subject at a special *Grow Your Own Leaders* web site (www.ddiworld.com/growyourownleaders). This web site also provides people who are involved in succession management a place where they can follow new developments and exchange views and best practices. More information about the web site is provided at the beginning of the book.

A Few Final Remarks

We all know that today's business environment, with its warp-speed change, has a way of forcing reactive behavior and a focus on near-term performance. Yet we have witnessed the competitive advantage enjoyed by organizations that have successfully matched their stated values regarding talent advocacy with Acceleration Pool practices, and have been willing to step up to the long-term investment challenges associated with building their leadership bench. We fervently believe that the long-term winners are the organizations that recognize and act as if their business strategy and future viability depend on their current and future talent.

Finding Your Topic

| | |
|---|--|
| If you are a senior executive concerned about the future leadership of your organization . . . | Read Chapters 1–3, 10, 15–16. |
| If you are an HR executive who has decided to implement all or part of an Acceleration Pool system . . . | Read the entire book and review the supplemental information on the DDI web site (www.ddiworld.com/growyourownleaders). |
| If you are a manager or mentor responsible for the development of an Acceleration Pool member . . . | Read Chapters 1–3, 6–14. |
| If you want more information about a specific area only (e.g., diagnosing development needs or prescribing appropriate development options) . . . | Read Chapter 2 and the appropriate chapters pertaining to your interest. |
| If you are an Acceleration Pool member . . . | Read Chapters 2–3, 9–14. |
| If you want to know what's new in succession management . . . | Read the entire book. |

Chapter 3

Seventeen Reasons Acceleration Pools Work

“The best way to predict the future is to create it.”

—Peter Drucker, Professor, Author
Claremont Graduate School

Making Corporate Darwinism Fairer

Morgan McCall, a professor specializing in executive development at MUSC, and others have said that many organizations have relied upon a Darwinian approach to top-management development: identifying the best people and then giving them increasingly difficult challenges until they drop off the organizational ladder or reach the top (McCall, 1997). This is *not* the approach taken in an Acceleration Pool system. Pool members receive appropriate growth and stretch assignments in which they can succeed and are given support along the way to facilitate their success. Some people will still opt out of the pool, but most of the chance factors that so often unfairly affect people’s career progress have been eliminated. The organization keeps better track of *how* individuals are doing and *what* they are doing and learning in their job assignments so that both the behavior and the actual results can be evaluated. In contrast, in a Darwinian system, people in job assignments might hit a difficult economic period or run into unusual competition that can make them look bad; the opposite can also be true, with people’s poor performance looking seemingly good. We strongly advocate helping individuals learn from their experiences by providing accurate feedback regarding what they did well and what they could improve upon.



denotes that information on this topic is available at the *Grow Your Own Leaders* web site (www.ddiworld.com/growyourownleaders).

The Acceleration Pool system gives pool members training and adequate preparation before they face a challenge so that they will use more of the right behaviors and be successful. Our approach is more analogous to an agricultural model, which is based on nurturing and cultivating the seeds of talent, rather than the “fittest” emerging from a series of tests and challenges. The balance of this chapter focuses on 17 specific reasons that Acceleration Pools offer a superior alternative to corporate Darwinism.

1. Acceleration Pools are 21st century programs.

They are based on assumptions that differ significantly from those that have long underpinned traditional replacement-planning systems. We contrast these two sets of assumptions in Table 3-1.

2. Pool members’ buy-in is built in.

In the past large organizations were able to freely move their people around the world without much consideration of their employees’ personal needs or desires. IBM was once known by the nickname “I’ve Been Moved.” J.C. Penney would tell a manager on Friday to report to a new assignment in another town on the following Monday—and expect that it would always happen. But today, it’s simply not appropriate—or realistic—to assume that people are going to accept assignments without question. More and more people want to match their work situations to their lifestyles, which makes them much more selective about new assignments.

