

# A Primer on Succession Planning

by Cris Wildermuth

What keeps your CEO awake at night?

You may have thought of “competitive wars” or “market changes.” These are, of course, common C-level worries. Succession planning (SP), however, should also be high in your list. As baby boomers retire your organization faces the loss of large numbers of senior leaders. At the same time, it is likely that your structure is flatter than ever. The loss of mid-level ranks makes it harder for your organization to develop and observe new leaders .

A sound SP program must:

- determine the future leadership needs of an organization
- fill the pipeline with leadership talent
- select the most capable candidates for leadership positions
- develop and retain these candidates *and*
- do all that while avoiding both overt and subtle discriminatory practices

Interestingly, SP initiatives are both a great ally and a “sine qua non” condition for diversity success. It is common for minority group members to express concerns over a “glass ceiling” that blocks their advancement to the upper organizational echelons. These concerns are reasonable: After all, few executives are formally trained on how to evaluate, select, or hire key employees. Without training, executives are likely to value, promote, or recommend those whom they perceive to be “like them.” The best SP programs will, thus, reduce systemic biases and increase the advancement opportunities for *all* talented employees.

Here are some “best practices” to give you a beginning SP road map:

## Make it broad

It is typical for SP’s to focus only on the highest executive ranks. Ideal SP programs, however, take a “deep cut” across organizational levels. Candidates don’t come up in a “high potential cloud,” said Professor Carlos de Mello e Souza, from Seattle University. He recommended that employees be groomed for leadership as early as possible in their careers. This requires the program to be broader in scope, thus allowing more time for the observation and development of newcomers.

## Avoid biases

The preference for similarity is a very normal human tendency. Professor de Mello e Souza explained that critical decisions are often based on extraneous factors such as religion, club memberships, and hobbies. The pool of candidates thus tends to include only those who move in the higher level executive circles. Not surprisingly, every SP program carries within it a potential lawsuit.

For starters, employee nominations should not be based solely on managers' recommendations. Managers could be untrained or unskilled in assessing others, overrate someone out of a sense of loyalty, or eliminate top candidates because they do not want to lose them. Ideally, employees, peers, and other stakeholders (for instance, customers) should be involved in the evaluation process. Professor de Mello e Souza further suggested that companies create a searchable computerized database of employee contributions and accomplishments that could be examined by persons other than direct managers or department heads.

One way to minimize biases is to analyze factual performance data (i.e. production, sales, quality, etc.) and incorporate valid assessments. You should consider combining 360 reviews, personality inventories, and cognitive skill tests.

## Make it transparent

SP programs used to be run in a "shroud of secrecy." A few senior executives would meet in an off-site location and discuss their potential successors confidentially. No one would be told who those successors were – not even the successors themselves.

This approach has considerable drawbacks. First, it seems illogical to spend time and energy preparing individuals for positions that they may or may not be interested in. Secondly, secrecy may increase systemic biases. When no one knows what decisions are being made and by whom, decision-makers may be less accountable for their choices.

Of course open communications may be a double-edged sword. One potential drawback is the likelihood of participants falling prey to a "crown prince or princess syndrome." This happens when individuals marked for promotion "see themselves as destined for advancement no matter how well they perform." The next best practice – keep it fluid – may help minimize the potential drawbacks of an openly communicated SP program.

## Make it fluid

The best plans are changeable. Sub par program participants should be quickly removed. This reduces any potential sense of entitlement and motivates non-participants to improve their own performance. Moreover, fluidity is essential to protect the organization against discrimination claims. Non-participants must clearly see what differentiates them from participants. It is also suggested that

participation in the program not be a strict precondition for promotion to leadership positions iii. This will keep the system fluid and open, allowing errors and biases to be eventually corrected.

## K.I.S.S.

Complex and time-consuming systems are more likely to be resisted by busy managers. Of course, simplicity has its dark side: Bureaucracy is often put in place to avoid biases and system corruptions. *Some* bureaucracy may thus be desirable. The key is finding the middle ground between too much and too little control and develop a process that includes just the right amount of checks and balances. As a solution, Professor de Mello e Souza suggested that the SP program be “principle” rather than “rule” based. A number of basic principles should be disseminated to leaders but rigid rules should be avoided.

## Integrate

Finally, SP programs must be fully integrated to the strategic direction of the organization. SP’s do not exist in a vacuum – they are a tool for implementing strategic plans. i The top leadership must be fully involved in all major discussions related to the SP design and implementation. Resist all attempts to make SP an “HR” problem. Full commitment by the senior level is an essential condition for program success.

## Where we fit in

If you are interested in finding out how we can help you navigate your SP processes, please contact us. We will be happy to share our research, ideas, and tools with your top leadership. Here are some of the services that we can provide:

- Apply the WorkPlace Big Five ProFile™ as a developmental “road map.” Train your personnel to use this powerful tool for training, coaching, and selection processes.
- Facilitate a discussion on leadership competencies.
- Design a thorough competency development process to be used by individual leaders as they coach their successors.
- Help design a complete SP assessment process.
- Coach high potential individuals as they prepare for new responsibilities.
- Conduct bias awareness training for top leaders involved in SP processes.
- Conduct “Best Practices” presentations for your top leadership team or for your professional association.

## References

1. Rothwell, 1994. *Effective Succession Planning*. New York, NY: Amacom.

2. This book is a “must read” for anyone being introduced to SP. It provides well-organized and thorough information on SP including rationale, suggestions for implementation, forms, and questionnaires. Also included are suggestions on how to avoid bias and discrimination. Consult also the excellent article *The War for Talent*, by Chambers, Fouton, Handfield-Jones, Hankin & Michaels III, published in the McKinsey Quarterly, 1998, volume 3, pages 44-58.
3. Beeson, 1998. *Succession Planning: Building the Management Corps*. This article was published on *Business Horizons*, 1998, volume 41, pages 61-66. It provides a list of SP “best practices” including a “leadership development checklist” to evaluate leadership development processes.
4. Redeker, 2004, p. 23. *The Legal Overlay to Succession Planning*. This excellent article was published in the *Employee Relations Law Journal*, 2004, volume 30, pages 23-29. The author reviews 11 keys to well-designed SP processes and gives valuable advice on how to avoid SP legal traps.
5. Sessa & Taylor, 2000. *Choosing Leaders: More Cooks Make a Better Broth*. This article was published in the *Consulting Psychology Journal*, 2000, volume 52, pages 218-225. Even though it focuses on selection in general, it still includes very relevant information for SP practitioners.
6. Beeson, 2000. *Succession Planning*. This article was published in the magazine *Across the Board*, 2000, pages 38-41.
7. Rothwell, 1994, p. 275.
8. Professor Carlos de Mello e Souza is a professor at the business school of the Seattle University in Seattle, WA. The information included in this article was collected in a personal interview.