## Succession Planning

# Building a Pool of Leadership Talent

by Joan H. Evans, PT, MBA

In 2004 Moses Cone Health System, a five hospital system in central North Carolina, welcomed its new CEO. Promoted from within the organization, the CEO brought a passion for and a commitment to leadership development. Early in his tenure, he engaged his senior executive team in a strategic planning process to plan the future of the organization. Developing and ensuring a pipeline of leadership talent that would effectively lead Moses Cone Health System into the future became a top priority for the Board of Trustees and for the senior leadership team. To this end, the Department of Organizational Development, which is part of Human Resources, was charged with leading the effort to design, develop, and implement a succession-planning program that would ensure a pipeline of future leaders at all levels of the organization. While our journey is specific to our organization, the principles and steps we followed can be applied by other community cancer centers that want to identify and grow future leaders.

## Getting Started

Although Moses Cone Health System had in place a robust leadership development strategy, including classroom training, mentoring, coaching, and action learning (where leaders have the opportunity to apply classroom learning to

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**Above, Participants pair up in an exercise designed to build trust and relationships. Each participant has to share new facts they have learned about the other person.**

**Left, Group coaching helps build trust and respect in the group, while helping each other find new ways to look at areas they want to change.**

actual projects and job assignments), we knew little about what constituted an effective succession planning process. Therefore, our first priority was to research succession planning. As we looked at our healthcare colleagues, we typically found programs that focused on replacing the CEO or senior-most executives. Our vision was to create a process that would identify and develop potential leaders at *all* levels across our organization, from front-line staff to the CEO. To accomplish this goal, we looked outside of healthcare to other businesses and industries, searched out best practices, and used those foundations as we began our work. The following

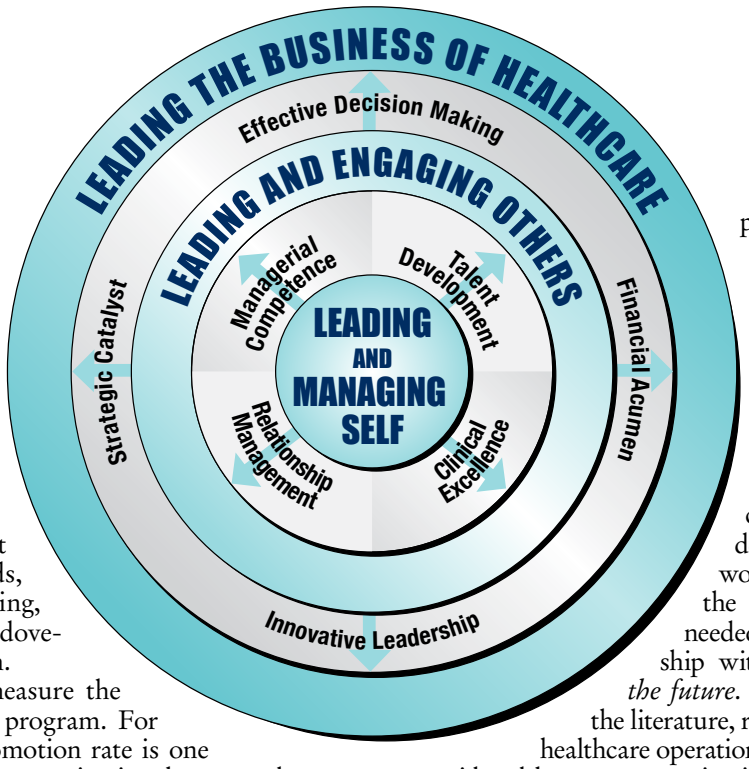


**Figure 1. Eight Competencies Model**

four best practices served as the foundation for our succession planning effort:

1. Ensuring that the vision for our program came from the top of our organizations—the Board of Trustees and our CEO.
2. Integrating the new program into our existing leadership development structure. In other words, existing classes, coaching, and mentoring activities dovetail with the new program.
3. Identifying metrics to measure the effectiveness of the new program. For example, the internal promotion rate is one of the 10 indicators on our organizational scorecard.
4. Teaching leaders how to be "talent scouts" from the very first day that they move into their leadership role. Additionally, we expect our leaders to grow and develop future leaders, and this expectation is included in the annual performance appraisal process.

