

How Robust is Your Talent Bench?

Re-imagine Your Succession Planning – Assess Potential to Drive Growth & Development

INTRODUCTION

On the list of hotel company priorities, how close to the top is developing a succession plan? And, not just any plan but one that is strategically and scientifically prepared to drive employee engagement and propel a company towards long-term sustainability and profitability? **With approximately 46% of leadership hires becoming hiring failures** (source: HR.com), and **turnover in the hospitality space hovering near 50%** (source: Consultants of Hospitality Administrators International), **it's imperative to shift the conversation in the hospitality marketplace toward the vital significance of succession planning.**

Move beyond the mindset that succession planning is just for a hotel company's next CEO or senior leadership. Hotel companies are urged to delve deeper and question who will be their next chef, next executive housekeeper, next sales manager and other roles throughout the entire organization. **Build a robust, high-performing community of individuals. Why? Because the flawless execution of the superior guest experience that customers crave is entirely dependent on the human capital a hotel has in place.** Once a hotel has invested in assembling this workforce, **retain these team members by continually motivating them with a platform to develop their potential.** And, introduce a human resources structure that supports this philosophy.

This White Paper – *How Robust is Your Talent Bench? Re-imagine Succession Planning – Assess Potential to Drive Growth & Development* – is presented by Talent Plus, Inc., the industry's Leading Talent Assessment PartnerSM. They work with some of the leading hotel companies in the world, including client partners such as **KSL Resorts, Dorchester Collection, Baccarat Hotels, Pan Pacific Hotel Group and Ayana Resort and Spa (of Capella Hotel Group)**, among many others. This White Paper, which includes interviews with leaders at each of these hotel groups, will map out the steps hoteliers, and any leader, should take to create a sustainable succession plan and explore how embracing this new vision will reduce turnover and ensure that the hotel machine operates at optimum capabilities, ultimately driving prosperity.



FOUNDATION FUNDAMENTALS

Growth emerges from a solid foundation – and **in hospitality, the backbone of an intelligent succession plan is a cadre of individuals who possess the intrinsic assets to thrive in a distinct hotel culture.** Understanding this begins with an objective examination of a person's potential to determine if they have the inherent behaviors to flourish in future positions in a company.

“You tend to think of a person doing a role in the future that they've likely not done before, which is why a science-based assessment of potential is essential for the foundation of a succession plan,” explained **Larry Sternberg, President of Lincoln, Nebraska-based Talent Plus, Inc.** “Too many of us rely on current role performance to make predictions about a future role performance. For example, the notion that a hotel's best sales person should be promoted to director of sales without first knowing whether or not the sales person has an aptitude to be a great manager. More

often than not, you are left with an ineffective manager and shrinking sales numbers.”

Once the question of potential has been asked, and talent for future roles has been identified, **it is incumbent upon a hotel to leverage the strengths of employees by focusing on their aptitude and providing a meaningful professional experience.**

According to **Bernold Schroeder, CEO of Asia-based Pan Pacific Hotel Group**, promoting from within is another cornerstone of a smart succession plan. Once talent has been identified, “I’d rather promote someone with less qualifications from within my organization than hire from outside because of the company cultural knowledge that an employee has acquired over time. In most cases, I can train the shortfalls.”

Promoting internal candidates is triumphant nearly 50% of the time cited Schroeder, a firm acknowledgement of the power of maximizing the talent already in an organization.

This doesn’t mean avoid seeking talent outside a hotel company; it suggests an emphasis on investing in the talent who’ve already been welcomed into the fold. **A gap in skill level can be addressed with instruction but talent can’t be taught.** “You can’t instill the capacity to do something with excellence,” said Sternberg, who learned this from his previous experience with The Ritz-Carlton Hotel Company, Hyatt Hotels & Resorts, Omni Hotels & Resorts and The Portman Hotel Company. “People either have the aptitude and character to brilliantly perform the job or they don’t.”

Succession plans should be customized to a hotel company’s culture to ensure that employees will be the suitable match for a hotel and execute their responsibilities with excellence for the long-term. And, when ruminating over the future, it’s crucial to consider the demands of a role going forward. **Re-imagine the purpose of a succession plan. Envision it as a well-crafted, constantly managed retention strategy that is**

shaped to preserve a hotel’s talent. Liken it to a hotel company’s legacy framework.

