



Convocation

The Spirit of Collaboration

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Performance Management & Succession Planning to Engage & Retain Employees

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Gallagher

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Agenda

- Best practices in performance management.
- Best practices in succession planning.
- Other ways to engage and retain employees.

How can this be applied?

Best Practices in Performance Management

An Ongoing Process

Month	Activity	Manager Responsibility	Employee Responsibility
January	Goal-Setting	Work with functional leaders to discuss competencies.	Provide input to manager re: their role & competencies.
February			
March			
April	Check-In Meeting	Lead meeting (esp. competencies).	Drive career development portion of meeting (esp. if aspire to promotion).
May			
June			
July			
August	Check-In Meeting	Lead meeting (esp. competencies).	Drive career development portion of meeting (esp. if aspire to promotion).
September			
October			
November			
December	Performance Review	Lead meeting (final rating and rationale).	Participate in meeting (receptive to feedback).

Rating Scale Categories to Drive Feedback

Rating Scale Categories
Exceeds Expectations
Fully Meets Expectations
Improvement Needed
Unsatisfactory

Symptoms

There is a perceived likelihood of getting a larger merit increase if rated at “Exceeds”. Some employees push for Exceeds and some managers give Exceeds, even when not warranted and even when the financial difference is small.

Some employees are unhappy when rated at “Meets” because they perceive their performance to be at Exceeds. They are disappointed even though their performance and merit increase were both strong.

Feedback conversations are inaccurate (based on self and manager both at Exceeds) or derailed (based on self at Exceeds and manager at Meets).

Rating Scale Categories to Drive Feedback

Rating Scale Categories
Fully Meets Expectations
Improvement Needed
Unsatisfactory

Advantages

- One category that likely represents 80-90% of the workforce will remove some of the burden that people associate with the current process.
- Managers who are uncomfortable differentiating between valued employees do not have to do so. Both could receive “Meets”.
- Managers are still able to identify/differentiate performance that is below expectations.
- (Most) Feedback conversations can move past the actual rating and focus on strengths, areas for improvement, and other topics.
- A special program could be created to recognize outstanding performance.
- Reduced administrative burden of validating Exceeds ratings as accurate.

Cascading Goals that Link Work to the Larger Picture

1

Leader of HR function determines that best linkage is with “Improved performance of people, systems, and processes”.

- The HR function is well-positioned to advance this priority but less well-positioned to advance other strategic priorities.
- Other functions will be well-positioned to advance other priorities.

2

Direct Reports of Leader of HR function identify Improve Performance Management & Improve Time to Hire as projects to advance the priority.

- HR function-specific initiatives and projects are identified and launched that advance the priority.

3

HR employees take ownership of project steps (e.g., training managers in how to deliver feedback or implementation of an Applicant Tracking System).

- Employees and teams are identified by function leaders and encouraged to determine how they can best support a given project or initiative.

Cascading Goals that Link Work to the Larger Picture

1

Leader of IT function determines that best linkage is with “Complete technology evaluations and make improvements”.

- The IT function is well-positioned to advance this priority but less well-positioned to advance other priorities.
- Other functions will be well-positioned to advance other priorities.

2

Direct Reports of Leader of IT function identify Implement Microsoft Teams as a project to advance the priority.

- IT function-specific initiatives and projects are identified and launched that advance the priority.

3

IT employees take ownership of project steps (e.g., installation of Teams; training employees in how to use Teams).

- Employees and teams are identified by function leaders and encouraged to determine how they can best support a given project or initiative.
- A SMART goal for an IT employee could be “Installation of Teams onto all computers by December 31st”.

Cascading Goals that Link Work to the Larger Picture

1

Leader of Education function determines that best linkage is with “Enrich schools of the Archdiocese to sustain continuous religious education”.

- The Education function is well-positioned to advance this priority but less well-positioned to advance other priorities.
- Other functions will be well-positioned to advance other priorities.

2

Direct Reports of Leader of Education function identify
Implement new religious curriculum into High School as a project to advance the priority.

- Education function-specific initiatives and projects are identified and launched that advance the priority.

3

Education employees take ownership of project steps (e.g., Set up and deliver one event per High School to provide parents with overview of new religious curriculum by August 31st).

- Employees and teams are identified by function leaders and encouraged to determine how they can best support a given project or initiative.
- A SMART goal for an Education employee could be “Set up and deliver one event per High School to provide parents with overview of new religious curriculum by August 31st.”

How Can This Be Applied?

Best Practices in Succession Planning

Overview of Succession Planning

What is succession planning?