The Acceleration Pool approach acknowledges that reality: Nominees decide whether they want to be in the pool. Once they are in, pool members have a voice in determining what they do. Their career interests and views on their own development needs are collected as part of the diagnosis phase of the Acceleration Pool process. They are told about proposed assignments and why each is a learning opportunity—specifically what development gaps they will be able to fill in a given assignment. Then they can make intelligent decisions about taking on that task. People tend to agree to such assignments because they see how the experience will help them grow.

3. Less paper, time, and bureaucracy.

A major benefit of the Acceleration Pool system is the drastic reduction of the overwhelming paperwork associated with traditional replacement-planning systems. Gone are the annual replacement plans

Table 3-1: Contrasting Assumptions About Traditional Replacement-Planning Systems and Acceleration Pools

| Assumptions About Traditional Replacement-Planning Systems | Assumptions About the Acceleration Pool System |
|---|---|
| <ul style="list-style-type: none"> • Consistent business strategy. • Stable organizational structure. • Fixed jobs. • People move vertically. • Upward movement is automatic, as long as people avoid making big mistakes. • Jobs can be planned two or three positions ahead. • Training is a “rite of passage” (e.g., university executive programs). • People can be moved anywhere, anytime. If they said “no,” they were often considered “not active candidates” for future positions outside their current location. | <ul style="list-style-type: none"> • Frequent changes or flexibility in business strategy (e.g., new competitors, distribution channels, and alliance partners). • Fluid organizational structure (frequent changes). • Fluid jobs (frequent changes in responsibilities and reporting arrangements). • People move vertically and horizontally. • People must pass through an effective selection system for each job they take on. • Impossible to plan future jobs with any accuracy. Thus, the focus is on the next assignment—and the balance between organization needs and individual development needs. • Training is integrated with assignments to provide skills and knowledge that can be used immediately on the job. At higher levels, short one-on-one training experiences are used. University executive programs often are replaced by organizationally specific, action-learning programs. • Family, working spouse, and other circumstances might make physical moves unacceptable. |

and the bureaucracy associated with compiling and defending the plans. Gone too are the Individual Development Plans (IDPs) that individuals on their way up in an organization traditionally had to complete after an assessment center or 360° feedback. Acceleration Pools replace the IDPs with two short forms and replace the bureaucracy with a streamlined system.

4. A better use of time—no additional top-management time required for making job or development assignments.

Nearly all the midsize and large organizations we deal with have an annual or semiannual human resource review of some kind. Larger organizations conduct the review by SBUs or functions. Midsize companies might review promotions and people development for the whole organization at the same time. The Acceleration Pool system

A Former Executive Describes a Now-Discarded Replacement-Planning Process at Xerox

Chris Turner, former Xerox executive and now a consultant, writer, and speaker, described her former company's promotion process in *Fast Company* magazine (1999) as follows:

Xerox had a horrible process for promotion. Each year, everyone in the organization had to fill out reams of paperwork about what they wanted to be when they grew up. You had to list your one-year, three-year, and five-year goals. And you had to name specific positions that you were shooting for. Well, whose life ever unfolds according to a five-year plan—or even a one-year plan? That practice was absurd—but one that we all completed like mules.

Finally, I said, "I'm not going to do this anymore. This process perpetuates the type of organization that I don't want to work for." So, for a few years, my boss, a good corporate soldier, filled out the paperwork for me. Other people soon caught on to the absurdity, and eventually everyone on my team quit doing it. Then I got a call from someone in HR who admitted that only 35 percent of all employees complied with the process. When that HR person asked me to start filling out the paperwork again, I told him that everyone knew that being promoted at Xerox had nothing to do with all that paper. To make a long story short, Xerox bagged the process (Muio, 1999, p. 96).

does not increase the number of talent reviews or hours devoted to them, but it provides additional data, structure, and focus to ensure that pool members get the best available development opportunities.

5. Acceleration Centers improve the accuracy of the development needs diagnosis and are perceived as fair.

Modern-day assessment centers, which we call Acceleration Centers to convey that they are different in several ways from traditional assessment centers, play an important role in Acceleration Pool systems because they help provide an accurate diagnosis of people's development needs. Acceleration Centers force pool members to deal with issues and situations that are typical of general manager and executive positions while professional assessors observe them as they work through the simulations.

