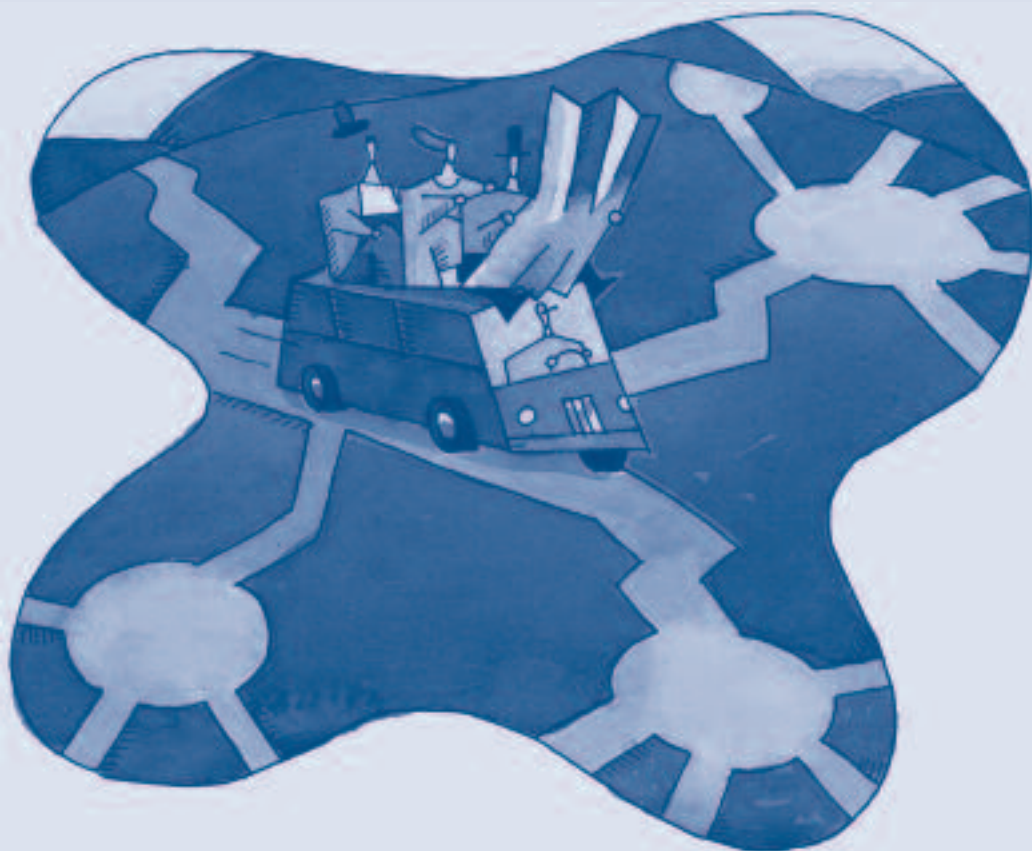


Roadmaps for Developing General Managers: The Experience of a Healthcare Giant

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General management talent depth is an obstacle to growth in many large, multi-divisional corporations across diverse industries. Succession-planning practices usually stop short of producing real development actions for high-potential GM candidates. Utilizing an established talent-pipeline model, general management jobs in a Fortune 20 healthcare giant were content analyzed and a set of five GM archetypes identified. A GM experiences model was created and leadership competencies were mapped to it, leading to a set of career-development roadmaps for growing current and future general managers across the enterprise. Insights from the model can be readily adapted to most large, multi-divisional corporations.



General managers (GMs) are critical members of corporate leadership teams in most major corporations, often directly influencing business results (Charan, et al., 2001). In divisionalized companies, the GM is the critical link between corporate governance and the performance of operating units. In the multi-billion dollar enterprise, these roles exist at multiple levels of the organization, and they are the critical target for talent selection and management development. Many companies identify general management depth as a strategic capability, directly affecting their ability to execute growth strategies. Most rely on GM-incumbent talent pools to feed top executive succession plans, including future potential candidates to replace the CEO.

The general management talent gap is well known by CEOs and top HR officers. Cynthia McCague, senior human resources vice president at the Coca-Cola Company, argues: “bench strength for division presidents is a critical strategic issue for us. We cannot meet our global growth objectives without a steady stream of future GM talent.”

The nature of general management roles varies widely, often within a single large corporation, making it difficult to define effective career paths and development experiences. GMs may manage billions of dollars in sales, with complete operating responsibility for all elements that contribute to before-tax earnings. Group executives, a higher-level of general management, may manage multiple division

their careers to provide experience with profit and loss, customer management, and leading large teams (Arons, Ruh, 2004; Corporate Leadership Council, 2003). These principles characterize the insights of research in the field:

1. Create moves for people with potential to make one or more substantial upward moves.
2. Delegate real responsibility and hold people accountable for sustained results: “development-under-pressure.”
3. Test highest-potential leaders frequently and take increasing risks on those who succeed.
4. Move people across functions and businesses early in their careers (including staff roles that provide additional experience diversity).

Some companies establish broad experiences for guiding GM career moves, including P&L responsibility, cross-national exposure, and experiences in multiple functions. Seacrest, Schlumberger, and others seek to make a percentage of “non-obvious” moves of key candidates, with conscious approaches to managing risk.

