

Pearl Meyer

Quick Poll



How Involved is Your Board in
Talent Management?



Table of Contents

▪ Introduction	3
▪ The Board’s Review of Broader Talent Management	4
▪ Board Responsibility	5
▪ Board Structure	6
▪ Talent Management Data	7
▪ Board Engagement in Leadership Selection	8
▪ Talent Management Topics Being Discussed	9
▪ Talent Management Scorecards and Measures	10
▪ How Does the Board Hold Management Accountable?	11
▪ CEO Succession Planning	12
▪ Boards Engagement in Succession Activities	13
▪ Survey Findings	14
▪ Demographics	15
▪ About Pearl Meyer	18



Introduction

Our Quick Poll survey *How Involved is Your Board in Talent Management?* is designed to provide organizations and their boards a perspective on how and to what degree their peer boards are involved in broader talent management issues and leadership succession planning and management. We look at this at a time when Environmental, Social, and Governance (ESG) issues are gaining directors' attention and when boards are increasingly involved in guiding organizations to connect business strategy and growth with human capital strategy.

Survey results from 244 public, private, and not-for-profit organizations indicate that many boards do take a high-level, strategic role in talent management, predominantly in the area of leadership succession planning. Additionally, we see areas where boards can increase involvement in broader talent management and measure and hold leadership accountable for results.

We hope you find this information useful as you think about the role of your board and the importance for a connection of talent management to strategic goals in the future. If you have any questions or are interested in discussing these findings, please contact:

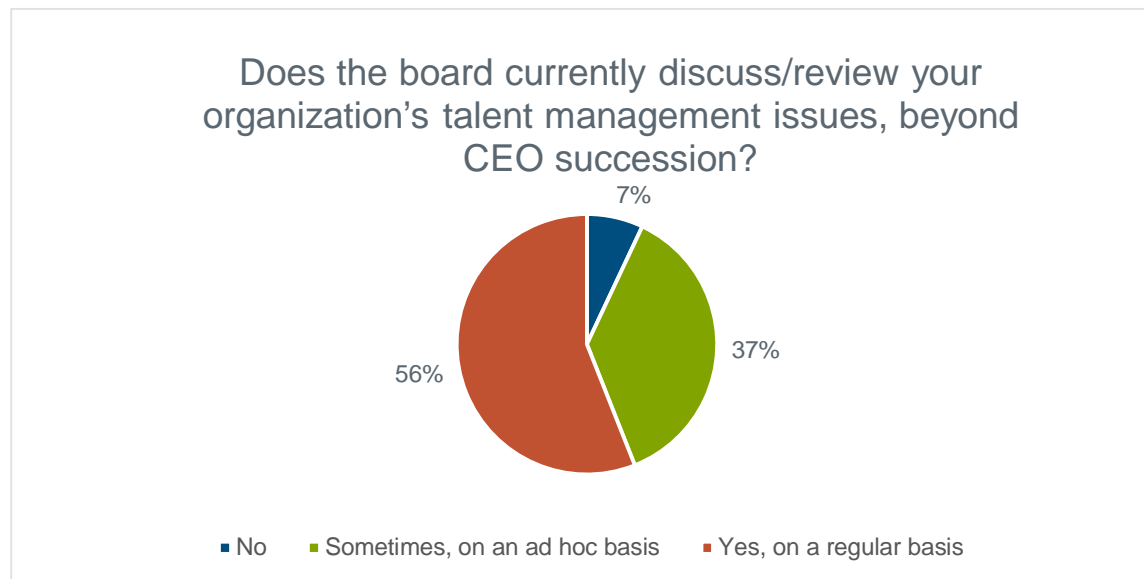
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Talent Management

