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SUCCESSION MANAGEMENT

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Abstract:-Talent drives the success or failure of organizations. Research on the leading organizations in the private sector shows that, "getting the right people in the right seats on the bus" distinguishes companies that can develop a business strategy from those that can execute one (Collins, Bossidy & Charan). Individual talent carries an even higher premium in educational institutions, where 80% of the financial resources are invested in human capital and affecting human interactions like teaching and leading lies at the very core of any organizational strategy. Recognizing the importance of human resources, most organizations invest in leadership development, performance management, incentive structures and recruitment strategies. However, many companies fail to coordinate these efforts, preventing them from leveraging talent to achieve organizational goal. In this article our focus is to understand the need and process of successional management and how its helps in achievement of organization goals and strategies.

Keywords: Succession ,leadership , Caterpillar

Introduction :

"Succession management is the single most important thing savvy companies give time to."
Haygreeva Rao

Succession management synchronizes leadership development, human resources and promotion/incentive systems with the organizational strategy, allowing the organization to effectively utilize its most powerful resource.

• **Succession management:**
• Allows the organization to place the right people in the right positions.
• Cultivates a pipeline of candidates with the necessary competencies to fill vacant positions.
• Improves the attraction and retention of employees by offering development opportunities and a transparent career ladder.
• Creates a link between the current strategy, future needs and available talent.
• Systematizes the transfer of intellectual capital.

Replacement Planning, Succession Planning, and Succession Management

Table 1. Distinguishing replacement planning, succession planning and succession management

	Replacement planning	Succession Planning	Succession Management
Goal	Filling positions	Smooth leadership transitions	Developing a pool of candidates with the capabilities to fill key positions in order to execute the strategic plan of the organization.
Positions targeted	Vacant positions needing leaders immediately	Leader at the top of the organization	Positions key to executing the strategic plan of the organization
Responsibility	Human resources	The current leader	HR, Top leadership, Professional Development, high potential candidates
Mode	Passive; focused on present need	Active; ongoing process looking to the future	Active; ongoing process anticipating changes in the future

Conceptualizing succession management

Managing the talent of an organization seems like an intimidating and onerous process. On the contrary, simplicity is crucial to effective succession management plans. Ultimately it does not require new personnel, extensive meetings or piles of paperwork. Rather, succession management is simply an interface that synchronizes processes already occurring in the organization.

Figure 1. Succession management as an interface

Too often establishing an organizational strategy, processing human resources and developing leaders occur in separate silos with little coordination. Succession management strategically links elements of these functions together. It identifies positions and a competency required to execute the organizational strategy, aligns development efforts to cultivate these competencies and coordinates the human resources to identify, track and select based on the same competencies.

Because succession management touches on many facets of the organization, it is often thought of as a bigger umbrella than it is intended to be. Equally important is what succession management is not.

• Succession management is not a useful strategy to apply across the board for every position within the organization. Executing a succession management plan is resource intensive and should be reserved for pivotal positions essential for executing the organizational strategy. It is more than planning for only the CEO transition but less than staffing every position in the organization.

• Succession management is not a boxed product that can be borrowed from another organization. It requires an astute internal assessment of the organization to identify the key players and positions, and it is intimately linked to the organization's specific goals.

• Nor is succession management synonymous with general leadership training. Instead, succession management identifies and systematically develops the competencies required to be successful for a specific position in a specific context. Organizations may engage in other forms of general leadership training but this should not fall within their succession management plan.

• Succession management is not an event but a process. Effective succession management does not end with filling vacant positions. It creates a pipeline of leaders by identifying high potential candidates early and providing targeted development. The succession process requires continual review to respond to the changing needs and goals of the organization.

Despite the simplicity of the ultimate product, succession management is not simple to implement. The synchronization of processes requires changes to culture and practices deeply embedded in the organization. These changes cannot occur without the advocacy and support of key decision makers in the organization. Even with their full support, changes in culture will be difficult.

