

# Assessing Internal Candidates

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#### Summary

## LEARNING OBJECTIVES

*After studying this chapter, you should be able to:*

- Identify the goals of internal assessment.
- Discuss how internal assessment can enhance a firm's strategic capabilities.
- Describe different internal assessment methods.
- Discuss the importance of integrating succession management and career development.
- Describe two models of internal assessment.

## Succession Management and Career Development at Fluor

Fluor Corporation is a global engineering, construction, and maintenance company with over 41,000 employees across six continents.<sup>1</sup> In 2013 Fluor ranked first in the Engineering and Construction category of *Fortune* magazine's list of most admired companies.<sup>2</sup> Fluor's commitment to developing its employees has become even more important in the face of increased globalization and an aging workforce. Many of the firm's employees are nearing retirement while its need for global leaders is increasing.<sup>3</sup>

Fluor is especially concerned about the talent pipeline for its project managers because they are top drivers of revenue through their management of programs and projects. Many of the company's top executives are promoted through the project management career track,<sup>4</sup> and Fluor wants to ensure the continued development of this key group of employees and ensure that important positions do not go unfilled. Imagine that Fluor asks your advice about how to best manage the succession management and career development of its project managers. After studying this chapter, you should have some good ideas.

## INTERNAL ASSESSMENT

*the evaluation of a firm's current employees for training, reassignment, promotion, or dismissal purposes*

**Internal assessment** is the evaluation of a firm's current employees for training, reassignment, promotion, or dismissal purposes. In addition to evaluating which employee skills are needed to execute their business strategies and assessing their employees to see if they have these skills, firms assess their workers' suitability for other jobs and create development opportunities for them. If done on a continual basis, internal assessment enhances a firm's workforce capabilities and better aligns employees' competencies with the firm's business strategy.

Despite the fact that internal assessment is such a critical staffing function, many companies do internal staffing very poorly. Because employees are "known," their managers and organizations often mistakenly assume the employees do not need to be systematically and deliberately assessed. This can be particularly problematic in smaller firms where most employees regularly work with each other and feel that they know each other's capabilities.

In this chapter, we discuss some of the primary goals of internal assessment followed by a variety of internal assessment methods. Finally, we discuss two internal assessment models and ways of evaluating the effectiveness of an internal assessment system. After reading this chapter, you should have a good understanding of the importance of internal assessment and assessing employees for a variety of staffing-related purposes.

## THE FIRM'S INTERNAL ASSESSMENT GOALS

The assessment goals identified in the previous chapter are relevant to internal assessment as well. These goals are as follows:

- maximizing fit,
- assessing accurately,
- maximizing the company's return on its investment in its assessment system,
- generating positive stakeholder reactions,
- supporting the firm's talent philosophy and HR strategy,
- establishing and reinforcing the firm's human resource strategy,
- establishing and reinforcing the firm's employer image,

- identifying employees' developmental needs,
- assessing ethically, and
- complying with the law.

Internal assessment can serve three additional purposes: evaluating employees' fit with the firm's other jobs, assessing employees to enhance the firm's strategic capabilities, and gathering information with which to make downsizing decisions. We discuss each of these goals next, as well as how the external assessment goals identified in Chapter 9 apply to internal assessment.

### **Evaluating Employees' Fit with Other Jobs**

Assessing employees' competencies to determine their fit with the requirements of other jobs in the company is one of the most common uses of internal assessment. When an employee wants to be considered for another position or for a promotion, he or she is typically evaluated against the company's values and requirements for the position compared to other applicants. For example, when evaluating store employees for promotion opportunities, the discount retailer Costco evaluates employees on their intelligence, people skills, and merchandising savvy.<sup>5</sup> Internal leadership assessments can also be used to identify who a company's potential future leaders should be. PanCanadian Petroleum, for example, actively tries to identify "bright lights" and employees who possess critical skills by scanning the entire organization for high-potential young managers.<sup>6</sup>

### **Enhancing the Firm's Strategic Capabilities**

Aligning a firm's talent with its vision, goals, and business strategy positions the firm to compete effectively and win in the marketplace.<sup>7</sup> To be able to plan and prepare for its future business needs, a company needs to assess its current employees with an eye toward the future. This includes their ability and willingness to learn and adapt to new situations.<sup>8</sup> In addition, a company cannot know what training to offer employees unless it first assesses their strengths and weaknesses. Although this is true for all companies, it is particularly true for firms changing their business strategies or pursuing a different competitive advantage.

When FedEx wanted to adjust its policies-and-procedures-driven organizational culture to focus on leadership and getting the job done, it first needed to assess and develop the leadership skills of its mid-level managers. To do this, it used a Web-based tool to evaluate and develop the seven leadership competencies FedEx considers essential for mid-level managers.<sup>9</sup> When a market leader in the food industry wanted to better execute its growth strategy, it shifted its focus from managing costs to generating top-line growth. The company knew it needed employees with new capabilities, including the ability to innovate, think strategically, and maintain a strong customer focus. To determine who these people would be and to develop their skills, the firm conducted an internal talent assessment by presenting future-oriented simulations in an assessment center. The developmental planning and coaching enhanced participants' capabilities and improved the company's ability to execute its new strategy.<sup>10</sup>

After a firm assesses its employees, underperforming employees with low potential are typically transitioned out of the company. Meanwhile, "blocked" employees—that is, good employees who lack promotional opportunities—are assisted in terms of improving their motivation and performance. High-potential employees are identified for further development and are prepared for advancement opportunities.<sup>11</sup> Some firms prefer to call groups of employees targeted for accelerated development "acceleration pools" rather than "high-potential pools" because the latter term implies that employees not in the pool are not high potential.<sup>12</sup> To avoid alienating employees not labeled "high potential," Yahoo! avoids calling any employees high potential. The firm's executive training program is offered not only to individuals identified as promotion candidates, but other employees as well. Nonetheless, Yahoo! pays special attention to its stars and focuses on the training and career development of select employees to reduce the chances that these key employees will leave. The leadership potential of employees is also identified through their performance reviews and at an annual session held by Yahoo!'s senior executives.

### **Gathering Information with Which to Make Downsizing Decisions**

In addition to bringing in new employees and moving employees into other jobs in the company, staffing sometimes involves transitioning employees out of the company through downsizing. Firms often downsize to reduce their headcount and corresponding labor costs, or to improve

their efficiency. As we have indicated, in addition to using internal assessments to identify low performers who should be downsized, employees can also be assessed with an eye toward the competencies and capabilities the firm anticipates needing in the future. Employees who have the competencies the company needs to execute its business strategy or to create or maintain its competitive advantage might be retained, and employees lacking the characteristics and abilities the firm needs to succeed in the future might be the ones let go. The information services department of one particular firm is a case in point. After completing a strategic staffing plan that previously promoted employees based solely on how well they had performed in the past, the department began considering the competencies it would need in the future. As a result, some previously high-performing employees were asked to leave because they were judged unable to learn and apply new technology. Other employees who weren't currently high performers were kept because their skills and experience were consistent with the company's future talent needs.<sup>13</sup> Some companies also assess not only whether employees have the competencies the firm needs to compete successfully in the future, but also whether or not they really want to use those competencies.<sup>14</sup> We discuss downsizing more extensively in Chapter 12.

### **Gathering Information with Which to Make Restructuring Decisions**

Restructuring involves reorganizing work to enhance the firm's strategic execution. This usually requires moving some employees to other positions, changing job requirements, and transitioning some employees out of the company. Both restructuring and downsizing decisions should be based on the firm's business plan and consider the ability of individual employees to contribute to the new plan. Understanding a company's profit-generating processes, services, and products and how a firm's jobs and employees contribute to each of them will make employee reassignments more strategic and effective.

### **Maximizing Fit**

Person-job, person-group, and person-vocation fits, described in Chapter 9, are relevant to internal assessment as well as external assessment. Just as new hires need to be able to perform the jobs for which they are hired, employees need to perform their new jobs and effectively work with their new supervisors and coworkers.

