



CRF COMMUNITY EVENT

TALENT, LEADERSHIP AND LEARNING

At a Zoom Interactive Roundtable on 23rd May, CRF's Talent, Leadership, and Learning Community came together to discuss critical roles – how are they defined and identified, and what happens next?

This summary shares some of the key insights from the discussion.



WHAT CRITERIA ARE ORGANISATIONS USING TO DEFINE CRITICAL ROLES?

- Organisations are exploring alternative criteria for defining critical roles. In general, there is a move toward defining critical roles as those which have the most impact and leverage on the performance of the business and its strategy (with a particular focus on future business needs as the strategy evolves). In other words, which roles are critical to deliver against the business's strategic priorities?
 - » At some organisations, all C-suite roles are automatically deemed critical, yet roles further down have a big impact on performance. Hence the need to define criticality by strategy, not job title.
- Attendees reported many different approaches to defining critical roles against business strategy. These include:
 - » Using a matrix underpinned by five key pillars – the role's level of strategic input, the uniqueness of the skills required for the role, whether the role is high-risk (those roles where making a mistake may result in severe or catastrophic repercussions), whether the role is legally required, and whether the role has a disproportionate value-adding impact on business outcomes (such as cost reduction, increasing sales or revenue, innovation, etc). This organisation uses the matrix for roles C -2 or below (C-suite and C -1 roles are automatically defined as critical).
 - » Using a 'talent to value' methodology, which can result in critical roles that are C -3 or even C -4 (for example, one attendee reported that Heads of Talent Acquisition should probably be defined as critical roles for their organisation right now).
 - » Focusing on accelerated development roles. One organisation has moved away from 'critical roles', instead defining eight accelerated development roles. These roles are open for top talent in the organisation to journey through in order to accelerate their development and gain critical skills. Exposure to and experience of those positions is what is critical.
- » Defining two types of critical role – strategic critical roles and business unit critical roles (and then trying to keep strategic roles free of the influence of local requirements).
- » Splitting critical roles into two groups (value creation and value enabling). As one attendee explained: "We had far too many roles defined as critical, and they were heavily weighted toward financial and legal roles. This meant that conversations were missing other mission-critical roles. Splitting the concept really helped. Critical value-creator roles are revenue generators – roles that increase efficiency, reduce costs, that are customer or supply chain-facing, and so on. Critical value-enabling roles are found in support functions – the cyber-security team, people and culture, IT, communications, and so on. At our last review, we had moved from about 30% to about 10% of roles at C -1 being defined as critical. We are comfortable with that."
- » Re-evaluating whether all executive-level roles are *really* critical. Instead, who are the differential leaders who need to have the biggest impact on the transformation of the business? Is the organisation confident in its knowledge of which roles provide that impact, and that individuals with the right qualities occupy those roles?
 - This organisation identified six strategic priorities and evaluated which executive roles would have the most significant influence on those priorities. Financial and reputational risk were taken into account, but also criteria such as significantly disruptive thinking. This process led from nearly every executive role being defined as critical to about 1 in 5 being identified as having a disproportionate impact on the performance and strategic transformation of the business.
- There was some discussion of whether those roles defined as critical skew toward particular functions. For some organisations, this is so, with a skew toward Finance and Legal roles. Those with a transformation focus to their strategy report some skew toward technological roles. Some attendees reported resistance from senior leaders to having people / culture roles defined as critical in their organisation.
- Some organisations are moving away from emphasising critical roles altogether.
 - » At some organisations, this is because of 'mission creep', for example all executive-level roles automatically being deemed critical.



CRF COMMUNITY EVENT

TALENT, LEADERSHIP AND LEARNING

- » At others, the focus is moving away from critical roles and onto future skills – what is the need right now, and for the next 3-4 years? As one attendee said: "What skills do we need, how do we identify those future skills? How much help does HR need to give the business to identify them? And what does the market look like for those skills?"
- » One organisation started with critical roles but has now moved to hard-to-fill roles: "We started looking at critical roles. We ran a pilot with some identifiers – reputational risk, legal risk, financial risk, hard-to-train skills, hard-to-obtain skills – these identifiers helped the business think about what's really a critical role. That's important, but what's more important to the business right now are hard-to-fill roles. We are really struggling to find tech roles; we have lots of vacancies and it's taking too long to fill roles. So we extended the concept from critical roles to hard-to-fill roles."
- It was agreed that organisations should have a clear process and supporting framework for identifying critical roles. Frameworks are valuable because they add rigour and consistency.
- There was broad agreement that defining critical roles is not just about risk management, but can also be a value creation exercise if done right.