A truism of industrial/organizational psychology is that when multiple job-related methodologies are used for evaluation, and when multiple trained people involved in different parts of the evaluation systematically pool their insights to develop a "holistic" picture of an individual, more accurate predictions result. This is how an Acceleration Center operates. Different assessors observe the behavior of the individuals as they go through parts of a set of integrated simulations. The simulations are designed to mirror various challenges or issues appropriate for the target job level. In addition to very realistic, contemporary executive simulations, Acceleration Centers also use paper-and-pencil instruments and behavior-based interviews to round out the diagnosis of individual needs.

In essence, the Acceleration Center lets the pool member "try on" a senior role in a relatively risk-free, simulated environment. Before coming to the Acceleration Center, the pool member visits the Center's web site to find out how the Center will operate and to get information on the hypothetical organization he or she will be joining. A great deal of information about the simulated company and the job to be assumed—perhaps that of a key vice president—is provided. Also, on the Web the pool member provides background information about him or herself and takes some personality questionnaires.

On a convenient day, the pool member arrives at the Acceleration Center facility, is given a desk, and is shown how to use the hypothetical company's e-mail and voice mail systems. As a "vice president," the pool member must prepare for a presentation about a

new strategic plan to be given at the end of the day. And, in the meantime, numerous memos, e-mails, and voice mails demand attention, forcing the individual to prioritize tasks, organize work time, and make multiple decisions.

Throughout the day, the vice president is involved in meetings with individuals such as:

- Two executives who are not cooperating with each other, thereby putting an important new system in peril.
- The head of the Brazilian operation, whose sales goals are not being met.
- A colleague at a working lunch to begin creating the strategic plan presentation.
- An executive from another firm that could be a profitable strategic partner but that actually wants to buy the company's technology outright.
- An irate major customer who's ready to jump ship.
- A local TV reporter who's heard rumors that the company's product might be linked to pollution problems.

After the pool member delivers the strategic plan presentation to a group of other "vice presidents," a background interview is conducted and the pool member is asked about the reasons why various actions were taken.

All this activity is packed into a demanding, long day. In that time the pool member has developed a strategic direction, tested his or her strategic vision, and addressed vendor problems, personnel matters, diversity issues, and professional jealousies.

Acceleration Pool members who participate in this integrated set of simulations receive feedback from the assessors' observations of the behavior and decisions in the simulations, as well as from psychological inventories and interviews completed as part of the process. This wealth of feedback gives Acceleration Pool members a clear insight into their strengths and weaknesses relative to the target level. This insight is enhanced even further when 360° data based on the same competencies and derailers are also made available to the pool member.

Case Study: The Acceleration Center Finds a Diamond

A large global organization decided to put people with certain organizational titles through an Acceleration Center to help identify those with top-management potential. Coming to the center were leaders who managed up to 1,000 employees and a young man who was responsible for only three employees. He got to the center because he was the comptroller of a very small unit of the organization in Nova Scotia. The man had not gone to college, while most of the other managers being evaluated held MBAs from some of the world's leading schools. But the young man performed admirably in the center—indeed, he was one of the very best of the hundreds who went through it.

The organization jumped on the opportunity. It sent the young man to an executive-development program at Harvard, gave him some behavioral training, and promoted him. Every few years, it moved him to different key assignments around the world. In every job he exceeded expectations, and within a few years he was leading one of the largest sectors of the organization.

There are three lessons to draw from this story:

1. All organizations have more good people than they think they do—the trick is to find them.
2. The Acceleration Center method is a very good system for spotting high potentials.
3. An Acceleration Center is an excellent tool for diagnosing specific development needs, which can then be met by targeted training interventions. The young man in the case study was given behavioral training based on needs identified through the center.