## Defining Scope and Competencies

The first step in our process was to assemble the project team that would work to shape the architecture of our program. The team would consist of an interdisciplinary group from across our organization, including front-line staff, middle managers and directors, and members of our executive team. The 12-member team was made up of representatives from nursing, respiratory services, support services, and rehabilitation services. Our Chief Nurse Officer became the project champion. The link between the project team and our senior executives, the project champion served as a resource for problem-solving and, on occasion, helped the project team navigate organizational "politics." The Director of Organizational Development was assigned as the project manager and charged with keeping the team on task and focused on their work. In addition to managing timelines and providing frequent updates to the CEO, the Director of Organizational Development brought content expertise to the design process.

One issue the team tackled early on was the scope for the initial rollout of our program. Given the staffing challenges created by the nationwide nursing shortage, we decided our initial succession planning efforts would focus on our nursing leadership team. With more than 100 nursing leaders, from assistant director to Chief Nurse Officer, Moses Cone Health System has a clear need to ensure a pipeline of nursing leaders, and a robust pool of nursing leadership talent will be critical to our health system's future success.

Having determined the scope of our rollout program, we next realized that to create a process to identify and then develop *future* leaders, we would first need to envision the skills and competencies needed for each level of leadership within our organization *in the future*. To do this, we looked to the literature, researched future trends in healthcare operations and strategies, and considered how our organization would evolve over the next three-to-five years. Using a 360-degree feedback process, the team then began to specifically define the competencies that we believed future leaders would need to help the health system successfully navigate the changing environment and challenges ahead. Our eight competencies include:

1. ***Managerial Competencies***: Core management skills such as behavior-based interviewing, meeting management, delegation, skill with technology applications
2. ***Developing and Empowering Others***: Talent management, coaching, talent selection
3. ***Financial Acumen***: Budget and variance analysis, understanding of reimbursement and cost controls
4. ***Clinical Excellence***: Driving quality across all areas of the organization, Lean and Six Sigma proficiency
5. ***Relationship Management***: Building effective, trusting relationships with colleagues; effectively working in a highly matrixed organization
6. ***Strategic Catalyst***: Strategic thinking, leading, and driving organizational change
7. ***Innovative Leadership***: Creativity and innovative thinking
8. ***Effective Decision-making***: Drive for action balanced with analytic skills, inclusion, and team collaboration.

These eight competencies are global and apply to all leaders across our healthcare system. Figure 1 shows the competency model we created to illustrate our eight competencies.

For each competency, the project team identified specific behaviors and skills that Moses Cone Health System leaders would need to demonstrate to be proficient in that competency. And, we did this for each level of leadership within the organization. Table 1 provides an example of

**Table 1. Behaviors Necessary to Obtain Relationship Management Competency**

**Leadership Position: Assistant Director of Nursing**
- Demonstrates Standards of Behavior
- Effectively facilitates conflict resolution between multiple parties
- Effectively resolves conflict between self and others
- Demonstrates the ability to bring diverse individuals to consensus through effective communication and problem-solving
- Demonstrates ability to build a team, engage support of employees, and move a work group or departmental team towards behaviors that align with departmental vision and strategies.

**Leadership Position: Director of Nursing**
- Role models the Standards of Behavior and is able to develop these behaviors in others
- Demonstrates insight and finesse in communicating and interacting with senior leadership
- Demonstrates awareness for a need to proactively and consistently seek out feedback from all customer groups to improve customer service, work processes, and daily operations
- Able to manage self and demonstrates a high level of self-awareness (emotional intelligence)
- Able to effectively facilitate conflict resolution between multiple parties, including staff and other departments
- Demonstrates ability to build a team, engage support of employees, and move a work group or departmental team towards behaviors that align with organizational and departmental vision and strategies.

**Leadership Position: Vice President of Nursing**
- Role models the Standards of Behavior and is able to develop these behaviors in others
- Able to consistently manage self and demonstrates a high level of self-awareness (emotional intelligence) regardless of the complexity and volatility of the situation
- Demonstrates the ability to mentor and inspire individuals
- Uses influencing skills (versus positional power) to build meaningful and effective relationships across the organization and within the community
- Develops a network of positive, trusting relationships and builds team cohesiveness among groups of senior executives, physicians, and community stakeholders.

the different behaviors needed for three different levels of Nursing Leadership for the Relationship Management competency.