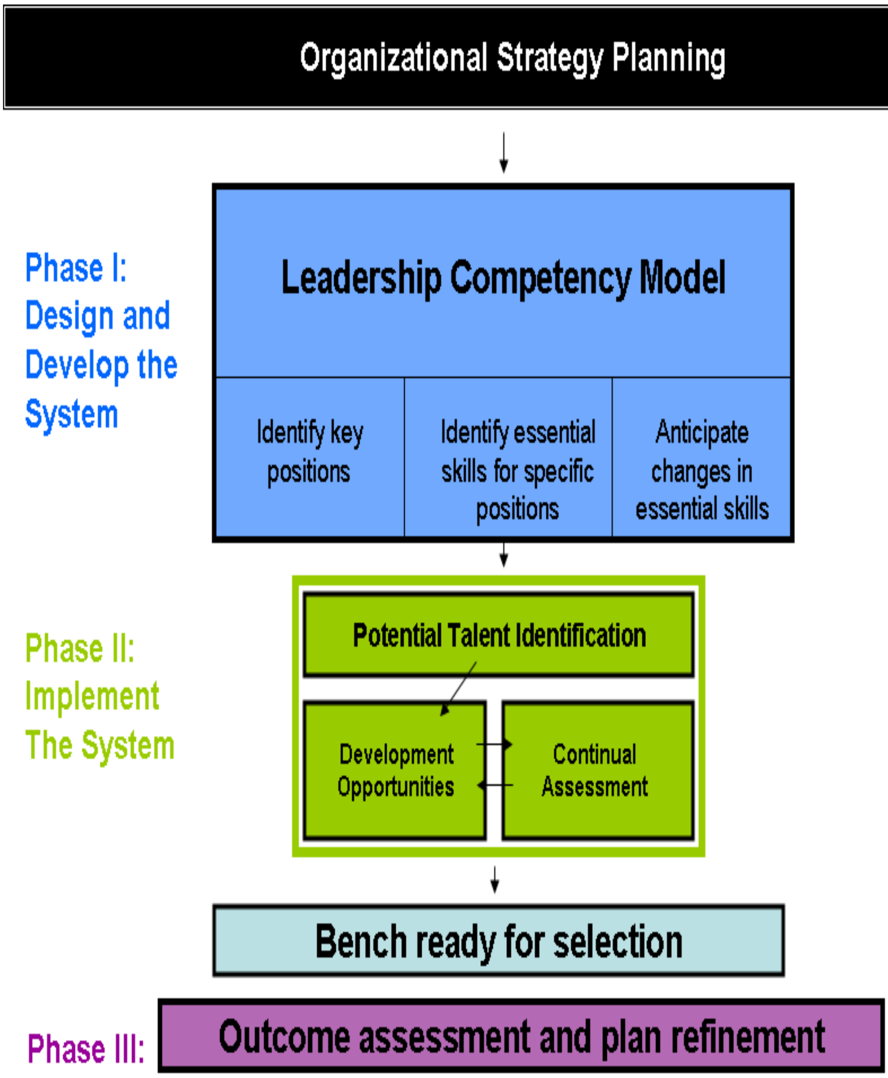
THE HOW OF SUCCESSION MANAGEMENT

Every organization will approach the challenge of succession management with a process uniquely suited to their needs and components already in place. Regardless of the order, the process of managing succession includes the following key components:

- Organizational strategy development
- Internal assessment and identification of pivotal positions
- Articulation of position competency requirements
- Identification of candidates or potential talent
- Focused development training
- Candidate assessment and evaluation
- Candidate selection and placement
- Evaluation of outcomes and reinvention

Figure 2 provides a phased process that can serve as a roadmap for developing a succession management system.

Figure 2. Developing a succession management system



For examples of how private organizations schedule these processes annually see Appendix A.

Prerequisite: Organizational Strategy

A well-articulated and forward-looking organizational strategy drives succession management planning. Attempting to develop a succession management plan without a clear strategy is ineffective and wastes valuable resources (Kareavli and Hall 2003; Fulmer and Conger 2004; Cohn, Khurana et al. 2005; Aberdeen 2006; Bernthal and Wellins2006;Salopek2007).

The leaders of the organization must develop all elements of the succession management plan with an eye toward aligning the plan with their strategic goals. Organizations should differentiate their short and long-term goals and plan the development of their leadership pipeline accordingly (Aberdeen 2006; Rao 2008). It falls upon top executives to determine an approximate time frame for an individual to move through the pipeline. Current leaders must ask themselves do they need the next generation of leaders to be ready in one year, two years, or longer. Aligning the succession management plan to the overall strategy informs this decision (Rao 2008).