There are few roadmaps to guide the GM experience paths, and most companies are not systematic in making tangible development moves. IBM, a devotee of “experience-based succession management,” reports that it discovered three common obstacles to managing development experiences as it set about to improve executive development

Companies that demonstrate the most progress in growing general managers, such as IBM, Schlumberger, Honeywell, General Electric, take risks on the right people early in their careers to provide experience with profit and loss, customer management, and leading large teams.



GMs, sometimes organized into strategic business units, sometimes acting more as organizational span-breakers. In other cases GMs are cross-functional leaders with a primarily operational focus, often managing thousands of people. Still other GMs, in international environments, manage small teams of people charged with marketing, sales, and operations in diverse and difficult geographic footprints in Africa, Asia, and other developing markets.

The importance of developing future GMs has been identified by the Corporate Leadership Council and others (Corporate Leadership Council, 2000). The research makes it clear that GM-academy companies, like General Electric, IBM, and Citigroup, grow these leaders through well-planned experiences that expose them to multiple functions, customers, business models, and, in some cases, geographic environments, over a sustained period of time (Charan, et al., 2001; Kesler, 2002; Sessa & Taylor, 2000).

The most important leadership-development strategies begin with stretch job assignments (not coaching, not education or training, and not role models) (Eichinger and Lombardo, 2002). “Potential general manager candidates should be placed within a range of posts over a long period or be assigned project-based activities if the absences created by job rotations create organizational problems” (Corporate Leadership Council, 2000). Companies that demonstrate the most progress in growing general managers, such as IBM, Schlumberger, Honeywell, General Electric, take risks on the right people early in

(Corporate Leadership Council, 2003):

1. Unclear development goals
2. “One-size-fits-all” career paths for executives
3. Lack of executive access to new experiences

In response to these and other insights, IBM has retooled its practices to rate candidate readiness in terms of “positions-to-readiness” rather than the typical “years-to-readiness,” stressing development actions that must be taken.

In many large complex companies, the title “general manager” reveals little about the nature of the work, and even less about development experiences likely to help to develop incumbents. Research on general managers observes “some general managers assume control of strategic business units and have entire top and bottom line profit and loss responsibility while other GMs assume more transactional responsibilities (Corporate Leadership Council, 2000).” The GM position is frequently one of the top company positions and requires appropriate job design and development to meet business needs.

Planning smart development moves for GMs is all the more difficult for fast-track, senior players, who increasingly expect some form of rationale for job moves. Our research in more than 50 large corporations, as well as our coaching practice with more than 200 general managers, indicates that most companies are not able to provide a clear rationale or template for job moves. General management incumbents move from one role to another as vacancies occur,

driven by short-term needs to minimize business disruption, or sometimes to force a change in past management practice in business units that may be suffering losses.

Ambitious, often young, general manager incumbents and candidates are highly motivated to assume greater responsibility for business results, and, when top management are not able to articulate clear rationale for job moves linked to management development and other strategic business interests, these aggressive achievers create their own mental models for career progression. Disappointment awaits when job moves do not fit the high-potential's schedule or ambitions for upward movement. In contrast, when incumbents receive smart, understandable models and rationale for talent strategies, our experience indicates they are very willing to be part of the company's management-development agenda.

Lessons Learned at McKesson Corporation

McKesson Corporation, a \$75 billion diversified healthcare company, is organized around lines of business that include pharmaceutical distribution and hardware manufacture, as well as software products and integrated-data services, serving multiple customer segments. Like other large, multibusiness corporations, McKesson's organization includes multiple levels of general management, and numerous GM-position designs, suited to the highly varied nature of its business portfolio. This role diversity is both a challenge and an opportunity with regard to managing its talent pipeline. Faced with gaps in its general management talent pools, the chief executive and his executive vice president of human resources worked to make the executive-talent process more effective. They were confronted, however, with a number of challenges in attempting to move high-potential leaders across business units, especially across major operating groups of the company. Group executives sought answers to why they should release their best and brightest to other parts of the business. High-potential incumbents asked to understand career paths or rationale for accepting proposed job moves, especially to roles that appeared to be "smaller jobs" than the ones they were already holding. Key leaders in the business were not clear where proposed job moves might lead or what learning they would gain from a business that was foreign to them. McKesson's executive committee intuitively knew that job moves for highly talented leaders made sense and that it was their role to build the leaders of the future. But a model—a roadmap—was needed to guide the coaching of high-potential leaders, to institutionalize the process.

The challenges in McKesson are common to many or most large divisionalized corporations. In an effort to understand those challenges, the top HR executive set out to learn more about the nature of GM roles in the business, and to search for a set of practices for pulling talent through the GM talent pipeline.

Close examination of GM roles across McKesson's businesses, and interviews with 25 general managers at multiple levels within the healthcare giant, revealed a set of issues typical of large, complex companies. The problem statement, prepared by a GM-development task force at McKesson, provides clues to defining effective developmental job-move practices:

1. GM-position role design, by necessity, includes wide variations in accountabilities, functions managed, and competencies required, ranging from:
 - Leaders of stand-alone strategic business units (of various sizes) with accountability for all facets and functions of their business, to

- General sales and distribution (functional) managers, in some cases directly accountable for sales revenues ten times those of SBU presidents, to

- Product GMs, managing business strategy, complex product planning, and development and customer fulfillment (but without direct accountability for sales attainment).