## Determining Leadership Needs

While part of the project team was working to identify leadership competencies, other project team members were helping to assess the health system's future talent needs. Each of our 113 nursing leaders completed an "Interest Inventory" that asked questions about career goals and future work plans. The Inventory was an internally designed electronic tool that was used to gain a "big picture" view of our potential future needs for nursing leaders. Nursing leaders were assured that their personal data would not be reported beyond the Organizational Development Department and that only aggregated data would be shared with the project team and with senior leadership. With 100 percent compliance, the data helped us to more clearly identify our future leadership gaps.

In fact, the project team was surprised and pleased by the transparency of the data obtained from our nursing leaders. Many told us they aspired to work at a higher level within our organization; others told us they were happy right where they were. Still others told us when they planned to retire, and a small number told us they were actively looking for positions outside our organization. Overall, the results of the inventory helped the project team begin to anticipate the leadership holes that the organization would need to fill over the next three-to-five years.

Sample questions from the Interest Inventory include:
- What do you believe are your significant career accomplishments over the past three years?
- What are your career goals over the next one-to-two years? Over the next three-to-five years?
- What are you currently doing to work towards these goals?
- If your position became vacant today, who in our organization could do this role at a reasonable level of proficiency?

## Sharing the Vision

Once the program architecture was finalized and endorsed by the senior executive team, the project team developed and implemented an educational rollout plan. All nursing

*"Being accepted and participating in the Succession Planning Program has given me the opportunity to look at my strengths and identify areas for improvement to help me determine how I need to grow and develop my skills to meet my future goals. I have been inspired and motivated to seek opportunities to strive for the next stage in my professional life."*

—A tier-three "high potential" participant describes her experience in the program.

leaders attended a two-hour "Introduction to Succession Planning" orientation session. In this session, the project team shared the structure and processes of the succession program. Nursing leaders also had an opportunity to review the leadership competencies and behaviors for their specific level in the organization. A key topic of this orientation session was helping leaders begin to understand their role as "talent scouts" for the organization. Nursing leaders would now be held to a higher standard to identify and then develop future nursing leaders within the organization. The orientation session included tools and techniques to support staff in this challenge.

As information about the succession program spread, momentum and interest in the program rapidly grew. Nursing leaders who aspired to move up in the organization would now have a formal structure to help them do just that. Nursing leaders who desired to stay in their current roles would have many new opportunities for feedback, coaching, and personal development.

Throughout the implementation process, senior leaders, the project team, and the Organizational Development staff emphasized one clear and compelling message about the program—any nursing leader who wanted to grow and develop would have the opportunity to do so. For some leaders, this growth would help them be even more successful in their current role. For others, this growth would come through an opportunity to advance in the organization.

## Implementation: Assessing Performance and Potential

Next, the project team designed the process by which we would identify and then select leaders who were "high potential" to contribute at a higher level in our organization. (Although the project team's initial focus was on nursing, the team designed a process that would easily translate across the organization as the succession program grew into other specialties.) A three-tiered, nine-box matrix provided the framework for placing current nursing leaders based on their current performance and potential.

***Tier-one leaders*** are leaders who were developing the skills and competencies needed to be successful in their current role or were solid performers. Newly promoted leaders were placed in tier one as were experienced leaders who were proficient in the competencies for their current role.

***Tier-two leaders*** are leaders who had mastered all competencies for their current role and were able to apply those skills more broadly across the organization. Leaders who had successfully led organization-wide initiatives and those who had effectively served in interim leadership roles above their current level of responsibility are examples of tier-two leaders.

***Tier-three leaders*** are those with high potential to contribute at a higher level in the organization. Leaders who had demonstrated full mastery of their current role, had successfully begun to master the competencies for the next higher level, *and* had a desire to move up in the organization were placed in tier three.

## The Talent Review Meeting

To effectively apply the matrix to our current nursing leaders, a multi-prong strategy was used to gather information about each leader:

- A 360-degree assessment based on competencies
- A history of performance on key indicators (patient satisfaction scores, employee satisfaction scores, financial management, and performance on quality indicators and core measures)
- A work resume highlighting each leader's accomplishments.

