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Leadership Development, Talent Management, and the Compensation Committee



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MANAGING DIRECTOR

Dr. Susan Sandlund, organizational psychologist and expert in human capital management, discusses the urgent leadership development imperatives currently in front of public, private, and not-for-profit boards.

Q. In the midst of ongoing uncertainty, are we asking too much by expecting boards to take up the mantle of leadership development at this time?

A: To the contrary, I don't believe any organization can wait. During times of uncertainty great leaders are needed more than ever. The best directors understand that effective leadership ultimately drives results. You may have a brilliant business strategy, but if you don't have the right leaders at the helm, you won't win. It's more important than ever that boards ensure management has put in place short- and long-term plans for developing the right talent for the future—leaders who are quick to pivot, do the right things for the business, and care deeply about their people.

Whether the board is focused on ensuring that there is a robust and diverse talent pipeline for the future, responding to societal changes, or examining internal culture—the opportunity is there right now for directors to help build an environment and a leadership team that can carry the company forward in a positive way with resulting value for all stakeholders. We know the institutional investors recognize the benefits of this approach and are looking closely at whether or not an organization invests in the development of its people. Holding back now on addressing leadership development because of external pressures is really not an option.

Q. I think we agree these conversations are happening more and more often in board meetings. How can directors move from conversations and explorations to actions? What

comes first?

A: The full board absolutely has a role to play, but we can start with the compensation committee, because it is no longer just that. Talent management is now an integral part of that committee's work, which is merging the critically important functions of aligning pay and rewards with business strategy and with leadership development. You cannot optimally execute a business strategy without a great management team and that team is strongest and most reliable when you have clear succession plans and are actively growing your talent. So for boards who are having some difficulty tackling these broad talent issues, succession planning is a natural starting point.

Actions in this area can include requesting that the CEO initiate their succession process early enough so that an internal candidate can be surfaced and appropriately developed over the course of several years; requesting twice-a-year reviews of progress in the development of top talent and succession slates; and having directors serve as mentors for key executive succession candidates. One area for the full board to explore is organization culture. Asking the right questions and requesting to see metrics regarding the culture and employee engagement are great ways for boards to get a handle on this topic. Culture is an important driver of company performance, but also determines whether an organization truly embraces diversity and inclusion. The DE&I space is a very important area for a board to discuss—many different stakeholder groups are very invested in this—and directors should ensure goals and actions are in place and should monitor progress in order to push this important agenda forward.

About the Author

Susan brings 30+ years advising boards, CEOs, and leadership teams on large-scale change, culture and organization design, governance and team effectiveness, executive assessment/development, and CEO succession.

About Pearl Meyer

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