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Promote from Within or Hire From the Outside?

By Dr. John Drozdal

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When you have openings for experienced managers in your organization, do you (a) promote from within, or (b) go outside the company to find the best people available? The answer is (a) AND (b). Here's why.

An organization that exclusively promotes from within to fill management positions certainly does provide a career path for its employees. Plus having people in significant leadership roles who understand the company's history and culture and how to get results within that structure allows them to "hit the ground running" in their new capacity. The downside is that an organization that only promotes from within runs the risk of becoming too internally focused, resistant to new ideas, and without fresh perspectives on meeting new business challenges.

On the other hand, an organization that always looks to the outside to find its managers may be able to attract great talent. However, without knowledge about how the organization works and its history, the outside hire may repeat mistakes that others have made before. Most importantly going outside to find the "best managers" may give a message to

other employees who began their careers with the organization that they don't count.

So here is how a combination of the two approaches would work. First, clearly identify the critical competencies that managers at all levels in your organization must have to excel. Second, begin to develop a bench of high potential candidates that the organization can develop for future leadership roles. As positions open, look to this candidate pool. Third, identify those management positions that require unique experience and knowledge that you may not have available internally. For example, if your organization plans on growing through a series of acquisitions, look for an experience manager outside of the company who has successfully lead acquisitions and integrated the merged companies.

Mixing the practice of promoting from within with strategically hiring from outside the company is similar to building a championship athletic team. Winning teams identify their core group of players and then strategically seek out a few new members to round out the roster. You can do the same for your business. ■

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