



***“THE TWIN COMPONENTS OF SUCCESSION
MANAGEMENT: SUCCESSION PLANNING AND
LEADERSHIP DEVELOPMENT”***

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by

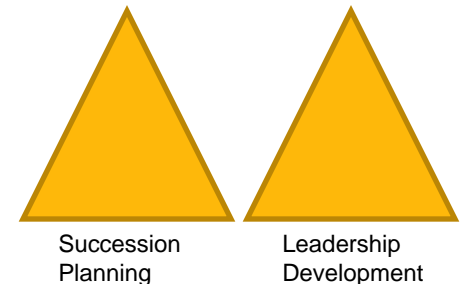
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The Succession Management System

The engineering of a successful succession management system requires the development and implementation of two very important programs. These are the twin components of succession planning and leadership development. Together, they comprise the succession management system. They are future-oriented human capital components.

In a declining economy, corporations and agencies should take a closer look at how these two programs can help them survive the economic turmoil.

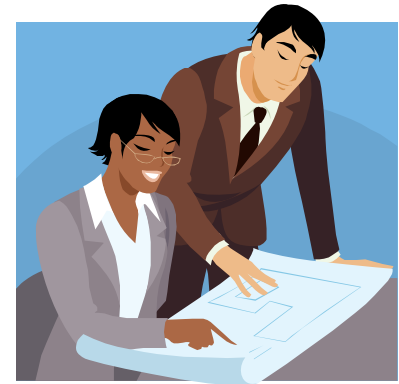
This presentation addresses how you can build a successful succession management system.



Succession Planning

Succession planning is concerned with identifying and developing potential successors in an organization. The focus is on creating a match between the organization's future needs and the aspirations of individual employees.

When the succession planning process is well-developed it has the potential for increasing the retention of the most talented employees.



Why Plan for Succession?

Succession planning has historically been done to plan for the inevitable: replacing senior leadership due to retirement or career change. This activity ensured that the executive team was taken care of, but ignored key contributors in lower ranks throughout the organization that were also critical to the business.

Succession planning continues to play an important role in managing talent depth at the executive level, but we have to acknowledge the changing times. Industrialized countries are facing the challenge of a rapidly aging workforce. By the year 2020, 64 million people, or 40% of the US workforce will be poised for retirement. The resulting talent gap will directly impact the future sustainability of every enterprise.

With this stark reality, it's even more important to develop and retain talent at every level of the company; and that starts with a redefined perspective for assessing, grooming, and placing the right talent throughout the company.



YR. 2020 40% of workforce ready for retirement

Why Plan for Succession?

The absence of a succession planning strategy places a lot of stress on the organization when a key contributor leaves the organization as it scrambles to find replacements.

There is also a financial impact of hiring under these conditions in terms of time and lost productivity when people are pulled away from their “real job” to interview candidates.

In the private sector many companies find themselves using headhunters to replace a key contributor, which is clearly an expensive undertaking when fees can range from 20-40% of the placed employees annual salary.



Why Plan for Succession?

Ongoing talent reviews for employees at all levels of a company should be considered as well just as performance reviews are conducted. This process gives companies a qualitative snapshot into the bench strength and readiness of individual employees to step up to leadership roles.

We know that today's workforce is more transient than ever, so it's critical to assess employees — from both a talent and performance perspective — and openly provide career development opportunities to ensure the right people stay.



What Succession Planning Can Do for Your Organization

Succession planning can transform how companies manage the future of their talent — from top to bottom — in order to positively impact bottom-line results and productivity.

Done well, it drives an ongoing, proactive dialogue between managers and senior executives that identifies and tracks individuals' talents in key positions. Companies can then put key contributors on a growth path where they can be most valuable to the company. Key benefits include:

- Building Bench Strength
- Better Career Development
- Time Savings
- Cost Savings



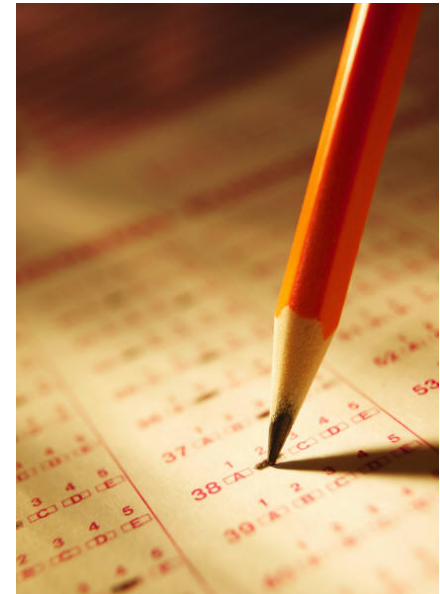
Building a Foundation for Effective Succession Planning

Many organizations see the value of building a succession planning strategy but simply don't know where to start.

The first step is to assess what you're doing now to take care of your future talent. These questions can help you gain insight into potential areas of liability in your current process, and solidify the importance of investing in succession planning:

- What is the average age of your employees?
- What percentage of your employee base is retiring within the next five years?
- What is your current process for identifying employees with a high potential to take on leadership roles?
- How do you identify internal talent that may be ready to step into key roles today?
- How do you ensure that you are training the right individuals for the leadership roles and measuring them accordingly?
- What if a key contributor or member of the executive team gave a two week notice today?

With these key insights, the next steps are designing and implementing a succession strategy and process that's tailored to your company's talent quotient.



