

Grooming the Next Generation

SUSTAIN COMPETITIVE ADVANTAGE
THROUGH SUCCESSION PLANNING AND AN
EARLY CAREER DEVELOPMENT PROGRAM.

By Kasthuri V. Henry, CTP

Aviable succession plan for ensuring business continuity is crucial for a company to be able to sustain value for its stakeholders. To create a successful plan, the corporation must have a steady stream of resources that are valuable, rare, and not imitable. When the company belongs to the service industry, its most valuable resource is its intellectual capital, represented by its team of knowledge workers, so attracting, retaining, and developing the best minds to collaborate and deliver cutting-edge solutions to customers becomes the underpinning of the business. Aon Corporation built such a culture.

A major part of Aon's succession plan is the development of young talent to effectively contribute in the social exchange process and establish trust-based, business-to-business relationships that will nurture and grow the business. This pipeline of future knowledge workers comes from universities in the communities in which the company operates. Acquiring, retaining, and serving the client base necessitates a relationship-based approach to business development, so the social network and the ability to leverage relationships are required skills for doing business.

Motivation for the Plan

Aon provides risk management services, insurance and reinsurance brokerage, and human capital consulting through its 59,000 employees in more than 500 offices in more than 120 countries. The company grew through acquisitions. In the early 2000s, it integrated its various business segments and streamlined its operations to better deliver the customer value proposition. During this process, management made key observations about the organizational resources, customer base, and success factors necessary for an effective partnership between them. Here's a summary of the observations.

The existence of a generational gap in the workforce: Baby Boomers dominated the senior team, and there was no tangible game plan for when they retired. Also, 45% of the workforce was composed of Baby Boomers.

Growth and related needs: Business growth required additional knowledge workers. Since the business was specialized, recruiting needed to be strategized

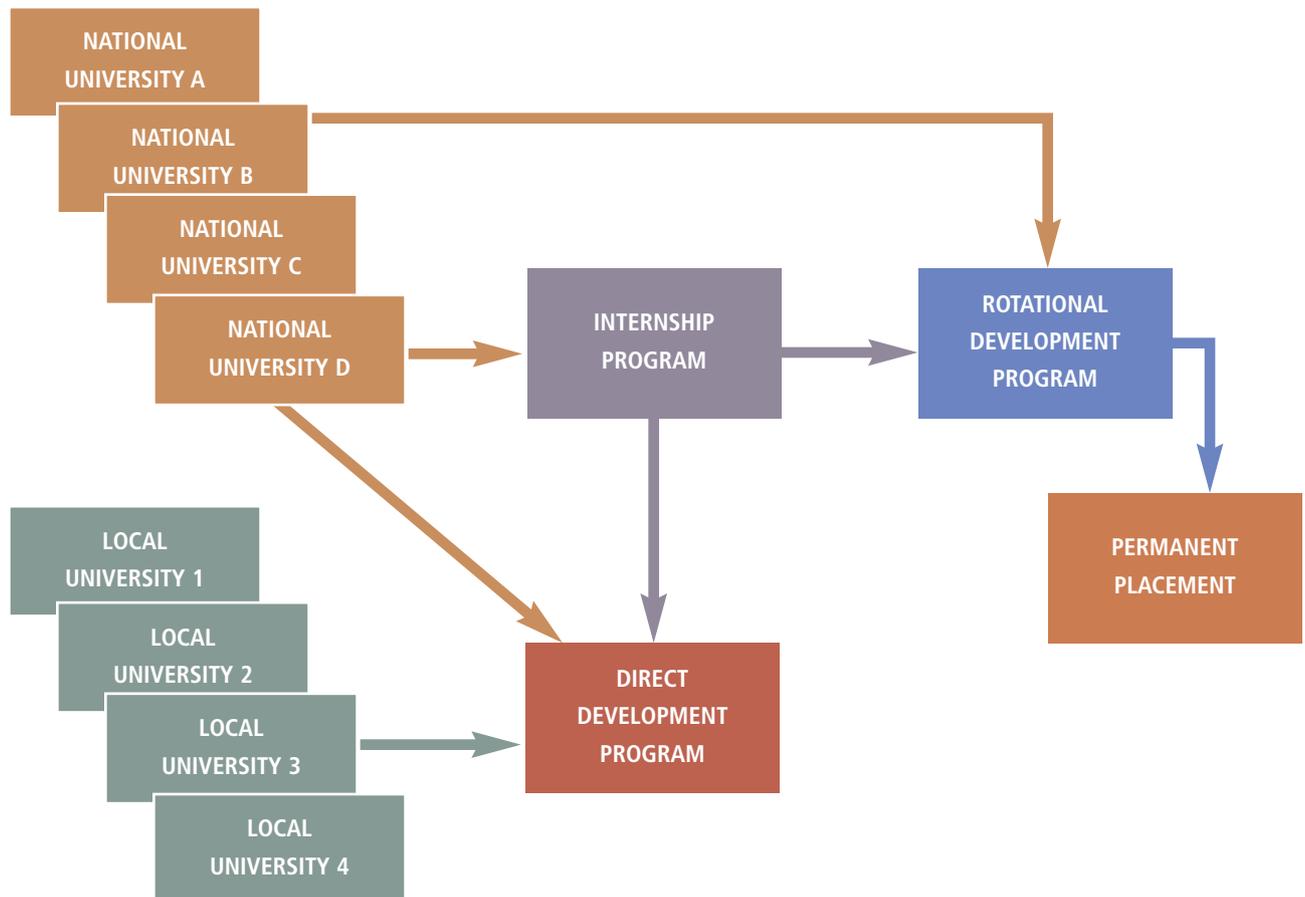
to guarantee long-term success.