Reviewing for Alignment

Succession management is a continual process. Plans must be evaluated annually and realigned to the organizational strategy . As noted by the National College for School Leadership report on growing leaders:

The strategic planning cycle is shorter now than it has ever been….It is common now for organizations to review their leadership frameworks regularly, not necessarily with a view to rebuilding these from scratch, but certainly to ensure continued alignment with developing strategic aspirations (2003).

Regardless of the specific strategy developed by an organization, failure to align the succession management plan with the organization's strategy, or failure to keep them aligned, will result in a pipeline of leaders without the competencies needed to execute the organizational strategy.

PHASE 1. Design and Develop a Leadership Competency Model

In general terms, a leadership competency model is a, "narrative description of the knowledge, skills, attitudes, and other abilities that lead to exemplary performance" (Rothwell 1996). Within the context of a succession management plan, a leadership competency model is the foundation. All other elements in the succession management plan center on identifying, developing, and assessing the leadership competencies possessed by individuals within the organization. Effective succession management plans synchronize disparate elements of an organization and the leadership competency model provides the focus for coordination.
A leadership competency model answers three essential questions:
1) What are the positions in the organization that have the most leverage in executing the organizational strategy?
2) What competencies are currently needed to be effective in the position?
3) How will those competencies change in the future?

(Beeson, 2004; Rao, 2008; Fulmer & Conger, 2004;

Although it can be useful to glean ideas from leadership competency models used by other organizations, answering these questions is primarily an internal process. Those in charge of developing competencies should tailor them to the position, job context, and organizational strategy.

Aligning the leadership competency model with the organizational strategy

Leadership competency models are strategic resources that require significant resources. Utilizing them effectively demands that they be targeted specifically to the positions and the skills that are crucial to the organizational strategy.

For examples of leadership competency models see Appendix B.

PHASE 2: Implementing the System

Phase two of the succession management plan shifts the focus from strategy to execution.
Most organizations already have both formal and informal programs in place for identifying high potential individuals, continually assessing talent and areas of improvement and providing targeted development opportunities. Therefore in phase two it is important to begin by taking stock of the systems in place. Organizations must determine if they need to develop new processes or synchronize existing ones, making them, simple, transparent and easy to maintain.

I. Identify High Potential Candidates

The leadership competency model helps an organization define what it means by talent in the context of organizational needs. It provides the underpinnings for the next step, identifying high potential individuals. In developing the identification process, it is helpful to answer the following questions:

II. Tracking and Continual Assessment of Competencies

Organizations need an individual development plan for their high potential candidates. This plan tracks progress, documents skills and plans future development opportunities. The documentation of the plan can be left to the individual or managed by the organization.

For examples of talent identification and tracking processes see Appendices C and D.

III. Development Opportunities

Leadership development is the most important and often the most difficult piece of a succession management plan to synchronize. Similar to other elements of the plan, this is an internal process. Generally, all organizations have leadership development programs, and a succession management plan provides the opportunity for the system to gain coherence. Organizations should begin by creating a leadership blueprint to identify the leadership development opportunities in place and the gaps between those programs and the desired outcomes of the succession management plan (Fulmer & Bleak 2007). It is a mistake to think that an organization can be effective by attempting to outsource leadership development: In creating and synchronizing developmental opportunities, organizations must think about both the how and the who.

Organizations provide a diverse array of leadership development opportunities. On-the job training and coaching are the two of the most effective developmental opportunities . As Kareavli and Hall write, "development occurs primarily on the job, not in class; thus selection is development" (2003, p. 74).

"A fundamental mistake, and a formula for disaster is to dump the responsibility for the succession effort on the Human Resources department" . The HR department may seem like the most natural place to oversee leadership development, but that is a misconception: "in companies that are good at growing leaders, operating managers, not HR executives, are at the front line of planning and development. In fact, many senior managers now hold their line managers directly responsible for these activities" . Line managers are uniquely positioned in an organization to balance short-term performance needs, with long-term developmental needs, but just because line managers may be held responsible for executing the development does not mean that the remainder of the organization can forgo ownership of the succession plan. Top executives must maintain their commitment and H. R. departments can develop tools and facilitate their use.

