

CAHRS Working Group Early Career Development

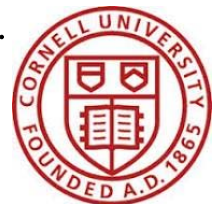
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Participating Organizations:

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Key Takeaways:

1. Companies have varying definitions of “early career” employees. Some broadly define “early career” employees as those with zero to three years of work experience and those who entered the organization immediately following undergraduate education. Others include employees below a specific level in the organization (e.g., below mid-level leader or manager) with a certain level of previous work experience.
2. Companies employ a number of strategies for developing their early in career employees, such as rotational development programs, cross functional training and assignments, employee resource groups (ERGs), and mentoring. The success of these strategies is primarily measured by retention, lateral movement or promotions, and performance in future roles.
3. Although early career employees in rotational programs or cross-functional assignments are likely aware that they have been identified as having high potential, communicating potential to all employees continues to be a challenge, especially as companies gradually move away from standardized performance ratings. Frequent check-ins or quarterly conversations between early-in-career employees and their managers may provide an ideal solution to the “black hole” (or the one to three years following development initiatives that leave employees wondering where they stand in the organization).
4. In addition to changes in the way companies review employee performance, globalization and technological advancements have altered approaches to early career development. Technology in particular, such as internal tools that direct employees to learning modules or provide information about job opportunities, will continue to play an interesting role as early-career high-potentials seek to manage their own careers.
5. Facilitating the early-career development of high-potential employees is critical for building the leadership pipeline. However, companies might consider a number of approaches, such as leadership assessments and ERGs, for identifying and developing those employees who may not be identified as “highest” potential but who still add value to companies in their current and future roles.



Although companies historically focus on later-stage leaders, early career intervention and development likely builds a stronger talent pipeline for an organization's future C-suite. The development of early-career high-potentials is increasingly important in an era of increased mobility between organizations and the greater probability that internal moves end in failure. In this CAHRS working group, we discussed the different strategies and programs in place for developing early career talent, their associated challenges and benefits, and how the future of work might alter companies' approaches to early career talent development. A few of the key themes and insights that emerged during the day are summarized below.

Key Themes on Early Career Development in Rotational Programs

Program Goals

- Companies' goals for their rotational programs center around gaining the best early-career talent in the marketplace, engaging and retaining early-career talent, and facilitating their successful internal advancement following completion of rotational programs.
- Because external talent may be scarce in certain industries and may not perform as well as internal movers would in specific roles, organizations that are currently dealing with (or anticipating) pipeline gaps in specific leader areas may focus their programs on building a talent pipeline from the bottom up or accelerating talent development to mitigate retirement risks.

Structure & Design

- **Undergraduates versus Master's/MBAs:** While companies may have multiple rotational programs that benefit different groups of employees (e.g., one for those who just completed a bachelor's degree and one for those who completed a master's degree or MBA), organizations may see more of a return when focusing on those employees coming directly out of undergraduate education. Those who have just completed a master's or MBA may not accelerate to the same extent as those just finishing their undergraduate coursework. Companies might capitalize on greater depth and exposure provided to these employees earlier in the company.
- **Within- versus Across-Function:** The majority of rotations across programs appear to be within individual functions, such as Finance or HR. However, as employees progress through their programs, cross-functional training and participating in projects in other functions provides opportunities for broader skill and leadership development that eventually contribute to high-potential employees' leadership transformation; if they have exposure to the experiences, they will be more likely ready to lead.

Measuring Success

- Because companies may have only recently implemented rotational programs or are currently tracking shorter-term outcomes (e.g., assignment and assignment leader quality, program reactions), bottom-line effectiveness or return on investment of rotational programs remains unclear for a number of organizations.
 - Program success is primarily measured with the following:
 - ◇ Retention and advancement (particularly in the two years following program completion),
 - ◇ Success in future roles,
 - ◇ Time to promotion to general leadership roles,
 - ◇ Time to promotion to executive levels (perhaps in comparison to peers), and
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- ◇ Alumni/stay interviews for program reactions and conversations about future opportunities.

