BEYOND SUCCESSION PLANNING

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BEYOND SUCCESSION PLANNING: NEW WAYS TO DEVELOP TALENT

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PREFACE

In the middle of writing this book the authors, along with almost everyone else, had to cease working to deal with the personal urgency of the 2020 Coronavirus Pandemic. As business writers, we also had to reflect on the long-term effects of this world-wide threat to business strategies. The strategy for guiding our writing focuses on the research completed regarding business succession challenges coupled with the presentation of our successful time-tested methods that address those challenges.

Some lessons to be learned from this pandemic require the re-thinking of how an organization will function given the trend of working remotely rather than behind the traditional desk or even on some equipment. Envision a business organization where less travel is scheduled and many, but not all, workers operate from home. In addition to required offices some office space will be needed from time-to-time for certain strategic planning meetings and interactive group training purposes. However, they may be rentals rather than leased facilities. Meetings and training activities can be effectively employed online in some cases. In doing so there may be a need to upgrade the listening skills of some staff members.

A striking example of the effect of the virus pandemic is the restructuring of the General Electric's aviation division. After 40 years with GE, the incumbent aviation's CEO will retire and be replaced with an outsider who will reshape the business to meet the sharp drop in air travel and the production cutbacks for its major customers.

GE looked far and wide for a successor from both inside and outside sources before they selected a candidate from a Brazilian plane maker (WSJ 6/16/20).

We fear that the aftereffects of the pandemic will be felt long after it drops off the headlines. Also, we believe that doing business or operating a non-profit will not return to the "good old days" when fear of contact was not a factor. The implications of this potential scenario can affect everything we do from teaching students, to overwhelming home delivery systems, to reinventing medical care routines and beyond.

With those things in mind, we decided to revisit ways to continue to employ face-to-face meetings, two-way communication techniques and daily conversations to align business needs with those of other stakeholders. We still recommend face-to-face meetings with staff and two-way communication to employ our methods but to use new technologies to do so, when needed. We urge the leaders of organizations to continue to include desired behaviors of the endeavor's key success factors in regular conversations. Doing so will reinforce the organization's strategies and culture. We have now embedded those ways within our suggested methods. A list of current remote communication tools can be found in Appendix 2.

We also believe that emerging leadership models need to be explored to discover new ways to lead organizations. They also often require new ways to think strategically. For our purposes, there are two types of strategy to ponder in any organization: corporate and business. Corporate strategy refers to the industry the organization chooses to operate in while business strategy tells us how it will operate within that arena. The terms apply equally to "for profit" and "non-profit" organizations.

The Epilogue in this book presents an introduction to a completely new leadership model we have developed over many years. The model takes the modern physics concept of duality into consideration to describe its new approach to making business decisions based upon leadership styles to meet all stakeholders' needs. This is our effort to launch a new round of creative thinking to meet the changing leadership demands looming ahead. We look forward to your comments and questions about our unique approach to the apparent impossibility of meeting the needs of all stakeholders in the organization.

One final point before we proceed with this book on the changes predicted for succession systems: an ongoing theme that we emphasize in our writings and teaching activities is the concept of dealing with the threat of entropy to organizations.

For our purposes, we view entropy as a slow spiraling decline of an organization that often leads to its demise. The current virus pandemic has the potential to increase the speed of entropy if the organization does not adjust and reorganize to meet changing consumer needs and reduce the fears of personal contact that the pandemic provokes.

The reader may wish to jump ahead to the *Instructor's Notes* in Appendix 1 to explore the threat of entropy in more detail as it applies to training of mentors in the implementation of a new succession system. A graphic diagram supplies a compact look at dealing with entropy.

INTRODUCTION

OUR PURPOSE

Beyond Succession Planning introduces new ways to manage talent that require the identification of future skills needed for jobs that evolve and not simply on replacements to carry out current business tactics. Our purpose is to differentiate between a strategic succession system and the tactic of planning workplace transitions, and we recommend well proven and practical ways to achieve this goal.

A strategic succession system aligns workplace transitions with the vision, the mission, and strategies of an organization to meet the needs of all stakeholders. This approach requires new ways to think about organizational succession decisions. We also describe a completely new leadership style to guide the blending of meeting the needs of all stakeholders with those of the organization. To maintain the status quo is not advised in this era of continual change in the workplace environment.

THE CHALLENGES OF STRATEGIC SUCCESSION SYSTEM CHANGES AND IMPLEMENTATION

The most difficult challenge is to build support for making changes to succession systems that were established many years ago. Resisters will chat at the water cooler to spread the message of, "This is another flavour of the month, it will pass if we wait for a while." The forces to maintain the status quo can be strong when people fear the loss of something due to changes. Even some people who see the need to change and meet new business and market trends will worry about their ability to handle new ways to do their job.