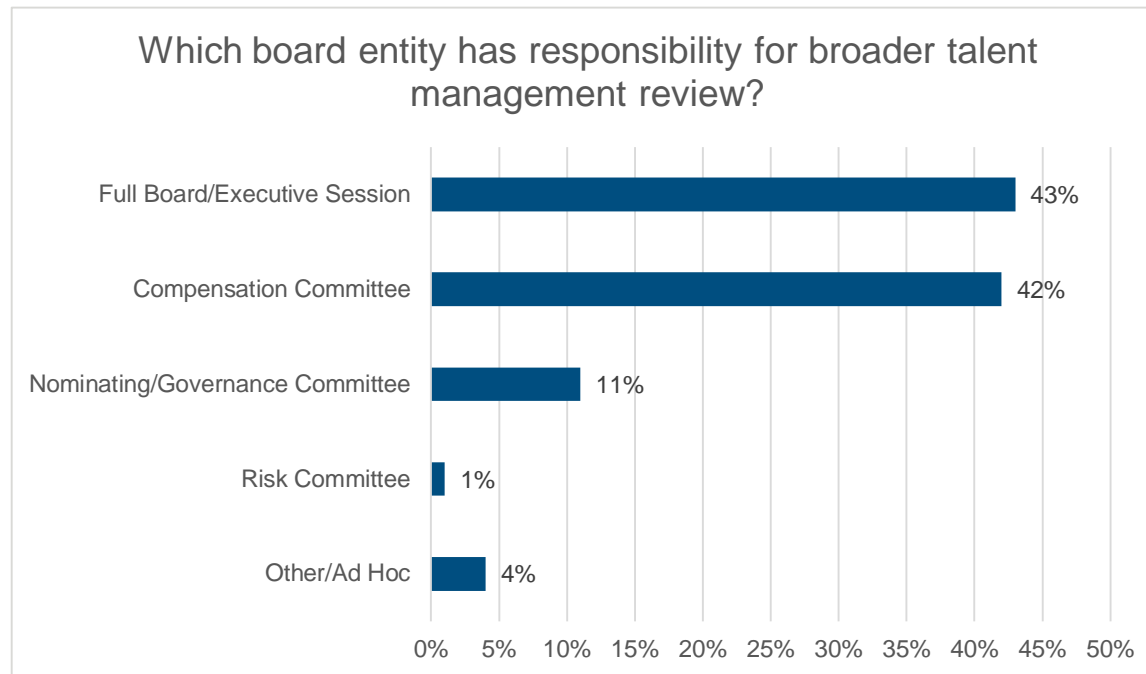
Boards Review of Broader Talent Management

- Of the 244 organizations participating in the survey, 93% discussed and/or reviewed talent management issues beyond CEO succession—56% on a regular basis and 37% on an ad hoc basis.
- This follows the trend of boards becoming more involved in talent management, some more formally, many utilizing a more informal review.



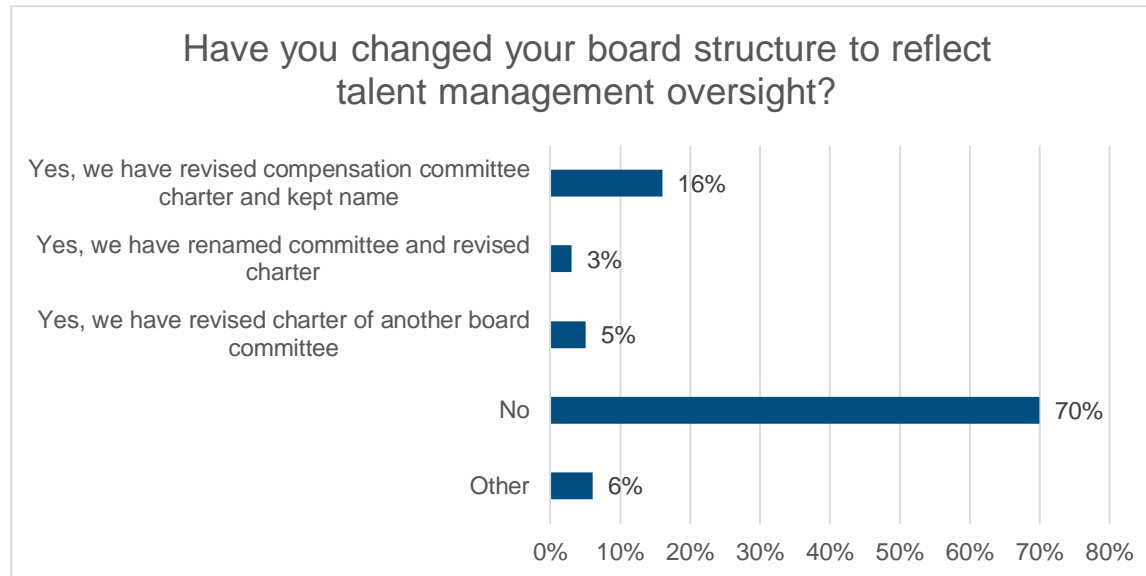
Board Responsibility

- Compensation committees have been expanding their oversight in the talent management area (42% of survey respondents). This is likely a natural outgrowth of their executive compensation responsibilities.
- This responsibility does not fit neatly into most of the standing board committees. Most commonly it is found in the compensation committee or full board/executive sessions (85%); however, for 11% of respondents the responsibility falls with the nominating/governance committee, most likely related to CEO succession responsibility.



