



## Are you planning succession or managing success?

a strategic perspective

“ One of the things that drives me crazy is every survey that comes out, everyone says that succession is their top priority, and then, the following year, the same survey states that nobody implemented it ”

Bill Kutik

# Overview

Year after year, survey after survey continually reports that succession management is seen as a key priority. And the same surveys go on to report low levels of success in doing very much about it<sup>1</sup>.

Why does succession management seem such a difficult activity for organisations?

Is it that good ideas translated into a programme for implementation break down in the face of executive indifference or political resistance, or that the process infrastructure and technology is inadequate to support execution? If so, the best response is better change management and smarter succession software.

Or is it that often we don't think strategically about the issues in the first place?

To understand why we get off to a bad start it helps if we recognise how conventional succession management, far from being a positive force to “future-proof” organisations, can contribute to business failure.

The proposal here is that much practice, now deeply ingrained in the mind-set of the talent management industry, is part of the problem, and a key reason why organisations have found implementation a difficult and frustrating experience. We suggest how to shift from succession planning to success management.

<sup>1</sup> Only 14% of respondents in the 2010 ASTD survey report their organisations' succession planning activity is effective.



“ *Most companies are still mediocre or worse when it comes to succession planning. I think this weakness is going to harr and haunt them in the course of the next 5-10 years.* ”

Mark Vickers

# How classic succession management is a dynamic of failure

Succession planning, rather than operating as a force for organisational resilience and sustained success, becomes a dynamic of business decline when it:

1. assumes the current strategy is the right one and the formula of future success is more of the same. **Resourcing and development priorities are lined up to prepare for a future that won't happen.** In the process, the formalities of the succession plan reinforce current assumptions about success and constrain thinking about a changing future.
2. maps out succession within existing structures in its review of the breadth and depth of its professional and leadership talent. This is **succession planning lost in the bureaucracy of job evaluation and out-of-date organisational charts.**
3. reduces the complexity of leadership psychology into a summary index of potential, plotted on a nine box grid, to summarise its talent investment priorities. When organisations manage their finances with a “finger in the air” they go out of the business. **Organisations that lack insight into the complex diversity of their technical, professional and management capability** are likely to experience the same fate as financially naive organisations.
4. introduces a comprehensive system and supporting IT infrastructure to put in place an organisation-wide process. When the HR system becomes the tail that wags the dog of end user requirements, organisations are **engaged in the circulation of information, not accessing critical intelligence about their future resourcing opportunities and risks.**

“ *Insanity: doing the same over and over again and expecting different results* ”

Albert Einstein

# When succession becomes success management

---

Here the emphasis shifts from:

1. assuming the current strategy is the right one and the formula of future success is more of the same, to **seeing succession management as a key dialogue about future business options and accessible talent**
2. mapping out succession within existing structures in its evaluation of the breadth and depth of its professional and leadership talent to **accepting that structures keep shifting and the focus should be on identifying and prioritising activity around those roles with the greatest strategic impact**
3. reducing the complexity of leadership psychology into a summary index of potential, plotted on a nine box grid, to summarise its talent investment priorities, to **differentiating different “categories” of talent to connect succession priorities to practical career development recommendations**
4. introducing a comprehensive system and supporting IT infrastructure to put in place an organisation-wide process to **making organisational life manageable by pinpointing priority roles and individuals and applying simple and dedicated technology to turn information into intelligence**

“ *The theories are so broken that we can't try to fix them. It's time for new models.* ”

Dubs, blogger at SystematicHR



# 1. Success management: a dialogue about the business future

Succession management is a dynamic of failure when it assumes that “what got us here will get us there” and that the current succession plan is a blue print for future resourcing and development priorities. Instead the succession plan, in maintaining the fiction that existing successors lined up within current structures represent the next generation of leadership, becomes part of the problem.

Ed Lawler observed of several organisations: “they prepared a wonderful group of executives for yesterday’s business. By being so good at narrowing the gene pool, they replicated people who would have been good leaders in the past but not the future.”



## The strategy - talent debate; does talent follow strategy?

When the Human Resources function got strategic in the 1980s, the challenge was to translate the strategic agenda into a game-plan for talent management. Priorities need to be different, for example, in a new media start-up embarking on rapid growth to that of an established manufacturing firm fighting to maintain market share. Although this is true and obvious, organisations struggled to make this a reality.

The search for “best practices“, the dominance of laundry list competency frameworks, and a shared philosophy within the talent management consultancy industry, resulted in a remarkable lack of differentiation in talent management activity. The extraordinary fact about much talent management, from recruitment, performance management, executive development to Board level succession, is just how similar it is - even across different organisations, pursuing very different strategies.