EMPLOYEES EVOLVE – AND REMAIN – THROUGH DEVELOPMENT

Training top talent is a core component of a solid succession plan. It’s essential to provide substantial opportunities for growth and development and help employees find the optimum role for them in a hospitality organization. **Establish an education and recognition program to keep employees engaged from the onset, and for the long-term, in order to strengthen profitability, reduce turnover and achieve world-class service delivery and customer satisfaction.** Otherwise, a hotel company’s best future leaders might leave if they aren’t inspired to learn, and this stagnancy can result in a dilution of an organization’s talent pool.

“If I can’t hang on to my top talent, shame on me,” remarked Sternberg. “If you can’t hang on to your top talent, shame on you.”

Clive Edwards, General Manager of Ayana Resort and Spa in Bali, a member of the Capella Hotel Group, recognizes the importance of having this mindset embedded in the DNA of a hotel company’s leadership. Capella was founded by Horst Schulze, former president and Chief Operating Officer of The Ritz-Carlton Hotel Company who utilized Talent Plus services when he was at the helm of that luxury brand. **With proper resources and company dedication, scientifically identified, high-potential team members can rise from one position to higher roles within an organization. Consider, for example, a transition from front desk employee to General Manager. This ability to promote talent internally makes that hotel stronger at every level, every day.**

“There has to exist an organizational culture whose core values support how human resources are viewed and treated, and by extension that focus given to a succession plan. A strong training culture is an established pre-requisite for a succession plan to thrive,” Edwards observed.

“Training represents the vehicle to move persons from role A to role B,” he continued. “An organization’s philosophy that views their human resources as their only sustainable competitive advantage and sees individuals as respected and empowered has a distinct edge implementing a winning succession plan.” Edwards cites

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Clive Edwards, General Manager of Ayana Resort and Spa in Bali

impressive statistics from his hotel. Turnover is less than 3%, employee satisfaction is above 92%, and morale is at its highest in five years.

Treat employees with value. **Thomas Wai, Asia-Pacific Regional Director of Talent Plus**, urges hotels to consider the needs of their individual employees in addition to the needs of the company as a means to encouraging satisfaction, commitment and loyalty. **Finding roles that best suit an employee's capabilities and desires is the route to instilling enhanced confidence and spurring advancement along their professional journey.**

Provide real educational advancement for your employees, and understand that **growth within an organization doesn't necessarily mean promotion.**

"Someone might want to be an amazing housekeeper but not move to an executive position," said Sternberg. "Leading and doing are two different things."

Ponder the future, and think of role categories, not job titles. "Aim to develop a pool of talented individuals, each of whom is adaptable and capable of filling a number of roles within the job category rather than to fill up a specific job title because tomorrow's key roles may not exist today," explained Wai. **It's about equipping a hotel with the talent who embody the company's brand promise and can skillfully execute it on the service level – and then retaining them.** The cost of turnover is more than financial with an erosion of revenue and profits. Every time a talented person leaves an organization, there exists a loss of institutional knowledge, and perhaps a loss of engagement as the departure impacts the employees surrounding this former teammate.

Integral to growth and development is an effective, consistent monitoring program – not an annual performance review that only addresses performance issues once a year. Instead, conduct Career Investment

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Discussions throughout the year to create transparency about professional endeavors and responsibilities as well as maximize potential. Consider the coach/player relationship. Coaches continually provide feedback to athletes during and after games; they don't wait until the end of the season to first review performance. The goal is to build on a person's strengths as well as amend behaviors that adversely impact performance.

CRAFTING A TALENT BENCH

Effectively building a talent bench – a carefully evaluated group of individuals who have the potential to thrive in a hotel company in the role best suited to their capabilities and inherent character traits – is central to preparing for the health and wealth of a company's future. Proceed strategically by crafting a talent bench both internally (within the organization) and externally (outside the organization).

Tapping science to assess an individual's aptitude is an objective foundation from which to launch an internal talent inventory, assess in-company employees and plot the data to understand a hotel's talent population.

Achieving deeper insight into a hospitality organization's talent structure and aligning it with the behaviors a hotel company wants its employees to exhibit is how the Talent Plus science works.

- Either internal employees or candidates for job openings are assessed using person-to-person interviews (can be conducted over the phone) or online assessments (conducted on a digital device). Their direct supervisor/manager would then see the talent graphs and results and align them with their entire team to find the most efficient and effective ways to work together in current daily situations.

- These same graphs are also indicators of potential to excel in job roles a person may have never performed before. A new interview or assessment may be performed with regard to an additional role they are being considered for. This specific interview or assessment will ensure the appropriate themes, or consistent patterns of thoughts, feelings and behaviors, are being measured.