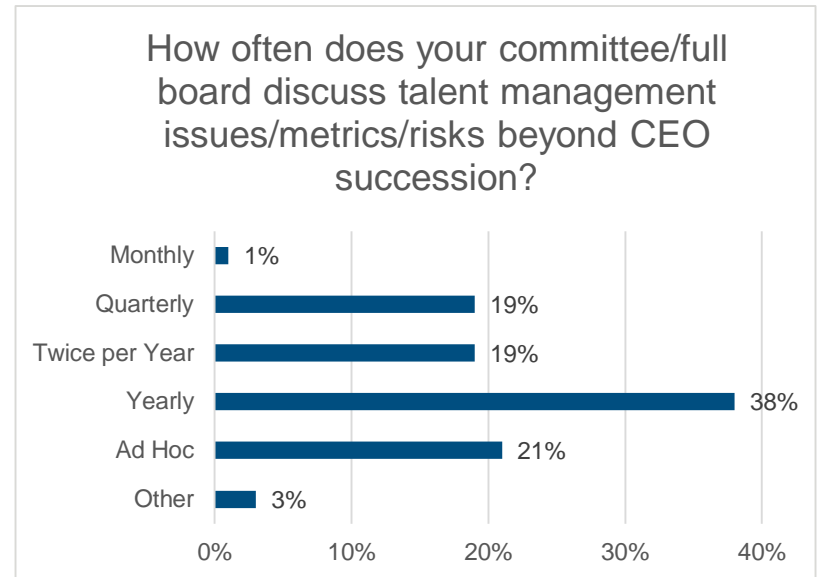
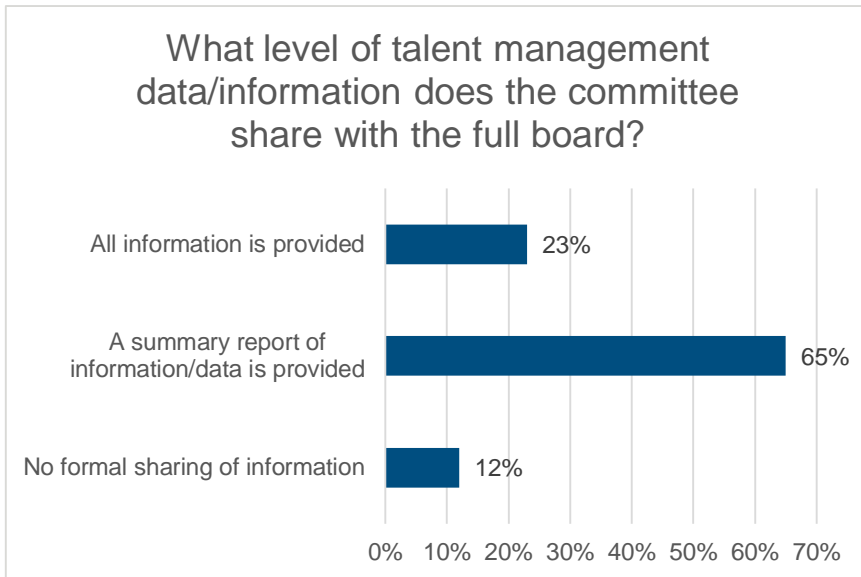
Board Structure

- Approximately half of our survey participants responded to this question of changing board structure to incorporate talent management responsibilities. Of those responding, a majority (70%) have not altered their board structure to incorporate talent management oversight.
- Approximately 20% of compensation committees have taken on new responsibility and some have renamed the committee to reflect that change.
- A handful of respondents who selected “other” stated that the compensation committee has had this responsibility for years.



