

The Importance of High-Impact Succession Planning

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For most organizations, succession planning is too often given short shrift, especially when it is regarded as an HR-led exercise. It's hard to believe that something so vital to an organization's sustainability is frequently done cavalierly. By utilizing high-impact succession planning—a dynamic, continual leadership optimization process—organizations are able to avoid costly mistakes in hiring or promoting the wrong person for a key position.

Further, by understanding the components of this integrated leadership development process, organizations will ready themselves with a pool of talent armed with skills, attributes and experiences to fill specific leadership positions as well as with a talent pipeline prepared to meet emerging leadership needs.

Start-up

The challenge for many organizations is where to begin. Not surprisingly, there isn't a "cookie cutter" approach that can be applied to every company. The first step is to determine what is important and valued by the organization's culture and also any current and emerging threats facing the organization. The core leadership competencies needed to achieve the company strategy must also be identified. These competencies should be integrated into the organization's performance management process, training and development activities and into the compensation system.

Before the process can get up and running, buy-in must be gained from all levels of management, starting with the CEO. While the CEO "owns" the succession plan, the chief HR officer is responsible for developing a process that fits into the culture and unique management practices of the organization. Additionally, all individual managers and executives must be held accountable for developing their replacements and leadership pipeline. Given that strong leadership is a strategic driver of success, many companies have elected to tie a manager's demonstrated ability to develop others into his or her performance appraisal.

The Current State of Performance and Potential

Central to the succession planning process is an understanding of the current gaps in the leadership pipeline. Typically, an analysis is conducted to determine the current state of performance and potential. The analysis will enable the organization to identify critical positions and the degree of bench strength to fill them should one become vacant, while also taking into consideration the possibility of retirements, transfers and leaves for personal issues.

Ideally, each business unit and functional area evaluates its managers to determine their readiness for a promotion and to assess their performance. Key goals for succession planning are (1) to weed out the poorer performers over time, (2) to retain strong performers and (3) to increase the motivation and productivity of "B" players. By utilizing a rating system and focusing on a handful of non-negotiable competencies, best-practice companies are able to establish a standard of comparison and identify high potentials. With this information, potential gaps may be made visible and high-potential employees identified.

This process allows managers to work with the highest potential employees to prepare experience-based and individualized professional development plans. Many highly competitive organizations utilize comprehensive assessments to objectively pinpoint a succession candidate's strengths, vulnerabilities and development needs in order to craft development plans that work to accelerate more rapidly the succession candidate's readiness to assume a new assignment.

Research indicates that leaders learn in three principal ways: from experience, from mentors and from being coached. The development plan should, therefore, include a range of activities to engage leaders as well as extend and challenge their capabilities, such as through stretch opportunities, action-learning assignments and online and offline courses. The use of an internal or external coach will also help the organization track each candidate's progress and results to ensure he or she remains on the path to becoming a successful leader.

Providing transition support for newly appointed managers to ease them into their new assignments is a practice that helps assure the likelihood of their effectiveness in a new position. Some companies assign mentors to provide guidance and/or use a transition coach to help ensure the new manager's success in the critical first 120 days on the job. Given the high turnover rates of newly appointed executives and the costs that accompany the loss of an individual in a failed transition, support processes for executive and managerial onboarding are becoming increasingly common and planned for during the succession process.

An Evolving, Dynamic Process

Succession planning is, at a minimum, an annual process. By evaluating its effectiveness through clear metrics, an organization's leaders can see, each year, whether or not the bottom 10 percent have improved; if appropriate assessment and development activities have been utilized over the year; if retention strategies have worked; and whether newly appointed successors are experiencing difficulty or success. They can then use this information to plan better for the coming year.

It is perfectly okay to look across the leadership pipeline when planning for succession and say, "It's not there." High-impact succession planning is an evolving, dynamic process that adapts over time to meet an organization's needs and challenges. Each company should create its succession planning processes to meet the organization's own unique needs, management practices and business strategy. Resource requirements will vary by organization, so following the latest fad or the advice of today's most popular guru isn't necessarily the best path for each company. It's also equally important to remember that planning alone doesn't do the job—it takes effective execution and follow-up over time.

While most executive jobs are filled internally, effective succession planning goes well beyond an attempt to place the "best" qualified candidate into a specific job in the hopes that the candidate will then perform the new job effectively. High-impact succession planning will help organizations determine where the needed talent will come from—groomed over time internally or brought in from the outside. Organizations must also continuously work to keep their succession planning processes simple, practical and user-friendly. For many global organizations, the use of technology enables worldwide access to data that assure the use of timely information and the ability to continuously update development plans, while also reducing the time required to manage the process.

Effective succession planning requires significant company investment and a senior management that understands and is committed to individual development. In today's ever-changing business environment, where lifetime employment is not necessarily desired and certainly not taken for granted, high-impact succession planning helps high potential talents build their repertoire of leadership and managerial skills, and is a useful way to retain these important players. It also assures that there is a pool of talented leaders to pull from as businesses maneuver to respond to market opportunities.

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