2. Traditional compensation market-pricing criteria (sales volume, headcounts managed, and assets controlled) provide little guidance to development paths.
3. Hence, there is a lack of clarity concerning the "development-value" of various GM roles and feeder roles, especially with regard to these kinds of factors:

- Complexity/critical thinking

- Strategic contribution

- Number of people managed

- Sales and profit volume

4. Most GM incumbents are ambitious and seek more clarity about future prospects for advancement.
5. Without effective criteria to guide development moves, most of today's GM incumbents (and feeder group incumbents) focus on scale and other obvious signs regarding "big jobs" in the business and think narrowly about their future career paths, often within their immediate division or group. (Their bosses often think the same way.)
6. Paradoxically, many GMs and GM prospects feel "dead-ended" and unclear about future opportunities.

In order to increase the pool of future general managers in McKesson it was clear that these objectives should guide the development of a more proactive general management program:

- Differentiate the nature and scope of the varied kinds of GM roles presently existing in the company.

- Identify competency-based (and other) criteria for selecting leaders into those varied roles.

- Provide a rationale for effective movement of key talent through experiences that grow GM leadership breadth and depth.

- Help GM incumbents and candidates to make effective career and development choices.

- Assure that the education curriculum provided is clearly targeted to the needs of general managers.

"Development-Value" Criteria for Guiding Talent Movement

The problem analysis at McKesson led to a key insight: Talent movement and individual career-development planning should be guided by a set of criteria for comparing the benefit of various jobs moves for a given candidate. To reach a clear picture of the relative development value of one role versus another, the real nature of the various GM roles or types in the business must be understood.

In McKesson, GM roles were content-analyzed utilizing the talent pipeline model, first identified by Mahler, expanded by Drotter, et al. (2001), and operationalized in our work with numerous large corporations.

The career-crossroads model (Mahler, 1986; Charan, et al., 2001) provides a way to differentiate the intellectual and emotional demands of successive levels in the talent pipeline. Each successive tier of leadership responsibility represents an order of magnitude change in complexity, work values, and requisite competencies compared to the previous level. Drotter and his colleagues have provided a rich understanding of the transitions through which leaders must successfully navigate, thereby providing effective constructs for identifying and developing future senior leaders. (See Exhibit 1.) Adapting the work of Mahler, et al. (1989), and Kesler (2002), the McKesson team focused on three categories for understanding the nature of GM roles in the business in terms of three sets of criteria:

1. Intellectual complexity requirements
2. Motivation profile requirements (work values)
3. Competency requirements

Each of more than 40 GM positions was analyzed against these three sets of criteria. The analysis led to the identification of five general management archetypes across the enterprise, and throughout all of its lines of business. The five archetype positions were defined in terms of three sets of criteria. These definitions, detailed in a set of tables, provide a clear picture of the GM positions, which could be

Competencies are the third set of criteria for understanding the differences in managerial work requirements. These include knowledge, skills, and personal attributes, most of which can be developed through a series of effective job experiences (Barner, 2000). Development can be accelerated by timely jobs moves that expose managers to varied functions, profit models, and markets. At IBM, competencies have been defined for four senior leadership roles, and a set of experiences has been mapped to the competency model for each (Corporate Leadership Council, 2003). Watkins argues that each new incumbent in senior roles can learn most from the assignment by setting a personal learning agenda, which starts with identifying sources of insight in the new role—a structured means of listening to internal and external constituents. (Watkins, 2003)

The McKesson leadership development team utilized these three sets of criteria (complexity requirements, motivation requirements, and competencies) to understand variations in five general management position archetypes in order to define logical career-development paths for current and future leaders.

Five General Manager Archetypes Emerge

Interviews with 22 GM job holders and a review of 40 GM job descriptions were analyzed to understand the differences in complexi-

The first motivational requirement of new general managers is the drive to set aside functional activities from past roles, and to demonstrate a genuine breadth and depth of interest in multiple functions that must interact to deliver business results.



used to identify better selection criteria and more effective development experiences for building future general managers. We will examine the three sets of criteria.

The ability to manage *complexity* attempts to define a set of intellectual abilities required for success in a given leadership role, including running a business unit. Ability to manage complexity is a key “differentiator” within a given field of candidates in the sense that it tends to be “hard-wired,” and difficult to develop. The nature of strategy development work in the functional GM positions, for example, focuses on a limited set of trade-offs, primarily related to functional issues, compared to the strategic decisions required of the SBU GM, who manages all elements of the business for the long term. Group GMs (Manage Multiple Businesses, in the crossroads model), in contrast, must find synergies among multiple businesses in a portfolio. (See Exhibit 2.)

The *motivational requirements* of successively higher levels of management vary, and can be measured in terms of a candidate’s demonstrated drive to delegate, to manage profit and loss, to focus on external customers, to build an organization, and other behaviors that indicate a shift in work values and motivation. Jaques (2002) argues: “the level of a person’s capability to do a particular (role) will depend not only upon cognitive power but also upon how much he or she values that kind of work.” The first motivational requirement of new general managers is the drive to set aside functional activities from past roles, and to demonstrate a genuine breadth and depth of interest in multiple functions that must interact to deliver business results.

ty, motivational profile, and competency requirements. Positions included large operational GM positions, small P&L unit leaders, and managers of strategic business units. The variations among 40 GM positions were identified on the basis of job content, as defined by:

1. What is the operating focus of each position, relative to customers, products, and business models, etc.?
2. What is the nature of organization managed by the incumbent, in terms of functional scope or processes managed?
3. What decisions are commonly made by this position and with what degree of oversight?
4. What impact does the position have on both the income statement and the balance sheet, reported by the corporation?