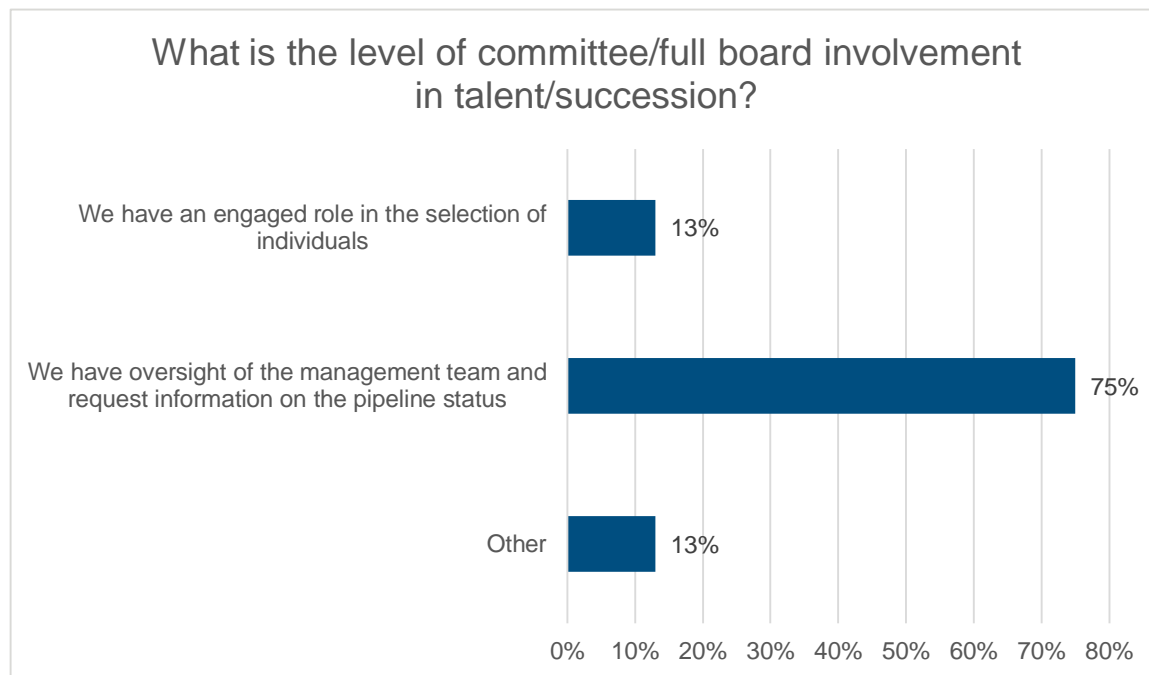
Talent Management Data

- Of the 128 organizations who share information with the board, a majority share summary information/data, one quarter provide all information, and a small group do not have a formal process to share information.
- Frequency of discussing talent management issues/metrics/risks is most typically on a yearly basis (38%) but varies widely with a portion (21%) sharing ad hoc.



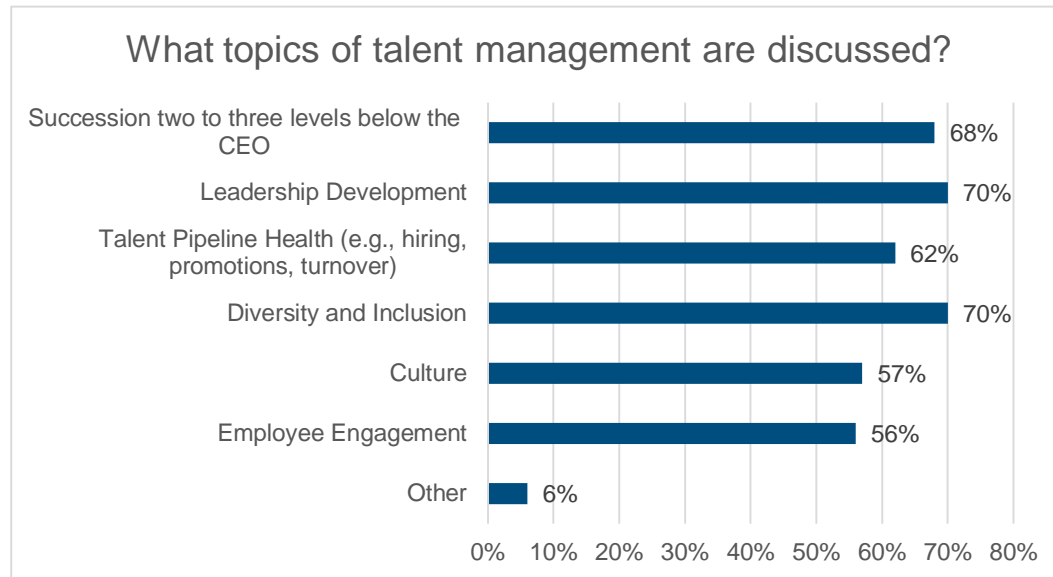
Board Engagement in Leadership Selection

