

# Planning The Executive Training Pool<sup>1</sup>

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Executive talent takes time to develop. In view of this fact many firms have adopted the practice of establishing "pools" of young executive trainees, training them over the years, and eventually using them as executive replacements. This "pooling" can be expensive and frustrating.

An excessive number of trainees in a pool costs more than is generally necessary, and usually expends the trainee's time rather ineffectually. Trainees often become restless long before being plucked from the talent pool, and their attrition rate is high. This situation is costly, but no more so than if there are

too few trainees marking time. Should there be too few, then executive replacements must be made without having sufficient time to make a good selection, and with only limited opportunity for development.

An effective approach to this apparent dilemma is to plan the pool size according to the vacancy probability expected per year. Hence, planning begins with investigation of past records and the formation of a statistical table of odds.

For example, suppose a firm has 50 executives, and past records show that an average of 3.7 have left each year. As long as this number, called  $u$ , is less

1. Adapted from "Managing Manpower In The Industrial Environment," by Theodore A. Toedt, Lawrence C. Lovejoy, Richard M. Story, and Dorian Shainin, to be published by the Wm. C. Brown Company, Dubuque, Iowa, 1962.

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than 10 per cent of the total (5 in this case is 10 per cent of 50), the table can be formed from the Cumulative Probability Curves for the Poisson Distribution.<sup>2</sup>

Each year, based upon the firm's most recent experience, a new average-number-of-executives-leaving can, and should, be computed. Whenever the firm's situation changes in a way which can be expected to modify the average, the older year's figures should not be used in computing the average.

The table is developed for the specific case by setting up the vacancies column as in Table I. The probability column is developed by simply locating the vacancies (values of *c*) on the Poisson Distribution (Thorndike Chart) for the *ú* value determined, in this case 3.7.

Thus, if the firm has 5 men available in the pool, management can be 83 per cent sure that enough trainees are present—in only 17 per cent of the time, in the long run, will more than 5 men be needed per year. So, on the average, in only one year out of five (approximately 17 per cent) will the firm be in need of a man without having sufficient time to indoctrinate him.

Occasionally, a larger number of executive vacancies than expected will occur, markedly depleting the size of the pool—as junior executives are moved up and trainees move from the pool to take the junior positions. Say the pool gets

TABLE I  
SAMPLE TABLE OF ODDS  
VACANCY DATA

<i>c</i> values Vacancies	Probability of <i>c</i> or less vacancies
0	.02
1	.12
2	.29
3	.49
4	.69
5	.83
6	.92
7	.96

down to one trainee. The table indicates that the probability of needing only one or no trainees during the next 12 months is .12 (12 per cent); that means there is an 88 per cent likelihood that 2 or more will be required. Certainly efforts to replenish the pool should be intensified when its size gets to 2 trainees.

Now and then an exceptionally strong candidate appears for the pool. Look at where the present pool size is on the list of odds. Suppose there are 6 trainees on board; there is only an 8 per cent (1 year in 12) chance that 6 men will be needed in a year. Taking on the exceptionally strong candidate would change this figure to .96 (4 per cent, or 1 year in 25). The new man should be added to the pool *only* if the results of evaluation of his potential indicate that he is the kind of man who comes along about that infrequently.

2. Cumulative Probability Curves for the Poisson Distribution may be found in "Sampling Inspection Tables," by H. F. Dodge and H. G. Romig, John Wiley & Sons, Inc., "Quality Control and Industrial Statistics," by A. J. Duncan, Richard D. Irwin, Inc.; and "Managing Manpower In The Industrial Environment," by Theodore A. Toedt, Lawrence C. Lovejoy, Richard M. Story, and Dorian Shainin, Wm. C. Brown Company. Note: *ú* is equal to or greater than 10% of the total, use the Binomial Distribution instead of the Poisson.

Managers who use this approach to planning the trainee pool size are, in fact, exercising the control expected of them. They are properly using available facts instead of the general technique of building the pool in terms of today's crisis or the number of eager young men that can be attracted.

This approach is likely to improve the trainee's morale. No longer, for example, will he find himself one of a nameless mass or part of an obviously inadequate handful. His superiors will be in a position to devote the kind of attention that his training deserves. And, the trainee's opportunities will appear with greater clarity.

The approach is likely to enable significant savings. The cost of recruit-

ing can be reduced, for it no longer becomes necessary to get as many bright young men as possible each year due to unknown or unestimated vacancy expectations. So too, the cost of development can be reduced, and improved morale is likely to reduce the attrition rate.

True, many of today's experienced executives approach the pool-size decision with great success, calling upon skillful judgment based upon years of accumulated and assimilated knowledge. However, these men will not always be available. *Their* replacements may not have the experience and skill necessary to duplicate the correctness of their decisions. This approach enables both inexperienced and experienced executives to make pool-size decisions with greater confidence.

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## Harold T. Fretz Retires From Rayonier

Harold T. Fretz has retired from the Industrial Relations staff of Rayonier Incorporated, Seattle, Wash. C. W. Glud, formerly Training Director for the Puget Sound Naval Shipyards in Bremerton, was recently appointed to succeed Mr. Fretz.

Mr. Fretz began a 32-year career with Rayonier in 1930 as chief chemist for the Port Angeles Division at Port Angeles, Washington. In 1944, he became Assistant to the Manager of the company's Northwest Industrial Relations Division in Hoquiam where he was given responsibility for the company's Executive Development, Management Conference, and Supervisory Training Programs. He also coordinated the efforts of divisional management in the preparation and administration of

employee testing, job training, and other educational programs carried on at all Rayonier operations in the United States.

A graduate in chemistry from the University of Puget Sound, Mr. Fretz advanced his studies through courses taken from Wisconsin, McGill and LaSalle Universities. Active in business and professional groups, he held membership in the Technical Association of the Pulp and Paper Industry and the American Chemical Society. For many years he has been a member of ASTD and has served as President of the Washington State Chapter and on the Society's National Board of Directors. For his contributions to the organization and to the training profession he was given the Society's Distinguished Service Award in 1957.