Shift from male to female client contacts: The landscape of risk managers was changing in the United States. More women were entering the field of risk management at the customers' businesses, which resulted, for example, in a shift from clients wanting to do business over a game of golf to clients wanting to do business over a spa outing. Yet Aon's workforce continued to remain predominantly male.

Technological progress in the industry: Technology became all-pervasive, which started influencing how business was done as people were constantly connecting at all hours via mobile devices and social media as well as traditional means. Thus, a technology-savvy generation of knowledge workers became necessary to backfill the human resource pipeline.

Diversity: Aon had become increasingly conscious of the varied ideas and thought processes encompassed in a diverse workforce and made a targeted effort to build such a dynamic team.

Figure 1: Aon Early Career Development Program Structure



These findings became the motivation for exploring equitable business solutions and culminated in Aon creating an Early Career Development Program (ECDP). The goal was to develop a scalable program that addressed the needs of the immediate future while remaining flexible to evolve as the dynamics of the business warranted. As the regional CFO based out of the corporate office, I was in a position to partner with the human resources team at Aon to develop the program and the model.

The Plan Model

The Early Career Development Program consisted of Rotational and Direct Development Programs that became a pipeline for future talent and business-unit long-term added value. The internship program was the feeder program, and the employee retention rate was 96% when entry into Aon was via this route. The overall program model was structured as shown in Figure 1.

Campus champions were identified from within the existing workforce to cultivate and nurture strategic partnerships with 15 national universities. The universities were selected based on the areas of specialization corresponding to the company's needs, which were risk management, consulting, human resources, accounting, and finance. Through these ongoing partnerships, the campus champions interacted with student organizations, faculty, and the administration to build brand awareness across the university community as well as identify potential talent. Based on campus interviews, the company selected third-year undergraduates to participate in its annual three-month summer internship program. The internship program was department-specific with performance goals and targeted deliverables identified. This way, Aon could evaluate the young talent in the context of day-to-day

business performance and help the interns develop soft as well as technical skills that were necessary for a full-time career transition when they graduated. Both the intern and the manager had the opportunity to determine if a long-term engagement could be possible. At the end of their internship, the participants identified for a continued partnership were offered a permanent position as an associate through either the Rotational Development Program or Direct Development Program.