6. Development, job, and organizational success are linked.

The most common characteristic of development plans that actually result in measurable changes is that they (creatively) frame pool members' development priorities in the context of the strategic business results for which the person is accountable. While development plans with no tangential relationship to the pool member's business objectives might be appealing in concept, the likely reality is that such plans, well intentioned as they might be, will fall to the bottom of the priority list given the many demands on the pool member's time.

At the start of each job or task force assignment, the manager and mentor ensure that the pool member clearly understands the business results to be achieved and their importance. This is the first topic of discussion in the development planning meeting so that most development activities can be set up to reinforce the performance objectives—not substitute for them. This is a far cry from some traditional high-potential programs, in which people served time in assignments with little pressure for performance. 

7. Equal emphasis on selection, diagnosis, and development.

The problem with many succession management systems is that they emphasize identifying talent and diagnosing strengths to leverage and development needs rather than achieving development goals. Many organizations mistakenly believe that selecting people with potential and giving them feedback about their strengths and development needs are all that is necessary. They expect those receiving the feedback to take over from there. Our experience and research do not bear this out. Diagnosis without explicit development actions seldom pays off.

8. Development planning is done at the optimal time.

In traditional replacement-planning programs, high potentials are asked to fill out an Individual Development Plan immediately after completing a diagnostic assessment. At that point, however, they might or might not know what their next job or special assignment will be, much less what development opportunities will be offered. To make matters worse, the high potentials have no idea of what help to expect from their future manager. Most important, people get little help in thinking through possibilities because they have no one to challenge their reasoning or make alternative suggestions. As a result, many completed IDPs tend to be unfocused, vague, and simplistic, such as, “I’ll work harder on that” or “I’ll take a course that covers that.”

In an Acceleration Pool, members formulate their development plans for specific targets suggested by the Executive Resource Board as well as additional targets that they choose for themselves. They do this at the start of each new job or special assignment—when they have a clear understanding of the opportunities and challenges it entails. Because managers and mentors know the assignment, they can offer guidance in making creative, yet realistic plans and are in a position to commit to a certain level of assistance.

9. Acceleration Pools build skills and confidence.

At best, many standard training programs produce minimal skills and confidence. To truly imbed skills into their behavioral repertoire, pool members must apply them immediately and get the appropriate coaching before and after the application. In many organizations the development focus is erroneously placed on completing training programs instead of effectively applying the learning. In an Acceleration Pool, skill application is planned in conjunction with the selection of development activities. That way, skills can be applied immediately.

10. Pool members understand what to learn or accomplish in each event.

In traditional programs we've seen people assigned to a job to learn specific leadership skills from their new manager—but for one reason or another, no one bothered to explain this goal. As a result, these people tend to concentrate on other, relatively unimportant aspects of the assignment. Similarly, people might be assigned to cross-organizational or cross-functional task forces to broaden their knowledge in a specific area. But because they don't know about that goal, they tend to concentrate on the areas in which they are already proficient (the marketer on marketing, the manufacturer on manufacturing, etc.) and let other team members take responsibility for the target learning area. And in training programs people commonly arrive with no idea of why they are there or how they can use the learning on the job.

The use of the Acceleration Pool process eliminates that kind of “assignment ignorance.” Acceleration Pool members know precisely what they are to learn from every development event and how they can use the new learning or skill on the job.

11. Support is available.

Pool members often need help understanding the scope and constraints of their new assignments. They also need doors opened, resources and money to apply or practice new skills, and, especially, time to attend training and implement projects. Because pool members meet with their manager to craft their Development Action Forms, they more likely will get the support they need. Either the manager commits to his or her responsibilities relative to the

development plan, or the plan is changed. The system prevents pool members from making unrealistic plans. Usually the pool member's mentor also attends this meeting. The mentor provides additional insights and, most of all, applies subtle pressure on the manager to make any sacrifices that are necessary for the pool member's development (e.g., time off for training, special responsibilities, etc.).