- A clear majority (75%) limit involvement to oversight of the management team and information on the talent pipeline status/health.
- Additionally, 13% responded “other” with the general theme being the board is involved in selection of c-suite or key executive positions.
- Lastly, a small percentage (13%) feel they are very engaged in the selection of individuals.



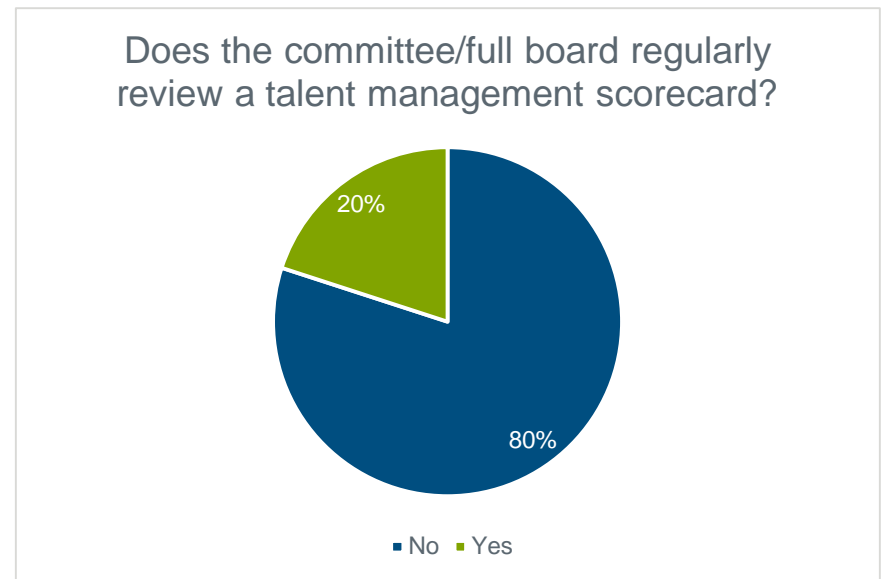
Talent Management Topics Being Discussed

- The organizations responding to this survey discuss a wide range of talent management topics. 228 of the 244 respondents reported talking about at least one of the talent management topics. Highest prevalence of discussion topics were leadership development, succession 2-3 levels below CEO, and diversity & inclusion, followed closely by culture and employee engagement.