Effective Best Practices for Succession Planning

HR professionals and human capital experts agree that effective succession planning relies on three best practices, regardless of the industry:

- 1: Designing a process,
- 2: Continuous review, and,
- 3: Leveraging technology



Designing The Process

The first step in designing a process that is both comprehensive and tailored to the company is the assessment of key positions. Identify key roles in the organization that are critical to the business. This is a thorough survey of key positions across the company — from a top software programmer to a first-line supervisor to a division business manager to a vice president of sales.

Once key positions are assessed, the next step is to thoroughly assess the key talent in the organization. Traditionally, this was thought to be only in the first one or two levels of the company, but it clearly needs to extend to every level.

On completion of these first two steps begin to generate development plans for grooming individuals and deepening the bench strength in all the critical areas of the organization. The focus is on the high potential employees and how to develop and retain them. It also allows for the identification of low performers as well.

Finally, create a consistent, ongoing monitoring and review process. This is crucial to solid succession planning. Keep in mind that any well-designed succession plan requires ongoing review and scrutiny from HR, as well as senior-level executives and other key leaders.



Continuous Review

Once the process of assessing and identifying employees at all levels of the company has taken place, managers should have a good idea of the depth and scope of available talent.

The next most critical step is follow-up. While succession planning can effectively guide identification, development and retention, if ongoing evaluation and measurement isn't adhered to, the process breaks down.

One way to reinforce a consistent succession planning process is to tie a talent review process to happen at the same time as performance reviews. This allows you to piggy-back on an already-defined event and adds important insight: simultaneous measurement of current performance against a talent assessment, which helps validate decisions and planning for those employees you feel will be of most value to the organization.



Using Technology

Without a doubt, designing, implementing, and executing an effective succession planning process can be time consuming and challenging to manage. This activity utilizing a paper-based system is not viable because there are simply too many variables to be assessed. Just collecting and analyzing data on its own to drive assessments for every employee is alone a humongous undertaking. Once information is collected, keeping it current, centralized and easily accessible to managers with the right permissions is very difficult when documents are kept in binders or file drawers throughout the organization.

Fortunately, there are innovative performance and talent management technology solutions available that dramatically facilitate the entire succession planning process. And, applying technology allows managers to have intuitive and easy to understand views of their team — including readiness and risks of someone leaving — as well as greater access to successor candidate pools through flexible search tools. But this comprehensive view of a company's talent pool and bench strength is only possible using today's powerful technology designed especially for succession planning.



Leadership Development

What is leadership?

Simply put, leadership is a process whereby an individual influences a group of other individuals to achieve a common goal.



Leadership Development

Leadership development should be an on-going, long-term process of investing in the talents of the organization. A well-developed and implemented succession management system results in having more than one good employee available for a key job.

Real success requires choices between two or more qualified employees. In order to have choices, you need to identify who is ready now and what it will take to make others ready when you need them.



Leadership Development

Employees should participate in programs designed to develop leadership skills. This helps to make them indispensable to the company. This is hard for many employees to understand, but if they are flexible and show leadership characteristics, a company can have future plans for them.

If you are the person that people come to for information and advice, you have potential leadership possibilities if you can answer their questions and give good sound advice.

Before you can be this “go to” person, you must know how to develop your skills as a leader. You are not just a leader if you answer questions. People have to respect you **and** your advice.



Attributes of an Effective Leader

- Attribute 1: Personal Drive
- Attribute 2: Comfortable Taking Risk
- Attribute 3: Results Focus
- Attribute 4: Masters of Priority
- Attribute 5: Appreciate Others Viewpoints
- Attribute 6: Positive mental attitude
- Attribute 7: Ability to motivate the team
- Attribute 8: Never stop learning
- Attribute 9: Solicit feedback

Leadership Traits Common to All Leaders

In order to become a good leader you must have the trust of your followers. Additionally your followers must understand where you are leading them. Below are some leadership traits that many of the great leaders of the past possess.

- Honesty
- Bravery
- Intelligence and Ability
- Versatility



A Leadership Development Plan

Four Essential Elements of a Leadership Development Plan

1. My Personal Purpose: A Statement of Personal Purposes and Values

“If you want to be a better human being and a better leader, you need to be clear about who you are and what your personal mission is. Once you do that, you can get your energy focused in a direction that has meaning for you!”- Bob Bostrom 1996 Inside USAA

2. Leadership Vision: Description of What I Want to Become and Create as a Leader

“Your vision will become clear only when you look into your heart. Who looks outside, dreams. Who looks inside, awakens.” Carl Jung

3. Where to Tap: A Summary of My Strengths and Weaknesses

“First and foremost, concentrate on your strengths. Put yourself where your strengths can produce results... One cannot build performance on weakness, let alone on something one cannot do at all.” - Peter F. Drucker

4. Development Action Plan: Key Development Outcomes to Enhance Effectiveness

“Becoming an effective leader does not occur in a day, a week, a month, or a year. It is a life-long pursuit of acquiring knowledge, raising self-awareness, practicing skills and behaviors, making mistakes, observing others, and constant learning and change.”- Founding ILA Director C. Riordan

Conclusion

It is becoming more and more difficult to compete effectively in the global labor market for competent leaders. Organizations can help themselves by developing a succession management system that recognizes and grows the talent that is currently in the workplace.

Succession management is a complex, time consuming activity. Nevertheless, it is necessary if an organization is going to be ready to operate in today's economic environment. Too often, organizations either don't have a succession management plan or, if they have one, they fail to maintain it as a viable tool to help them through difficult times.

Succession management is primarily the responsibility of the Human Resources Department but definitely needs input and cooperation from the rest of the organization. Succession management is just as important as sales, marketing, finance, production, etc. A successful succession management system also has direct positive impact on the bottom line and thus, should not be regarded lightly.