The responses of GM incumbents were content-analyzed. Complexity, motivational and competency requirements were defined for each position, based on the responses. The job content began to reveal five clusters, each characterized by similarities with regard to the scope of decision-making (especially strategic content), and with regard to financial and organizational scale, as well as the breadth of functional accountability. Through a series of iterations, five general management archetypes became clear. (See Exhibit 3.)

1. Product or Market Segment GM
2. Functional GM
3. Stand-alone SBU GM
4. Multi-Business GM
5. Group GM

These job families do not necessarily represent organizational levels, and, as it became clear to the authors, they do not represent a simple progression in terms of importance to the business, or market value, from a compensation point of view. They do differentiate the nature of work performed by incumbents who are characterized broadly as general managers in McKesson, and, in our experience, in many other companies as well.

To test the comprehensiveness of the archetypes, 40 general manager positions were sorted into the five job families, and the categories proved descriptive.

Next, the five job families were mapped against the career crossroads model. The model differentiates “manage a business” from “manage multiple businesses,” but it is clear that GM roles vary widely, and that within a single level in the model (e.g., manage a business), a series of job moves into roles of greater accountability might take place. What McKesson’s research reveals is that these varied roles may be qualitatively very different, without necessarily being more or less important or valuable to the enterprise. *What is important is that these qualitative differences (in complexity, motivational and competency requirements) provide varied developmental value in the process of growing general managers.*

The complexity, motivation, and competency requirements revealed what was already intuitively clear: The move to stand-alone SBU general manager was a break point in the demands for senior leadership development. These positions required the relatively autonomous management of all functions and all matters of both strategic and executional accountability—a significant career crossroad.

Less clear was what the direct feeder positions for these jobs should be, and narrow progression through grade levels had not produced the general management candidates needed in McKesson’s rapidly changing business portfolio.

The five archetypes allowed management to compare the true nature of GM positions. The product or market segment GM positions, for example, tended to manage smaller organizational units, employing typically a few hundred people, and delivering, perhaps, \$100 mm in revenue. In contrast, the scale managed by sales and distribution general managers in the distribution business included thousands of employees and billions of dollars in revenue. It is tempting to consider, in this case, that the functional GM role is a much larger position, and it is easy for incumbents to focus their career goals on this kind of scale.

But the analysis of the job families demonstrated the importance of growing GMs through experiences unique to these varied assignments: In the product/market GM positions, incumbents managed a broader set of functions, with greater accountability for strategy creation, strategic marketing, and product management. In the sales and distribution GM role, incumbents were completely accountable for sales volume attainment and customer fulfillment, requiring the ability to project strong leadership over a relatively large organization.

Two Dimensions for Development: Scale and Impact versus Strategic Complexity

Historically, the company had faced challenges persuading incumbents in the two feeder-group GM roles to move from one of these job families to another. Those managing \$3 billion in sales and distribution (and thousands of employees) asked why they should

move to small product business units, managing \$150 million in sales with many fewer employees. Those in the product business units were accustomed to managing complex matters of market research, product, and market strategy, as well as customer service and supply-chain management. These incumbents asked why they should move to jobs of narrower scope, just because sales and contribution volumes and employee complements were many times greater in scale.

The essence of the difference in these roles became clearer as the five archetypes were reconsidered. Two key dimensions characterized the key differences in most GM roles in the business. These were reduced to a development-experiences grid, and various GM positions in the business were plotted to that grid. (See Exhibit 4.)

The first dimension, scale and impact on the enterprise, is typified by the positions that manage very large teams, which include these kinds of elements:

- Accountability for sales and earnings before income taxes
- Number of locations and people
- Contract decision scale
- Account size and impact

The second dimension in the development-experiences grid, business and task complexity, reflects those jobs of greater strategic challenge, demonstrated in qualities such as:

- Accountability for strategic offering
- Scope of functional reports
- P&L variables and accountability
- Breadth of skills managed
- Nature of business model(s) & strategies

Clearly in McKesson’s portfolio of businesses and P&L centers this role-diversity is a strength in building experience maps. Key candidates should have the experience of managing accountabilities linked to both scale and strategic complexity. As in many or most large divisional companies, this strength is not leveraged.

To test the apparent development benefits of these varied roles, competency dimensions, used by senior executives to assess the potential of current and future general managers, were mapped against the grid. (See Exhibit 5.) It soon became clear that competencies such as large-team leadership, decisiveness, and results orientation were clearly tested in jobs most associated with scale and impact, especially in jobs managing billions of dollars in sales and thousands of employees, with direct accountability for customers. In contrast, strategic thinking, influence, and innovation were fundamental to success in market segment or product category GM roles, where leaders created substantially new business strategies in response to new technologies and shifting customer expectations, and were required to influence pooled selling organizations to achieve revenue targets.