Of course, as in life, there are some generally smart and dumb things to do in the management of talent and the planning of succession. But strategic HR suggested something more ambitious: a differentiated talent management game-plan and processes that had direct read-across to the business distinctives of the organisation.

Brian Becker points out in “The Differentiated Workforce”, “initiatives are seldom based on a clear line of sight between workforce success and strategic success.” Instead talent management is largely a set of highly standardised and programmed activities that fail to reflect the variation across firms in their business strategy or organisational culture.

# 1. Success management: a dialogue about the business future

## The strategy - talent debate; talent first, strategy second

In the late 1990s, the agenda shifted. If it was proving difficult to connect talent priorities to strategic realities, we should focus on the people, and the strategy will take care of itself.

This is the argument of Jim Collins in “Built to Last”. “Get the right people on the bus, and then figure out where to drive it.” This is “find the who, then decide the what” of strategic success. Don’t worry too much about the strategic direction of the bus until you’ve filled the bus with exceptional people.

And the talent management bible, “The War for Talent”, extolled the virtue of that mind-set which recruits talent and “allows it to go in whatever direction it wants to go.”



Putting talent first is problematic. Apart from a lack of clarity about what talent is or who the “right people” might be, this talent first, strategy second philosophy has the potential to:

- **hold on to familiar and established candidates.** This is succession cronyism to protect loyal candidates who have contributed to past success. As Polaroid discovered when it prevaricated about shifting to the digital world for fear of alienating its key people in the chemicals and film businesses - functions that were rapidly becoming obsolete - current talent may be part of the problem when the market is changing.
- **pin its hopes on the superstars** to bring in the “bright, beautiful and best” from outside. When Enron followed the talent principles of “The War for Talent”, it allowed its “talent” the freedom to do what it wanted. Enron’s brightest star, Lou Pai, ran up tens of millions of losses. And this wasn’t the outcome of a well-calculated business risk. This was because Pai, badged as “talented”, was encouraged to pursue opportunities to display his talent.

Malcolm Gladwell<sup>1</sup> shrewdly observes: “what if Enron failed not in spite of its talent mind-set but because of it?”

When Judy Gilbert at Google says: “Let’s hire fantastic people, bring them in and set them free”, she is extolling the talent first, strategy second view. This may be working for Google now. Alternatively, Google may find itself in five years time asking : how did we get ourselves into this strategic confusion?

<sup>1</sup> The Talent Myth  
[http://www.gladwell.com/2002/2002\\_07\\_22\\_a\\_talent.htm](http://www.gladwell.com/2002/2002_07_22_a_talent.htm)

# 1. Success management: a dialogue about the business future

## The strategy - talent debate; the principle of AND?

Strategy should drive the talent management agenda **AND** the review of talent should shape strategic options. Nothing new here really. But when book sales, blog hits and consultancy pitches depend on the “new big idea” that is a simplistic exaggeration of the issues, it’s useful to gain a sense of perspective by reminding ourselves of the obvious.

When we think **AND**, succession management goes from being a piece of paper that summarises the current situation, to an informed discussion about strategy and talent.

- as a business what strategic progress are we making? Where are we advancing and where are we stalling? Why?
- which ideas and proposals are emerging from our best people to inform our future direction?
- how are these ideas influencing our views about likely successors?
- which strategic options are more or less realistic given our current professional and management capability?
- how do we reposition ourselves for the future to differentiate ourselves from the competition?
- which roles are becoming less and more important to our strategic future?
- do we have the talent to excel in these roles? How easy or difficult would it be to develop this talent internally or acquire the capability from outside?

“If strategy and talent pipelines are out of synch, companies end up grooming lots of superbly qualified candidates for leadership in dead-ends.”

George Anders

Succession management is success management when it is a vibrant conversation about the dynamic between current talent and shifting market forces. These iterative discussions probably don’t play well in a neat and tidy “succession plan”, but they are the reality of proactive succession management that makes a business difference.

## 2. Success management to focus on strategically critical roles

The problems of the conventional succession organogram are well known. Typically, after much effort collating and consolidating submissions from managers across different business areas, the chart is produced listing back-up and emerging successors for key positions - and not much else happens. This is known as SPOTS - "Succession Plans On Top Shelves" - that make little difference to subsequent resourcing and development activity.

Unlike some within the world of talent management<sup>1</sup> we're not advocating the complete abandonment of the succession organogram. Just as marketing and finance professionals prepare a business review and plan, accepting that things will change, HR needs to summarise the talent opportunities and risks facing the organisation. Corporate governance and risk management conventions also demand some variation of the classic succession chart.

But the problems start when we see this exercise, not simply about responding to the expectations of different stakeholder groups to ensure the organisation has evaluated its exposure and risk, but as the full stop of the process. Organisations which think the succession job is complete when the "box is ticked" combine complacency with cynicism.