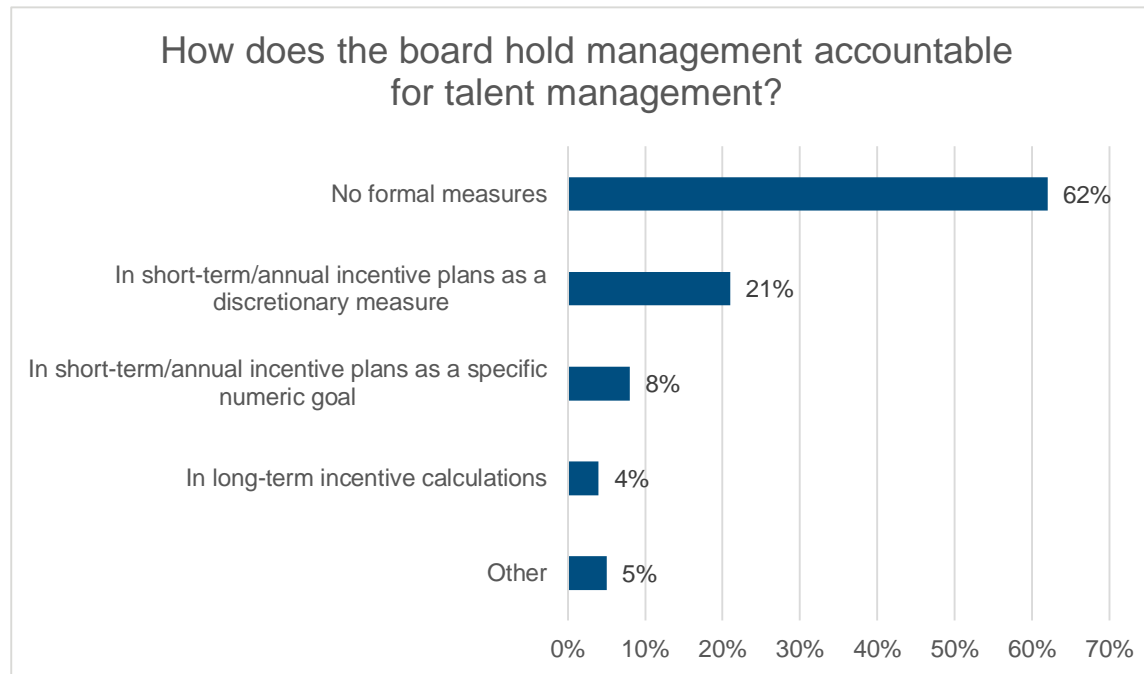
Talent Management Scorecards and Measures

- Formal talent scorecard review occur at only 20% of organizations participating in the survey.
- For those organizations with a scorecard, the measurement categories include:
 - Hiring, promotion, and retention measures by diversity and gender categories;
 - Succession readiness, percentage of leadership positions filled internally, and high performer retention
 - Talent pipeline health, including missing talent and skills, performance levels
 - Pay and performance equity
 - Employee engagement



How Does the Board Hold Management Accountable?

- In the majority of reporting organizations (62%) there are no formal measures in place. Many boards are grappling with how to measure and hold the CEO and executive leadership team accountable.
- For those that do have measures, many include in short-term plans and some include in both short- and long-term incentive plans.
- One organization states under “other” that they include talent management goals as part of the key performance indicators for senior leaders.



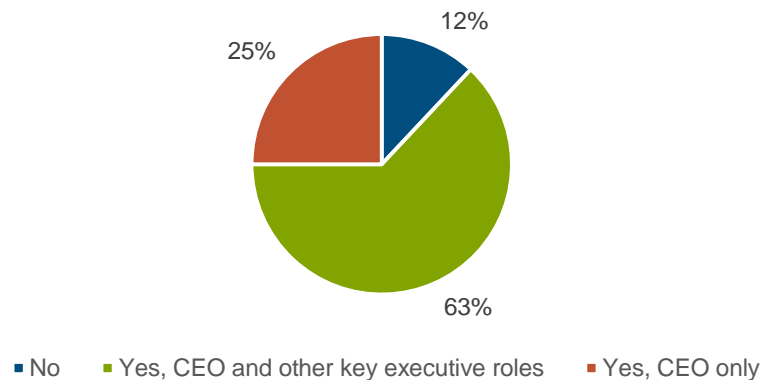


CEO Succession

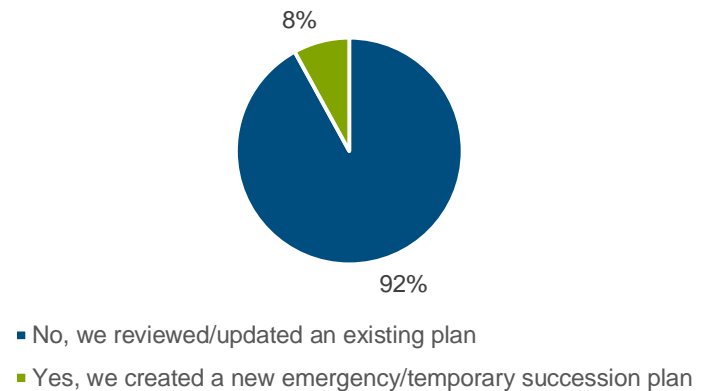
CEO Succession Planning

- Given the current pandemic, there is encouraging news for the organizations in our survey as 88% have emergency and temporary succession plans for the CEO (25%) and the CEO plus other key executive roles (63%).
- 92% of the organizations that have emergency/temporary succession plans had existing plans that were reviewed/updated. Only 8% created a new succession plan.