Development Roadmaps Emerge

The development-experiences grid and the five GM archetype models provided a basis for identifying development roadmaps for future and current general managers. Using the archetypes as broad GM job families, the team began to experiment with potential development scenarios for incumbents in an effort to identify broad experience maps that could be applied to any incumbent in any of the five families.

As the team worked to identify effective job moves, a template emerged. (See Exhibits 6 and 7.) The template for each of the five archetypes included a set of “on-ramps” and “off-ramps.” On-ramps included feeder positions that were likely to provide experiences to grow the basic competencies critical to assuming a position in the job family. Off-ramps were other GM positions (from among the five archetypes) to which incumbents might move to gain new experiences against the 2x2 grid. Between the on- and off-ramps (in the template), requisite experiences and selection-focused competencies were listed, critical to positions in the job family. Competencies that were likely to be developed, while performing in this job family, were also defined for each template.

A template, or development roadmap, was populated for each of the five archetypes, the relationships among them beginning to become clear. A kind of cascade emerged in which each experience map fed into the next. A given candidate might move from template to template over time en route to senior executive accountability for a business.

The applications for these models soon became clear. The lack of development action is apparent in the succession-planning processes in many companies (Kesler, 2002). CLC’s recent benchmark study of

2. Candidates should remain in positions of real responsibility for two to four years, moving in a timely fashion after successful results have been measured.
3. Turn-potential GM candidates should all have “individual development plans”—worked on with their boss—guided by the model.
4. Candidate slates for all GM positions will be established from a pool of candidates from succession-planning documents, with multiple business-unit candidates for a given slate.
5. All GM candidates should be screened by interviewer/raters from multiple business units (guided by appropriate competencies).
6. Compensation treatment will be flexibly applied to facilitate movement (overseen by corporate compensation).

Integrated Talent Practices

The GM archetypes, the development grid, and the development experience paths also provide a means of integrating talent-management practices. The team at McKesson identified a number of go-forward practices that will be re-developed, consistent with the models. Members of the corporate HR centers, as well as business-unit HR leaders, can utilize the models to integrate their overall talent-man-

McKesson's development maps . . . provide a structure for top executives to use during talent management sessions to guide development planning. For those rated as high “turn” potential, the experience paths provide future job assignment options.



practices reveals “a significant percentage of organizations are not very effective at delivering such development experiences to their staff.” (Corporate Leadership Council, 2003) Most leadership teams lack effective models, or even principles, to guide identification of substantive development actions, and good intentions rarely produce new results. McKesson’s development maps, which are adaptable to other functions and companies, provide a structure for top executives to use during talent-management sessions to guide development planning. Candidate potential is now rated based on the requisite competencies, mapped in the templates for a given job family. And for those rated as high “turn” potential, the experience paths provide future job assignment options. A field of candidates in the same job family can be considered for these moves at one time and effective choices made. HR professionals networked across the businesses, utilizing the maps to identify job-brokering opportunities on an ongoing basis.

The models were also useful in helping senior executives conduct career discussions with the GM incumbents in their business groups. There was now a means of explaining to high-potential leaders why it made sense to complete development job moves that had previously lacked clear logic, and, more importantly, had lacked organizational purpose and sponsorship. The development roadmaps provide vocabulary and templates common to the entire enterprise.

These practices were guided by a set of principles, developed by the GM-development team, aimed at creating a deeper bench of GM talent across the enterprise:

1. Candidates with turn potential should move across “types” and businesses early in their careers when there is greater flexibility.

agement practices and plans.

Once a company has developed these templates and roadmaps, staffing tools (interview guides, candidate slate search practices, etc.) can be re-engineered to reflect the differentiating competencies articulated for each job family. External recruiting strategies should be aligned to specific bench-depth gaps called out in each of the five job families. All assessment and feedback tools, such as 360-degree survey instruments and the tools utilized by calibration-committees, as part of succession planning, can be aligned with the models. Individual development plans should be guided by the development paths. (Rothwell, 2001) The models provide a framework for leadership curriculum focused on general managers. At McKesson’s annual senior-management strategy forum, a workshop was developed to provide senior leaders a hands-on experience in applying the model as a guide for career-development planning. Future curriculum needs were identified, based on the general management study, relative to executive influence skills and organization development skills.

Derailers (Eichinger & Lombardo, 2002) can be identified for each of the GM archetypes, useful in supporting career dialogues and performance reviews with general managers. (See Exhibit 8.)

Building Development Roadmaps for General Managers

General management talent depth is a strategic issue common to companies regardless of markets, competitive challenges, and geographic presence. But the nature of general management work varies widely. Within a single company, variations in job

complexity, motivational needs, and competency requirements are often high. This diversity presents challenges, but it also offers opportunities in creating career paths that greatly enrich the development of future senior leaders.

An eight-step process can be adapted by most large multinationals to create an effective GM-development program:

1. Engage top leaders in defining the nature of GM work and future development needs in the business.
2. Use the archetypes model to define basic GM job families.
3. Define the intellectual complexity requirements, motivational profile, and competencies needed in the GM job family.
4. Map current GM roles to the experiences grid: terms of scale versus strategic complexity or other factors most critical to the business.
5. Map critical competencies to the experiences grid to demonstrate which roles are most likely to development them.
6. Adapt the development roadmap templates to guide effective talent movement across the enterprise.