Success management sees beyond the current map of organisational structure and existing accountabilities, responsibilities and reporting relationships. Instead attention is directed at those key roles that are strategically important to future competitiveness.

If conventional succession planning is defensive to pinpoint those current roles with exposure, success management is proactive to identify the talent that can progress into the roles that represent the future.

“ *In strategy it is important to see distant things as if they were close and to take a distanced view of close things.* ”

Miyamoto Musashi

<sup>1</sup> See for example Peter Cappelli's "Talent on Demand"



## 2. Success management to focus on strategically critical roles

When Colin Chapman of the Lotus Formula 1 team identified that future race wins would be about aerodynamic design and not simply a fast driver; Herbert Chapman, the Arsenal football manager, spotted how a change in the offside law would need a rethink of tactical formations; and Sam Walton of Wal-Mart recognised how the application of information technology and supply chain management would transform retailing, all three anticipated change to shape the future.

This is success management as a rethink of the present to prepare for a different future by pinpointing specific roles that require greater organisational attention.



Rather than worry too much about “the succession plan” across the full organisational structure, it may be better to focus effort on roles:

- that are close to shifting customer preferences and advances in technology, those roles that **sign post the future direction of the business**. These are the “pivotal roles” that highlight where the organisational emphasis needs to shift
- involving activities where **outsourcing is off the agenda**. If a role can be assigned easily and efficiently to a partner organisation, the chances are that it’s not a key role requiring much long-term succession attention
- that have high levels of performance variability, i.e. where there is a **substantial difference between low and high performers**. These are the roles with the opportunity for business improvement, and where an investment in resourcing and development can put in place the talent to move the organisation quickly up the performance spectrum
- which incorporate an **unusual configuration of role requirements**. These are the roles with that mix of experience, skill set and operating outlook that aren’t commonplace in the market-place. These are the roles where external supply might be limited but at the forefront of the future business and where internal development and progression will be critical

## 2. Success management to focus on strategically critical roles

Success management shifts horizons from current structures to locate those capabilities that will drive future competitive advantage and finds way to reconfigure these activities into new roles.

We can keep “doing succession” to evaluate the organisational chart and assess the conventional metrics of exposure, dependency, restraint, blockage and risk, or we can accept that this output is designed for the purpose of stakeholder management but isn't success management.

Instead we can see the current structure for what it is: one way of configuring and coordinating overall organisational activity that will change. And it may better to direct attention on those roles that are either critical right now or emerging as key to the future.

Andy Grove of Intel observed: “Without focus, the resources and energy of the organisation will be spread a mile wide and they will be an inch deep. If you are wrong you will die. But most organisations don't die because they are wrong; most die because they don't commit themselves.”

Success management, commits to those roles that are critical to the future, and doesn't worry too much about each and every role in the organisational structure. No doubt identifying these strategically important roles is a tough challenge, demanding business imagination and courage to make the right judgement call, but it's preferable to the alternative: allowing the present to freeze the past.



### 3. Success management to differentiate talent

“As carbon is to chemistry, potential is to succession management.” Is this true?

The dominant tool within succession management has been the mapping of performance and potential against a nine box grid.

If the last two decades had generated a generation of exceptional leaders, with organisations reporting depth of leadership bench strength, we would be reassured about the application of this tool. In an era of leadership folly, fiasco and failure, and declining levels of employee trust, it’s easy to argue that the talent management industry and its preoccupation with the identification of the magic dust of potential utilising “black box” assessment has contributed to these failings.

Or, to paraphrase Malcolm Gladwell, those organisations that are succeeding are doing so “despite, not because of” the talent management industry.

When that show case of leadership evaluation - the assessment centre - shows serious signs of flagging predictive validity<sup>1</sup>, it’s time for a fundamental overhaul in how we think about leadership potential and the processes we use to forecast future effectiveness.



“ *The nine-box category system is crude and clumsy* ”

Professor Adrian Furnham,  
University College London

<sup>1</sup> Why Assessment Centre Validity Is Falling and What To Do About It  
<http://www.amazureconsulting.com/files/1/29141665/AssessmentCentresValidityAndOptions.pdf>

### 3. Success management to differentiate talent

---

The story went like this:

Our managers aren't very good at differentiating performance to identify who is and isn't making most business impact. And they aren't skilled in the analysis of the factors - strengths and shortcomings - that might predict future effectiveness.

Because our managers lack this critical skill - the assessment of who is and isn't performing and who might be ready to progress in future - we need to implement an alternative solution. An infrastructure of assessment technology is therefore introduced to compensate for management failings.

This story has a degree of plausibility. Some managers are awful in the judgements they make. We know for example that peer reviews of effectiveness make a significant impact on improving the accuracy of evaluations. And evidence-based objective assessment does have an important role to play in informing judgements and decision making about individual capability and progression.