Succession Management and Stock Prices

An Asia-Pacific telecommunications company was facing an uncertain future of converging technology, a deregulated marketplace, increased global competition, and increasing customer demands. Although it had a reputation for technical excellence, the company was considered to be highly bureaucratic, unresponsive to customers, and out of touch with the realities of modern telecommunications. In fact, the financial press was often critical of the company's performance and leadership and openly doubted that anyone in the organization had the capacity to take over when the current CEO retired. There was also a real threat that new competitors would very quickly erode market share and take the lead in the most profitable market segments. This would have put the company at the distinct competitive disadvantage of having to maintain a costly telecommunications infrastructure with high-cost/low-profit revenue streams.

Recognizing this very real threat to its future, the organization took a number of steps to improve its position by increasing its focus on regional expansion, improving customer service, and increasing its investment in emerging technologies. The senior team also recognized that the culture needed to change if the company was to cope with a more uncertain and turbulent marketplace. The company would have to improve the public's perception (especially the stock market perception) of its leaders' ability to drive the kind of sweeping change that was needed and the organization's ability to proactively tackle the issues facing it.

As part of their overall improvement strategy, the senior management team adopted a more strategic approach to developing executive bench strength. They contracted DDI to develop and manage an assessment program for middle and senior managers that reflected the corporate capabilities needed to succeed in the future marketplace they envisioned. The aim was to identify managers who could:

- Thrive in this ambiguous and uncertain business environment.

- Help others cope more effectively with change.
- See the opportunities in the issues facing them and drive the business's future success.

DDI assessed 600 individuals and then provided feedback on participants' key strengths and development needs to participants and their managers. Participants then met with their manager and/or coach to construct development plans and review career/placement strategies. In addition, DDI presented group trend data and met with senior management to identify group development needs and implications for business performance.

For the high-potential managers, individual and group development strategies were then initiated to address development gaps, and then they were moved into key positions. Development strategies included traditional training and executive education, plus executive coaching and mentoring, targeted assignments within the company and other organizations (e.g., executives would be exchanged for a period of one to three years), action learning (e.g., a group of high-potential managers would take the role of the top team and be asked to address specific strategic issues), and project work aimed to stretch the individuals' experience and skill development.

Four years after starting the program, the results were visible on many fronts:

- Despite greater global and regional competition, the organization was steadily growing in both revenue and profit.
- The company became an early adapter of emerging telecommunication technology and, as result, was able to establish early market presence in a number of these areas (e.g., the Internet).
- The company greatly improved its image within the marketplace. The financial press was more positive about the organization's performance and prospects, and the stock market remains very bullish about the company's future.
- Perceptions of customer service levels, while still not where the company ideally would have wanted them, improved significantly. Despite heavy advertising campaigns, competitors' penetration into the company's traditional base was limited. Most important, the organization retained its share of the most profitable business segments.
- When the CEO retired, the share price did not falter, which reflected both market and media confidence in the CEO's replacement.

12. Emphasis is on changing behavior—and proving it.

Behavior change seldom comes about from a single intervention, such as attending a training program or having a good coach. Multiple input is usually needed. This is exactly what an Acceleration Pool provides. An individual working on a competency might build skills in a training program, be assigned to a job or task force to use the skills, get coaching and support from a concerned manager, and perhaps receive additional practice opportunities from a short-term experience.

Pool members use the Development Action Form to plan how they will apply the target skills, knowledge, and behavior as well as how they will document their application achievements (e.g., a project's results, changes in 360° ratings, etc.). This emphasis on documentation helps to ensure that development focuses on behavior change and is bottom-line oriented. While the emphasis is—and should be—on enhancing skills and behavior, pool members need to feel that they are afforded a safe opportunity for making mistakes. The purpose of documentation is to ensure accountability and credit for achievements—not to make pool members feel as though they are under extreme evaluation scrutiny.

13. Growth *and* bottom-line achievement are documented.

To remain motivated, pool members must feel that their efforts are paying off, and they must be able to prove it to others. The second part of the Development Action Form helps them measure and track their progress toward their development goals and document their application of target skills or knowledge for each development activity. This documentation underscores that they are learning and growing—which is increasingly critical to retaining top performers.