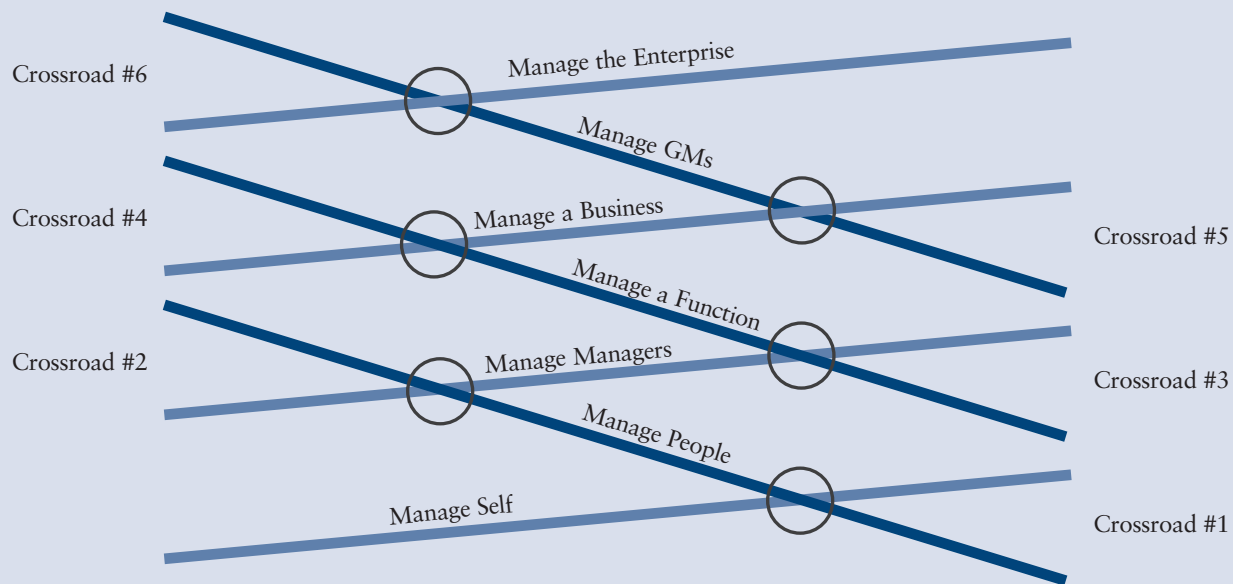
7. Adopt a set of principles to guide strategic talent management and flow.

8. Align all talent-management practices around the road maps and experience grids.

Developing seasoned general managers takes years. A planned approach should provide an intelligent mix of functional, geographic, and business-model experiences over 10 or more years, after leaders first assume responsibility for managing a team of people (Mahler, 1986). Today's succession planning practices often do not produce real change because they lack action-oriented development plans that make a difference (Kesler, 2002). Career roadmaps, like those developed for McKesson, provide a tangible means of increasing the traction of these initiatives, especially effective with general management candidates, but also useful in building marketing, financial, and technical management bench. The impact of these practices is greatest in the hands of senior line executives, who really are the players accountable for the growth of future leaders in the business.

EXHIBIT 1

The Career Crossroads Model



Source: W. Mahler and S. Drotter

EXHIBIT 2

Definitions: Job Complexity (Based on Crossroads Model)

Manages a Function/Product		<i>Crossroads Level</i> Manages a Business			Manages Multiple Businesses
Product/Market GM	Functional GM	SBU GM	Multi-Business SBU GM	Group GM	
<ul style="list-style-type: none"> ■ Make trade-offs among program options ■ Go-to-market planning ■ Set 3-year product and market strategies ■ Meet customer requirements for feature and form, integrated with future enterprise architecture needs ■ Sort through overlapping sales channel issues ■ Work across units to provide solutions in a matrix environment 	<ul style="list-style-type: none"> ■ Manage trade-offs between customer retention and P&L demands (e.g., pricing) for long-term ■ Set 3-year sales and distribution strategy for the business ■ Manage overlapping sales channels ■ Manage decision making through matrix organization (e.g., negotiating supply contracts) ■ Manage relatively complex financial model ■ Optimize DC network 	<ul style="list-style-type: none"> ■ Trade-offs among alternate investments within category ■ Set 3-year strategy for all elements of the business and its markets ■ Design organizational structure and policy ■ Shape financial policy ■ Manage complex financial models 	<ul style="list-style-type: none"> ■ Trade-offs among alternate investments across multiple offerings ■ Set 3-year strategy for all elements of the business and its markets ■ Design organizational structure and policy ■ Manage complex financial models 	<ul style="list-style-type: none"> ■ Seek synergies among portfolio units to achieve competitive advantage ■ Create integrative strategies to leverage capabilities (e.g., end-to-end patient safety) ■ Set 3-5 year strategy ■ Manages multiple profit models in the McKesson portfolio 	