Additional Challenges

- A primary concern for companies with rotational programs is the “black hole” in which high-potential employees may fall during the one to three years after they have completed their rotations. These employees often shift from feeling like high-status members of the organization during their rotations to feeling like they are given little attention and no clear path for upward internal advancement. More regular conversations between employees and their managers regarding potential career opportunities may begin to address this concern.
- Companies may also have trouble dealing with employee headcount as they rotate between assignments as well as following program completion. Who has ownership over rotational program members while they rotate? Will these managers accept ownership after the two- or three-year program has finished and employees need to be placed in roles?

Key Themes on Development Outside of Rotational Programs

- Companies use a variety of methods, in addition to rotational leadership development programs, to develop their early-career talent. These include initiatives such as more informal and unstructured ERGs, through which employees are nominated by managers or identified by an overseeing board that then matches them to specific functional or cross-functional projects based on their skills and business need. Data-driven leadership assessments can also serve as a means for identifying and developing talent, especially when companies do not offer rotational programs and may want to focus their efforts on more than just the uppermost performers.
- The less structured nature of these alternative approaches to developing early-career talent may allow for more open conversation and communication about current performance potential – to both high-potential employees and those not considered high-potential – particularly in the absence of standardized performance ratings. For example, employees participating in ERGs who were turned down for cross-functional opportunities may have more of an opportunity for feedback from managers about why they were not selected and what other roles are available to them.
- However, because development outside of rotational programs can take so many forms, companies should choose their individual methods carefully, giving consideration to why each development opportunity is necessary and beneficial at different career stages and when each is most successful. “Clearing the clutter” of development opportunities that are not serving companies’ needs as well as others is useful for integration throughout the leadership pipeline.
- Carefully considering which development opportunities to employ and communicating potential throughout will aid in managing high-potential employees’ expectations for organizational support and advancement. If companies offer tuition reimbursement or leadership assessments, those that are transparent about promotion chances and increases in pay (or lack thereof) may see the greatest return on these development approaches by avoiding unmet expectations and a higher likelihood of turnover.

Key Themes on Early Career Development and the Changing Nature of Work

Importance of Global Perspectives & Experiences

- Companies recognize the value associated with their employees having global experiences or other cultural perspectives. Some noted that nearly 75% of their employees who progressed to executive levels have global experience. While some build international experience into their rotational programs (such

that employees are often no longer considered high-potential if they do not complete an international rotation), others have gradually done away with international assignments due to costs.

- Those companies that do not offer international rotations may provide global experiences to their employees in other ways, either through cross-functional training in specific countries or “swap” programs that allow two employees to spend a period of time learning how their businesses operate in each other’s geographic locations.
- Companies’ roles in providing global experience to their early career employees may shift over the next several years. Early-career Millennials appear to have a much more global mindset than did early-career employees decades ago and may be finding international experiences in their own ways. Still, companies believe that investing in their employees’ cross-cultural skills through global residencies or shorter-term experiences are to both the organizations’ and employees’ benefit.

Technological Advancements & Career Customization

- Although employees increasingly want to be in charge of managing their own careers, they still seem to enjoy knowing where their performance stands relative to others’ and some guidance toward certain advancement opportunities. Technology will likely play an increasingly important role in this regard, as organizations develop tools that steer employees to online learning modules, highlight available advancement opportunities, and even act as “internal Match.com” sites between employees and rotations or temporary assignments.
- These technological advancements offer early career employees the benefits of career guidance while also allowing them to construct and customize their own skill development and overall career paths. However, this may require more manager involvement or feedback during “check-ins” to ensure development is progressing.
- As with communicating performance and potential, transparency is crucial. If employees are being directed via technological tools toward specific roles or opportunities based on their skill “match” or previous experiences, they may experience greater disappointment if they are not selected for these opportunities. Setting expectations around the role of technology in facilitating internal advancement is necessary for the continued engagement and retention of early-career high-potential employees.

This Summary Report was prepared by Brad Bell and Kathryn Dlugos for use by participants of the Early Career Working Group.

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