To hire the best managers, the nature of the hiring process is as important as the assessment methods used to evaluate candidates. Due to union contracts or company policies, some organizations promote employees because of seniority rather than because they would be the best fit with the open job. Although experience and seniority tend to be somewhat related to a person's on-the-job performance, the relationship is not always strong. There is no guarantee that the most senior employee will be the most qualified, or the best fit, for the job.<sup>15</sup> It is as important to assess internal candidates on the characteristics required in the open position as it is to assess external candidates.

For example, many public institutions use a complicated system of job bidding for state jobs which is based on both seniority and job qualifications. If a department's administrative assistant position is vacated at the state university, employees in the same job classification from across all state agencies can bid on the position. The department may ultimately have to select, not from an ideal pool of candidates with university experiences, but rather from a pool of employees with similar jobs from correctional institutions, state government agencies, etc.<sup>16</sup>

To maximize the person-organization fit, a firm should assess its employees' qualifications, styles, and values that relate to the organization's strategy, values, and processes. As people move up the company's hierarchy, they are increasingly responsible for shaping and reinforcing the company's culture. Ensuring that the people who are promoted will reinforce rather than undermine the organization's values can be an important internal assessment goal. At the same time, it is not always best for the next generation of managers to maintain the status quo. Leadership, innovation, and competitive reassessment all determine what a firm will need in the future.

Complementary and supplementary fits are also relevant internal assessment goals. An employee being transferred or promoted needs to complement or extend the competencies of his or her new work group. Together, complementary and supplementary fit help to ensure that promoted or transferred employees will work well in their new work groups and bring new, helpful skills to the table.

## Assessing Accurately

Internal assessment systems must also be valid and accurately identify the candidates who would be the most and least successful in open jobs. No assessment system is perfect. Obviously, however, more valid assessment systems do a better job than less valid ones. High validity, or accurately predicting job performance and other important criteria, such as tenure and promotability, is a critical function of both internal and external assessment systems. As you learned in Chapter 9, the goal is to generate high numbers of true positive and true negative hiring outcomes, and minimize the numbers of false positive and false negative outcomes.

## Maximizing the Firm's Return on Its Investment in Its Assessment System

Another important internal assessment goal is to maximize the firm's return on its investment in its internal assessment system. As we explained in Chapter 9, some companies simply do not have the money to invest in expensive assessment systems, even if they more accurately identify the best talent. Sometimes less costly selection procedures—for example, using better performance reviews and assessing employees while they rotate through job assignments—can yield comparable, valid results. The equations provided in Chapter 9 provide a way to estimate a company's return on its investment in a new assessment system.

## Generating Positive Stakeholder Reactions

Meeting the needs of different stakeholders in the staffing process is another assessment goal. As with external assessment methods, if an internal assessment method does not also meet the needs of the firm's employees, hiring managers, and recruiters, it is not as effective as it could be. For example, a firm's managers might not want to regularly assess each of their employees' promotion potential and developmental needs because of the sheer time involved. Employees might react negatively to the processes used to determine who gets a promotion if they perceive them to be unfair. An assessment method's fairness, ease of use, speed, and ability to predict important job success outcomes all influence whether recruiters, supervisors, and managers use it correctly and consistently. Training people about the benefits of assessment techniques and their use and rewarding people for doing so correctly and consistently can help. So can having a reliable and competent assessment system expert available to assist them.

Another negative stakeholder reaction can occur when employees are turned down for the promotions or lateral moves for which they were considered. These employees might potentially be less motivated or even try to leave the organization. The potential for this to occur is even greater when an employee has been turned down multiple times. It is important to treat these employees with a great deal of respect and maximize their procedural and interactional justice perceptions. Honest communication about what they could do to be more competitive for the positions they are interested in, and developing an action plan to give them training or developmental experiences that would better prepare them for the position can enhance their motivation. If an employee is interested in a position that the firm feels he or she will not likely ever get, it is important to communicate this honestly but sensitively to the employee and to try to find another career path for the person. If a talented employee who has been passed over for promotion or transfer in the past is a finalist for a current position, it can be a good idea to consider this when choosing whom to promote or transfer. The choice may be between promoting the person or losing him or her.

After spending the time and money to hire, train, and develop subordinates, some managers do not want their best employees transferred out of their unit. This can reduce their willingness to participate in internal assessment programs. If managers fear their resources could be poached from within, policies and procedures such as a minimum period of time an employee must stay in a job before being promoted can be implemented.<sup>17</sup> Other managers naturally feel rewarded by developing and mentoring their employees to move up in an organization. Indeed, managers who are known for developing their direct reports and who are more rapidly promoted within the firm are also likely to be managers who have little difficulty recruiting talented employees who want to work for them.

Managers should be assessed and rewarded for their ability to develop promotable talent. They need to believe the rewards of participating honestly in the process are greater than the

rewards of not doing so. One way to do this is by tying their performance appraisals and pay to their participating in internal assessment programs. Communicating and reinforcing strong, clear statements of this nature to managers can help get their buy-in to the idea that talent belongs to the company rather than themselves. For example, when Warner-Lambert's human resources team prepared a set of principles as part of a redesign of its practices, the first principle stated, "Talent across the company is managed for the larger interests of the company. Our divisions are the stewards of that talent, and company-wide interests prevail."<sup>18</sup>

### **Supporting the Firm's Talent Philosophy and Human Resource Strategy**

Another goal of an assessment system is to support the organization's talent philosophy and human resource strategy. Viewing employees as investors might stimulate a company to incorporate more developmental feedback into the assessment process to improve the promotability of employees. By contrast, a firm that views its employees merely as assets is less likely to do this. An organization that wants people to contribute over long-term careers needs to view employees in terms of their long-term career potential within the company, and to help employees identify and pursue career paths that interest them. In this case, identifying the competencies, styles, and traits required for career advancement within the company is also relevant.

### **Reinforcing the Organization's Employer Image**

Maintaining an organization's employer image is an important staffing goal. To establish and maintain its image as an employer, a company must "walk the walk" and genuinely be what it claims to be. An organization claiming to provide an environment in which employees can grow their careers will not be successful in establishing or maintaining that image if it does not give them performance feedback and development opportunities. One of the goals of the internal assessment process should be to reinforce the organization's desired image among employees. This can also help improve employee retention by reminding them that the company values them and by clarifying how they fit into the company's strategy and future direction.

### **Identifying Employees' Developmental Needs**

As we have discussed, if an employee's assessment shows that he or she lacks critical skills that will be needed in the future, training and development can be provided to correct the situation. For example, Wyeth Pharmaceuticals regularly assesses its employees' skills. Employees who fail to obtain scores of at least 90 percent must immediately improve their skills and then later undergo another round of testing of them.<sup>19</sup>

### **Assessing Ethically**

As we discussed in Chapter 9, the entire selection process needs to be managed ethically. The process needs to be honest. Employees need to understand how it works, including how their test results will be used and ensured that their privacy will be protected. The firm also needs to communicate with candidates when it promises to. As we explained in Chapter 9, test administrators should be properly qualified and trained, and the firm should carefully consider the ethics of using any assessment methods applicants find invasive.

An additional ethical issue involves the confidentiality of an employee's application for another position in the company. If a supervisor or work group thinks that an employee is likely to leave, they may treat the employee differently and invest less in the person's future development. Some employees do not want their supervisors or coworkers to know that they are considering other opportunities. Consequently, it can be important for the firm to have confidentiality policies and procedures in place to respect the wishes of these employees.

### **Complying with the Law**

The Uniform Guidelines on Employee Selection Procedures discussed in Chapter 9 apply to all selection procedures used to make employment decisions, including performance evaluations and other internal assessment methods.<sup>20</sup> The *Principles for the Validation and Use of Personnel Selection Procedures* and the *Standards for Educational and Psychological Testing* discussed

in Chapter 9 are also relevant for internal as well as external assessment. Fair, consistent, and objective assessments are key to assessment systems being legally compliant.