EXHIBIT 3

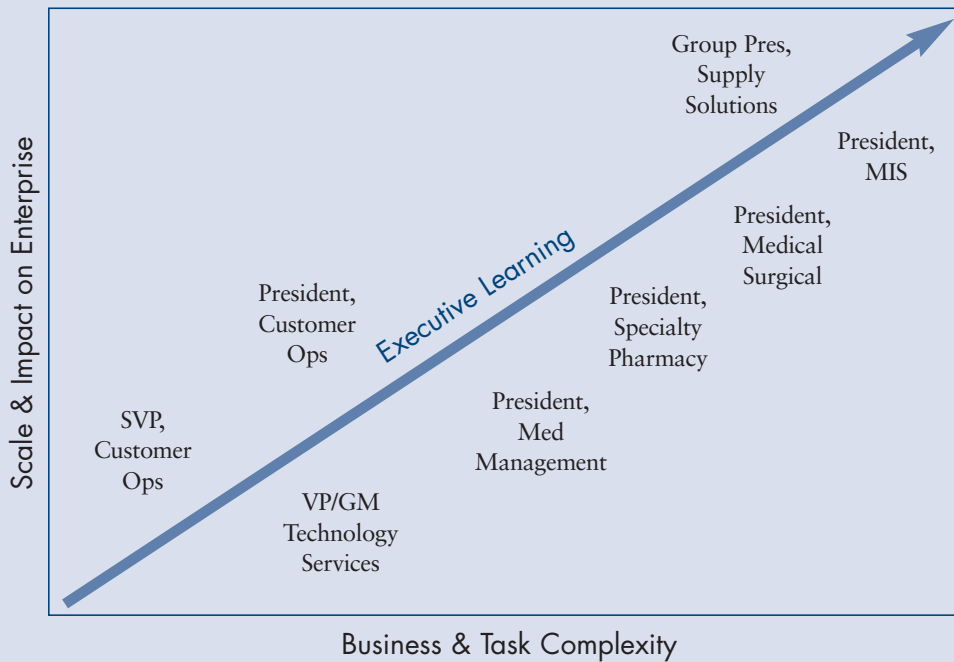
Basic Definition of Five GM Types

	Manages a Function/Product	Manages a Business		Manages Multiple Businesses	
<i>Criteria</i>	Product or Market Segment GM	Functional GM	SBU GM	Multi-Business SBU GM	Group GM
Operating Focus	Product, service or market segment w/ P&L (\$75 – \$250mm revenue), focused on all facets of product management & development	Major operating unit with multiple functions w/ P&L (\$5-6 bb revenue) focused on corporate strategy execution	Stand-alone strategic business unit with all functional accountabilities and full P&L (with variations in \$ volume)	Stand-alone strategic business unit with multiple products or services, often in multiple divisions or SBUs	Multiple SBUs with consolidated P&L Responsible for external stakeholders and policy
Organization Managed	Product management Product development Sourcing Customer mgt.	Multiple functions, typically including pooled sales and distribution functions and support roles	All business functions represented, excluding legal and treasury	All business functions represented	Multiple SBUs Group staff functions Strategic planning
Decision Authority	Product positioning & plans Product development portfolio Pricing with committee oversight Customer (external) escalation & issue resolution	Direct impact on external customers Pricing within set corridors Buy-side purchase decisions Staffing Recommends physical plant	Same as Product GM & Functional GM with additional authority and less oversight	Same as Product GM & Functional GM with limited oversight	Same as SBU GM with very high degrees of autonomy across multiple business model
Impact on P&L	High impact on expenses Some impact on bookings	High impact on specific volumes with material impact on McKesson business results	High impact on all operating income elements ROI targets	Very high impact on all operating income elements ROI targets	Total accountability for all operating income elements for the long term

EXHIBIT 4

Development Experiences Grid: Scale vs. Strategic Complexity

McKesson has many opportunities to grow leaders



Scale & Impact On Enterprise

- Number of locations & people
- Sales & EBIT \$
- Contract decision size
- Local vs. national accounts

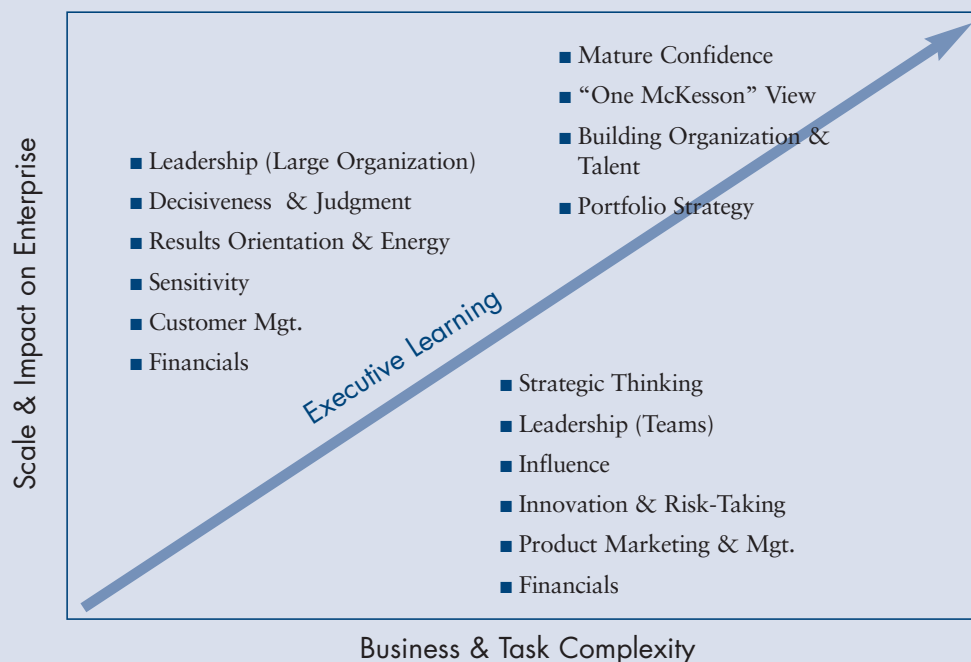
Business/Task Complexity

- Single vs. multi-product
- Scope of functional reports
- P&L variables & accountability
- Nature of skills managed
- Nature of business model(s) & strategies

