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Companies today face unprecedented challenges in developing their talent. New technologies such as generative Artificial Intelligence (AI) and work models (e.g., hybrid/remote), among other emerging trends, are quickly changing the capabilities that employees need to be successful and, at the same time, are shortening the half-life of the capabilities they already possess. To address these challenges, companies are revamping their succession planning approaches to identify high potential talent earlier and are striving to build leadership capability among all employees, not just senior executives. In this working group, CAHRS companies shared how they are evolving their succession planning and leadership development approaches to build bench strength. They offered insight into how they are segmenting talent, identifying critical roles, and striving to create development experiences that transform learning into a continuous and multifaceted process.

### Key Takeaways:

*Talent Segmentation Practices*

- The nine-box grid is still a commonly used approach for talent segmentation, which is intended to help differentiate talent in both dimensions of performance and potential. In practice, some companies have stressed the importance of limiting the proportion of exceptional talent (e.g., 20-25%) to ensure the effective allocation of resources. Especially in the context of significant transformation, this discipline has helped companies to make difficult decisions about where to direct their talent investments.

- Alternatively, some companies have moved away from the nine-box grid and have replaced it with their own segmentation approaches, such as evaluating talent against the key competencies in their leadership framework.

*Transparency of Talent Segmentation*

- Most of the companies shared that they have full transparency on informing employees of their performance ratings, but many have resisted sharing talent designations with employees with the same degree of transparency. In some cases this is because the talent designation is not fully reflected in the employee's current compensation, and in others there is a concern that sharing this information may create unrealistic expectations about the pace of career progression.

- As employees become more familiar with the talent designations and the practices used to derive them, companies also become more comfortable with greater transparency.

- In cases where employees are not explicitly told of their designation, there are often signals, such as being invited to particular development programs, that allow employees to infer their standing.

*Critical Role Identification*

- To identify critical roles for succession planning, one company has adopted a valuation approach to ascertain the dollar values associated with different roles. To do this, the talent management team would first need to have conversations with the business leaders and understand their strategies, based on which the team would identify as critical capabilities as well as the roles possessing those capabilities. As a result, the exercise has helped the company identify the most critical roles in each of their businesses. One important implication of this process has been that leaders are more engaged and willing to take actions on talent once they see the potential financial impact on the business.

- The shortening cycle of innovation is quickly changing the skills and competencies required for technical roles. Thus, determining critical roles in technical areas has become a more dynamic process, requiring continuous review of the criticality in the capability requirements. One company shared that the process to review Research & Development (R&D )capabilities often starts with a deep conversation with business leaders to make sense of their emerging strategies, followed by a comprehensive mapping of the specialized technical capabilities now or in the

near future. These dialogues help to ensure alignment between strategy and talent priorities, which can feed into strategic workforce planning. In terms of the implementation, companies often prefer to lead this process internally, as opposed to utilizing external consultants, as the discussion requires deep firm-specific knowledge.

*Talent Development*

- One common practice is to segment leadership training programs based on level. For instance, one company has developed internally led, in-person, and half-day training modules that all people managers are required to complete. Companies may often design customized sets of training for managers with different job responsibilities, but within a given level the content is intended to be consistently aligned with the competency model.

- Another best practice is to tie leadership training efforts to the annual engagement survey results. By doing so, the talent team is able to complete a "you-said-we-did" loop in scaffolding the learning path for leaders. This strategy can be particularly impactful for front-line leaders who often feel overburdened and underserved.

- One company is experimenting AI-enabled talent development in two ways. First, to support their internal talent marketplace, the talent team works with the in-house data science team to intelligently feed the learning and/or job opportunities to employees based on their up-to-date skill profiles. This approach reduces the need for employees to search through the multitude of available offerings by bringing to their attention those that best match their development needs. Second, the company is also trying to democratize coaching through AI. By leveraging the technology, the talent team hopes to address the conventional supply challenge given the high volume of managers in need of coaching and the limited number of available coaches.

- Another CAHRS firm highlighted the importance of follow-up in coaching implementation for two reasons. First, follow-up efforts help the talent team get a more complete understanding of the quality of coaching programs. Second, as development opportunities may often emerge from the coaching dialogues, being hands-on in following up with managers can help the talent team identify subsequent learning opportunities.

- One commonly recognized challenge is how to strategize and implement talent development specifically for frontline "blue-collar" managers, for whom the talent team often finds it critical but difficult to engage and retain. One company has tapped high-potential talent to help mentor colleagues, which has produced a win-win in that the high-potential talent gains experience with mentoring and coaching and other employees benefit from the knowledge transfer and support.

- Despite some recent backlash on Diversity, Equity & Inclusion (DEI) programs, companies are, for the most part, steadfast in their efforts to ensure a diverse pipeline and to offer programs targeted at different populations (e.g., women in leadership). However, the potential risk associated with these programs is being evaluated and monitored in this ever-changing landscape.

- Companies are experiencing growing reluctance among talent to relocate for developmental assignments. However, this reluctance tends to vary across different populations (e.g., veterans may be less inclined to move given frequent relocations during their service) and at different life stages (e.g., early career talent is often more open to international assignments than those who are later in their careers). Where possible, companies are adjusting their approaches to trying to minimize the prevalence or frequency of relocations.

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