The associates embraced the idea of already having accepted a job offer when they returned to the university to complete their senior year. Aon embraced the internship program as its sustained recruiting pipeline and leveraged it to serve as the early career development initiative feeder program. This turned out to be a win-win partnership. But the ECDP associates weren't limited to the internship route. Recruiting from the national university partners and local university strategic partners filled the remaining talent pool opportunities. For example, if a strong candidate from a nonpartner university applied for the ECDP Direct Development Program, they were given fair consideration as a means for evaluating alternate partnership opportunities. When the candidates wanted to limit their engagement to the city of their university, the university was considered a local strategic partner. When the candidates were willing to relocate across the U.S., the university they came from was considered a national strategic partner. The local universities play a critical role in recruiting for offices outside big cities like Chicago (home of Aon Corporation world headquarters), New York, and Los Angeles.

It was clear as the program began rolling out that the associates preferred the Rotational Development Program because it gave them an opportunity to sample practical

Table 1: Rotational Development Program and Direct Development Program

ROTATIONAL DEVELOPMENT PROGRAM	DIRECT DEVELOPMENT PROGRAM
Students are hired within one particular track in large offices (Chicago, New York, Los Angeles).	Students are hired within one particular track in offices across the country.
They rotate three times within 18 months, and the length of each rotation is defined by the track.	Students are hired into a single role and don't formally rotate.
Predetermined business rotations are selected prior to start date.	
Upon successful completion of the program, participants secure full-time placement.	

aspects of their field of education and training, but the managers preferred the Direct Development Program since it ensured that designated talent remained within the team. Associates in the Rotational Development Program needed to find a “permanent home” or job in the company when they completed their rotation, but those in the Direct Development Program already had a specific full-time role.

Here are the program criteria for selecting the associates:

◆ **Description of potential associate**

- Undergraduate student of any major
- Graduating in December of the previous year or May-June of the current year
- A minimum 3.0 GPA

◆ **18-month program** (12-month development plan corresponding to the plan year and a new six-month development plan for the second year congruent with the new annual plan)

◆ **Seven tracks:** Aon Risk Services, Aon Consulting, Actuarial, Human Resources, Accounting & Finance, Strategy, and Aon Re (Aon Reinsurance Brokerage Service)

◆ **Established development plans for each track**

◆ **Ongoing performance management**

Table 1 shows the differences between the Rotational Development Program and Direct Development Program.

Implementation Plan

The ability to sustain the ECDP is contingent on a robust university-company partnership to keep the flow of talent into Aon and on Aon’s ability to nurture the recruited talent and retain the brain trust. Naturally, the implementation cycle starts with an annual campus recruiting process. The recruiting interviews are two parts: on-campus screening interviews conducted by campus champion teams and a final interview at Aon with the Early Career Development Program participating managers. Interview sessions at Aon also give the potential associates the opportunity to experience the real work environment and the respective work groups. Associates selected for the program are brought in for an orientation before they begin their assignments. The Chicago-based three-day orientation typically includes in-depth transition training by HR coupled with:

- ◆ Executive and business unit speakers,
- ◆ Program overview/expectations/development plans,
- ◆ Networking activities,
- ◆ Business etiquette, and
- ◆ Discussion about Aon’s leadership model.

HR has an Early Career Development Program team dedicated to the talent management initiative. The team is headed by the vice president of HR for Americas, which assures executive sponsorship of the strategic efforts. The ECDP director, two HR managers, and an HR specialist work in unison with the campus champions and ECDP participating managers to make the plan come to life and stay focused. The onboarding process takes place at the local offices before the Chicago-based orientation, giving a two-week lead time for the various logistical steps to be coordinated.