Strategy, Development, and Dell

A recent study of 13 high performing organizations found that although every company acknowledged the need to derive development opportunities from corporate strategy, this is often not achieved. The primary reasons were: lack of a clear, single strategy driving succession management and line managers focused only on current operational demands.

Dell computers provided one suggestions for solving the problem. At Dell, "leadership assessment and development is simply a part of the regular business planning process. It is a continuously evolving process that is driven by corporate needs and strategy, folding the acquisition and growth of human capital into the planning for financial and physical capital . Leadership development can also play a useful role in translating and communicating strategy. The leadership programs can "communicate the reasons for and implications of corporate strategy to managers, who must translate that strategy for employees, so everyone understand his or her role in creating the desired future (Fulmer & Bleak, 2007, p. 39)

Leadership development programs are most likely scattered throughout every organization. Implementing a succession management plan provides the perfect opportunity for an organization to assess and synchronize its programs.

For examples of leadership development practices see Appendices F.

Phase III. System Assessment

The final piece of a succession management plan is system assessment. Effective assessment forces organizations to think critically about the goals of their succession management plans and hold themselves accountable for meeting those goals. Although specific metrics may vary, there are two distinct components of succession management plan assessment. The first focuses closely on evaluating the impact of leadership development activities. The second takes a more holistic approach to assessing the system by using key metrics.

Assessing Leadership Development Activities

Fulmer and Bleak contend that, "return on learning is increasingly measured by corporate success rather than by individual performance" (2007, p. 21). A study conducted by Fulmer and Bleak found primarily three types of measurement: (1). participant reaction and satisfaction, (2). behavior change, and (3). organizational impact. Assessment most often occurs either annually or at the completion of a module by using questionnaires, surveys, observations, and interviews. Leading organizations also used a variation of the Kirkpatrick model, which assess reaction, behavior, learning, and results.

Assessing the Succession Management Plan

This list is far from exhaustive, but the Aberdeen group asserts that organizations use the following metrics:

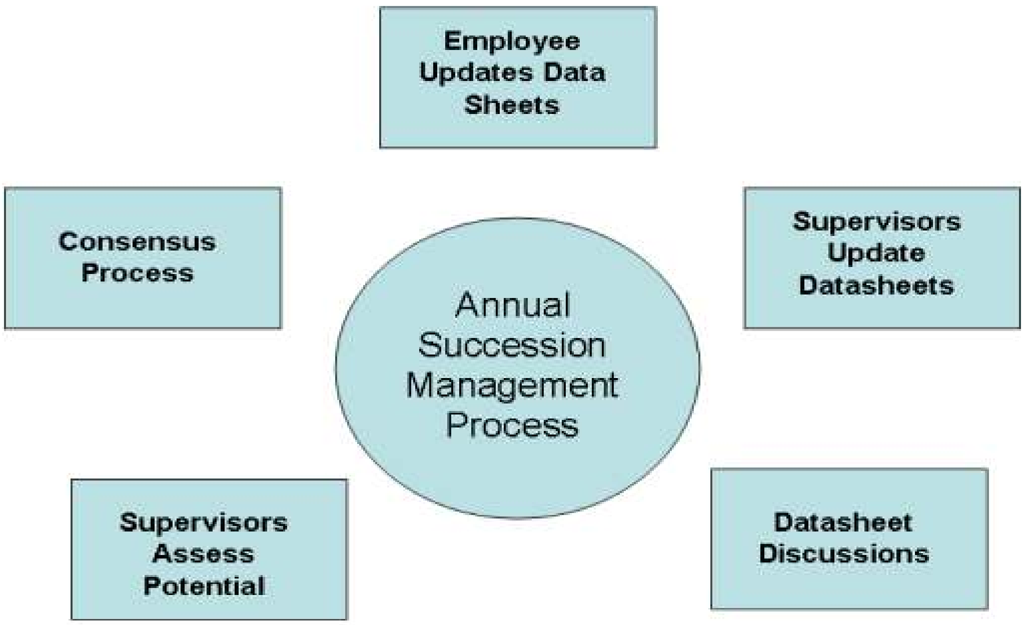
- Bench strength (the percentage of key positions for which qualified succession candidates are available
- Early identification of prospective leaders
- Success rate for new executives in replacement positions
- Employee satisfaction
- Number of key vacancies
- Lower rate of turnover

