Succession planning - a key for organizatinal success in twenty-first century
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ABSTRACT

Henri Fayol (1841-1925), French pioneer of management history, was among the first to recognize and document the universal organizational need for succession planning. However, effective leaders down through the centuries have developed and implemented succession plans for their organizations. There are many leaders today who give little or no "thought to the conclusion of their leadership and so they do little to prepare for it. However, when suddenly faced with leaving their office, they realize that much of their work will have been in vain unless there is a capable successor".

Introduction

Great Britain's former Prime Minister, Margaret Thatcher, came face to face with this reality when she was forced from office. "When it became clear she must relinquish her office, she observed: 'But there was one more duty I had to perform, and that was to ensure that John Major was my successor. I wanted – perhaps I needed – to believe that he was the man to secure and safeguard my legacy and to take our policies forward'".

Talent Management

Talent management is an organization's commitment to recruit, retain, and develop the most talented and superior employees available in the job market. So, talent management is a useful term when it describes an organization's commitment to hire, manage.

Succession Planning

Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Succession planning ensures you can fill key roles from within your organization.

What is Succession Planning and what role does it play in your organization?

The concept of succession planning has been defined as "a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement" There are several views that endorse the value of succession planning in today's modern organization. Senior leaders are keenly aware that "the continued survival of the organization depends on having the right people in the right places at the right time". The impact on organizational continuity would be devastating if a successor was suddenly required and none had been identified.

Now let's look at one of the most successful business leaders of all time, Jack Welch, who started working at General Electric in 1960. As he moved upward in the organization he displayed leadership qualities that set him apart from his peers. But what did Jack Welch think of succession planning? One of his most admired skills was the ability to develop his subordinates so there was always someone ready to take his place when Jack was offered a promotion.

How successful was his strategy? In 1981 he became the CEO of General Electric and served in that position until he retired in 2000. Furthermore, in 1991, Jack Welch stated: "From now on, choosing my successor is the most important decision I'll make. It occupies a considerable amount of thought almost every day." That's a pretty strong statement for someone that had the vision and leadership ability to increase the value of General Electric from $13 billion to $410 billion dollars during his tenure.

A succession planning process is most effective when it is a "systematic effort that is deliberately planned and is driven by a written, organization-wide statement of purpose and a policy". The basic tenants of this succession planning process would articulate a foundation for:

1. Communicating career paths to each individual
2. Establishing development and training plans
3. Establishing career paths and individual job moves
4. Communicating upward and laterally concerning the management organization
5. Creating a more comprehensive human resources planning system

Nearly "two-thirds of CEOs said they were likely to step down from their positions in the next 10 years" (Of those CEO's who will step down over the next decade, thirty-nine percent said they have a likely successor in mind, with 45% having identified no successor at all").

As organizations today face the ever-increasing issues related to growth, globalization and competition, succession planning is needed to cultivate the right talent in order to meet these daunting challenges. Senior leadership should be strategically focused in the development of future leaders, "combining proactive assignments monitoring, rigorous success planning, and experiential educational programs [that will] help make companies more competitive, with a talented pipeline of leaders ready to take charge".

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Today's business and "the environment in which [it] operates are never static" (Alexander, 2005).The "incessant wave of mergers and consolidations" along with "other cost containment efforts have led to reductions in the middle management ranks, a traditional training ground and source of top management talent". Effective succession planning can be a valuable resource to identify "promising candidates early and to actively cultivate their development".

Organizations sponsor systematic succession planning programs for various reasons.