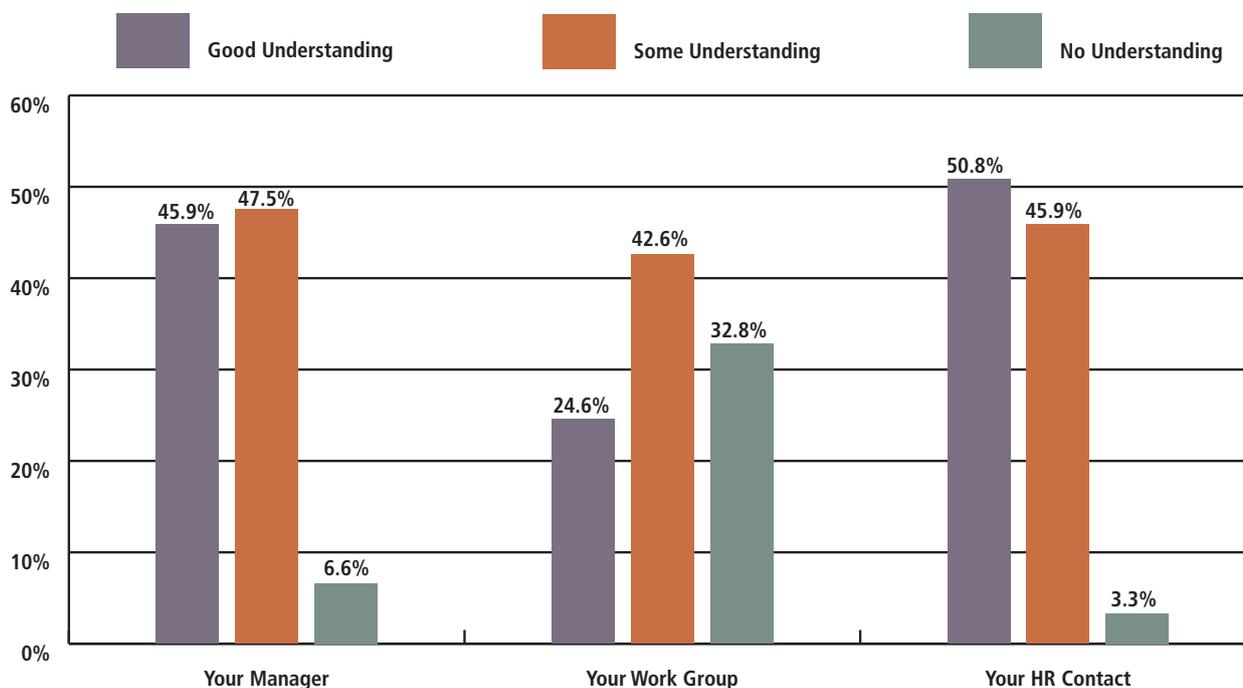
After the first ECDP was complete, Aon conducted a survey to see how the participants felt about the program. The company found that training managers, work groups, and HR representatives are equally important for a successful program. The initial program survey findings shown in Figure 2 illustrate the importance of overall organizational training from the program perspective. The survey results also showed that associates have better experiences and more fulfilling programs if their managers are supportive and are engaged in the program. In addition, if the work groups and HR contacts were supportive of the associates, then the associates had an incrementally beneficial experience.

Transplanting students from universities into work groups won’t automatically harness their potential talent. To bring about an effective transition, the talent has to be nurtured and developed as part of the ECDP curriculum, which encompasses core, track, and department curricula.

Core Curriculum: This is made up of required common learning and development components for all associates. The curriculum aims at developing associates’ soft skills in the areas of value-centric leadership; communication, including listening; decision making; team building; collaboration; critical thinking; basic finance; technology; and mentoring. This curriculum spans the first 12 months and culminates in a graduation presentation to the management team.

Track Curriculum: This is track-specific to provide technical skills and expertise in effective utilization of track-specific processes and tools. Track-specific licenses are incorporated into this curriculum, and associates are required to earn the necessary professional credentials corresponding to their tracks. For example, an associate going through the risk management track is prepared for risk manager licensing, and an associate in the accounting and finance track is prepared for the Certified Public Accountant (CPA) credential. Since insurance is a regulated industry, risk managers are required to be licensed

Figure 2: Importance of Organizational Training



insurance brokers in the state in which they practice.

Department Curriculum: This includes departmental knowledge necessary for associates to function effectively in their roles. For example, the accounting and finance track will train the associate on the processes around journal entries, monthly close, rolling 12-month forecasting, and monthly variance analysis along with teaching how the systems are used to perform the tasks.

The mentoring program, performance management, and peer discussions during networking sessions add to the program's success because they highlight the collaborative nature of the program and emphasize the common stake.

