

The New Talent Dynamic:

KEY QUESTIONS FOR BANK BOARDS AND CEOS TO ASK NOW!

By Alan J. Kaplan

In today's challenging business climate, the most important success factor for every business remains the quality of the company's leadership team. Even in an uncertain economy, industry leaders continue to reinforce an important message: it's all about people.



Alan J. Kaplan

Organizations seeking to fill a specific executive position often choose to first look at the talent available through their network or via job posting efforts. The key question for boards and CEOs is whether the organization is shortchanging itself by not looking at the broadest potential labor market versus a narrower pool of known "available" prospects. After all, the ranks of active job seekers still represent well less than one tenth of the entire workforce, and fewer than four percent of today's college-educated labor force. The lack of a broad group of highly talented prospects – who are actually willing to consider a career change in this climate – can quickly compromise a bank's plans to add a top player or upgrade a key role.

Thus, while many businesses truly believe that the quality of their leadership will define the future, savvy institutions acknowledge that even in a soft economy there is still a shortage of top tier talent. For companies and boards willing to reexamine their talent management strategy at this challenging time, here are 10 key areas to consider:

Do we really have the right leadership team in place at this critical time for our organization? When we take an honest look, do we really have all the horses we need to pull the wagon? Is this an opportune time to upgrade our weakest link?

We have a plan of succession, but do we really have capable and ready successors in place if we need to implement that plan? Would our board and executive team choose to follow the chosen successor?

What are we doing to better prepare our leadership for the challenges ahead in this highly competitive and uncertain climate? How is talent development being managed in the organization today, when frequently the budget for "training and development" has been slashed at precisely the wrong time?

Why would a star want to work for our company? Are we taking advantage of the weaker competition to recruit premier players who can move the needle for our company? How are we truly different?

Do we have an appropriate "total compensation" program in place, including incentive plans and equity programs that are competitive? When was the last time we evaluated our compensation strategy?

If we are not currently using incentives or equity in some form (including phantom equity), are we inhibiting our ability to attract top talent? Should we be looking at new issues of equity grants (if available), while valuations are down, to help retain our best people?

Do we have a performance management system in place to objectively evaluate our leadership, and one that aligns our

business plan with the right financial incentives? Is our board of directors tuned in to the organization's talent management and succession efforts?

Are we losing our better people and retaining our mediocre ones? If the best people generally have the most career options, what are we doing to provide strong reasons for our key players to remain with the organization?

Does Human Resources provide strategic business value to help optimally align our human capital strategy with business strategy? Or, is HR a classic tactical support function?

Does our board recognize the "human capital imperative" in our business today? Are we shifting the board's HR focus from a simple compensation emphasis to a broader role as a Human Capital and Compensation Committee? What training can be added for directors to support the shift towards this orientation?

In the end, a good strategy that is poorly executed will not enhance corporate performance and savvy business leaders recognize that successful execution is all about having the right people in the right roles. Now more than ever in these challenging times, for firms in nearly every industry sector, the most important success factor in business remains the quality of a company's leadership team. ■

Alan J. Kaplan is CEO and founder of Kaplan & Associates, Inc., a retained executive search firm based in Philadelphia. He can be reached at 610-642-5644 or via email at alan@kasearch.com.