Some companies, such as Washington Group and Pepsico base a percentage of employee compensation on developing others (Fulmer & Bleak 2008). Practices such as this ensure that the impact of the program is looked at by a variety of levels of the organization. Although there exists variation in the assessment metrics of leading organizations, they do all agree that it is important to continually assess and refine the process and that the overall assessment must be closely aligned to the success of the organization.

For examples of assessment metrics see Appendices E

Appendix A: Examples of Annual Succession Management Events

I. Caterpillar's succession management process



II. H

Source: *The Leadership Advantage* (Fulmer & Bleak 2008)

Already in place: Leadership development plan based around competencies included many professional development opportunities, assessment instruments, outside vendors and leadership coaches/mentors

PHASE 1: Create a general developmental culture. Teach supervisors strategies for developing their employees. Provide eight information session over the course of 4 months and one half-day training session.

Topics & Tools:

- How to guide employees through a professional development process using individualized learning plans.
- How to guide developmental conversations with employees.
- Assessment tools which to identify gaps in skills and feedback of how others' perceive them
- Job histories identifying employees interests

PHASE 2: Provide information to upper managers on strategies for creating structured development processes specifically for succession management. Tools were developed to help them do so. The 5 steps of succession management were discussed in 2 informational sessions for managers

1.Identify key positions for succession:
2.Identify competencies of key positions
3.Develop employees
4.Assess the results of development
5.Evaluate the program

Appendix B: Leadership Competency Models

This appendix contains samples of leadership competency models from an array of organizations. As mentioned earlier, leadership competency models must be tailored to the strategy and context of the organization and therefore cannot be directly imported from other organizations. However, in the process of thinking strategically about current competencies for the purpose of succession management or in developing new competency models, it can be helpful to look at examples, formats and dimensions used by other organizations.

I. Henrico County: The process of developing a competency model

Already in place:
Henrico County had a list of 20 core leadership competencies they developed to serve as a foundation for their leadership development program. The competencies were based on a review of the best practices in the private sector and included items like "conflict resolution" and "systems perspective."

Meeting with the executives:
Henrico County assembled the upper managers whose positions were identified as the focus of the succession management plan. They provided the managers with the list of the 20 core competencies as well as a hypothetical description of a management job identifying the competencies, responsibilities, functions of the hypothetical position. The managers used the list of competencies as a foundation for creating a comprehensive list of skills and abilities required to do their jobs at a highly productive level. These lists were shared with subordinate managers to identify the skills they needed to develop in order to be a viable candidate for the higher-level position.

II. Bank of America

To be productive, competencies models need to define specific behaviors associated with each competency Bank of America's model identifies 2-5 behaviors for each of their 15 leadership competencies. Below is an excerpt of their leadership competency model. (Fulmer and Conger 2004).

Table 2. Bank of America Leadership Competencies and Behaviors

I. Grow the Business	II. Lead People to Perform	III. Drive Execution	IV. Sustain Intensity and Optimism
A. Demonstrates deep and broad business acumen 1. Demonstrates deep broad financial management and functional skills 2. Cuts to the heart of complex business and financial issues.	**G. Recruits and grows great talent** 1. Moves quickly to address mediocre/poor performers 2. Willingly takes risks on high potentials/high performers to stretch and develop them	**J. Instills management focus and discipline** 1. Translates strategies into specific goals, tactics, action plans, and deliverables. 2. Keeps people focused	**M. Constantly raises the bar** 1. Sets stretch performance standards for self and others 2. Fosters high levels of accountability through fair, but hard-hitting performance and management processes

Appendix C: Talent Identification and Tracking Processes

After identifying the key competencies, organizations must create (or align) systems for identifying and tracking talent within the organization. This appendix contains broad examples of talent identification from specific organizations. Regardless of the process used, it is important that organizations identify talent early and communicate the results to the high-potential individuals. This will ensure a deep talent pool and decrease the number of individuals likely to leave for better opportunities elsewhere. Importantly, both of these programs illustrate talent-identification initiated by members of the managerial line, not the human resource department. These organizations are also in contrast to those that limit talent identification to high level managers who may have little contact with the broader talent pool (Cohn,Khurana.etal.2005).