Monitoring equal employment opportunity (EEO) statistics based on positions and levels in the company is an important part of EEO compliance, too. In fact, the liability risk is often greater with internal versus external assessment and staffing efforts. This is particularly true when it comes to employee termination decisions and “glass ceiling” problems, which limit the advancement of women and minorities. Companies including Texaco and Coca-Cola have found themselves in legal trouble for promoting minorities at lower rates than Caucasians. *Roberts v. Texaco*<sup>21</sup> found that African Americans were significantly underrepresented in high-level management jobs, and that Caucasian employees were promoted more frequently and at far higher rates for comparable positions within Texaco.

The plaintiffs in a lawsuit lost by Coca-Cola<sup>22</sup> alleged that the company’s written and unwritten policies and practices allowed supervisors to essentially handpick candidates via word of mouth based on subjective criteria. Jobs were filled without being posted, candidates were chosen in advance, and supervisors disregarded interview results and manipulated scores in order to ensure that their favorites were chosen. Because this system prevented qualified African Americans from competing equally for positions or from even knowing that they were available, they were denied the opportunity to advance to the same level and at the same rate as equally qualified Caucasian employees.

To open up the promotion process and relieve the concerns of women and minorities who often feel shut out of promotion opportunities, Kodak’s Leadership Assessment and Development Center began an open-door program to develop anyone interested in being considered for a supervisory position. This approach enhanced the perceived fairness of the promotion process, and the experience helps many employees realize that they are not interested in higher-level jobs after all. After attending the introductory course, “So You Want to Be a Leader?” about 25 percent of participants “deselect” themselves, and after the second course giving instruction on handling supervisory duties including budgeting, staffing, and production, another 25 percent drop out.<sup>23</sup>

A firm’s internal selection processes can be heavily influenced by union contracts as well. Unions generally negotiate for promotions to be based on seniority, and any internal assessment or internal staffing terms included in a union contract must be complied with. The National Labor Relations Act of 1935 protects employees from discrimination based on their involvement in a union, and prohibits employers from making staffing decisions to discourage union membership. Employees also may not be discriminated against because they filed charges or gave testimony under the National Labor Relations Act. Although America is losing its manufacturing companies, unions remain strong in academia, hospitals, and the public sector.

## INTERNAL ASSESSMENT METHODS

The assessment methods described in Chapter 9, including biographical information, structured interviews, simulations, assessment centers, and clinical assessments, can be as useful for assessing internal candidates as they are for external candidates. When an international medical products supply company redefined its field sales managers’ roles to better address the company’s business challenges, it identified new competencies, behaviors, and performance standards. It then immersed its current and potential field sales managers in simulations that reflected the changing nature and demands of the new roles. The idea was to assess the employees’ fit with the job skills they would need. It also provided a realistic preview of the position’s new requirements and identified the strengths and weaknesses of employees and the development they would need.<sup>24</sup>

In addition to all the assessment methods used with external applicants, there are a variety of additional assessment methods that can be used with internal job candidates. Because internal job candidates already work for the company, more and richer information is usually available to recruiters. Although employees can be assessed by an outside contractor, informal assessment methods conducted by the employee and supervisors can be equally effective and less costly.<sup>25</sup>

### Skills Inventories

As John Walker, the global leader of Dow Chemical Company’s human resource department, states, “A lot of organizations talk about their core competencies, but unless they measure them it can be difficult to know what they really are.”<sup>26</sup> A **skills inventory** (or skills databases) allows

### SKILLS INVENTORY

a company-maintained list outlining which employees have certain skills, competencies, and other relevant job characteristics

a company to maintain a list outlining which employees have certain skills, competencies, and other relevant job characteristics. For example, if a firm were to need a sales associate who speaks French, the company could simply query its skills inventory database. The skills required for each job can also be used to create training and development plans for employees who want to eventually apply for those jobs.

Some companies use sophisticated software systems to manage the process, whereas others rely on paper or spreadsheets. Technology can assist in the effective compilation and presentation of this information, including modules from SAP, PeopleSoft, Oracle, and Saba Software. When kept in a database, the information can be quickly searched to assign employees to new projects or to help identify employees to consider for other positions. Some organizations hold employees responsible for keeping their skills inventories updated and accurate via the company's intranet. Once an employee possesses all of the qualifications necessary to be considered for another position, the software identifies the employee as ready to be considered when a vacancy arises.

The organization and its budget determine the number and types of skills tracked and at what level of detail each is evaluated. Skills inventories can be limited to basic information, such as the education, work experience, or training and certifications completed by employees when they initially begin working for the company. Alternatively, the inventories can be continually updated as employees acquire additional skills and qualifications. The latter is preferred—the better and more current the information in a skills inventory is, the more useful it will be in terms of predicting who will do the best job and where. IBM considers skills to be a company asset, and keeps its skills inventory open to managers and employees. Managers can view and update their employees' files, and employees can view and update their own files. When forming teams, staff members query the inventory to find out which employees have complementary skills.<sup>27</sup> When gaming company Caesars Entertainment reorganized its operations, the senior team created a database of the performance and potential of the company's top 2,000 managers. It also analyzed the ability of the top 150 managers to assume different positions.<sup>28</sup>

## Mentoring Programs

### MENTORING

*a dynamic, reciprocal relationship between a more-experienced employee (mentor) and a more junior employee (protégé) aimed at promoting the career development of both*

**Mentoring** is a dynamic, reciprocal relationship between a more-experienced employee (mentor) and a more junior employee (protégé) aimed at promoting the career development of both.<sup>29</sup> Mentoring relationships can be established through formal mentoring programs in which a mentor is assigned to an employee, or they can be informal and develop on their own.

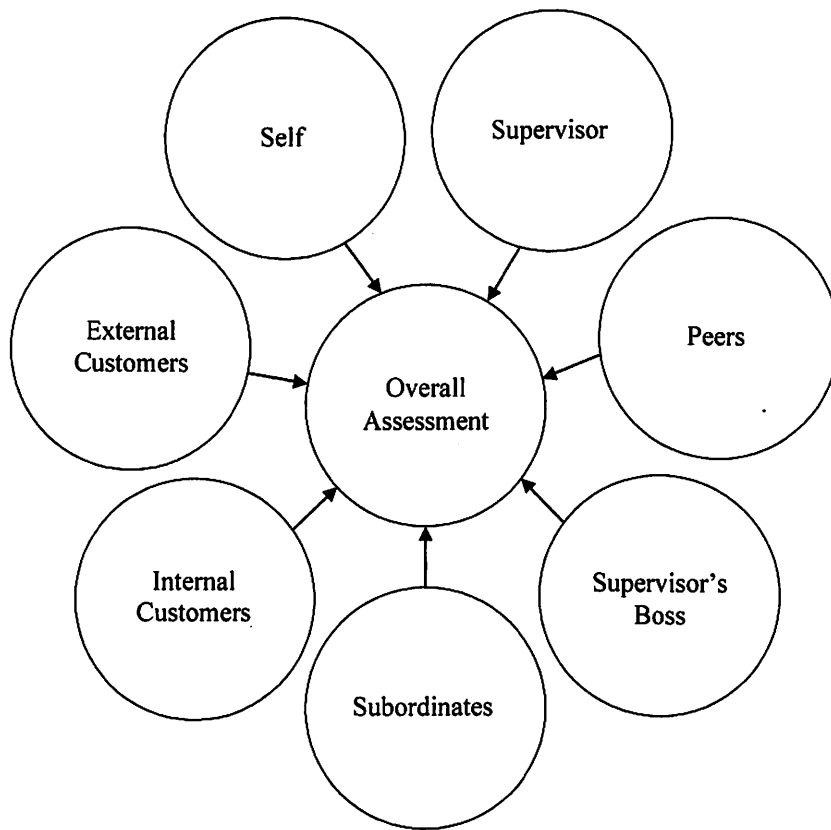
Mentoring people can be a good way to initially assess employees as well as enhance their careers and improve their chances of being promoted. Mentors can be asked to nominate their protégés for positions they feel they are ready for or vice versa. Mentoring can also be an effective training tool for smaller companies that can't afford formal training programs.