- Results are then compiled by Talent Plus talent analysts and presented to the manager. When a manager is looking at a Leadership Overview or a succession planning model, they are able to process at one time the talents and skills of their entire team and identify who

may have the most potential to excel in a future role. It's a scientific glimpse into the future – and the success of future leaders in a hotel organization.

This becomes the basis from which **hospitality organizations can chart a road map to growth and development with customized training opportunities for employees and ultimately cultivate loyalty and longevity.**

For proper execution, this requires an investment of time and resources into creating a comprehensive database and then nurturing relationships both within your walls and beyond. **In this climate of a fierce war for talent, a company culture must be focused on encouraging education and growth. Looking long-term, inspiring outside talent with the idea that if they come to an organization, they'll expand their skill set, have their aptitude encouraged, and grow professionally, will ultimately poise an entire organization for success.**

Ed Eynon, a long-time Talent Plus champion and Chief Human Resources Officer at KSL Resorts, has elevated the model of succession planning to one that extends beyond the walls of an organization. His tips for creating a meaningful external talent bench include:

- Launch a database of external talent. Start by asking current company leaders about the best people they've ever worked with – who they are and what made them such an asset.
- Create an outreach plan to individuals in the database, overseen by a company's human resources department, so that they can periodically share company information and news of future job opportunities.
- Screen external candidates for potential roles in a hotel company by requesting they take a Talent Plus assessment. Examine results and determine if a candidate fits into the culture of an organization.

Investing in a talent bench gives hospitality companies a distinct advantage in an industry where human capital is so vital because when a position at a hotel becomes available, that hotel already has a pool of vetted

individuals to target. Empowering human resources to implement such a resource allows hotels to function not just proactively, but in less of a panic-mode when seeking out individuals who possess the qualities needed to flourish in the organization. **Consider an internal and external talent bench a living, breathing entity that is highly valued and necessitates careful attention so that it can positively impact a company's longevity and succession planning strategy.**

PREDICTIVE PLOTTING

"Succession planning is predictive and judges people on their ability to perform a role that they are being groomed to fill in the future," stated Edwards.

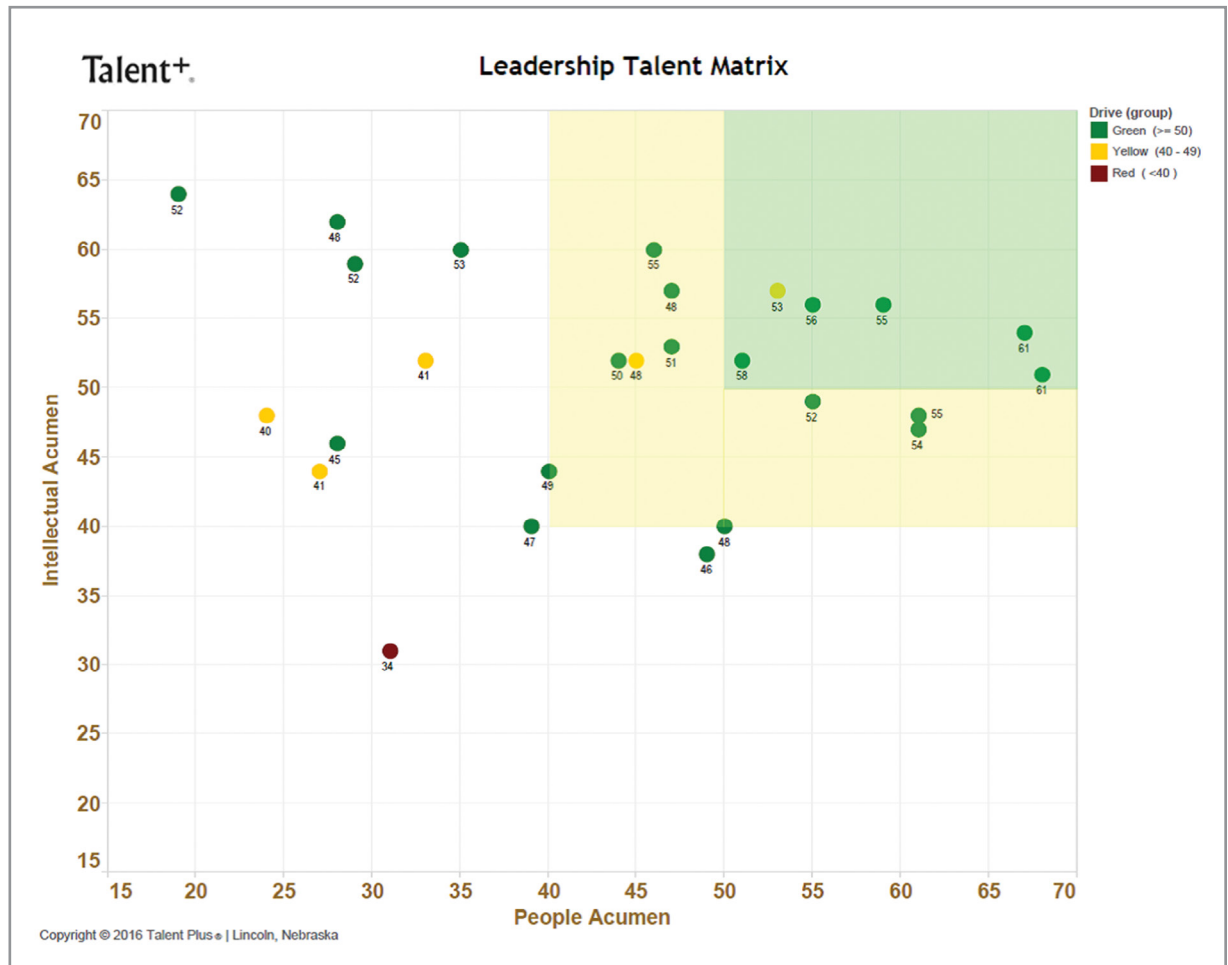
This is why for succession planning Talent Plus employs a four-dimensional Leadership Talent Matrix model to plot employee performance and gain deeper insight into one's innate business acumen and inherent personality traits that have likely been with them since early adulthood – if they're a high achiever, their thoughts, behaviors and hard-wired core. "This is a visual representation that allows companies to conceptualize who in an organization has the potential to do various roles," explained Sternberg. "This matrix absolutely affects a hotel company's recruiting strategy. If you have gaps, you can first look in your organization for who has been identified as having the aptitude to perform the open role and then apply those recruiting dollars elsewhere."