WHAT IS THE OPTIMUM PROPORTION OF CRITICAL ROLES THAT AN ORGANISATION SHOULD HAVE?

- It is difficult to find a benchmark for critical roles. Estimates range from 2-5% to 20-30%.
 - » One attendee reported that they are careful about sharing benchmarks with the business when sharing the scoring matrix (criteria to identify critical and hard-to-fill positions) as they want the business to determine this themselves first, before giving more guidance.
- Many attendees reported that their organisation seems to have an excessive number of roles deemed as critical, and that they are trying to narrow the focus in order to really link criticality to strategic priorities. Some organisations are explicitly linking each role to a particular strategic priority or capability.
- In general, the sentiment is 'less is more'.
- Context and the maturity of business practices are critical. There isn't so much a 'right' or 'wrong' proportion of critical roles as there is a 'what's right for the context of this organisation'.

- One attendee reported that narrowing the focus has helped leaders to think very differently about roles and succession at their organisation. Who is coming behind, do we have the skills? If not, what is our plan to get them? Where are the gaps where a person is not ready?



ONCE CRITICAL ROLES HAVE BEEN IDENTIFIED, WHAT'S NEXT?

- At many organisations, succession planning is the next step after identifying critical roles. This usually takes place for roles at multiple levels.
 - » One attendee explained what this means in practice at their organisation: "Where the successor identified is internal, we would identify skills gaps and discuss development and timeframe. If no internal successor has been identified, this would be flagged and external options considered, including active shadow succession for a select number of roles."
 - » Another attendee emphasised the importance of how succession planning is carried out: "The things we do are simple; how we do it is important. We have a special team of four people in our new structure that only looks at our critical roles. This team takes accountability for having the right talent succession plan and development plan."
- Organisations are also taking time to check whether the current incumbent of a role identified as critical is actually the right person for that role. Future-facing capability is especially important.
- In general, after critical roles are identified, organisations want to be confident about succession pipelines, that they have capable people in those roles, and are clear about retention risk and that they are addressing it.
- Conversations with the business are key. As one attendee said: "So this is a critical role. So what? What does it mean, what are we going to do differently?"
 - » Another attendee reported that conversations about whether they have the right person in a given critical role have been revelatory: "There is huge organisational loyalty to certain individuals; but will these individuals who got us here be able to take us forward? It's quite a provocative question to ask."



CRF COMMUNITY EVENT

TALENT, LEADERSHIP AND LEARNING

- One attended reported that their organisation is moving away from succession conversations with leaders about their people. Instead, they have flipped the script. Key talents are invited to go through workshops that aim to put them in the driving seat. The workshops help them assess their aspirations for their future career, and provide a series of tools to help map out the experiences and roles needed to get there (out of function experience? Geographical move? etc.). The focus is on helping key talents understand what is needed to be a really credible candidate, and enabling conversations with stakeholders across the business to help them think through their path.
- At the organisation that is focusing on accelerated development roles (see first section of these notes), next steps have the following features:
 - » Conversations with line leaders identify the critical skills that talent will gain from going through the role.
 - » Monthly talent planning calls review all accelerated development roles that will become free (either they are already free or the current incumbent will be moving on), and matches those to up-and-coming talent.
 - » The organisation is constantly planning 12-18 months ahead. (Talent is expected to stay in an accelerated development role for 3+ years).



HOW OFTEN ARE CRITICAL ROLES REVIEWED?

- The trend is toward more frequent and regular reviews of what roles are critical, which is appropriate given the uncertainty and rapid movement of the current business context.
 - » Organisations report reviewing: every two years, annually, twice yearly, quarterly, and even monthly for some roles. Momentum seems to be moving toward 'quarterly' for many organisations. There is recognition that there may be increasing instances of roles that are critical for short periods and then drop off again. In one attendee's words: "We are trying to be pragmatic but aiming for 80% accuracy."

FURTHER READING

Beames, Colin. 2016. **Identifying Critical Roles: Easier Said Than Done!** White Paper <https://www.crforum.co.uk/research-and-resources/identifying-critical-roles-easier-said-than-done>

Boudreau, John and Peter Ramstad. 2007. **Beyond HR: The New Science of Human Capital.** Boston: *Harvard Business Review Press.*

CRF. 2021. **Strategic Workforce Planning: Unlocking Future Capabilities** Research Report <https://www.crforum.co.uk/research-and-resources/research-report-strategic-workforce-planning-unlocking-future-capabilities>

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16th June at 12.00 BST

Register your attendance [here](#). Also please get in [touch](#) with any topics that you would like to discuss and feature at the next session.