

Best practices

in succession management

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A leadership crisis is looming. Following a decade of downsizing and mergers that eliminated many organizational layers and streamlined executive and management ranks, organizations are realizing that they don't have bench strength for future leadership positions.

SUCCESSION MANAGEMENT DEFINED

Succession management is a dynamic, ongoing process of systematically identifying, assessing and developing talent for future critical roles to ensure continuity and superior organizational performance. Succession management focuses on the preparation of future leadership guided by clearly defined success factors and competencies, as well as an array of supporting development opportunities. It follows the

assumption that business demands change and a flexible and deep bench is critical. That is, that the succession management process penetrates many levels in to the organization to fully develop leadership capability at multiple levels for future business growth.

Succession planning tends to focus on who is ready now (or in six months) to take which position. It follows the underlying assumption that the position and its requirements remain largely the same.

The benefits of succession management to the looming leadership crisis include:

- A well defined set of criteria outlining high performance for your organization
- New enhanced capabilities for leadership for future
- Retention of top performers
- Reduction of recruitment search costs
- Decreased likelihood of wrong-fit promotions and derailed leaders
- Improved business performance and shareholder value

Best practices in succession management point to the following phases in a succession management process:

PHASE 1

CRITICAL ROLES: TALENT SEGMENTATION

The need to deepen bench strength and strategically manage talent development and deployment has led many organizations to broaden their perspective and to move succession management thinking farther down into their employee populations. At the same time, however, in an increasingly cost-constrained world, it is important to ensure that the investment of management time and development resources is targeted on truly strategic roles and clusters of positions – looking at the types of work and capabilities that add, and have the potential to add, the most value to the enterprise. Under these circumstances, organizations require a disciplined approach for determining the truly mission-critical positions and roles that require succession management attention.

PHASE 2

USING DATA DEFINE SUCCESS AND ASSESS TALENT

Potential is often defined as past performance. However, if your organization is rapidly changing, past performance may be a necessary, but not sufficient, set of data in making succession decisions. That is, the skills that worked in the past may not reflect all the skills needed in the future. Data defining high potential needs to have are not just on current business needs, but the evolving and likely future needs, with performance ratings/evaluations with respect to both performance metrics and competency areas.

Whether they recognize it or not, all businesses make people decisions based on assessments. Many of these assessments, however, are subjective and intuitive, especially where succession is concerned. Organizations often rely on senior managers' experience with a potential candidate without first defining what success looks like or reaching a common understanding among senior managers of the definition of high performance using more objective data.

It is important to remember that succession is much like selection in that an employee is being considered or given a new position. Multiple assessment data points give organizations the



objective information they need to evaluate individuals' capabilities and potential for specific jobs even when those individuals have not yet performed that job, and thus enhance their ability to identify their leadership talent pool.

PHASE 3

TALENT REVIEW PROCESS

The following are some considerations for making the most out of your talent review process:

- Extend the talent review process to include individuals who hold positions at least two levels below traditional succession planning target positions.
- Establish metrics and pay attention to the results. Some suggested metrics include:
 - Frequency with which plan is used to fill vacancies
 - The level of choice related to “buy or build” staffing decisions
 - Executive participation in the process
 - Spell out questions that need to be answered during the talent review meeting and drive the agenda aggressively in partnership with the CEO.
- Include potential external successors and alternate successors in your plan: Scan consultants, suppliers, the competition and other talent sources. Include desirable externals in the succession plan and develop a strategy for bringing them into the organization.

PHASE 4

ACCELERATED DEVELOPMENT

Key principles underlying best practices in high potential leader development include:

- Leadership requires a global mindset.

- Leadership skill development needs to operate within a dynamic business environment.

- Sustainable leadership development is systematic.

To accelerate growth and development, best practice leadership development programs for future leaders involve development over time with individual and group training and project work often called “action learning” because the projects are actual tasks that the organization needs to be completed.

PHASE 5

MEASURING THE SUCCESS OF THE SUCCESSION MANAGEMENT PROCESS

Using multiple data points to identify top talent and then accelerated feedback and development systems for grooming that talent are best in class practices. Measures of short-term and long-term success are key. Best practices in measuring success include collecting business unit performance data, customer data and employee opinion data.

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