The idea of readiness versus potential is essential to leveraging the data discovered with the Leadership Talent Matrix. The model looks at characteristics that tend to remain stable over time, which allows hotels to understand one's current potential and then enact a plan of action to advance that individual.

Gaining scientifically accurate, predictive insight of whether someone will have success in a job they haven't performed yet is fundamental to succession planning. An employee might not be ready for a role in their 20s, but a decade later, they are poised to perform as anticipated due to a scientific approach to assessing potential. Talent Plus's interviews and assessments are completely different than a test of knowledge. Structured phone interviews as well as Talent Online® Assessments extend beyond knowledge of an industry or job role, and really get to the heart of the potential of an individual. The skills and

START BY ASKING CURRENT COMPANY LEADERS ABOUT THE BEST PEOPLE THEY'VE EVER WORKED WITH – WHO THEY ARE AND WHAT MADE THEM SUCH AN ASSET.

Ed Eynon, Chief Human Resources Officer at KSL Resorts



education necessary for a new role can be taught to a person who possesses the aptitude or talent to execute the job role.

Present high potentials with the development, including education and skills, to succeed at every level of an organization including senior leadership. Incorporate a strong mentoring component in order to maximize talent. Create transparency between managers

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Larry Sternberg, President of Talent Plus, Inc.

and employees about job responsibilities, the level of happiness enjoyed while working and the skills needed for professional prosperity.

Perceptive succession planning means companies must fully comprehend their current employees’ performances and their potential to triumph in areas in which they haven’t performed before. The Leadership Talent Matrix serves as a guide. It follows the mantra of “track and measure, track and measure” and then reaping the rewards of obtaining and analyzing data, and then establishing the right course going forward.

NAVIGATING PITFALLS

One of the biggest pitfalls with succession planning is not having a plan at all because it’s not deemed a company priority. **The here-and-now tends to be more**

tangible but without a focus on the future of the human capital that delivers the brand promise to customers, a hotel company puts itself in a weakened position in the marketplace.

“Often, if a company does have a plan, it either focuses on only developing upper management leaders for the future instead of the individual contributors across an organization, or it doesn’t look at employee potential, and that’s if high potentials have even been identified,” noted Sternberg.