Via its Executive Coaching Practice program, Wachovia Corporation developed over 70 internal coaches who mentor and support 189 leaders across the bank. The coaches evaluate participants' leadership competencies, create individual development plans for them, and provide them with ongoing support. In 2006, Wachovia estimated that the program reaped the firm over \$360,000 per coaching engagement.<sup>30</sup>

## Performance Reviews

An employee's supervisor usually conducts performance reviews (also called performance appraisals). An employee's supervisor is often the person not only most familiar with the employee's performance, but also responsible for it. Thus, employees generally expect performance appraisals from their supervisors and prefer it to be their main source of feedback.<sup>31</sup> Nevertheless, this doesn't mean the appraisal process has to be limited to supervisors only. For example, an employee's peers and subordinates see different aspects of the person's work behaviors and performance.<sup>32</sup> Moreover, in some situations, an employee's supervisor is actually *less* able to observe him or her than other people. Traveling salespeople are a good example. Many of these people spend most of their time working alone—not under the eye of their supervisors. In this case, people other than the supervisor might be better qualified to evaluate the salespeople.<sup>33</sup>





**FIGURE 10-1** Multisource Assessments

## Multisource Assessments

**Multisource assessments** (sometimes called 360-degree assessments) involve an employee's supervisor as well as other people familiar with the employee's job performance. These raters typically include the employee, his or her subordinates, peers, and even the company's internal and external customers.<sup>34</sup> The sources can be used alone or together, as shown in Figure 10-1, and should be weighted based on their credibility. A source's ability to actually observe and accurately rate the employee should also be considered. Table 10-1 summarizes the frequency with which each rating source is able to observe an employee's task and interpersonal behaviors. Next, we discuss each of the sources in more detail.

Asking an employee to assess his or her own performance and capabilities can be useful. Self-assessments help identify areas in which employees feel they could benefit from additional coaching or development. The problem is that people aren't always good judges of their own talents. Some high performers tend to rate themselves lower than do other raters, and others rate themselves too high.<sup>35</sup> The key reasons to include self-evaluations are to allow employees to provide performance documentation that their supervisors or others don't have and convey their developmental goals and desired career tracks to the firm.

Peers tend to get a good look at each other's task and interpersonal behaviors. This is especially the case when work is done in teams. At the consulting firm Booz Allen Hamilton, for example, employees receive 360-degree competency assessments annually, involving as many as 15 of their colleagues.<sup>36</sup> For peer ratings to work well, employees must believe the process is fair.<sup>37</sup>

To reduce the influence of politics and friendships, peers need to understand the characteristics required for success and be familiar with the job requirements matrix for the position. As is done with Olympic judges, some companies eliminate the lowest and highest peer ratings and average the rest.<sup>38</sup> Employees can be asked to assess each peer's promotion readiness or to rank order or vote for their most promotable peers. Some firms ask employees to nominate peers they feel would be good candidates for openings. Peer ratings have been found to have an average validity of .51 when it comes to predicting promotion criteria.<sup>39</sup>

### **MULTISOURCE ASSESSMENTS**

*performance reviews that involve an employee's supervisor as well as other people familiar with the employee's job performance*

**TABLE 10-1** The Frequency with Which Different Raters are Able to Observe an Employee's Task and Interpersonal Behaviors

	Self	Supervisor	Subordinates	Peers	Internal Customers	External Customers
Task Behaviors	High Frequency	Medium Frequency	Low Frequency	Medium-to-High Frequency	Medium Frequency	Low Frequency
Interpersonal Behaviors	High Frequency	Low Frequency	Medium-to-High Frequency	Medium-to-High Frequency	Medium Frequency	Medium Frequency

Asking subordinates to appraise their managers is often the most controversial feature of a multisource assessment program. Although subordinates may not see all their supervisors' task behaviors, they very often see their interpersonal and leadership behaviors. Thus, subordinates have a unique and important perspective on their managers' behaviors, strengths, and limitations. One shortcoming of subordinate feedback is that subordinates are often reluctant or even afraid to give their supervisors negative feedback. Rater anonymity is critical. If subordinates feel that their responses might be identifiable (e.g., if the supervisor has only a few subordinates and can discern "who said what") or if they fear reprisal, then subordinate ratings are not likely to be accurate, if subordinates agree to participate at all.

*Internal customers* are users of any products or services supplied by another employee or group within the same organization. *External customers* are those outside the firm, including other companies and the general public. Both internal and external customers have a moderate opportunity to observe employees' task and interpersonal behaviors. Their feedback helps to incorporate the perspective of the company's stakeholders beyond the typical chain of command. Because employees are often rewarded only for satisfying the expectations of the people who control their compensation, incorporating customer feedback into the rewards process expands the range of stakeholders employees will seek to please.

Because external customers do not see or understand the work processes and rules that influence employees' task behaviors, they often cannot easily separate an employee's task behaviors from the regulations, policies, and resources that affect and constrain the employee's options. As a result, some experts believe that it can be best to ask external customers to only evaluate an employee's interpersonal behaviors.<sup>40</sup>

Often the ratings provided by people who do not supervise the worker are used only for employee development and performance evaluations. By contrast, promotion and transfer decisions are usually based on supervisors' ratings. In addition, most firms require a supervisor's manager to ensure that he or she has been diligent in conducting an employee's performance assessment as well as confirm the results of it.<sup>41</sup>

### Job Knowledge Tests

Job knowledge tests can be as useful for internal assessment as they are for external assessment. Because well-developed and validated job knowledge tests can measure a person's knowledge, experience, cognitive ability, and motivation to learn, they can help to predict which employees will perform the best in an open position. Many organizations, including police departments, use job knowledge tests to assess promotion candidates. At the U.S. Customs Service, evaluating employees for promotion to special-agent positions involves a five-hour battery of tests that includes a job knowledge test assessing a candidate's technical skills; a critical thinking test; and an in-basket exercise that measures the candidate's leadership competencies, including how well they plan, prioritize, schedule, and delegate work. Applicants who pass the battery then take a writing-skills assessment test and participate in a structured interview.<sup>42</sup>

### Assessment Center Methods

As you have learned, assessment centers measure job candidates' knowledge, skills, abilities, and competencies by putting them through a series of simulations and exercises that reflect the typical challenges of the job they're applying for. Assessment centers can very effectively

identify a person's strengths and weaknesses. The centers also can do a good job of predicting how successful candidates are likely to be in particular positions.<sup>43</sup> The degree to which the centers result in adverse impact, or disproportionate hiring rates for different ethnic or gender subgroups, varies depending on the exercises used. Assessments typically include an interview, cognitive testing, personality testing, and a simulation.<sup>44</sup>

Because Cessna Aircraft Company has fewer people doing more work than it used to, it feels that it can't afford to make a bad hiring decision. Thus, the company wants to have a good look at how people will do their jobs before they hire them. Cessna's Independence, Missouri, plant uses an elaborate role-playing exercise for managers that simulates a "day in the life" experience of a busy executive. A job candidate spends up to 12 hours in an office with a phone, fax, and in-basket stuffed with files and letters. Throughout the day, the job candidate works through memos and handles problems, such as a phone call from an angry customer. This type of exercise is typical of the type of assessment that an outside assessment center would conduct.<sup>45</sup>

As we have explained, because of their high cost relative to other assessment methods, assessment centers are used more for managerial and higher-level jobs. Many of the skills and competencies assessment centers evaluate can also be assessed by giving employees the opportunity to demonstrate their managerial talent by becoming a project team leader or committee chair. Assessment centers seem to work in a variety of organizational settings, and can be useful for making selection and promotion decisions as well as training, career planning, and improving a person's managerial skills.