The three most important are:

1. To provide increased opportunities for "high potential" workers
2. To identify "replacement needs" as a means of targeting necessary training, employee education, and employee development
3. To increase the talent pool of promotable employees

It's clear to see that succession planning and development of future leaders does not exist in isolation - it needs to reflect the company's strategic objective and strategic goals. For any organization to implement an effective succession plan there are a number of key issues that need to be considered:

• The succession planning program must have the support and backing of the company's senior level management
• Succession planning must be part of an integrated HR process that includes training, development and performance appraisal
• Identify what skills the organization will need in 5, 10 or 15 years
• Critical positions must be identified and included in the Company's succession planning program
• Identify high-performers that are almost ready to step into those critical positions
• Analyze the workforce and identify who will be eligible for retirement within the next five years
• Managers need to identify the responsibilities, skills and competencies that will be needed by their replacements
• A system for communicating succession planning information to managers must be established
• A systematic approach for identifying, nominating and selecting potential successors must be established
• Background information on potential successors, such as education, experience, skills, appraisals and potential should be reviewed
• The training and development requirements of potential successors needs to be determined
• The skills of potential successors must be developed through work experiences, job rotation, projects and other challenging assignments
• A system for monitoring candidate's development plan progress by senior management should be established
• Succession planning must include a system for providing feedback and encouragement to potential successors
• Succession planning is basically a "numbers game" that requires good organizational skills and the ability to pay attention to details
• Finally, the succession plan must belong "to the organization" and not to the HR department in order to make sure it has the attention it deserves

Succession planning is not something a well-run company can ignore because the consequences of not being prepared to replace key personnel will have a major impact on an organization's ability to achieve its goals and strategic targets. The succession planning process needs to be considered as part of the company's strategic planning process because it deals with projecting future changes by anticipating management vacancies and then determining how to meet these challenges.

In its simplest form succession planning is nothing more than getting managers in a company to use a systemic process to determine the current training and development requirements of their subordinates.

Is There a Meaningful Distinction Between Workforce Planning and Succession Planning?

The goal of workforce planning and succession planning is the same: putting the right people—across the organization—in the right jobs, doing the right things at the right time. However, the difference between workforce and succession planning is distinct. Workforce planning is typically budget-driven and focused on staff-level jobs, hiring forecasts and internal resource projections.

Workforce planning also focuses on:

• Understanding trends that will impact clients, customers, products, services, funders, regulators and investors.
• Developing individual- and team-work plans that align with department goals or organization-wide strategies.
• Understanding how changes will impact job requirements, internal activities and costs.
• Understanding labor-market demographics, workforce readiness, training needs and talent resources.
• Hiring, recruitment-plans processes, orientation and on boarding plans.

Succession planning is a systematic approach to professional development with the express purpose of ensuring that selected (typically senior) staff is trained, experienced and ready to assume future leadership positions. Succession planning also focuses on individual and team transition needs and effectively guides implementation.

Succession planning includes aspects of workforce planning but also requires:

• Identifying anticipated vacancies and backup resources for management and leadership.
• Redefining management profiles to include competencies, success criteria and behavior traits.
• Accurate assessment of the readiness of senior staff and middle managers to assume greater responsibilities: an efficient process for assessing skills, competencies, interests and motivations, organization-wide, for investments in emerging leaders.
• Assessment of organizational culture and the leaders within: cultural competencies for diversity and inclusion management.
• Developing individualized training, professional development and mentoring opportunities to reduce gaps in skills and experience: identifying required support to ensure succession plans are workable while in current job.
• Focus on individual and team transition to ensure a successful transition and performance in the new or expanded roles.

Succession Planning Process

Succession planning is a part of the process of preparing for the future of your company. Does this mean you should only plan a succession path for your CEO? We suggest that virtually every key position and key person in your organization is a candidate for a succession plan. The important impact is that it is virtually impossible to successfully promote someone unless there is a trained person to take over the position being vacated. To effectively implement a succession plan, you need to include/consider a number of elements:

1. What is the long-term direction of your company? Do you have an effective strategic plan guiding your course and direction?
2. What are the key areas which require continuity and development of the people resources within your company?
3. Who are the key people you want to develop and nurture for the future?
4. How does the concept of succession planning fit into your strategies? Are you concentrating your efforts in the areas where the returns will be highest?
5. What are the career paths that you're most talented people should be following? Is each path customized to fit the abilities and talents of the people involved? The point here is to be sure you do not do this by rote: a plan that is not dynamic, that does not include the consideration of the individuals involved, is not usually as effective as one that is tailored to each individuals needs and capabilities.
6. Should you wait for openings to appear before promoting someone, or should you make opportunities for each individual as they grow and mature, so that you can keep them challenged and stimulated, and not lose them to other, possibly faster moving companies? Your plan should be proactive, with people moving into different areas for experience and training before they are needed in critical positions, rather than reactive - waiting for openings to occur, then scurrying around to find an appropriate candidate at the last second.

Advantages of Succession Planning

● An ongoing supply of well trained, broadly experienced, well-motivated people who are ready and able to step into key positions as needed

● A cadre of desirable candidates who are being integrated into the company with positive goals established for them individually

● A flow of these capable people through various departments with the goals of educating them into the culture and processes of the company

● Availability of appropriate resources within the company to conform with the future needs of the company

● Positive goals for key personnel, which will help keep them with the company and will help assure the continuing supply of capable successors for each of the important positions included in the succession plan

● Defined career paths, which will help the company recruit and retain better people

● Very likely, the continuous input of ideas to improve the internal processes and procedures of the company, as well as the opportunities to improve the offerings and services of the company in the marketplace

According to Succession Planning: Career Development (American Society for Training & Development, 2000), succession planning entails identification of employees who possess the skills to meet future organizational challenges. Some components of planning include:

● **Replacement planning** this is the primary component of succession planning and, at its simplest, is an identification of employees who may potentially be able to fill positions as they become vacant.

● **Identifying High-Potential Employee** focuses on identification of employees who have the ability to move into key positions within the organization. In identifying these employees, management must look at critical competencies and characteristics of potential candidates.

● **Employee Input** focuses on linking employee career development goals and desires with organizational succession planning needs.

● **Development Programs** includes providing a means for employee development and training. An effective employee development program would involve assessing the skills and development needs of high potential employees, and making provisions for training and development to build specific competency requirements

Pitfalls Of Successive Planning

Of course there are also a number of pitfalls you need to be aware of regarding succession planning:

• Focusing only on the "technical competencies" and failing to consider the team-building and leadership development requirements
• Underestimating people within the organization or overlooking employees that don't appear to fit your standard "company template"
• Implementing a program that is designed for upward mobility only - lateral succession moves should also be included in the plan
• Failing to offer the appropriate training and developmental opportunities
• Creating a development program that only offers generic "leadership" training programs

And the two biggest errors made regarding succession planning efforts:

• Not holding managers & leaders accountable for succession planning
• Not sharing the data with employees - you run the risk of losing promising employees if they don't feel the company has a plan for their development

This is why succession planning must be a coordinated effort between HR and line and senior executives must ensure the line managers get involved with their own division succession planning efforts.

Finally, don't make the mistake of thinking succession planning is only concerned with "upward" succession. Lateral assignments may also be used because there are fewer opportunities as you progress upward in the organization. It's the role of every manager to help their promising subordinates develop their fullest potential by continually challenging them and increasing their leadership competencies.

Develop Employees for Succession Planning

To develop the employees you need for your succession plan, you use such practices as lateral moves, assignment to special projects, team leadership roles, and both internal and external training and development opportunities.

Through your succession planning process, you also retain superior employees because they appreciate the time, attention, and development that you are investing in them. Employees are motivated and engaged when they can see a career path for their continued growth and development. To effectively do succession planning in your organization, you must identify the organization's long term goals. You must hire superior staff.

You need to identify and understand the developmental needs of your employees. You must ensure that all key employees understand their career paths and the roles they are being developed to fill. You need to focus resources on key employee retention. You need to be aware of employment trends in your area to know the roles you will have a difficult time filling externally.