Unfortunately, **even if potential has been examined, many companies don’t invest in a platform of training and development.** “We worry too much that we’ll train people and they’ll leave but it’s so much better to put resources into progressing the performance growth of our people,” Sternberg affirmed. Often, companies find themselves hiring in haste without considering the longer term career advancement of new recruits.

With educational efforts, Edwards points to the concern of having the proper resources in place to facilitate the training required as part of a succession plan. What’s needed are “qualified departmental trainers who are able to perform successful training and measure the effectiveness of it once completed.” And, there has to be accountability, particularly among departmental trainers, to ensure they spend the quality time needed to impart knowledge. Edwards also asserts the importance of hotel companies being flexible with the idea that talent might have to spend time away from their current responsibilities in order to acquire new skills for upcoming roles.

Subjectivity is a huge misstep when orchestrating for the future; an objective, scientifically validated, talent based assessment tool yields more accurate hiring results. “The desire to nominate person X because of their likeability or malleability on its own should *not* be the main component of selection,” said Edwards. “This is where the partnership with Talent Plus is an intrinsic

part of a winning succession plan as it assists in removing emotion from the selection process. People have to meet certain requirements should they be recommended to be part of a succession plan, moving from, for example, a supervisor to a manager position.”

Pan Pacific’s Schroeder points to the problem of the hospitality Industry inclined to obtain talent only within the hotel space. “If you believe that skills can be taught and knowledge learned, then look beyond the same pool of people.”

Schroeder knew of Talent Plus for years and was finally able to implement the system at Pan Pacific several months ago. Guided by a goal of making the organization more customer-centric, Schroeder tapped Talent Plus to handle an assessment of general managers, vice presidents, senior vice presidents and other high-level positions. Based on the results, the company is realigning staff with the roles best suited for their innate talent, which instills more confidence in their professional performance.

“Talent Plus is a brilliant, proven, transparent system,” praised Schroeder. “In preparing to evaluate employees, Talent Plus learns so much about how a hotel group clicks. They understand a problem or a person, and offer strategic solutions that are invaluable.”

CONCLUSION

Strategic-minded succession planning generates impressive results. And, it’s critical that it incorporates science-based evaluations with a strong training component and values its human capital with the highest regard. For example, total integration of Talent Plus’ Quality Selection Process across all positions in a hotel company – from executive committee to service staff – resulted in a turnover rate of 21 percent (the industry average was 45 percent) over 17 years saving this company more than \$93 million (source: Talent Plus, Inc., *Talent Advantage* #55 – 2008).

Top performers stay with a hotel company longer and deepen their loyalty when their experience is enriching. This builds the framework for a sustainable, profitable machine manned with leaders and achievers of excellence at every level of the organization who are onboard for the long-term.

Providing growth opportunities for those identified as “high potentials” trickles down to the guest experience.

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Bernold Schroeder, CEO of Asia-based Pan Pacific Hotel Group

They are more satisfied and more committed – and then they perform at the highest levels of excellence, which translates into the impeccable delivery of a hotel’s brand promise.

“When an organization is able to listen to their employees, treat them with value, and consider their individual needs and the company’s needs when creating a strategic succession plan, employees feel they are treasured and significant, they know they are important to the future of their organization and they find their job purposeful,” said Wai. “These empowered and talented employees know the management is fair and objective when their performances are being evaluated. They know their hard work will be recognized.”

Within the hospitality industry, Talent Plus not only partners with hotel brands, but also restaurant companies, cruise lines, airlines, country clubs,

event centers and more, in addition to other industry partnerships in health care, retail and more.

Talent Plus doesn’t claim to be right 100% of the time, but the “science of selection” techniques they use are a platform for growth that indisputably offers competitive business advantages while meeting all of the U.S. Department of Labor Uniform Guidelines, among other professional standards. And, Talent Plus “walks the walk” by utilizing their interviews and assessments to sculpt their own workforces in each of their locations around the world.

A succession plan based on talent, growth and development creates a positive workforce environment – and that lowers staff turnover, boosts occupancy levels, bolsters RevPAR and raises customer satisfaction levels – all positive results that the hospitality industry can wholeheartedly embrace.

Talent⁺

THE SCIENCE OF TALENT

To learn more about Talent Plus, contact Patrick Hodge (phodge@talentplus.com), Director of Hospitality Business Development, at 1.800.VARSITY (827-7489) or visit www.talentplus.com. For a copy of the Talent Plus White Paper – The Human Resources Road Map for the Hospitality Industry: Tapping Science to Identify Talent Potential & Drive Profitability – please click [here](#).