A process by which important roles in an organization are identified and discussed in terms of employees who could possibly move into those roles, should the current incumbent retire or leave. Employees who are identified as succession candidates are notified of their designation and provided with a development plan specifically targeted to improve their readiness to move into the relevant role.

Why are we spending time on succession planning?

It strengthens the bench of mid-level leaders who will likely move into senior leadership roles in the future. Also, individuals identified as succession candidates exhibit improved engagement and retention as their career possibilities become clear.

What the Data Says...

External hires cost 18% - 20% more than those promoted from within and have significantly lower performance for the first two years.

Knowledge at Wharton, March 2012.

Star security analysts who switched firms experienced an immediate decline in performance that lasted for at least five years.

Groysberg, Lee, and Nanda (2008) Management Science, 54. 1213 – 1230.

Employees at companies that hire and promote more internal candidates stay 41% longer than employees at companies with lowering internal hiring rates.

LinkedIn 2020 Global Talent Trends.

Potential, Performance, & Readiness

Potential, performance, & readiness are three different things. Succession planning focuses on readiness.

Topic	Potential	Performance	Readiness
Definition	Ability to quickly and easily develop into substantially different and more challenging roles.	Ability to fulfill the responsibilities of a given role while also exhibiting the competencies and values of the organization.	Ability to move into a given role and perform at a Meets Expectations level after a reasonable integration period.
Typical Categories	High Potential Medium Potential Low Potential	Exceeds Expectations Meets Expectations Does Not Meet Expectations	Ready Now Ready in 1 Year Ready in 2+ Years
Stability	High.	Moderate.	Moderate.
Ability to Develop	Low.	High.	Moderate.
Focus of Development	Generally-oriented experiences and programs targeting development of skills applicable to a wide range of roles (e.g., strategic thinking).	Technical development targeting responsibilities (e.g., financial modeling) or behavioral development targeting competencies (e.g., conflict resolution).	Skills and experiences needed for the person to move to the next level of readiness (e.g., leading an entire function).
Referent / Level of Analysis	A single person.	A single performance period (e.g., a year).	A single role (e.g., Director of Finance).
Distribution / Scarcity	Typically 5% - 10% of the workforce is high potential.	Typically 100% of the workforce fits into a categorization like the one above.	Typically Director and more senior roles are included in succession plans. Each role in the succession plan will likely have 2-5 employees assigned.

Guidelines & Best Practices for the Succession Planning Meeting *(partial list)*



1. We will cover one role at a time (e.g., start with Director of Finance, then discuss Director of HR, etc.).
2. We need to keep discussion of each role to roughly 10-20 minutes.
3. The incumbent in the role (e.g., the Director of Finance) can begin the discussion by mentioning the individuals that they see as succession candidates, along with the readiness category for each individual.
 - a) Others can provide their input regarding the readiness of those mentioned and additional individuals who could also be succession candidates.
4. For any candidate you mention as a succession candidate, please be prepared to discuss strengths relevant to the role and areas for development relevant to the role.

Readiness Categories

Recommendations:

- 1) (Recommended) The Readiness scale categories below are recommended. The detailed descriptions are typically not needed for Succession Planning meetings and can be kept in case of participants with a high need for specificity.

Scale	Pros	Cons
Ready Now Ready in 1 Year Ready in 2+ Years	<ol style="list-style-type: none"> 1) Three easy-to-understand categories. 2) Narrower categories can be easier to agree on. 	<ol style="list-style-type: none"> 1) Relatively short developmental runway is needed (i.e., can a role be fully prepared for in 2 years).

Notes:

- 1) The rating scale above is a good fit with measuring **readiness** to move into a specific role.
- 2) Readiness is dependent on the role. A candidate could be Ready Now for *Role 1* and Ready in 2+ Years for *Role 2*.
- 3) The following descriptions of scale points can help clarify how to interpret each scale label.
 - a) **Ready Now:** Ready to move into the role now; expected to be a solid performer in the role; would need only basic levels of support in transitioning into the role (e.g., orientation from manager of the role; clarification of priorities).
 - b) **Ready in 1 Year:** Ready to move into the role in 1 year, assuming growth and development stays on its current trajectory; expected to be a slightly below average performer in the role if moved into it today; would need moderate levels of support in transitioning into the role (e.g., orientation from manager of the role; clarification of priorities; coaching from new manager) if moving into the role today.
 - c) **Ready in 2+ Years:** Ready to move into the role in 2 years or slightly longer, assuming growth and development stays on its current trajectory; expected to be a below average performer in the role if moved into it today; would need substantial levels of support in transitioning into the role (e.g., orientation from manager of the role; clarification of priorities; extensive coaching from new manager) if moving into the role today.

