



USING SUCCESSION PLANNING TO TRANSFORM ORGANIZATIONS

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The world of work is changing. This in itself is nothing new. However, there is something different about the change that is now starting to impact organizations. It is driven by demographics – an aging society, the mass retirement of the baby-boomers and an acute shortage of talent to take their place. Organizations in the developed world are on the verge of something significant. For some organizations, the fallout from this demographic change may well lead to a full-blown crisis. However, for other, more proactive businesses, it is a once-in-a-lifetime opportunity to reshape their organization in ways that were previously unattainable.

The numbers themselves are astounding. Research conducted by Development Dimensions International (DDI), a global workforce and leadership training, staffing and assessment firm based in Bridgeville, PA, confirms that a significant number of companies – especially large, older organizations – will see 40 percent to 50 percent of their executives leave in the next 5 years (Byham, 1999). And there are not sufficient people to replace them. The 1997 McKinsey study revealed that the number of 35- to 44- year-olds in the United States will decline by 15 percent between 2000 and 2015. Moreover, no significant counter-trends are apparent.

Women are no longer surging into the workforce, white-collar productivity improvements have flattened off, immigration levels are stable, and executives are not prolonging their careers (Chambers, et al, 1998). Indeed a report undertaken by the Commission on Aging (2000) states that global aging “will usher in an era of tight labor markets in the developed countries” (p. 13).

While many senior managers seem to be preoccupied with maximizing short-term return to investors, others are looking ahead with concern to the impact of these demographic changes and are working behind the scenes to steel themselves and their organization against a looming crisis. This crisis may be more subtle than bankruptcies or terrorism, but it may be much more serious. Even as some organizations downsize, other scramble madly to prepare for a large exodus of experienced talent (Rothwell, 2002).

However, we believe that embedded within this crisis, there is also a silver lining. Handled appropriately, this crisis presents a unique opportunity for organizations to transform themselves in a way that is only possible in this time of rapid turnover. With such an extraordinary exodus of the more experienced managers, organizations have an opportunity to redefine their future talent needs and to create an organization ready and willing to address the challenges of the 21st century.

The time to think seriously about how talent is strategically managed within organizations is now. Those organizations that delay addressing this critical issue run the risk of simply not having the skills and leadership depth required to implement their future strategies, thus jeopardizing their very future. Furthermore, unless organizations recognize succession planning as a transforming experience, they risk losing a once-in-a-lifetime opportunity to implement organizational change in a rapid and effective manner.

Organizational transformation can occur by focusing on two things:

1. Ensuring that all succession-planning initiatives are closely aligned to leadership development and organizational vision
2. Ensuring that the succession-planning process occurs in such a way that it is, in itself, a transforming experience.

Sustainable leadership – aligning succession planning and leadership

We are already seeing that as the baby-boomers depart, the remaining leaders are being thrust into positions of responsibility – whether they are ready for it or not. Furthermore, these newer leaders cannot simply replicate the behaviours of their predecessors. Instead, they will need to develop different skills as the world shifts to a knowledge economy. These new leaders are often young people with high potential. However, they have little, if any, experience in developing others. They are increasingly being asked to do more with less, deal with those who will soon be exiting the organization, and as such they often yearn for help in developing their leadership abilities.

The lack of availability of new leaders, coupled with the demands that will be placed on these individuals, clearly indicates that a war for good talent is inevitable. Organizations will be forced to compete aggressively to attract and retain the very best leaders. Thus succession planning and leadership development must now be a strategic imperative in order to compete in the future.

It is clear that the key to planning for future leadership is an integration of the succession planning and leadership-development processes. However, although it makes little sense to consider them in isolation, these two critical elements of organizational development are often seen as two separate responsibilities within an organization. Organizations must recognize that succession planning and leadership development are two elements of the same process – that of ensuring there are leaders now and in the future who can implement the organizational vision.

While succession planning can identify those individuals who have the abilities, talent and potential to turn the vision of the organization into reality, the alignment to leadership development can ensure that this potential is realized. In so doing, an organization can ensure that there is indeed long-term leadership sustainability. This will be a source of competitive advantage in the years to come.