Does your board have a plan for CEO and other key executives' temporary/emergency succession?



Was the emergency/temporary CEO succession plan created in response to COVID-19?



Boards Engage in Succession Activities

- 80% of boards in our survey engaged in some form of CEO succession planning and management. The most prevalent forms of engagement included:
 - Regular review of high potential talent;
 - High potential exposure to the board through presentations at board meetings;
 - Social interactions with high potentials; and
 - Regular reviews of the leadership succession plan.





Survey Findings

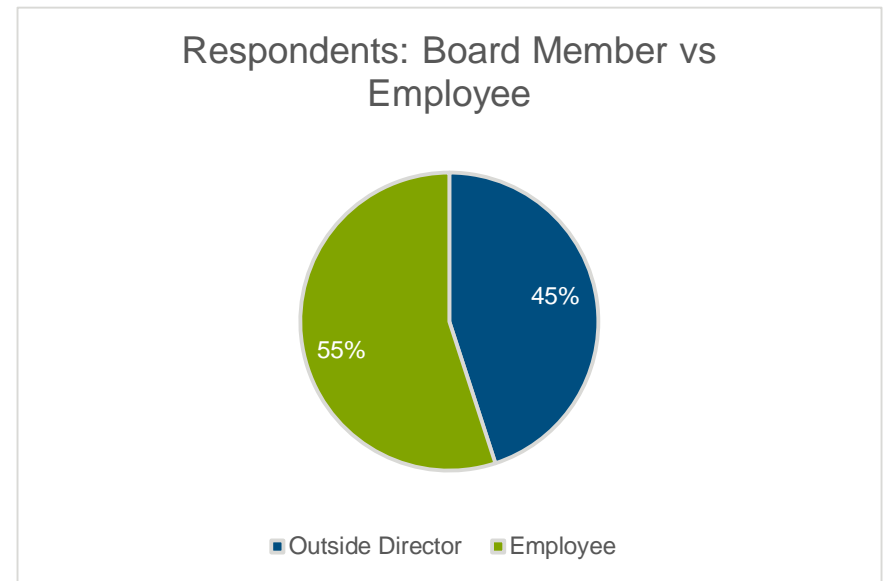
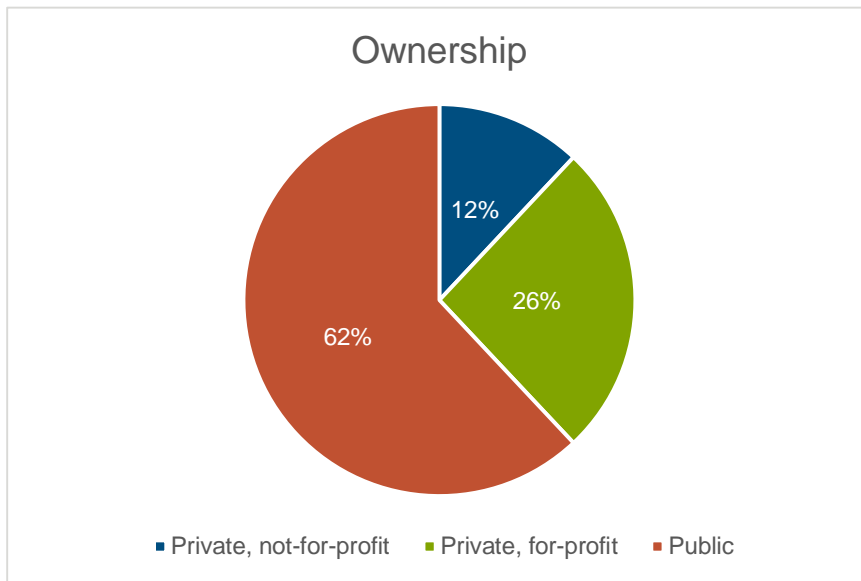
- Boards do appear to be paying attention to talent management issues as they relate to their responsibility for oversight of the organization's strategic plan.
- A majority have formal responsibility for broader talent management and deeper dive succession planning but many processes are ad hoc and informal.
- One area of potential improvement for boards is increasing the review of a talent management scorecard on a yearly or semi-yearly basis as well as creating a way to hold the CEO and executive leadership teams accountable for talent management and succession planning/management results.