If No One Is in a Category, Ideal Candidate Profile

Role: Director of HR

Desired Education: Bachelor's Degree

Desired Experience:

- 1) Director-level roles in comparable organizations.
- 2) 5 years of experience in management roles in HR and/or Risk Management.
- 3) Compliance with federal and state law.
- 4) Benefits administration (ideally self-funded benefits administration).
- 5) Conducting internal investigations.

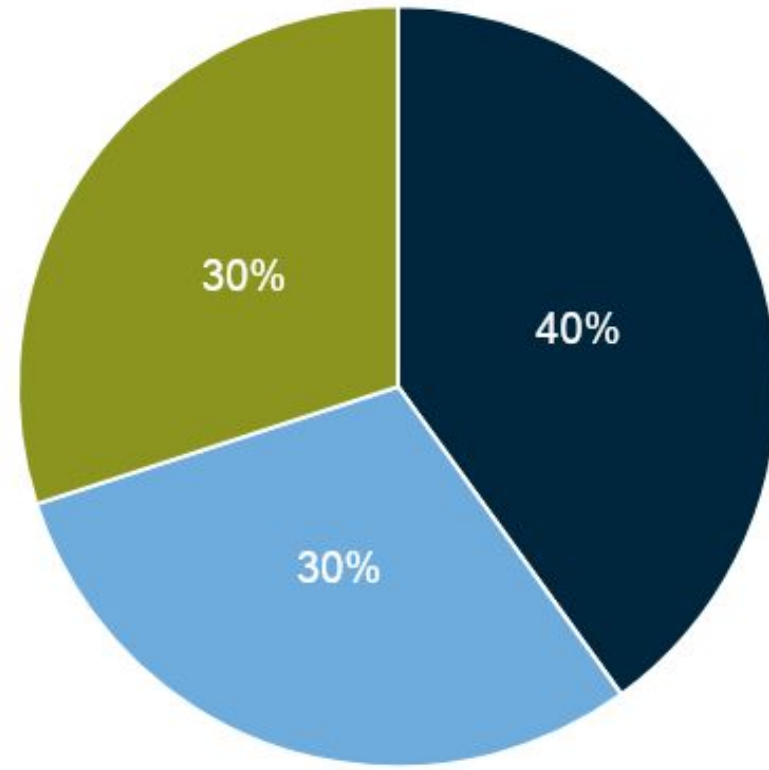
Critical Skills Needed:

- 6) Attention to detail and comprehensive follow through re: claims and related issues.
- 7) Effective communication with both internal employees and a variety of external stakeholders; including the ability to deliver unfavorable news in a calm and straightforward manner.
- 8) Comprehension and implementation of relevant policies and procedures.
- 9) Able to partner with Directors and advise them on policy so the Directors can implement policy; generally maintain clear delineation of roles and responsibilities between HR and Directors.
- 10) Able to learn and navigate relevant software systems.

Recruitment Strategy: Hire an assistant similar to this profile who could be ready in one year; use a search firm if needed.

Additional Notes: There are two components of the HR function: (1) HR and (2) Risk Management. This role may warrant being split into two separate roles.

The Career Development Framework for Succession Candidates



■ Exposure ■ Mentoring or Coaching ■ Courses & Books

The Career Development Framework for Succession Candidates

Recommendations:

- 1) Role incumbents should outline and drive the exposure portion of the development plan.
- 2) HR should introduce the coach and outline the leadership issues for which the courses and books are being recommended

Topic	Exposure	Mentoring or Coaching	Courses & Books
Purpose	Exposure to processes and people and that will serve to develop needed specific skills and relationships.	Continue to develop interpersonal skills targeted toward a specific role.	Build a foundation of knowledge, self-awareness, and various skills.
Participant Takeaway	<ol style="list-style-type: none"> 1) The organization is investing in me. 2) I am growing my leadership skills. 3) I am being given challenges. 	<ol style="list-style-type: none"> 1) The organization is investing in me. 2) I am growing my leadership skills. 	<ol style="list-style-type: none"> 1) The organization is investing in me.
Upfront Work	High (exposure has to be designed and managed).	Moderate (mentoring programs need setup and support; coaches need background and introduction).	Low (many strong off-the-shelf offerings).
Organizational Support	<ol style="list-style-type: none"> 1) Coming from the incumbent. 2) High (minimal outsourcing opportunities). 	<ol style="list-style-type: none"> 1) Setup and support the mentoring program. 2) Introduction to the coach is coming from HR. 3) Low (substantial outsourcing opportunities). 	<ol style="list-style-type: none"> 1) Targeted toward leadership issues and coming from HR. 2) Low (substantial outsourcing opportunities).
Time Commitment	Varies depending on extent of development needed and timeline of incumbent exiting the role.	1 hour/every two weeks for 6 months; could vary for special circumstances.	Driven by the succession candidate and flexes to other priorities.
Career / Tenure Timing	Best to overweight mid-late career; leverage courses and network.	Best to overweight early-mid career; leverage courses and books to boost future development.	Best to overweight early; provides a foundation for other people and experiences.