Succession Planning: How to Do It Right

1. Change the name of the process to from Succession Planning to Succession Development.

Plans do not develop anyone — only development *experiences* develop people. We see many companies put more effort and attention into the planning process than they do into the development process. Succession planning processes have lots of to-do's — forms, charts, meetings, due dates and checklists. They sometimes create a false sense that the planning process is an end in itself rather than a precursor to real development. Many humans fall into the same trap regarding physical fitness. We have may have fantastic *plans* in place to lose weight. We may be very proud of our *plans* , which include detailed daily goals for diet, alcohol consumption, and exercise. And if our execution were half as impressive as our planning, we would be very svelte. Our focus should be on weight loss, not *planning* for weight loss.

2. Measure outcomes, not process

This change of emphasis is important for several reasons. First, executives pay attention to what gets measured and what gets rewarded. If leadership development is not enough of a priority for the company to establish goals and track progress against those goals, it will be difficult to make any succession planning process work. Second, the act of engaging with senior executives to establish these goals will build support for succession planning and ownership for leadership development. Third, these results will help guide future efforts and mid-course corrections.

The metrics a company could establish for Succession Development might include goals like the percent of executive level vacancies that are actually filled with an internal promotion vs. an external hire, or the percent of promotions that actually come from the high-potential pool. Too often, we find companies measure only the percent of managers that had completed succession plans in place.

3. Keep it simple

We sometimes find companies adding excessively complex assessment criteria to the succession planning process in an effort to improve the quality of the assessment. Some of these criteria are challenging even for behavioral scientists to assess, much less the average line manager. Since the planning process is only a precursor to focus the development, it doesn't need to be perfect. More sophisticated assessments can be built into the development process and administered by a competent coach.

4. Stay realistic

Following are two classic examples how succession plans may lack realism:

The head of engineering is a high performing leader who has the potential to be COO. She has always been in an engineering role. If she had sales experience, she would be even more ready to be the COO so her development plan is written to include a job move to be head of sales. However, this company would never take the risk of putting someone without sales experience in the top sales job — so her development plan perpetually says, "move to a sales job" even though that will never happen.

The CFO is a high performing leader who has passed all the assessment criteria to be a high potential, ready-now candidate for the CEO job. He is told he is the top candidate. However, the CEO can't stand the guy, and as a result, he will never get the job as long as that CEO has a say in the matter.

While development plans and succession charts aren't promises, they are often communicated as such and can lead to frustration if they aren't realistic. Bottom line, don't jerk around high performing leaders with unrealistic development expectations. Only give the promise of succession if there is a realistic chance of its happening

This Is How the Best Companies Recruit and Develop Talent
1. A succession plan that works

A succession plan that actually works is a prerequisite for a company's survival. Yet many companies have no formal plan in place, have a plan that's dated and hasn't been reviewed recently, or only consider this topic in times of crisis. The result might more appropriately be called "replacement planning," in which someone is asked to fill a void at the last minute. While replacement planning may seem more practical and achievable in the short run, it sets up your company for long-term failure. This is why succession planning must be dynamic and based on a pool of qualified leadership candidates -- and it must evolve as your company changes. A succession plan that works must be part of a broad and unified vision that not only the CEO owns but also the entire senior leadership team. This plan -- which should be carried out in a scientific, mathematical, and systematic way and formalized in writing -- must be continually adapted as people move in and out of roles. You need to review your succession plan constantly and aggressively. If you do this right, you'll make far fewer mistakes in your decisions, and you'll upgrade the engagement of every employee.

A succession plan that works uncovers a company's leadership strengths and exposes its weaknesses. This system operates like a machine, driving crucial leadership decisions as the company moves forward down its desired path. When you start with talent and build an effective succession plan, you strengthen the company with every move you make.

2. An audit of your talent pool

Most companies lack any way to audit their talent at all levels of the organization. But if you fail to relentlessly audit and upgrade your company's talent pool, it's almost impossible to achieve your mission and purpose.