## Clinical Assessments

**Clinical assessments** rely on trained psychologists to subjectively analyze a candidate's attributes, values, and styles in the context of a particular job. Ability and personality tests, interviews, and direct observations of the behavior of employees are different types of activities done during clinical assessments. The clinical assessment is usually presented as a written description of the candidate, and may or may not contain a "clear hire" or "don't hire" recommendation.<sup>46</sup> Like the tests conducted at assessment centers, clinical assessments are expensive. Consequently, they tend to be used for higher-level positions, such as executive and CEO positions—that is, positions associated with greater power and influence and for whom the job descriptions may be more flexible. In cases such as these, companies sometimes use a psychologist to try to evaluate a candidate's strengths and weaknesses and determine the broad impact a candidate would likely have on the organization if the person were hired.

### CLINICAL ASSESSMENTS

*assessments that rely on trained psychologists to subjectively analyze a candidate's attributes, values, and styles in the context of a particular job*

## The Nine Box Matrix

A **nine box matrix** is a combined assessment of an employee's performance and potential. Many *Fortune* 500 companies including Bank of America, GE, and Medco Health Solutions use some variety of the nine box matrix for classifying their managers' current job performance and potential for advancement. The nine box matrix plots three levels of current job performance horizontally: exceptional performance, fully performing, and not performing. Vertically, three levels of performance potential are plotted: eligible for promotion, room for growth in current position, and not likely to grow beyond current position. A high performer with high potential would be given the highest rating, followed by both high current performers with moderate potential and moderate current performers with high potential. The reasons for the underperformance of low performers with low potential should be assessed, and these employees then either assigned to a lower level or different position or transitioned out of the company.<sup>47</sup>

### NINE BOX MATRIX

*a combined assessment of an employee's performance and potential*

The value of the nine box matrix depends on the quality of the assessment methodology that determines the box in which each individual is placed. The nine box matrix is a method for displaying judgments made about employees, not for making those judgments. It can help companies understand the overall strength of their workforces, but only if the employees are accurately evaluated in the first place.<sup>48</sup>

## Career Crossroads Model

When Walt Mahler, a human resource consultant and teacher, got involved in the design of General Electric's succession management process in the early 1970s, he found that different leadership levels in an organization require different sets of competencies and values.<sup>49</sup>

Mahler concluded that the most successful leaders change their perspective on what is important as they move to higher levels of leadership. For example, a finance manager has to see his or her role differently when managing the finance function than when managing an entire business unit. If the business-unit leader failed to broaden his or her view of finance as the most critical aspect of his or her job, the leader would not master the additional nonfinance aspects of the business. It can be very difficult for individuals to change their perspective about what is important after years of schooling and work experience. That said, a leader's values and priorities *must* change to fit the enhanced breadth of each new position he or she holds.

The career crossroads model focuses on managerial and leadership positions rather than technical or professional work. The natural hierarchy of work that exists in most large, decentralized business organizations consists of six career passages—from the entry level to the top job, with each passage representing increased complexity. The six passages are:

- Starting Point: Managing yourself
- Passage 1: Managing others
- Passage 2: Managing managers
- Passage 3: Managing a function
- Passage 4: Managing a business
- Passage 5: Managing multiple businesses
- Passage 6: Managing the enterprise

Each passage requires that a person learn new values and skills and unlearn old ones. One of the biggest talent mistakes organizations can make is to promote people based solely on their mastery of their current positions rather than on their potential and readiness to assume the responsibilities and adopt the values of their new positions as leaders (although some continued development and coaching is generally required for this to occur). Effective succession management should produce an abundance of high-performing, high-potential talent to draw from for each leadership level. Because the career crossroads model takes a long-term perspective, it enhances the organization's ability to create its own leadership talent from a broad talent base rather than relying on identifying and hiring external star performers to become the firm's leaders.

In smaller organizations, the number of leadership layers is reduced, but the skills required of leaders are similar. Managing others rather than solely managing oneself is the most common transition, and one that many people find difficult. In very small organizations, the owner typically manages everyone else in the company. However, in medium-sized companies, there may be a middle layer of management in which managers or supervisors are themselves managed. Depending on the organization's needs and structure, functional managers may exist, and the owner acts as the CEO. Smaller organizations are also unlikely to have the luxury of having a large number of employees to choose from when a leadership position opens. The situation can be even more critical for the survival of smaller organizations because the departure of even one key person can cripple the organization if a successor is not found quickly.

## MANAGING SUCCESSION

### **SUCCESSION MANAGEMENT**

*an ongoing process of systematically identifying, assessing, and developing an organization's leadership capabilities to enhance its performance*

**Succession management** is an ongoing process of systematically identifying, assessing, and developing an organization's leadership capabilities to enhance its performance.<sup>50</sup> Succession management involves ongoing strategic talent planning, retirement and retention planning, and talent assessment and development.<sup>51</sup> As we explained in earlier chapters, succession management can ensure the continuity of a firm's leadership, prevent key positions from remaining vacant, and prevent employees from being promoted prematurely.

Succession management requires much more than simply identifying which employees should be promoted. It should integrate the management of a firm's talent with the organization's strategic plan. If done far enough in advance, succession management can sometimes affect the choice of which business strategy to pursue. For example, if a regional clothing store is planning to expand nationally, having a substantial amount of managerial talent in the firm's pipeline can be a prerequisite for opening the new stores. If the firm's succession planning indicates that managerial talent is in short supply, the organization can make hiring employees with the potential to become store managers a key goal of its recruiting and hiring process.

Alternatively, the company can plan to hire store managers from outside of the company to staff its new locations. Or, it can scale back its expansion plans altogether.

In short, succession management affects the organization's long-term direction and growth. This is particularly important when you consider the fact that so many baby boomers are retiring. The increased demand for diverse employees is also becoming more important. As a result, many organizations are integrating workforce diversity into their succession management.<sup>52</sup> Allstate, for example, has successfully used succession management to ensure that it identifies and develops diverse slates of qualified candidates for all its key positions. The insurance company assesses all employees' current job skills and creates road maps for them outlining the competencies they need to advance within the company. The company then makes sure they get the training they need, including coaching and mentoring, classroom training, and a variety of career experiences.<sup>53</sup>

Although succession management can expedite the process of replacing a departing employee, employees identified by succession management as candidates for an open position should not be the only employees considered for the job. Ideally, information about an opening should be disseminated to all employees to give them the opportunity to apply for the position in case some talent is being overlooked. As you learned earlier in the chapter, it is also important to ensure that information about position openings does not become a secretive, employee-alienating situation. It is obviously not ideal for a qualified employee who would have been interested in a job opportunity to not learn about the vacancy and miss the opportunity. Moreover, sometimes it can create legal problems for companies, as the Coca-Cola discrimination example presented earlier in the chapter illustrated. When done well, succession planning reinforces a company's philosophy of treating its employees as investors rather than assets. It is a key driver of employee retention and sends a signal to the firm's stakeholders that the company's leaders are preparing for the future.<sup>54</sup>

**Succession management plans** are written policies that guide the succession management process. Succession management plans should be put in place before they are needed, and can be very good investments. One study found that chief executives hired from outside the company are paid almost three times more than those promoted from within.<sup>55</sup>

When McDonald's CEO Jim Cantalupo died unexpectedly, he was replaced six hours later. A few weeks later, his replacement, Charlie Bell, was diagnosed with cancer, and the company's board of directors again made an orderly replacement, in part because McDonald's had a good succession management plan.<sup>56</sup> By contrast, when Frank Lanza, chairman and CEO of defense contractor L-3 Communications, died suddenly and unexpectedly at age 74, the company hadn't prepared for it. The firm's board of directors took three days just to name an interim chief executive, and the company was widely speculated to be a takeover target because of the leadership crisis.<sup>57</sup>

It should be noted that succession management not only helps a firm's future managers and top executives prepare for their positions, it also results in the creation of a series of "feeder groups" up and down a firm's leadership talent pipeline.<sup>58</sup> By contrast, **replacement planning** is narrowly focused on creating backup candidates for specific senior management positions. Replacement planning is helpful for quickly identifying a possible successor when a position unexpectedly opens. However, it does little to improve a firm's long-term leadership readiness.