Mentoring Versus Coaching

Topic	Mentoring	Coaching
Recommended Group	Talent Programs and/or Succession Candidates	Select Succession Candidates (not all)
Cost Structure	Can be done internally at low cost.	Uses external coaches at high hourly rates.
Developmental Objectives	<ol style="list-style-type: none"> 1) Building relationships and a network within the organization 2) Learning about the organization and future opportunities 3) Answer questions about organizational strategy, structure, processes, and culture 	<ol style="list-style-type: none"> 1) Having a trusted and external advisor outside of the organization 2) Learning about leadership skills relevant to senior roles 3) Answer questions about how to develop the skills identified as needed for a specific senior role
Career Fit	Strong fit for early and mid-career employees who are still learning about the organization and building their network.	Strong fit for mid and late-career employees who have strong networks but need development in a few targeted areas.

Development Should Be Paced in a Way that Does Not Disrupt Operations

Approaches to Development

Not intended to be a comprehensive list of approaches to development.

Assessments

Wide variety of purposes.
Broad applicability to levels and clusters.
Improve self-awareness.

Mentoring

Develops relationships and networks.
Broad applicability to levels and clusters.
Can be specifically targeted.

Coaching

Develops leadership skills.
Broad applicability to levels and clusters.
Can be specifically targeted.

Programs that Combine Multiple Approaches

Communities of Practice

Build relationships and networks.
Broad applicability to levels and clusters.
Enhance development of technical skills.

Special Projects / Action Learning

Wide variety of purposes.
Broad applicability to levels and clusters.
Can be designed to develop technical and/or leadership skills.

On-the-Job Practice / Exposure

Broad applicability to levels and clusters.
Develops technical and leadership skills.
High level of investment / risk / reward.

Interim Roles

Highest level of investment / risk / reward.
Build relationships and networks.
Requires readiness from participant.

Shadowing

Length can be scaled to suit needs.
Observation of technical and leadership skills.
Stronger fit for more junior roles.

Executive Education

Costly and sizable time commitment.
Teach technical & leadership skills.
Stronger fit for more senior roles.

Webinars, Courses, & Books

Wide variety of purposes.
Broad applicability to levels and clusters.
Build foundation for technical and leadership skills.

Succession Planning:
Role incumbents and succession candidates discuss areas for development and a plan for pacing the development over time.

Communication with Succession Candidates

General Best Practices

- 1) If an individual is included on a succession plan, then notify that individual of the situation and provide them with a Development Plan. Simply notifying employees of being listed on the succession plan for a given role should be the limit of the transparency. Going into detail about an issue like Ready Now versus Ready in One Year is typically unproductive.
- 2) The points below are designed to be covered in language that suits the situation. They are not designed to be read verbatim.

Points to Make to Succession Candidates

- 1) Are you interested in being a succession candidate for the role? I can tell you more about what it means to be a succession candidate, and what it doesn't mean. The main question for now is do you want to be considered as someone who is interested in possibly moving into that role?
- 2) Being included in the succession plan depends on your exhibiting readiness to move into a given role. As a result, this is not a permanent designation. It is possible to be removed if you no longer exhibit the readiness.
- 3) As a result of your designation, you are being provided with a Development Plan. We will show you this plan momentarily. Our expectation is that you will engage in the activities in the Development Plan and that you will also maintain excellence in your day-to-day job responsibilities.
- 3) Being listed on the succession plan for a given role does not guarantee that you will move into that role should it become open. In fact, there could be other individuals also on the succession plan for that role who are even more ready to move into the open position.
- 4) There is nothing to be gained from discussing your being on the succession plan with others in the organization. In fact, there is a risk in doing this. Others may not agree with the designation and there may be resentment. Others also may not appreciate that this is not a permanent designation.
- 5) Ultimately completing this Development Plan is your responsibility. That said, the incumbent in the relevant role, and Bernhard HR are here to provide you with resources you might need.