Succession planning in the traditional sense does not address the dynamic nature of the leadership challenges facing organizations. Annual meetings in which lists of future successors are generated but rarely acted upon, a succession-planning process that involves little more than putting names in boxes, and decisions about future leaders that are based more on political allegiances than leadership potential do nothing to ensure that the organization will be competitive in the future. More often than not, such myopic strategies become academic and administrative exercises – and a waste of time and money. Worse, they often lull senior executives into a false sense of security and a belief that their organization will be in good hands upon their departure. In reality, their legacy may well be an organizational and leadership crisis.

If organizations wish to ensure they have the future skills required for sustainability, they must commit to the development of an integrated and progressive succession and leadership development planning system. Succession planning needs to be viewed as a process and not an event. An integrated succession-planning process is a multi-phase and multi-year process. Leadership development needs to be integrated at all stages of the process in order to ensure that appropriate organizational transformation can take place. In this sense, succession planning will “...perpetuate the enterprise by filling the pipeline with high-performing people to assure that every leadership level has an abundance of these performers to draw from, both now and in the future.” (Charan, Drotter & Noel, 2001, p. 167)

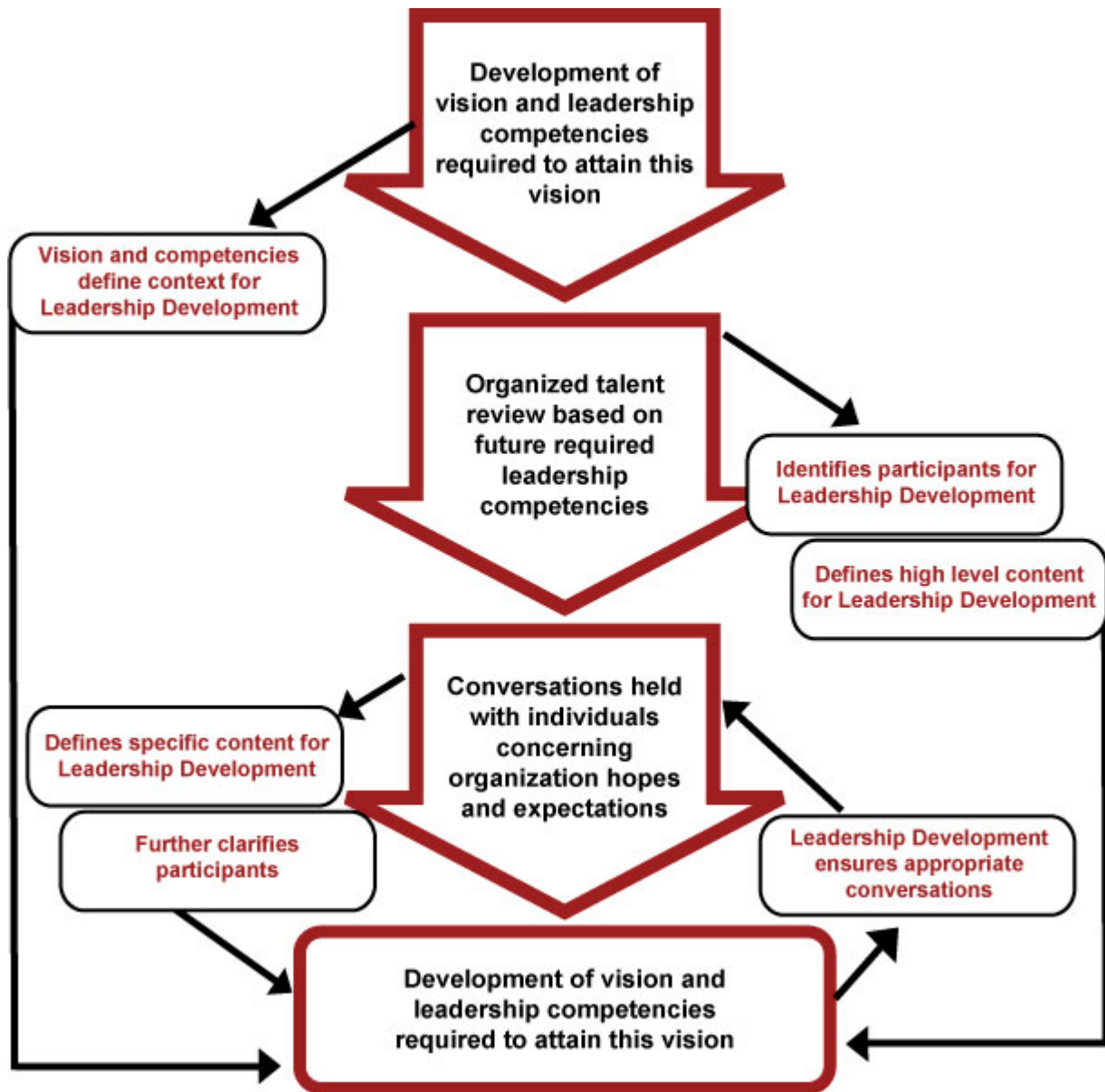
The results of the implementation of this integrated process include:

- ❑ Individuals in place who have the leadership capabilities (skills and bench-strength) to ensure organizational competitiveness and sustainability and to implement present and future strategies.
- ❑ Succession initiatives that are measurable and results driven.
- ❑ A high-performance culture that continuously attracts and retains the people necessary to achieve the vision and strategies. Strong leaders who can assess, coach and develop others are a defining feature of this culture. Another feature is a culture of openness and focus as there is no “unspoken agenda” concerning individuals’ aspirations and potential.
- ❑ Results-orientated planning processes that identify talent vulnerabilities and encourage accountability for development, measurement, reward and review.

Talking about succession planning - a transformational experience

Traditionally, succession planning has been an “underground” process. Rather than risking offending anyone, organizations adopt a philosophy of secrecy as the succession process unfolds. Such an approach does little to engage the trust of those within the organization. Furthermore, it fails to demonstrate that those in positions of influence in the organization have the strength and courage to step up to the leadership challenges of the future.

AN INTEGRATED MODEL OF SUCCESSION PLANNING AND LEADERSHIP



Much can be achieved by rising to the challenges of open discourse concerning the succession planning process. This does not mean sharing confidential information. Rather, it means openly discussing the process with everyone in the organization and having authentic conversations with all individuals involved in the succession-planning process

The simple act of managers sitting down with their direct reports and having an honest two-way conversation about the organization's hopes and expectations and the alignments of these to an individual's career aspirations will, in itself, transform many organizations. While this is common practice for a few high-performing organizations, in many, such a conversation can best be described as a radical act. However, it could also be a transformational act. Organizations that for years have talked about developing a culture of openness now have a unique opportunity to "walk the talk."

Thus, the succession-planning process itself must reflect the quality of leadership that an organization is striving to develop in its future leaders. However, it is naïve to believe that the managers in organizations will simply be able to conduct honest conversations with their direct reports that are focused on the developmental needs of their followers. This step in the process requires that leaders develop their followers to be leaders and as such it must be closely aligned to the leadership-development initiatives. And let us remember that leadership development in itself is a transforming experience.

Primary roles and responsibilities

The leadership team, managers and human resources have key roles in the success of this integrated process. These include:

LEADERSHIP TEAM, INCLUDING CEO:

- Defining the vision, strategy and business plan
- Ensuring the execution of the vision, strategy and business plan
- Defining the desired culture, values and leadership competencies. Identifying gaps between actual and desired culture, values and leadership competencies
- Investing in the sustainable leadership process (succession planning and leadership development)
- Sponsoring, supporting, measuring results
- Making tough decisions and having tough conversations – communicating succession planning results to individuals
- Modeling the competencies

MANAGERS/SUPERVISORS THAT HAVE RESPONSIBILITY FOR DEVELOPING OTHERS:

- Contributing to, understanding and executing the vision, strategy and business plan
- Assessing individuals against competencies
- Making tough decisions and having tough conversations – communicating succession planning results to individuals
- Supporting individual development, assisting with action planning and coaching
- Measuring, evaluating and rewarding achievements

HUMAN RESOURCES:

- Developing, supporting, coordinating and monitoring the process
- Coaching others
- Allocating and accessing resources
- Understanding the organization's talent management risks, collaborating and devising strategies to maximize potential

We are currently on the cusp of an extraordinary opportunity to change our organizations with a speed and efficiency that is unheard of. However, without developing a holistic succession planning system that is closely aligned to the vision of the organization and the associated leadership-development processes, this opportunity will be wasted. The first key driver of this integrated system is the identification and development of exceptional leaders who possess, or have the potential to possess, the qualities to execute future strategies. The second is the commitment to implement the succession-planning process in a way that clearly demonstrates exceptional leadership. As Gandhi once said, "We must become the change we wish to see in the world."

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