Teaching people how they will fit into the changes is not a simple instructional problem when learning new techniques. Rather, management must be aware that teaching people to forget the old ways to operate is the "elephant in the room."

Rewarding those who embrace change is the best way to make progress to diminish the forces for maintaining the status quo.

THE REPLACEMENT PLAN PROBLEM

It is critical to deliver the message that replacement of talent caused by transitions does not ensure a steady flow of people to meet future talent needs. It's very much alike the farmer who strips all the harvest without the next season in mind, as opposed to the tree farmer who plants two saplings for every tree removed. Examine your current "succession planning" system. Does it use the tactical approach of replacement or does it align talent management transitions with the vision, mission, values, culture, and business strategy of the organization?

Consider the following scenario:

Lessons to learn on how to address the challenges of effective succession and talent management often pop up in unusual places. A good example is an episode from a popular TV show about the life of a crime family and its organization.

The family's boss faced a dilemma when his number two man died of a sudden heart attack. As he looked around the room where the funeral service took place, his expression was grim. He had three choices for *replacing* a key associate. One choice was a fool that he had inherited who carried out orders without any thought.

Another had limited intellectual horsepower and the third was a smart, annoying and an untrustworthy character with his own agenda.

The boss had another choice, his nephew. He had lots of potential but was too inexperienced to assume more responsibility. The boss finally chose the smart character, figuring that he could be "managed," another term for controlled. In the long run, as the family business changed due to new crime prevention and investigation techniques, things did not work out very well.

Soon, a new number two man with different skills needed to be found again. In the TV crime family analogy, the boss had not given much thought to handling talent transitions. He then had to deal with too few choices while under urgent pressure to fill the job from a pool of replacement misfits.

The strategic succession management process requires the creation of steps to take to implement plans designed to meet the changing needs of the organization and its stakeholders. Hence, this arena is one that requires a significant investment of time, critical thinking skills and energy to meet its purposes of recruiting, selecting, developing, evaluating, rewarding and *above all*, retaining talent.

To go beyond traditional “succession planning” means that the process needs to be viewed as a high priority tool for strategic management of an organization. Accordingly, we view strategic succession as a system to become a key part of the activities of how an organization should continually operate and not simply as a year-to-year plan in the way many budgets are viewed.

Strategy answers the questions of how we should do business, while what we do to implement strategies guides us to choosing the tactics needed to make plans succeed. If you have management responsibility, you will be faced with succession transition challenges. Remember, it’s not an “if” situation, it’s a “when” situation. The concept applies to all organizations and not only to profit focused ventures.

In many of the organizations we have worked with, there was no strategic succession system in place. At best, there were replacement plans designed to keep the organization functioning on a short-term basis. We often found the title of “Acting Director,” or some similar title, that was created as a stop gap move.

This tactic can present workplace dissatisfaction at many levels. We propose positive measures and strategies to avoid replacement tactics and alleviate dissatisfaction problems. Let’s get the discussion started.

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RETHINKING YOUR SUCCESSION MANAGEMENT SYSTEM

A commonly encountered and ineffective approach to succession decisions will often follow these steps:

1. HR sends a memo telling managers that it is that time of year to update succession charts and send them in. An unrealistic deadline is given that many people ignore. After all, they have found out from past experiences that this is simply an exercise that will not impact the way things roll out. The thought is, “If only HR would let us get our real jobs done!”

   This is similar in many places to the preparation of a new budget. After hours of work by a manager, the budget is submitted, and later someone cuts it across the board by 10%. During the next budget preparation period the manager “ups” the budget by 20% so the extra 10% truly needed will appear later. The process takes 20 minutes.

2. Most units are late so HR sends out another notice extending the succession chart deadline. Reports finally dribble in and each manager files away a copy for use next year. Nothing more is done with the data at this time at the line manager level.[1]

3. A clerk in HR compiles the results, binds them (a nice touch), color codes each business unit binder (wow!) and sends them upstairs where they are stored in a locked closet. At some point, the board members each receive copies, usually delivered by hand by a trusted outside service, so they can prepare to discuss leadership transitions at their next meeting.

4. The HR director thanks everyone for the fine job and moves on to the next project.

5. When an opening occurs, the decision to fill it is done by the line manager without consulting the succession report. (Hiring good people is like quality improvement – “I know it when I see it”) As a result, some people get upset at the appointment and corporate life moves on.