Example of a Development Plan, 1 of 4

Development Plan for Name	
Role ₁	Senior leadership role in Finance & Administrative Services.
Strengths Most Relevant to the Role	<ol style="list-style-type: none"> 1) Knowledge of debits and credits and the IT side of finance. 2) Very smart and customer service oriented. 3) Leads with a positive mindset and engages effectively with others.
Areas for Development Most Relevant to the Role	<ol style="list-style-type: none"> 1) Knowledge of bond offerings. 2) Surfacing and resolving conflict with others (can be conflict avoidant). 3) Struggles to delegate.
Exposure Recommended for the Role	<p>With input from the Director of Finance & Administrative Services, identify 2-3 tasks that could be delegated to direct reports. Surface and resolve any conflict with the Director related to those tasks. Meet with direct reports and explain clearly what is being delegated and why, as well as how you will follow up to ensure satisfactory completion.</p> <p>Participate on the project team for the next bond offering. Someone else could lead the project team but [name] should serve in a major role with involvement in all aspects of the bond offering. The project leader should provide commentary regarding the major issues relevant to the bond offering. See the appendix for additional guidance in building out the on-the-job practice recommendations.</p>
Mentoring Recommended for the Role	A mentoring relationship with the Director of Finance & Administrative Services that is focused on leveraging the strengths and addressing the areas for development identified above. See slides 3 and 4 for additional direction and detail relevant to the mentoring relationship.
Books and Courses Recommended for the Role	<ol style="list-style-type: none"> 1) Let It Go!: How to (Finally) Master Delegation and Scale Freedom Across Your Organization; Emily Morgan; 2022 2) Crucial Conversations: Tools for Talking When the Stakes Are High; Joseph Grenny, Kerry Patterson, et al; 2021

1) Role refers to the role for which the individual is a succession candidate.

How Can This Be Applied?

Other Ways to Engage & Retain Employees?

Top Engagement Drivers by Generation

	Gen Z	Millennials	Gen X	Baby Boomers
1	This organization has a work environment that allows me to grow and develop.	This organization has a work environment that allows me to grow and develop.	This organization has a work environment that allows me to grow and develop.	I understand what I need to do to be successful in my job.
2	Employees of this organization are treated with dignity and respect.	My job is challenging enough to suit me.	I understand what I need to do to be successful in my job.	This organization has a work environment that allows me to grow and develop.
3	I understand what I need to do to be successful in my job.	Employees of this organization are treated with dignity and respect.	Employees of this organization are treated with dignity and respect.	My job is challenging enough to suit me.
4	Compared to similar jobs in the community, I feel that I am paid fairly.	I understand what I need to do to be successful in my job.	My job is challenging enough to suit me.	Employees of this organization are treated with dignity and respect.
5	My job is challenging enough to suit me.	Senior leadership's actions reflect their commitment to this organization's vision and values.	We practice the mission of this organization in our daily operations.	Senior leadership's actions reflect their commitment to this organization's vision and values.

There Is Commonality to What Will Attract, Retain, and Engage Employees

GET

The organization cares about employee's wellbeing

The organization's leadership is ethical, open and transparent

The organization is diverse and inclusive of all people

The organization's financial stability

KEEP

This organization has a work environment that allows me to grow and develop.

Employees of this organization are treated with dignity and respect.

I understand what I need to do to be successful in my job.

My job is challenging enough to suit me.

Senior leadership's actions reflect their commitment to this organization's vision and values.

Flexibility

High Trust Organizations

Why you need to care...



- 74% **less stressed**
- 106% **more energy** at work
- 50% more **productive**
- 13% fewer **sick days**
- 76% more **engaged**
- 88% more likely to recommend your institution to family and friends as a **great place to work**
- They feel 66% closer to their **colleagues**
- 40% less likely to **experience burnout**

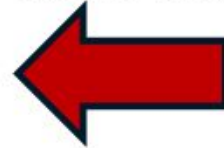
Trust Busters & Trust Builders

Trust **BUSTERS**

1. Making promises you can't keep
2. Inconsistency between what you say and how you behave
3. Micromanage and resist delegating
4. Spinning the truth
5. Downplaying others' talents, knowledge and skills
6. Tolerating bad behavior

How do you build trust?

Less This



More This



Trust **BUILDERS**

1. Lead by example. Want trust? Give trust!
2. Communicate openly and honestly. Actively listen.
3. Be accessible, build connections and collaboration
4. Model the values
5. Allow vulnerability
6. Recognize and appreciate

Leading With Trust: [Trust Busters - The Top Five Ways Leaders Erode Trust | Leading with Trust](#)
Building Trust Inside Your Team: [Building Trust Inside Your Team - Behaviors That Build Trust From MindTools.com](#)

How Can This Be Applied?