A Gallup client recently dealt with this challenge. The company had a clear vision that was communicated throughout the organization. Yet the company was struggling, people were frustrated, and the organization was unable to fulfill its vision. Interviews and objective assessments with leaders at the top three levels of the company revealed that the organization's talent pool was too small and too weak to meet the challenges the company was facing. The leaders quickly realized that the organization didn't have the talent it needed to grow -- or even survive.

Once your company is able to audit the talent in your organization, you can begin to name the right people as managers; you'll be able to see which business units have the most talent and which units need more. This talent pool, in turn, feeds into a succession plan that works. A finely tuned talent

machine should have at least three candidates ready to fill any given role when the time comes.

3. Raising the bar in recruiting and hiring

You've created a succession plan that works, and you have audited your talent pool at all levels of the company. But if you stop there, you're likely to fall short of creating wholesale cultural change throughout your company. Having the right recruiting and hiring strategy is another essential component in building a system that works. To raise the bar on the overall level of talent in your company, you'll need to significantly improve recruiting.

Bringing the right talent into your organization begins with getting the most talented applicants interested in working for your company in the first place. When companies weave a language of talent -- as opposed to listing the job requirements -- into their job descriptions, they can attract higher quality applicants into the process early.

4. Breakthrough experiences for high-potential managers and leaders

The companies Gallup has worked with have varied definitions for their high-potential managers and leaders. In some cases, they are defined as the 10 people who have the ability to join an executive team; in other cases, they are defined as anyone with management or leadership responsibilities.

For the purposes of helping companies build a pipeline of talent, we have applied a straightforward formula to determine the right number of high-potential managers and leaders you need. Look at your organizational chart and count the number of people in the top three levels of your company. Multiply that number by three. This total represents the minimum number of high-potential managers and leaders you should identify within your broader talent pool. Once you have identified this group of high-potential managers and leaders through objective assessments, performance metrics, and other ratings, the next step is to provide intentional developmental experiences to help them grow. This process starts by conducting interviews with leaders in your company who are *already* stars. You must study this group extensively to determine what experiences accelerated their growth into leadership roles in your company. You're trying to find more people like them, so listen closely for significant experiences that sparked their growth. Next, conduct interviews with executive stakeholders to find out where they think the company is going, what it will look like when it gets there, and how fast it needs to happen. These executives will be key to making that future a reality, so listen carefully to whether they're aligned with the CEO's vision, and assess their ability to make the necessary changes. The product of these interviews will be a set of key experiences you will recommend for high-speed development of high-potential managers and leaders. Here are a few examples of breakthrough experiences:
- managing others early in a professional career
- attending a formal leadership development program
- profit and loss experience/accountability for a division or business unit
- international leadership assignments
- had a strong mentor

These are just a few examples, and they can vary greatly by company. The key is to study these experiences objectively to determine which ones have the most powerful impact on your company's culture.

Ongoing development, engagement, and performance management

If you begin to hire for talent but then fail to develop it, stars may leave your company even faster than before you made that change. This is why it's so important to invest in each person you bring into your company:

- **Start with the basics.** Make sure that all people you hire have clear expectations and know what they are supposed to do when they show up each morning. Across the organizations Gallup has studied, a typical work team has more than 40 percent of team members who don't clearly know what is expected of them at work.
- **Demand that the talented people you bring into your company have a great manager.** Hiring talented people and assigning them to lousy managers will guarantee failure.
- **Rework your performance management systems so they feed into the overall talent machine.** If you're hiring people and telling them to build their career on their strengths, they need to believe that you will follow through on this commitment. Help each person determine how to connect his or her strengths to your customers' needs.

Bringing it all together

These are the five key components of a high-performing talent machine. When you name the right people as managers and improve their development, you'll see how quickly your organization's culture changes. If you start with talent as the foundation, then bring as much objectivity as possible into every crucial talent decision, you will help your company accelerate growth for years to come.

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