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#### **SUCCESSION MANAGEMENT PLANS**

*written policies that guide the succession management process*

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#### **REPLACEMENT PLANNING**

*the process of creating backup candidates for specific senior management positions*

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### **Developing a Succession Management System**

After choosing the position on which to focus, the first general step in a succession management project is to check that the job description outlines the current and future competencies, behaviors, and values a person needs to perform at a high level in the key position. For example, if the organization is planning to change its culture to become more service oriented, new customer service competencies will probably need to be added to the job requirements matrix and job specification. If technology will become more integrated with the position, technology skills should be added. As people move up in an organization, new ways of managing and leading are needed in terms of (1) the capabilities required to execute the new responsibilities; (2) new time frames governing how one works; and (3) new work values, or what is believed to be important and the focus of one's effort.<sup>59</sup>

The second general step is to identify each interested candidate's strengths, weaknesses, and succession readiness through formal assessment centers and skills testing, or more informally

Job	Incumbent	Turnover Risk	Possible Successors	Successor Readiness
Customer Service Manager	Peter Fry	Moderate	Amy Finn	3–6 months
			John McCarthy	6–12 months
			Sara Menendez	3–6 months

*Strengths:* leadership, customer service skills  
*Needs:* budgeting experience

**FIGURE 10-2** Succession Management Database

via supervisory assessments. Maintaining skills inventory records can seem burdensome, but it is a critical task. One of the barriers to successfully maintaining these records is the volume of information that is sometimes requested from managers responsible for updating the system. If the system is user-friendly and only data relevant to making advancement decisions is collected, then the burden will be reduced.

The third step is to create a plan to continually and systematically improve the capabilities of all identified succession candidates. This requires that succession management be thought of as a continuous process, not something that is done only once or twice a year. Using the assessment of candidates' competencies, training programs and development opportunities can be identified to increase candidates' readiness for the key positions. If candidates are given information about the areas in which further development would help prepare them for their targeted positions, they can be active partners in systematically building the competencies they need to move to those positions. As we explained earlier in the chapter, some companies enable employees to access their own profiles to ensure that the information about them is updated and accurate. This also tends to make employees active partners in the succession management process.

The fourth step is to create a plan to identify qualified and interested internal candidates for open positions. A thorough and updated database of skill profiles can greatly facilitate this step. In addition, work assignments and other developmental activities need to be regularly assigned to candidates who are likely to be promoted or who want to be promoted.

Figure 10-2 shows a database used to track succession candidates. The succession pool for Customer Service Manager Peter Fry is shown, as well as the time frame in which each successor is expected to be ready to assume Fry's position. Clicking on each succession candidate's name brings up additional information about that candidate's strengths and development needs.

The fifth step involves evaluating the company's succession management system. One large organization boasted having a succession management process, but after analyzing the data about the program's success, it realized that virtually no senior managers ever came out of it. Clearly, some other subjective criteria were being used to determine promotions, which risks demoralizing good employees and increasing their turnover.<sup>60</sup> The sixth, and final step, is to continuously improve the succession management system. Succession plans should also be continuously reviewed and modified as an organization changes. The process should be designed to be ongoing, fluid, and adaptable to a firm's shifting business conditions. Table 10-2 summarizes the steps involved in developing an effective succession plan.

**TABLE 10-2** Steps in Developing a Succession Management System

1. Assess current and future competencies, behaviors, values, etc., needed for future job performance in the chosen position
2. Assess each identified and interested candidate's strengths, weaknesses, and readiness to move into other positions
3. Create a plan to continually and systematically improve the capabilities of all identified succession candidates
4. Create a plan to identify qualified and interested internal candidates for open positions
5. Evaluate the system on relevant criteria including the number of positions filled with candidates who have been the target of succession management activities
6. Continually improve the system



**TABLE 10-3 Succession Management Tips**

Here are some experts' recommendations for creating and maintaining an effective succession management system:

- *Keep the process simple.* Make the process logical and simple so that busy line managers do not feel that the process is burdensome.<sup>61</sup>
- *Use technology to support the process.* Information technology enables the timely monitoring and updating of developmental needs and activities.<sup>62</sup>
- *Align your succession management plan with your firm's overall business strategy.* Top executives and line managers will be more supportive of a system that clearly reinforces the organization's corporate goals and objectives.<sup>63</sup>
- *Focus on development.* Succession management must be a flexible system oriented toward developmental activities rather than merely a list of high-potential employees and future positions they might fill.<sup>64</sup>
- *Model effective succession management behaviors at the top.* Company executives need to both model effective succession management behaviors and hold line managers responsible for developing their subordinates' skills and knowledge.<sup>65</sup>
- *Approach succession management as a key business activity.* Because it plays a key role in a firm's long-term business strategy execution, succession management should be treated as a key activity for the firm.<sup>66</sup>

### What Makes a Succession Management System Effective?

The best succession systems bridge the gap between the individual career development opportunities facing employees and the long-term business conditions facing firms.<sup>67</sup> For example, if the succession management system fails to identify qualified internal candidates for a particular position, action plans need to be developed to remedy the talent gap. The company might look externally for talent, or, it might redesign the work to reduce the need for the talent expected to be in short supply. In 2012, three in ten newly appointed CEOs came from outside the organization.<sup>68</sup> The system might also reveal that a firm has a larger number of interested and qualified internal candidates for a target position than was expected or than is realistically needed. This knowledge can help an organization plan alternate career paths for the surplus talent, helping to prevent the turnover of these employees when they do not get the promotions for which they are ready.

As with assessment methods, fairness and communication openness are critical components of succession management. The process should be impartial, open, and backed by top management. Employees should be able to express an interest in being considered for positions that appeal to them, and should not be coerced into pursuing positions in which they are not interested. The succession management process also needs to make sense to, and be usable by, different business units. A standardized process can help to focus and guide the development of employees to meet the strategic needs of the organization, and increase employee perceptions of the program's fairness by reducing opportunities for favoritism.

The process should also align with other human resource processes, including recruitment, selection, rewards, training, and performance management. For example, if the current succession plan for a position indicates that the organization lacks depth in a particular talent, adjustments to the recruitment and selection system can bring more of that talent into the organization. Finally, for a succession management program to work well, a firm's managers need to be involved in and committed to the process. Their employee assessments, promotability ratings, and employee development activities are crucial. Table 10-3 provides some tips for effective succession management.

## CAREER PLANNING

**Career planning** is a continuous process of career-oriented self-assessment and goal setting.<sup>69</sup> When integrated with the organization's succession management and labor forecasting processes, career planning and succession management can help give any organization a snapshot of the talent available to meet its current and future needs.<sup>70</sup>

### CAREER PLANNING

*a continuous process of career-oriented self-assessment and goal setting*

In the career planning process, the goals, preferences, and capabilities of employees are assessed via interest inventories, interviews, assessment centers, and so forth. The current and future needs of the organization based on the human resource strategy and succession plan of the firm are then compared to the talents and motivations of employees, and the degree of match or mismatch is discussed with each individual employee. Career development opportunities are then identified to help workers build the competencies and talents they need to achieve their future goals. General Mills tailors each employee's career development to his or her professional needs, long-term aspirations, and potential for personal growth.<sup>71</sup>

Organizations can increase employee retention and the depth of talent available for leadership positions by integrating the career planning and succession management processes, and by linking them to organizational goals and strategies. By helping individuals match their career interests with realistic career opportunities in the organization in which they currently work, career planning can reduce employees' perceptions that they need to leave the organization to accomplish their career goals. Kimberly-Clark, for example, provides its employees career paths that are both broad and diverse. By giving its employees cross-functional opportunities (opportunities in different positions in different departments),<sup>72</sup> the company helps them increase their responsibility levels, expertise, and leadership capabilities so they can reach their goals.

Like succession management, career planning needs to complement the expected future talent needs of the organization. For example, if an organization expects to expand in the next 10 years, career planning can help identify current employees who are willing to pursue advancement opportunities in the company and help it execute its expansion goals.