I. Eli Lily

Eli Lily uses a talent assessment process, initiated at the plant level eventually reaching the CEO (Kareavli and Hall 2003; Fulmer and Conger 2004).

•

• Managers identify the talent at the level below them. They use a talent identification tool to assess past performance, learning ability and potential derailers.
• Managers meet as a group to discuss the results of their assessments.
• The results of the group meeting filter upwards, eventually reaching the CEO.

II. The Washington Group

Washington Group also uses an annual process with results moving up through the organization (Fulmer & Bleak 2007).

• Annually, individuals are identified as high potentials and become part of the "talent bank." The talent is an online data base containing employee resumes, technical skills, and career interests (Fulmer & Bleak 2007). The talent pool is 8 to 10 percent of the workforce; they are identified by business units with special attention given to developmental needs (Fulmer & Bleak 2007).

III. Bank of America: Tracking talent

Bank of America tracks its talent pool using a grid plotting performance by leadership potential. The grid helps target appropriate development opportunities and focus.

Appendix D: Tools for talent identification, development planning and performance evaluation.

I. 360 Degree Feedback

360 Feedback is an approach that gathers information about an employee from many layers of the organization. The four most common sources are:

1.The Supervisor
2.Peers
3.Subordinates
4.Self

(Sometimes customers and suppliers are included in which case it is called 540 Feedback)

Background

360 Feedback first became popular in the 1980's as a managerial improvement tool. It has also been called multi-rater or multi-source feedback. It is based on the theory that employees want to know how well they perform their job and the traditional top-down appraisals do not meet that need. 360 Feedback has increased in importance as organizations have flattened and people are expected to achieve results working with other people over which they have no direct authority. The target of change for 360 Feedback is the manager, rather than organizational policies or job designs. It is based on critical job competencies. In 1994, 24 of Fortune's 32 most admired companies used 360 Feedback.

Appendix E: Leadership Development

Leadership development is clearly a topic that deserves its own volume. This appendix focuses on a few organizations' development efforts, specifically tied to their succession management plans.

I. Best Practices at Leading Businesses

Bristol Myers Squibb, Bank of America, Sun Microsystems, and Colgate-Palmolive have moved toward highly focused approaches to succession management and future leader development. They emphasize:
1) Rigorous and repetitive identification of leadership potential;
2) Specification of candidate's core developmental areas;
3) Highly individualized development planning;
4) An emphasis on experiential, on-the-job development through stretch assignments designed to test new skills and build new perspectives .

II. NCSL Report

A report by the NCSL concluded that effective leadership succession starts with personal development. The NCSL also concluded that the three most effective ways of developing people at work are: coaching, work-based assignments, and internal training. Some work-based examples include:

• A managed approach to job moves that takes into account individual development. It may explicitly countenance a degree of risk or compromise in short-term deliverables if the long-term outcome is effective development.
• A developmental focus to job design that pays attention to the creating of developmental opportunities as well as tangible job outputs.
• A consideration of developmental opportunities in wide-ranging projects.
• Emphasis on opportunity planning rather than career planning to place the focus on developing attributes rather than the next steps on the career ladder.

Appendix F: Assessing Succession Management

I. Henrico County

Twice a year each department heads turn in a report answering the following questions:

1.What have you done in the past six months to develop the subordinate managers reporting to you?
2.What will you do in the next six months to develop these subordinate managers?
3.Have there been any openings in upper management positions in your department? If yes, what internal candidates applied or did not apply and why? Who got the job?

After completing the report, managers meet with executive leaders to determine the next steps.

II. Bank of America
Metrics used:

• Are they meeting performance goals? If not, what kind of talent is required to meet the goals?
• Number of "ready now" replacement candidates for the top 50 jobs. The goal is to have at least 2:1 ratio.
• Diversity: Goal is that management mirrors their customer demographics.

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