



THE TOPGRADING APPROACH TO SUCCESSION PLANNING

by Dr. Brad Smart

“Topgrading” is a term I coined referring to having a team or entire company of high performers. Leading companies such as General Electric, Honeywell, and American Heart Association have overcome major obstacles to succession planning by embracing topgrading best practices.

About 30 years ago I began attacking the single biggest obstacle to effective succession planning: poor assessment of talent. Research over the years shows that even Global 100 companies, thinking they have “best practices” in assessment, don’t. They *really* don’t. Only 25% of the people they promote turn out to be high performers, and 75% are disappointments. And when those same companies go outside, only 25% of those hired turn out to be high performers, and 75% are disappointments. But topgraders achieve 90% success.

	Topgrading Assessment Used	Not Used
High performer promoted or hired	90%	25%
Low performer promoted or hired	10%	75%

Fifteen years ago Jack Welch (then CEO of General Electric) said, “Brad, it’s superficial for succession planning to be mostly based on one boss’ appraisal.” Too many managers promoted didn’t perform at the high level expected. GE embraced what we call the Tandem Topgrading Interview. Two interviewers from a *different* part of the company spend four hours reviewing the total career history of a manager – every success and every failure. Oral 360s supplement the Tandem Topgrading Interview, and naturally include the boss’ appraisal. Fifteen years later GE continues to rigorously apply the tandem interview because of considerably high performance of those promoted.

Similarly, Honeywell and American Heart Association found its round-robin, one-hour competency (behavioral) interviews resulted in too many mis-hires. The Tandem Topgrading Interview was added, tripling the rate of success in new hires.

Dozens of companies, whose case studies are featured in *Topgrading*, have trained managers to do the very comprehensive, chronological, topgrading interview. In every case the improved assessment accuracy turbo-boosted the number of high performers promoted and hired.

The Topgrading Interview Guide is 32 pages long, but the guts of it are quite simple. Ask the person to describe about every full time job:

- Expectations for the job
- Responsibilities
- Successes (*all* major ones) and how they were achieved
- Failures (*all* major ones), how they occurred, and lessons learned
- Appraisal of boss
- Boss' appraisal
- Reason for leaving

You might be amazed, but 90% of selection candidates *arrange* for hiring managers to talk with bosses they've worked for in the past 10 years. (Bosses of high performers aren't afraid of law suits, so they willingly talk.)

SUMMARY

In 30 years I've assessed and coached over 6,500 executives, all of whom had succession planning responsibilities and challenges. Topgraders are *by far* the most successful succession planners, since up to 90% of the people they promote from within and hire externally turn out to be high performers. With high performing teams, those managers earn promotions. And their companies, the ones that have embraced the Topgrading Interview, have performed better because of it.

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