14. Managers' and mentors' roles and responsibilities are clear.

In traditional replacement-planning systems, the roles of managers and mentors are often vague. Frequently, both the mentor/manager and the individual being developed wait for the other to initiate meetings or wait for a form or memo telling them to do so from those running the succession management program. When they finally do meet, goals for the meeting are often not spelled out, which means that the success of the relationship cannot be measured. As a result of all this uncertainty, few of the people involved are likely to be enthusiastic about taking time out of their busy schedules to participate. Soon the frequency of meetings declines, or they cease entirely.

Managers and mentors in an Acceleration Pool are equipped to support assigned pool members. They are oriented to the expectations and accountabilities associated with their roles and are provided with easy access to support resources, such as online guidance relative to training and development options. Preparing managers and mentors with coaching tools and processes is accomplished through streamlined orientations, one-on-one sessions with HR or more experienced executives, and for some managers short, formal training programs. 

15. Retention is a focus of the system.

Many a manager has been shocked to learn that a key employee is leaving the organization for better opportunities elsewhere. In an exit interview the manager then hears how the individual just didn't see a future in the organization—although the manager had seen this person as a high-potential “keeper.” The problem was communication—no one ever bothered to tell that employee that he or she was a highly valued contributor facing a bright future with the company.

That scenario does not happen in the Acceleration Pool system because members are aware of the benefits and responsibilities of being in the pool and have been invited to choose whether or not to participate. They know that they are, by definition, seen as high potential. They understand that they are getting special attention from senior management. And they see that they are getting the tools and opportunities to realize that potential, be involved in setting their own goals, and shape their own future.

We strongly believe that the key to retaining people is to make significant learning and training experiences available. Today people want to feel that they are learning and growing—indeed, one of the most common reasons that departing managers give for leaving is “lack of personal growth.” People in an Acceleration Pool have tremendous (and obvious) learning and promotional opportunities, which provide a powerful motivation to stay with the company.

16. Top management (finally) has accurate, timely information for key appointments.

A common source of frustration for senior managers is the lack of credible and comprehensive information on candidates for leadership positions. Acceleration Pool members keep an online portfolio of their

development needs and accomplishments. The online Career Development Portfolio is accessible only to the individual pool members and members of the Executive Resource Board. DDI believes this portfolio will soon become part of most Acceleration Pool members' personal web pages on their organization's intranet.

This approach solves what historically has been one of the great human resource problems of large organizations: the inability to closely monitor employees' changing skills and knowledge. Most companies simply don't know when their people develop new skills, learn a new language, or experience new challenges. Usually, they ask their employees to complete periodic surveys to update their database, but that's a fairly hopeless task in an increasingly fast-paced world. In the Acceleration Pool system, on the other hand, pool members know they are responsible for the currency and accuracy of such data. And, they know that top management will review these data at least every six months, which gives them a powerful motivation to keep the data current.

17. The pool is solely line-management driven and not at risk of being seen as another “HR program.”

Senior management is actively involved in ways that maximize the impact of their time. HR supports, advises, facilitates, and does many other important things to make the Acceleration Pool system work, but they don't own the system.

Acceleration Pool System Advantages

Overall, we believe that the Acceleration Pool approach is more effective than traditional replacement-management systems and that it provides a wide range of advantages by comparison. These advantages can be summed up as:

- Faster and simpler.
- Less paper.
- More accurate.
- More focused on development.
- Higher level of involvement and buy-in from pool members and managers/mentors alike.

- Greater integrity and fairness (more open approach, less “old-boy network”).
- More flexible—the system takes the individual’s needs into account.
- More focused on retaining people, as opposed to simply placing them.
- Linked to business plans and strategies.

This chapter has outlined the Acceleration Pool approach—how and why it works. But there are many variations and nuances that need to be understood to transfer the concept to a specific organization. The rest of this book explores Acceleration Pools in greater detail.

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