Too often succession management is done without telling employees that the organization recognizes their potential. An organization's high-potential talent should be informed of their status in the company and should know that the organization has its eye on them for advancement in the company. Career planning helps to facilitate this process and coordinate employees' personal goals with the organization's needs. For example, as part of its career planning effort, The Hartford Financial Services Group has a Web site that employees and their managers can search by subject, competency, course title, and so forth to identify developmental opportunities for employees. Employees can also use The Hartford's intranet to look up job families, identify possible advancement paths, and identify the differences in expectations, responsibilities, and competencies required for the paths.<sup>73</sup>

As with succession management, the career planning process should be evaluated and improved as the organization's and employees' needs change. Because employees need to stay with the organization long enough to transition into the other positions for the succession management and career planning processes to be worthwhile, the return on the career planning and succession management investment is obviously greater for organizations with lower levels of employee turnover. Integrated career planning and succession management programs can show employees that their career goals can be reached within the organization.

This chapter's Develop Your Skills feature describes how to create your own career development plan. Many career development tools are available to expand and improve employees' skill sets and prepare them to be competitive for other positions in the organization. These tools increase the probability that future internal recruitment efforts will be successful, and include:

- **Assessment centers** that simulate the position an employee is interested in pursuing so the person can evaluate whether or not he or she will be a good fit for the job.
- **Career counseling and career development workshops** that help individuals understand the jobs that best match their aspirations and talents as well as develop the skills they need to successfully compete for opportunities.
- **Training and continuing education** that can provide employees with skills training in a more formalized educational setting. Professional associations can also be a source of continuing education.



## DEVELOP YOUR SKILLS

### Making a Career Development Plan

A career development plan should be an important part of your career planning process. Specifying your career goals and creating an action plan for your personal and professional growth will better enable you to meet those goals. A career development plan typically contains both short- and long-term career goals as well as the actions, courses, activities, and other types of development that you plan to undertake to meet them. In making a career development plan, follow these three steps:

1. *Assess yourself.* Identify your current skills, knowledge, abilities, and interests. If you don't currently know what career you intend to pursue, books<sup>74</sup> and online career development tools, such as the following, can be of help:
  - *Testing Room* (<http://quintcareers.testingroom.com>): After you complete a self-assessment, the Web site suggests 20 to 40 careers that fit you.
  - *Career Planner* ([www.careerplanner.com](http://www.careerplanner.com)): Provides online career tests, one-on-one career counseling sessions, and free career planning information, advice, and ideas.
  - *Bridges Transitions Inc.* (<https://access.bridges.com/auth/login.do?market=adult>): Helps you identify possible career choices by matching careers with your chosen characteristics.
2. *Set goals.* Identify your short- and long-term career goals based on your personal and career interests. Your career goals might involve being promoted or attaining greater responsibility and variety in your present position. When setting your career goals, consider the following:<sup>75</sup>
  - Looking beyond the current year, what are your goals for future career development?
  - What competencies would you like to develop to position yourself for future success and career growth?
  - Are there any changes taking place in your company that could affect your developmental priorities?
  - Generate a list of goals and then prioritize the top three goals on which to concentrate your efforts.
  - Seek feedback and discuss your options with your supervisor and others familiar with your work performance, interests, and aptitudes to gain additional insight.
3. *Develop an action plan.* Evaluate the gap between your current situation and your goals and clarify what capabilities you need to develop. For each objective, identify the time frame for its completion and how you plan to develop the capability. Your action plan options include on-the-job or formal education or training, mentoring, making a lateral move, changing to a lower job grade for developmental purposes, gaining experience in a different geographical region or culture, or taking a temporary assignment to explore a new area before committing to it.<sup>76</sup> Your action plan can and should be revised as your goals change and as your competencies develop.

- *Job rotation, challenging assignments, and mentoring* that can provide skill development less formally.
- *Sabbaticals* that can be used to reenergize employees and give them the opportunity to develop skills and pursue other interests via workshops, formal classes, or travel.
- *Challenging and developmental job assignments* that enhance employees' key competencies and give them on-the-job experience before they assume new positions.

The last item in the list—challenging job assignments—is one of the best career development tools.<sup>77</sup> However, it is common for organizations to try to fill challenging assignments with people able to do the job well right now rather than to consider the assignments opportunities for career development. Sometimes firms are reluctant to use challenging job assignments for career development because their managers believe that moving people around and taking them away from their current job responsibilities is not worth the disruption. There can also be a lack of clarity about what skills should be developed in whom and what learning opportunities the job assignment offers.<sup>78</sup>

Because people learn when they are put in situations that require skills they do not currently have, organizations should consider using challenging job assignments as part of their career development process. Some organizations have formal systems to evaluate the development potential of projects and assign the jobs associated with them to fast-tracked talent. Cox Communications, a cable-TV and telecommunications provider, begins its talent review process by gathering information about its employees' career interests and willingness to relocate. Managers provide feedback to their employees through a series of review meetings, and then work with them to create development plans to match them to projects based on their needs.<sup>79</sup>

Figure 10-3 shows a sample career plan.

After you analyze your talents, interests, and goals and research possible occupations, you are ready to set career goals and plan how to reach them. A career plan helps you identify both short- and long-term goals and activities to help you succeed in your chosen career.

*Career Goal:*

To become a robotic engineer and ultimately design, plan, and supervise the construction of robots to be used in police work.

*Requirements:*

Bachelor's or master's degree in engineering.

Teamwork skills.

Creativity.

Analytical skills.

Knowledge of mechanical and electrical engineering.

*Related Current Skills and Interests:*

Summer worker for Robotronics Inc.

Earned A's in high school and college robotics and engineering courses.

Experience working in a team.

3.8/4.0 high school GPA.

3.9/4.0 college GPA.

*Career Plan:*

Earn a bachelor's degree from Virginia Tech's College of Engineering.

Gain related job experience by finding a summer robotics internship through the university's career placement center.

Network to develop relationships with five robotic engineers.

Network to develop relationships with three robotic engineering professors in my areas of interest.

Join campus organizations for engineering students.

Join a national robotics association.

*Short-Term Goals:*

Maintain high current GPA.

Graduate in the top 10 percent of my college class.

Earn good test scores and be accepted to a quality robotics graduate program.

Continue to acquire related work experience at Robotronics, Inc.

Improve my creativity and analytical skills by taking courses designed to enhance them.

**FIGURE 10-3** A Sample Career Plan

## INTEGRATING SUCCESSION MANAGEMENT AND CAREER PLANNING

An organization's succession management and career planning processes should be thoroughly integrated with one another. The two also need to be integrated with the firm's other human resource functions and systems. The goal is to identify human resource management practices that presently encourage or discourage effective succession management and employee development. For example, if employees tend to perceive a particular promotion as unattractive because it requires longer hours, greater responsibility, and very little additional pay, addressing these issues can increase the desirability of the position. Likewise, if an organization's

external recruitment and selection systems do not result in talented and promotable new hires, the succession management and career development programs will have very little raw material with which to work. As a result, a firm's talent "bench" is likely to stay weak regardless of the organization's commitment to promotion from within.

