

Directors



The Board's Role in Leadership Development

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A recent survey from RHR International indicates that 3 out of 4 companies are not confident that their current talent pool will meet future management needs. These same firms expect to lose half of their current senior management group by the end of this decade, and most expect to reach outside of the company to fill key positions in the future. Furthermore, a recent survey of succession management practices validated the importance of this issue, as barely half of CEOs and Directors surveyed believe existing talent management initiatives are yielding a strong talent

bench inside their companies.

CEOs and Directors often ask me what makes someone change jobs. Most often it is because they are seeking a different working environment and corporate culture. Higher wage earners ranked corporate culture above salary and benefits as a driver for making a change. It is well known by recruiters and human resources experts that the lack of advancement potential, limited training opportunities and poor management are often cited as reasons employees depart for perceived greener pastures.

So, based on this research, what is a bank's Board of Directors to do? Encourage management to establish a process of identifying and developing your high potential leaders, and initiate a formal leadership development effort. The two activities that have the greatest impact on "high potentials" are offering developmental stretch assignments, and the personal involvement of their boss. Incumbent management needs to be held accountable for the identification, evaluation and development of the future leaders of the company, and management should be held accountable by the Board.

Some research also suggests that Boards of Directors have a less than ideal amount of knowledge about the character and business values of their company's leaders, and that Boards are not focused enough on succession planning. Boards should talk about leadership succession early and often. The spotlight continues to shine on Directors to ensure that the organization has the right executive team in place-now and in the future.