Progress Evaluation and Continuous Strategic Realignment

Program success is tracked and analyzed for university partnership performance, candidate work performance, track-based performance, associate satisfaction rate, manager satisfaction rate, financial impact, retention rate, and overall added value. The company also performs an ongoing SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis to directionally align the continuous progress with the dynamic business needs. This pro-

gram evaluation survey is based on a 360-degree approach to identify what aspects of the program work and what aspects need improvement. Here are more results from the first program survey.

Areas of success:

- ◆ Manager/team training was highly appreciated.
- ◆ Work assignment experience was fulfilling to the associates.
- ◆ Sixty-nine percent of the associates indicated that their developmental goals were met.
- ◆ Eighty-eight percent of the associates said they had good working relationships with managers and work teams.
- ◆ There was a 91% rate of satisfaction with the availability of managers and the assignment team to aid in candidate development.

Areas of opportunity:

- ◆ Quantity of work could be higher.
- ◆ Associates can take on more challenging work.
- ◆ There should be more discussions between the manager and the associates about performance management and the process for establishing objectives or setting goals.

After the initial rollout and feedback, Aon made some

changes to enhance the program. One such enhancement was that the roles and responsibility definitions establish functional clarity and streamlined coordination.

The program management role includes responsibilities such as setting program vision and strategy with business leaders, establishing consistent program definitions and timelines, collecting and reporting key deliverables and metrics, developing and clarifying program roles and responsibilities, recognizing key contributors to the program, and communicating about the program efforts.

The manager role includes ownership of the ultimate accountability for positive and meaningful early career professional experience. The manager works in partnership with the track champion, specifies and drives the development of assignment-related competencies, and carries out the performance development process. Providing continual feedback to associates, maintaining flexibility to support associates in completing all early career development plans, attending all manager training sessions, completing the required performance management training component, managing associates' day-to-day activities, and providing challenging assignments that create opportunities for continual growth are some additional aspects of the manager's role.

Champion roles are scattered across the country and represent all business lines. Champions act as business liaisons to the ECDP team and can take one of four forms, namely track champions, location champions, HR champions, and campus champions. Campus champions build the university partnership as well as establish working relationships with faculty, administrators, and student organizations. They have a campus presence and help establish brand awareness through various campus-based initiatives of the student organizations.

Another program modification was the alignment of the performance management plan with the Aon leadership model. Since the goal was to develop the talent pool, it made sense to instill the leadership values at the point of entry—or when the associates started with the company. The leadership model provides every employee with the fundamental tools to achieve the company's strategic imperatives and is grounded in its core value of acting with integrity across everything Aon does:

- ◆ Deliver distinctive customer value by leveraging relationships, client and industry knowledge, and the “Best of Aon,” which means to bring the best cross-functional team to meet the complex client needs and to present the best possible solution, regardless of geography. In other words,

a natural resource client in the Midwest will get the benefit of the Texas-based Aon Natural Resources Practice in order to provide distinctive solutions, such as risk management solutions, benefits solutions, etc.

- ◆ Develop unmatched talent and high-performing teams through continuous learning, honest feedback, rigorous development, and disciplined talent management.

- ◆ Build differentiated capability through innovation, proven solutions, and deep content expertise.

- ◆ Deliver business results with excellence and the best balance of investment and efficiency.

- ◆ Live Aon's values by always acting with integrity and by working every day in a way that positively impacts clients, colleagues, and communities.

Future Outlook

Recent events have led to a greater number of Direct Development Program associates than Rotational Development Program associates. Clients' need for an uninterrupted service relationship, managers' need for an uninterrupted resource pool, and economics have been the drivers for this shift. Rotational associates will continue working in the accounting and finance track, given the diverse skill set requirement of that professional track coupled with the fact that it doesn't require customer interfacing. Also, consulting, HR, and finance need more resources. Compared to 2007, associate roles at local offices outside major metropolitan areas have increased by 88%, and the 2009 program year saw a 48% increase over 2008 in actuarial roles.

The Early Career Development Program has opened the door for experienced employees to engage in a personally and professionally fulfilling endeavor—to leave their legacy through the development of the emerging generation of knowledge workers. The overall experience has allowed Aon to partner with national and local universities to develop future leaders. And the program has given students the chance to obtain corporate work experience in a career development program. The result of this collaborative long-term effort is a better, more powerful workforce and good community relationships. **SF**

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