The Roles and Risks of the Board in Talent Management

1. **Having a proper succession plan for CEO-plus is key.**

   Most companies consider succession plans for CEOs and stop there. The Baby Boomer generation holds many of these C-Suite and mid-level roles and soon will be retiring. Consider other key management roles, including other C-Suite officers and key manager level roles, when forming succession plans. What happens if you lose key mid-level officers and employees to retirement and other opportunities? What happens if your rising stars start being poached for jobs at other companies? How do you identify key employees and retain them over long-periods of time?

2. **Culture is the new kid on the block.**

   Younger generations look for a healthy culture in their target employers and will consider culture as a key factor in considering new jobs. This preference is leading other generations to prioritize culture over other aspects of their work life, as well. Studies are showing that good corporate culture is performance enhancing and a strong and healthy corporate culture is tied to significant shareholder returns. Europe has known about the importance of culture for some time - it is important in management, in transactions, and keeping talent, this importance is just now crossing into American management objectives.

3. **Culture is more than just words on a piece of paper.**

   Action is more powerful than the words you write down as values. When the behavior of upper level management and their written values fail to align, it sends a mixed message. This undermines the goals of building a strong culture and causes key talent to leave in search of alignment. Alignment of human capital, corporate strategy, and corporate culture is not only key, but also allows for each to build on the other.

4. **Building a corporate culture is key to attracting and retaining talent from the C-Suite to the Mail Room.**

   The US national unemployment rate is at an all-time-record low and more jobs go unfilled every day. The ability to attract and retain talent remains a challenge with a workforce that is increasingly mobile and willing to move for an attractive corporate culture and benefits. Building a corporate culture that is attractive to new talent and keeps existing talent is key to succession planning of C-Suite officers and non-C-Suite employees.

5. **Identifying rising star employees early is vital to retaining them.**

   Being able to identify key employees who have growth potential is an important aspect of building a succession plan. A target employee who is an exact fit to the role is not ideal, because there is no room for change or growth. Ideal candidates are those who are capable of growth and change. Rising Stars bridge gaps; they do not just filling voids. When rising stars and key employees leave, their institutional knowledge leaves with them so keeping them engaged and committed is vital to healthy culture.

6. **Feedback is key to improving culture.**

   When employees are asked for a top 5 list of items that are important or best about their culture, their responses are usually uniform and a biased sample. It is the list of items further down the line where employers can see a breakdown in culture. This is also where the most improvements will yield the most significant results and the changes are felt the most among employees. Consider looking deeper and broader, at the more challenging problems and solutions.

7. **The Board of Directors should have a pulse on the corporate culture and ways to improve.**

   Companies are experimenting with adding human resource managers to the board of directors and preparing an annual or bi-annual report on culture for the board. Keeping the board informed about how the company can improve culture is key to all aspects of a company's business. Managers are not leaders; managers direct, leaders inspire. The Board is responsible for the vision and incentivizing management to inspire. Everything starts at the top and a board that instills a good culture in management flows down to the everyday employee.

8. **Board involvement in the company should not be day to day.**

   In light of a company's *Caremark* duties and the findings of *Marchand,* a Board needs to be engaged on key risk issues and document their involvement. The Board shouldn't be involved in day to day management of the business but should be aware of key areas concerning the business. When a board is involved in day-to-day activities, it can open up the board members to liability. A company needs to have a plan in place for how to engage the board and elevate concerns to the board level before it becomes a crisis.

9. **The concerns of more than just the shareholders is becoming the new normal.**

   Corporations are being held to a higher standard than ever before. The stakeholders being considered are more than just shareholders and their returns. Now businesses are being forced to think about wants and needs of employees, their community, their suppliers, their customers, the environment, etc. When a board decides to not invest in some of these stakeholders, they need to articulate why and justify why this investment was not taken in lieu of something else. Companies are starting to see that investment in these stakeholders often yield greater returns over the long-term than previously expected.

10. **Consumers, employees, and outside observers are more vocal than ever before.**

    The ability for employees, consumers, and outside observers to communicate their approval or disapproval of a vendor, competitor, customer, supplier, or member of their community is easier than ever before. In this new viral news environment, a boycott of one's product or service because of news related to poor culture, poor products, or other aspects of their business is easier than ever before. A tweet, post, or comment can lead to a media firestorm that even the most skilled PR firm fails to put out. Overnight, an issue can balloon into a threat to corporate viability and the always-on news-cycle and availability of information makes the controlling the narrative harder than ever before. Younger generations, and now their older counterparts, are more willing than ever before to speak out about their concerns and will increasingly speak with their wallets. Keeping a pulse on the concerns of your stakeholders is important to long-term corporate health.