Delta Air Lines is an example of a company that has successfully integrated its succession management and career planning processes. Delta Air Lines's human resource planning process integrates employees' career interests, skills, and abilities as well as their perceptions of their own job performance with their managers' assessments of their performance and experiences to assess employees' promotability, possible job moves, strengths, and developmental needs. During review meetings, the assessments are examined and validated, and the succession plans for all the company's executive positions are reviewed. Managers then provide feedback to their employees and work with them to create an appropriate development plan. The highest-potential employees receive a year of focused development and special exposure opportunities. The success of Delta's human resource planning process is evaluated by measuring the promotions of employees against the company's succession plans, the diverse mix of those people thought to be promotable, and the retention of high-potential employees.<sup>80</sup> Colgate-Palmolive uses its performance management process and each employee's individual development plan to identify high-potential talent at the company's local, regional, and global levels. When it's considering staffing a position, Colgate-Palmolive doesn't consider only what the business needs but also the development needs of various candidates to round out each candidate's overall experience.<sup>81</sup>

Firms also need to assist and encourage employees to decide for themselves where they want their careers to go. American Greetings interviews all of its high-potential employees to determine what they like and dislike about their jobs and what their individual goals are. Even if an employee claims to have no interest in advancement, American Greetings creates a developmental plan with the primary objective of making him or her more effective in the job he or she already has.<sup>82</sup>

### Succession Management and Career Development at Fluor

Because Fluor's project managers are a key driver of its revenue, Fluor invests heavily in an extensive mentoring and career development program for them. Every project manager is also expected to help the next generation obtain the skills and experience needed to succeed in the job.<sup>83</sup> Formal and informal learning programs in addition to individual development plans and annual performance review feedback support employees' career development.

Fluor also identified 52 unique development frameworks that describe the competency requirements at early, middle, and later career points within a job family. From their first day on the job employees have access to information about required and recommended training, reading, skills, and work experiences for each path to help them obtain the skills and experiences they need to advance in the company.<sup>84</sup>

To provide a long-term program for senior leadership development and succession, as well as emergency planning, Fluor's Board of Directors' Organization and Compensation Committee plans for chief executive officer succession as well as for other key senior management positions. The CEO provides the committee with an annual assessment of senior managers and their potential to assume the various roles. The Organization and Compensation Committee gives an annual succession planning report to the board of directors that includes plans for a sudden and unplanned inability of the CEO or other senior executives to fill their positions.<sup>85</sup>

## Summary

The success of an internal staffing strategy depends in large part on the retention and development of internal talent. A commitment to internal recruitment rather than staffing higher-level positions externally can give organizations a competitive advantage over their competitors by enabling succession planning, reducing the risk of top employees leaving for better jobs

elsewhere, and minimizing the risk of critical positions in the organization remaining vacant after the departure of an incumbent. Succession management practices help to ensure that successors are developed and ready to assume their new roles when an opening arises. By facilitating the smooth transitioning of talent as people move through the organization and optimally

deploying talent across the organization, succession management and internal recruiting help an organization execute its business strategy and meet its business goals. Career planning

is best done in conjunction with succession management to ensure that employees desire the job and career opportunities that the organization would like them to pursue.

## Takeaway Points

1. A company's internal assessment goals largely mirror its external assessment goals. These objectives include evaluating the fit of employees with other jobs, enhancing the firm's strategic capabilities, gathering information with which to make downsizing decisions, maximizing fit, making accurate and ethical assessments, generating a high return on the firm's investment in its assessment system, generating positive stakeholder reactions, supporting the firm's talent philosophy and human resource strategy, reinforcing the organization's employer image, identifying development needs, and maintaining legal compliance.
2. By assessing its current capabilities and future talent needs as well as the potential of its employees to learn necessary new skills, a firm can enhance its strategic position. In addition to ensuring that the company has the right amount of the right skills in place when it needs them, the information can be used to develop career paths for employees and provide them with the training they need to reach their goals, as well as the firm's goals.
3. The methods used to conduct an internal assessment include skills inventories, mentoring, job knowledge tests, performance reviews, tests conducted at assessment centers, and clinical assessments.
4. The nine box matrix and the career crossroads model are two types of internal assessment models that have been developed.
5. Integrating its succession management system with the career development plans of its employees helps a company align its career goals with the firm's leadership succession needs. The career planning process assesses the goals, preferences, and capabilities of employees, and compares them with the current and future needs of the organization based on the company's human resource strategy and succession plan. Matches or mismatches are then discussed with each individual employee to remedy the gaps and offer the employee potential career development opportunities. A company can also change its recruiting strategies, business strategies, and the way it does its work to remedy a talent gap.
6. Like external assessment systems, internal assessments should be continually reevaluated and changed over time as a firm's business strategies and workforce change.

## Discussion Questions

1. How is internal assessment useful for more than just evaluating employees for other positions in the company?
2. Do you feel that multisource feedback is appropriate? Why or why not?
3. Using the nine box matrix, an employee doing a good job might actually be rated lower than a mediocre employee who has been working in a developmental stretch assignment. Do you feel that this is fair? Why or why not?
4. Given how important succession management programs are, how can companies persuade their managers to support and commit to their succession management activities?
5. Why is it important to integrate succession management with career planning?

## Exercises

1. *Strategy Exercise:* Working in groups of three to five students, read the following vignette and develop some suggestions for the company based on the material you read in this chapter. Be prepared to share your ideas with the class.

Twisted is a small company with big dreams. The shopping mall-oriented hot pretzel company has successfully grown its revenues by a rate of 10 percent annually over the last 10 years. Twisted wants to sustain its growth rate in the years ahead. The company has traditionally hired new store managers from outside of the company. However, in the last few years, it has had a difficult time recruiting enough of these people. The CEO feels that there are probably a large number of employees who might make good managers. However, the company has no good internal assessment systems in place to identify them. The CEO asks your group to help the firm identify internal managerial talent so it can continue to pursue its growth strategy. What methods would you suggest for doing so?

2. *Develop Your Skills Exercise:* This chapter's Develop Your Skills feature describes how to create a career development plan. It is

never too soon to identify your short- and long-term career goals and analyze what skills, experiences, and other things you need to do to obtain your goals. Your assignment is to create your own career development plan that focuses on one- and five-year time horizons. Your action plan should include realistic activities that you can undertake to enhance your ability to meet the career goals you identify.

3. *Opening Vignette Exercise:* In this chapter's opening vignette, you learned how Fluor combines succession management and career development to ensure a solid talent pipeline of project managers and senior executives. Working in a group of three to five students, reread the vignette. Be prepared to share with your class your answers to the following questions:
  - a. Why do you think that Fluor's internal assessment and development system is so successful?
  - b. What additional ideas do you have that could help Fluor fill as many internal positions as possible with its current employees?

## CASE STUDY

### SUCCESSION MANAGEMENT AT GENERAL ELECTRIC<sup>86</sup>

General Electric (GE) is widely recognized for its leadership talent and its succession management system. One of the best examples of succession management is how GE's former CEO Jack Welch shaped and elevated the company's philosophy, practice, and reputation for developing leaders. In a speech, Welch stated, "From now on, choosing my successor is the most important decision I'll make." GE's commitment to developing leaders from within has yielded positive results for both the company's employees and for GE. In fact, the program has been so successful that it's been widely emulated by other global organizations.

Measuring and developing talent lies at the forefront of GE's business strategy discussions. GE's operating system, referred to as its "learning culture in action," entails year-round learning sessions in which leaders from GE and outside companies share best practices with one another and generate ideas for new practices. Every GE business is responsible for having succession plans for key leadership roles.

GE's succession management system is fairly simple. GE managers and executives are moved from job to job every two to three years, and each job change or promotion is a well-thought-out

process that provides managers with much-needed experience and exposure to certain elements of the business. This has allowed GE to build a management team that is very knowledgeable and experienced. Performance management and leadership assessments help to identify future leadership talent, and a comprehensive leadership development plan helps prepare these people for what they need to be ready for the next level. GE's employee management system tracks individual employees' progress and regular organizational succession reviews help to keep the talent pipeline full. GE also makes it one of its business leaders' top goals to help their people grow and move them along their career paths. In addition to business results, leaders are also expected to hit employee growth and development targets.

#### Questions

1. Do you think that GE's approach to succession management would work for all organizations? Why or why not?
2. What are some possible disadvantages of moving people to new jobs every two to three years?
3. Why does GE's succession management approach work so well?

## Semester-Long Active Learning Project

Develop an internal assessment strategy for evaluating employees for your chosen position. If the job you chose is not staffed internally,

create an employee assessment plan to evaluate employees already in the position in the event downsizing becomes necessary.

## Case Study Assignment: Strategic Staffing at Chern's

See the appendix at the back of the book for this chapter's Case Study Assignment.

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