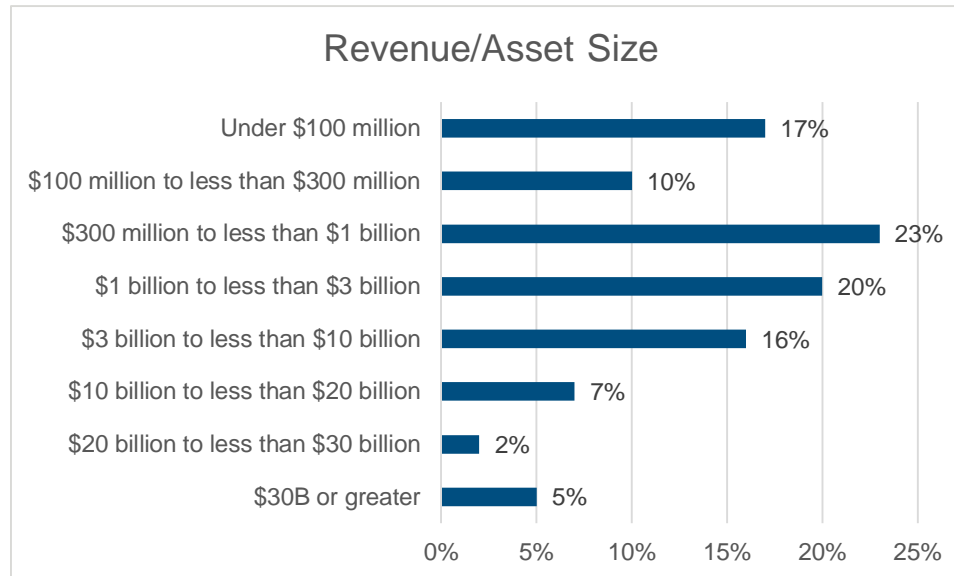
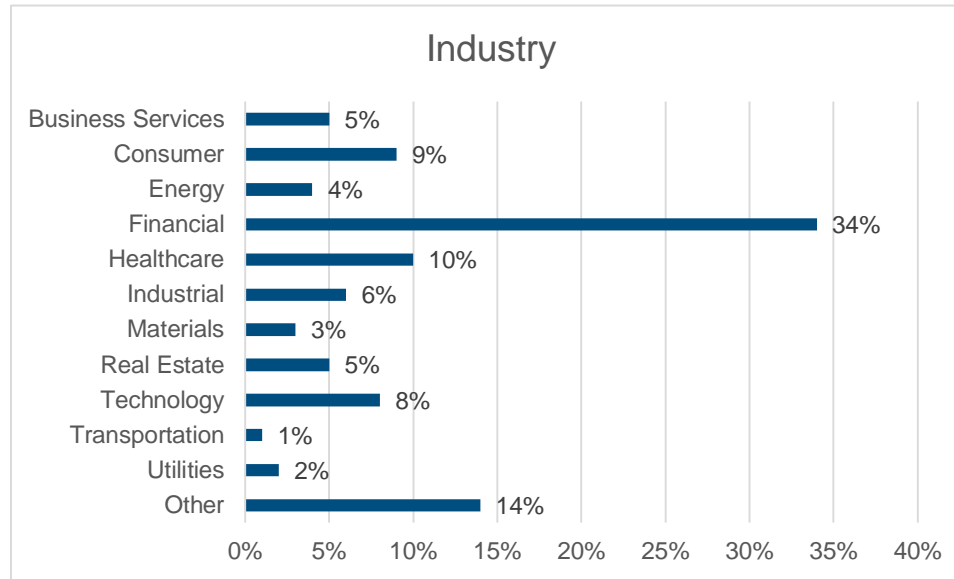
Survey Demographics

Demographics by Ownership and Board Membership

Total survey participation = 244 organizations



Demographics by Size and Industry





About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management on the alignment of executive compensation with business and leadership strategy, making pay programs a powerful catalyst for value creation and competitive advantage. Pearl Meyer's global clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private companies to the Fortune 500 and FTSE 350. The firm has offices in Atlanta, Boston, Charlotte, Chicago, Houston, London, Los Angeles, New York, Raleigh, and San Jose.



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