EXHIBIT 5

Development Experiences Grid: Impact of Varied Experiences on Competencies

Development occurs through multiple assignments in McKesson



- Leadership (Large Organization)
- Decisiveness & Judgment
- Results Orientation & Energy
- Sensitivity
- Customer Mgt.
- Financials

- Mature Confidence
- "One McKesson" View
- Building Organization & Talent
- Portfolio Strategy

- Strategic Thinking
- Leadership (Teams)
- Influence
- Innovation & Risk-Taking
- Product Marketing & Mgt.
- Financials

Implications for Career Planning

- GM talent should be moved through a succession of roles in logical "paths" in order to develop or demonstrate these competencies
- Development paths are *not linear*

EXHIBIT 6

Product/Market GM: Development Roadmap

Positions that Prepare People for the Role

- Product Manager
- Marketing Director
- VP, Sales (Med Surg or Similar)
- SVP, Customer Ops

Experiences Needed

Product marketing
Sales or sales management
Managed a team of professionals
Exposure to financial statements and/or budgeting
Strategic projects (corporate or functional role)

Selection Criteria

Influence (L4)
Strategic Thinking
Leadership (L4)
Decisiveness & Judgment (L4)
Results Orientation & Energy

Competencies Developed in Role

Influence (Level 5)
Decision Making/Judgment (L5)
One-McKesson Orientation
Innovation & Risk-Taking
Marketing Know-How
Building Organization & Talent

Potential Next Job Moves

- Larger Product/Market GM Role with Operations
- SVP, Sales Ops or VP Distribution Ops
- President Rx Pack
- President, Med Management

EXHIBIT 7

SBU GM: Development Roadmap

Positions that Prepare People for the Role

- SVP, Customer Ops
- SVP, Sales Ops
- VP/GM, Technology Services Group (MTP)
- SVP, Investment Purchasing or Prescription Mgt.

Experiences Needed

Managed multiple functions
Balanced the competing pressures of customer-retention and P&L
Managed key elements of customer service
Managed operations
Developed strategic business plans
Managed a large team organization

Selection Criteria

Leadership (L5)
Building Organizational Talent (L4)
Strategic Thinking (L4)
One-McKesson Orientation
Decisiveness & Judgment (L5)
Results Orientation & Energy (L5)

Competencies Developed in Role

Strategic Thinking (L5)
Building Organizational Talent (L5)
Decisiveness & Judgment (L6)
One-McKesson Orientation
Innovation & Risk-Taking (L5)
Sensitivity (L5)

Potential Next Job Moves

- President, Med Management
- President, Specialty Pharmacy
- President, Payor Markets
- President, APS

EXHIBIT 8

Derailers and Potential Danger Signs in GM Development

Crossroads Level

Manages a Function/Product Manages a Business Manages Multiple Businesses

Product/Market GM	Functional GM	SBU GM	Multi-Business SBU GM	Group GM
<ul style="list-style-type: none"> ■ Failure to build effective influence relationships ■ Focusing on technologies or specific programs rather than product line management ■ Not instinctive about how to make money in the business ■ Problems assembling a strong business team & organization – vs. trying to personally achieve results ■ Failure to set the right priorities 	<ul style="list-style-type: none"> ■ Not able to project leadership across a large organization ■ Difficulty driving objectives down through a large organization ■ Difficulties managing the pressure of a large organization and accountability ■ Problems building collaboration with other functional units to meet enterprise needs ■ Not building teams 	<ul style="list-style-type: none"> ■ Focusing on familiar functions rather than the entire business (not spending time with all) ■ Not able to project leadership or vision across the entire organization ■ Problems assembling a business organization ■ Difficulty balancing short- and long-term business goals ■ Tendency to under-utilize staff functions 	<ul style="list-style-type: none"> ■ Failure to gain synergies among units ■ Failure to see business & self as part of greater enterprise 	<ul style="list-style-type: none"> ■ Tendency to still want to manage one or more of the SBUs directly ■ Failure to build effective organization ■ Tendency to focus on short term P&L vs. portfolio strategy ■ Difficulty balancing short and long-term business goals

BIOGRAPHICAL SKETCHES

Gregory C. Kesler is managing partner of Competitive Human Resources Strategies, LLC, in Stamford, CT. Mr. Kesler has consulted with more than 40 companies in organization design, executive succession planning, and HR strategy over the past 14 years. He held positions as vice-president human resources and director of organization and executive development in domestic and international assignments with Fortune 100 companies before beginning his consulting career.

Paul Kirincic is executive vice president, human resources, at McKesson Corporation, a large healthcare corporation based in San Francisco, where he has led a major transformation of the HR function, and has implemented many new practices in leadership development across the enterprise. Mr. Kirincic has also served as head of human resources for Whirlpool Europe and for Pfizer's consumer healthcare products division. Mr. Kirincic sits on the board of directors of Eddie Bauer Holdings.

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