

HUMAN ELEMENT

HUMAN ELEMENT: SUCCESSION MANAGEMENT

By Mark Brenner



In the beginning, corporate America created replacement planning. Its purpose was to fill the void left by a key executive's untimely departure. Replacement planning, however, was an incomplete solution because it was mechanistic rather than process-driven.

Typically, the assessment "process" underlying the identification of potential replacement candidates was unsystematic, to say the least. Since necessity is the mother of invention, replacement planning began to grow and evolve – first into succession planning and ultimately into succession management.

Why Succession Management?

Succession management is defined as the identification and aggressive development of "high potentials." Companies invest significant time,

energy and resources in this process for two reasons. One is a set of potentially adverse external circumstances brought about by the ever-changing commercial environment.

These include demographic sea changes (e.g., the retirement of boomers en masse); psychographic sea changes (e.g., new attitudes, expectations and objectives of contemporary employees regarding their careers); ever-heightening customer expectations; the increasing complexity of competing successfully in a global economy; and today's dominant trend of growth by acquisition. Succeeding in an environment with these kinds of dramatic changes requires extraordinarily talented executives and deep and broad leadership bench strength.

Fortunately – and this is the second reason why companies make serious investments in succession management – extraordinarily talented leaders don't wait until the external environment forces change upon them. Rather, they practice succession management proactively to achieve their strategic objectives. These leaders recognize that talent drives competitive advantage and that they can only stay ahead of the curve by attracting, engaging and retaining strong people. They are skilled at forecasting talent needs and gaps, and at identifying hidden potential within the ranks and then grooming it.

They strategically deploy existing talent to stretch assignments around the company and around the world to hone leadership competencies and advance careers. Finally, they don't just appreciate diversity; they capitalize on it.

Together, environmental pressures and this strategic rationale for investing in the talent factory become the catalyst for the succession management imperative and help sustain the commitment to this long-term, demanding process.

Eyes Wide Open

First of all, a strategic approach to succession management must avoid certain obstacles and temptations:

- Lack of urgency among top leadership and a resulting lack of executive commitment to ensuring the success of the initiative
- "Sibling rivalries" among managers who may be willing to suspend objectivity and even fair play in order to make certain that their "golden boy or girl" makes it into the highly coveted high-potential pool
- The prevalent magic-pill fantasy that succession management is a mechanistic exercise and won't require much discipline or creativity
- Too much paper, too many meetings and too much data entry

With these temptations out in the open for all to see and avoid, management can then set about realistically designing and launching the succession management program. The most prudent way to launch the program is by conducting a study to surface and highlight all the issues and challenges involved in the implementation of the succession system.

The next step is to synchronize the approach to talent development with organizational strategy. This is accomplished by reverse-engineering succession management to the organization's HR strategy which, in turn, is reverse-engineered to the overall business strategy. Then, turn organizational culture into a pure meritocracy where managers are held accountable, recognized and promoted for being successful talent scouts and developers.

At a more granular level, assess all linchpin jobs (current and foreseen) to gain a full understanding of the core competencies, which are the upstream drivers of extraordinary performance in each role. The upshot of this assessment is a competency model that can be used as the launching platform for talent development.

Going forward, talent assessment acumen also becomes a core organizational capability. Identifying high potentials may sound rather straightforward, but how does one really go about differentiating between exemplary performers and high potentials? While all high potentials are exemplary performers, not all exemplary performers will be high potentials. In addition, this core assessment expertise is also invaluable when selecting successors.

The Biggest Challenge

Leadership development is the biggest challenge of the talent factory process because it can be quite difficult to get adults out of their comfort zones and stretch. There are three key components of superior executive development blueprints. Each is necessary; none is sufficient by itself. They are:

1. Mentoring – Senior leaders are potent teachers, tutors and role models. Jack Welch, for example, spent 40 percent of his time on talent factory work.
2. Stretch assignments – Nothing has greater development power than stretch assignments. Stretch assignments give high-potential managers the opportunity to have substantial decision-making authority, challenge high potentials by putting them in turnaround situations, provide them with experience in managing cross-functional groups, invite high-potential managers to lead start-up ventures or thrust them into important customer-facing roles.
3. Executive coaching – The higher people ascend on the managerial career arc, the more critical emotional intelligence capabilities become to their everyday success. The only sure-fire way to refine these personality-based abilities is through executive coaching.

The final component of the talent development Holy Grail is finding a way – enterprise-wide – to harness the performance management system to the development function. For decades now, this has been a chronic weak link in the people value chain of many organizations. Apparently nothing is more difficult than applying performance management as a performance-enhancing solution: beyond appraisal, review, evaluation and management.

Build – Don't Buy

When it comes to leadership, “build vs. buy” is not a meaningful dichotomy. Whether your organization seeks leaders from within or from the marketplace, it is always necessary to build them. The reason is because leaders, for the most part, are not born, they are made.

In fact, every organization that has committed itself to a huge, audacious strategy will be found to wax poetic in its strategic documents about the importance of its people, the importance of developing its people, and the importance of allowing its people to seek their full potential within a culture that nurtures such accomplishment. If you intend to walk that talk, then you had better be fully committed to promoting from within. **USBR**

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