*

HOW TO EVALUATE YOUR SUCCESSION MANAGEMENT SYSTEM

Think about your experiences, and the span of control you currently have. Here are valuable points to help you begin to assess and evaluate the current system in your organization: Agree or Disagree?

1. There is an up-to-date written personal development plan for each of my *key incumbent* executives and consistently retain our talent.
2. I have instant access to the development plans for my key executives.
3. Development plans are aligned with the organization’s key success factors, vision, values, talent management tactics, corporate and business strategies.
4. I know who has input into the identification of the key success factors and creation of the individual development plans to meet them.
5. The individual development tactics in these plans are based upon the key success factor mastery needs for each incumbent executive.
6. Using these plans, I can prepare a timeline talent transition report to the board next week for each of the business units under my purview.
7. There is a list of high-potential people available from each of my business units.
8. There is a written development plan for each *high-potential* person whom I supervise.
9. I will be able to present timeline recommendations to the board next week for increasing responsibilities for each of my high potentials based upon their individual development plans.
10. The existing system provides strategically based job descriptions for future talent needs and the skills to be developed and pursued to fill them.

How does your existing system stack up? Are there any “soft spots” that need enhancement? Are there any factors missing? Anything about measuring the degree of success of the current system? What other questions come to mind? Any surprises? How many times did you choose "disagree," an indication of an ineffective system?

The previous assessment is an example of the methods we will introduce to assist in the decision-making process for creating or improving a system. The wording may need to be customized when considering the size and structure of the organization.

HOW TO REDUCE RESISTANCE TO CHANGE

After the initial general evaluation of the system is concluded, you might decide that the answers to the questions raised require changes to the current system. If so, you should expect to encounter resistance to changes. So, what early steps need to be taken to open the door to embracing a different way to carry it on?

First, you will need to build support to introduce a new way to do things that will improve the succession system. The reality of the life in the business world dictates caution when challenging anything that may upset the status quo. The forces behind the "If it ain't broke, don't fix it!" vanguard can be strong and often subtle. We have all overheard the hallway discussion on the "flavour of the month" program and how it will disappear if we just wait it out. There is much talk about open doors, open books, open communication and "pushing back" but when we try to act on these things, we might put ourselves at risk for negative evaluations. People doing so might be labeled as difficult to work with. Some might move from hero to goat almost overnight. So, what should we do when we feel that our new, but risky, ideas are ripe for implementation? A key initial tactic to move forward to implement risky but ripe ideas is to identify a business unit or department where a quality performance appraisal system is in operation. The reason for this approach is to show the leadership of the area chosen that the good job they are do for performance appraisal can be leveraged for the benefit of the entire organization. Explain why there is an important need to do so. Emphasize that doing a great job of managing talent, through performance appraisal, is one of the most critical arenas that managers operate in on a continual basis.

This tactic is the beginning of facing resistance to change. Even a department with a strong performance management system will have people who will want to keep things just as they are and resist leveraging their efforts for the benefit of other components of the company. Competition for scarce resources within an organization is a motivator for resistance to change. This cadre will represent the "forces for maintaining the status quo."

Others will fully embrace the concept of working for the benefit of the whole company. This cadre will represent "the forces for change." Still others will be on the fence when regarding changes. Creating a simple chart showing where you believe your people stand, based upon past behaviors, will be a good tool for identifying starting points for change and choosing a change team. Here is an example: "CHANGE CADRE SELECTION".

Employee	resist	ignore	accept	support will champion	place on cadre
Alex	X				no
Terry				X	yes
Marion	X				yes
Joan				X	yes
Sam				X	yes
Ellen		?			?

Fig. 1. Change Cadre Selection Table.

Ideally, your organization will have a good balance between the "forces for maintaining the status quo" with those who represent the "forces for change." It also needs to be flexible enough to alternate between the two as new business challenges emerge.

Realistically, when a process works well and the organization also implements changes to meet the demands of evolving markets and their business environments, it should be given its head to run.

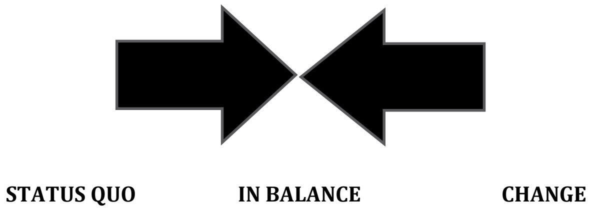

Fig. 2. Forces for Change.

But, if the "forces for maintaining the status quo" begin to overpower the need to change the process, they need to be reined in to prevent a major