Using the competency model as a guide and reflecting on the performance data collected, each nursing leader was discussed using a talent review process. This review determined the nurse leader's placement on the performance and potential tier. Each leader was "reviewed" by a group of leaders at the level above them. For example, an assistant director of Nursing was reviewed by a group of Nursing Department directors who frequently interacted with the assistant director being reviewed. The VP of Nursing was reviewed by the CNO (Chief Nurse Officer) and by other operational VPs who have extensive experience working with the VP of Nursing. This review process allowed those individuals who had the most opportunity to "see the leader in action" to participate in the discussion about the leader's strengths and opportunities for improvements to grow in place, or move to the next level. Performance and potential determine each individual's tier placement. The Organizational Development Department facilitated all of these review meetings to ensure consistency across the 113 reviews. Spread out over almost four months, these talent

review meetings were a critical step in the process and provided nursing leaders with additional feedback about their strengths and areas for improvement and growth.

## Follow-up and Coaching

Following the talent review meeting, each nursing leader received feedback on what the review panel believed he or she did well and opportunities for growth. Individuals placed in the top tier of the matrix were identified as "high potentials" and were invited to participate in the formal Succession Planning Program. Of the 113 nursing leaders reviewed, 19 were invited into the Succession Planning Program. Of these, 16 accepted. The three who chose not to participate did so for a variety of personal and professional reasons.

Our program now focused on developing the high potentials to prepare them for a promotion. From the beginning, we were very clear with the high potentials that being a part of the succession program did *not* guarantee a promotion. Being part of the succession program *did* guarantee participants structured opportunities for feedback and growth that would prepare them to be a strong candidate for promotion—if and when the opportunity arose.

High potentials were each assigned an internal coach with whom they met at least once a month. Leader participants developed individualized learning plans to identify growth areas on which each would focus over the next year. Leaders selected for the "high potential" program stay in the program until one of three outcomes occur: 1) they are promoted to a higher level in the organization, 2) they choose to opt out of the program, or 3) they are removed from the program by the senior leadership team usually based on lack of commitment to the program or evidence of growth. Development of high potentials continues through action learning projects, book clubs, intensive personal study, and quarterly offsite retreats that provide access to senior leaders and outside speakers with expertise on a variety of topics.

The nursing leaders not selected as high potentials have many of the same development opportunities available. Our Organizational Development Department is there to support leaders that are motivated and engaged in their own growth and development. So, leaders outside the succession program have the opportunity to work with a coach and be supported in their development plan by their supervisor and/or Organizational Development staff. The difference is that those leaders not in the formal Succession Planning Program must drive the process individually rather than being part of a group led by Organizational Development. Finally, leaders not chosen for the succession program have the opportunity to reapply every year. In other words, as these individuals grow in their role and enhance their leadership competencies, they can submit an updated resume, request another talent review meeting, and be considered for inclusion in the succession program at a later date.

## Results, Lessons Learned, and Next Steps

Since the rollout of our Succession Planning Program, Moses Cone Health System has realized improvements in several areas. To date, three high potentials have been promoted to higher levels within our organization. The percentage of our Nursing leadership positions filled from within the health system has increased from 57 percent in 2005 to almost 70 percent in 2008. We have decreased costs paid to recruit outside nursing leaders by more than $250,000. And, we have decreased the length of time it takes to fill a vacant nursing leadership position from 7.4 months in 2005 to 4 months in 2008.

Developing and implementing this program was challenging and rewarding. Early in the process, we added a new position to the Organizational Development team: the Manager of Talent Development. This staff person partnered with the Director of Organizational Development to drive the implementation of the succession program. In addition, this new staff position created an internal capacity to manage the program.

One of the core components of the program was to provide our nursing leaders with feedback about their strengths as well as their opportunities for growth. This meant that as we rolled out the program, the senior executive team had difficult conversations with several leaders whose self-assessment of their readiness to be promoted was very different from the assessment of the review panel. Still, nursing leaders told us again and again that the quality and depth of feedback and support they received from their supervisor and from the Organizational Development Department was exceptional. Many participants cited this process as the most "meaningful developmental opportunity" of their career thus far.

As we prepare to integrate this process throughout Moses Cone Health System, we recognized key components of our success: 1) having support from Moses Cone Health System senior leadership and the Board of Trustees, 2) starting small with a single functional area of the organization, and 3) dedicating resources to manage the program.

In the future, Moses Cone Health System will duplicate this process across other functional areas of the organization as we continue to build a pool of talented leaders who can step up to serve our organization in new and challenging ways.

*Joan H. Evans, PT, MBA, is chief learning officer, director, Organizational Development at Moses Cone Health System in Greensboro, North Carolina.*