But if the issue was one of problems in financial analysis, and executives were consistently making poor commercial judgements, would we side-step the problem? Most organisations would respond by putting in place a programme to address the issue. And, after a period of time, they would dismiss those managers who kept "missing the numbers".

In the evaluation of individuals, their performance and readiness to progress, rather than revisit the fundamental problem, we've introduced a number of solutions to address the symptoms but not tackle the underlying reasons for the original problem.

“*The irony is that line managers are hard pressed to make business forecasts 1 year ahead, but we ask them to make projections of potential for the next 2 - 3 years.*”

Susanna Douglas-Mann

### 3. Success management to differentiate talent

There is in fact good evidence that most competent managers **can** differentiate perfectly well levels of performance within their team. But they **don't**<sup>1</sup>. They don't because often performance management systems discourage the kind of candid honesty that would genuinely differentiate levels of contribution.

Managers do however find it genuinely difficult to provide evaluations of potential. But why should anyone find this exercise other than troublesome?

The idea that the range of complex talents, skills, experiences and motivations across the work force can be reduced into a single index is odd. Which sensible line manager would want to provide these evaluations for their team, or find themselves in the situation of conducting a debrief with a team member to communicate the outcomes of a 9 box potential mapping exercise?

We're not arguing that organisations shouldn't look ahead and prepare individuals for future roles. But we're suggesting this wise strategy is ill served by overall measures of potential or rely on check-lists of "sugar and spice" attributes<sup>2</sup>.

<sup>1</sup> <http://internationalhr.wordpress.com/2010/04/20/everybody-hates-performance-appraisals-what-to-do/>

<sup>2</sup> The Pearls and Perils of Identifying Potential; <http://wehcs.com/A%20-%20The%20pearls%20and%20perils%20of.pdf>

<sup>3</sup> See for example the debate about Emotional Intelligence at "Does leadership need emotional intelligence?", The Leadership Quarterly 2009

**Drinking old wine from new bottles.** The unspoken truth within the world of talent management is that there have been few genuine gains in predictive validity in the last 20 years. Despite the proliferation of assessment methods and systems the hype of the claims has not been supported by the empirical evidence of all that much improved validity. However well packaged and marketed, most assessment systems are simple variations of cognitive ability and the big five dimensions of personality.<sup>3</sup>

**There is no magical mix of "right stuff".** It's tempting to assume there is a chemistry of traits and attributes that form a success profile to forecast future effectiveness. Whilst it is true that a variety of cognitive, personality and motivational patterns do predict success, for the most part they predict success in quite specific ways, not provide any forecast of "all singing all dancing" leadership effectiveness.

**Talent isn't that portable.** In a study of the performance of Wall Street analysts, Boris Groysberg asked the question: is the success of individual "star" employees transferable to other businesses? He looked at the stars (1,053 top analysts at 78 investment banks), tracking 546 job changes and compared the stars' performance with that of 20,000 non-star analysts. Star analysts who switched employers paid a high price; job performance plunged sharply, and continued to suffer for five years.

"We observed that top performers - high flying CEOs, researchers and software developers, as well as professionals in investment banks, advertising, public relations, management consulting and the law - were more like comets than stars, blazing successes for a while but quickly fading out when they left one company for another."

### 3. Success management to differentiate talent

Succession management becomes success management when it acknowledges the range of different technical and professional skill sets, business experiences, leadership capabilities, and career motivations and aspirations within the target population.

Rather than distil complex data into one metric and lump the work force into the three categories of low, medium and high potential, success management knows that “potential” comes in all sorts of shapes and sizes.

When we start to ask specific and evidence based questions about the causes and consequences of sustained effectiveness<sup>1</sup>, we may be surprised by the responses of executives to provide meaningful evaluations.

And when we know how to integrate this data into a “talent map”<sup>2</sup> that reflects different career themes - those who want to focus on technical excellence, build greater professional mastery, extend their effectiveness into different organisational activities, progress to commercially orientated roles, and so on - we gain a more realistic insight into talent management realities.

We also generate outputs that provide an agenda for meaningful conversations with individuals, and we link succession priorities to career development.



<sup>1</sup> Rethinking Leadership Realities  
<http://www.amazureconsulting.com/files/1/73424767/RethinkingLeadershipRealities.pdf>

<sup>2</sup>Talent Management: 7 Battlegrounds  
<http://www.amazureconsulting.com/files/1/30518455/TalentManagement-7Battlegrounds.pdf>

## 4. Success management to make succession a manageable activity

---

Paul Hogan, producer and star of “Crocodile Dundee” attributed his success to his willingness to “bite off more than I could chew and chew fast as I could.” An effective strategy for film making, Hogan didn’t have to implement succession management.

After an extended period of role profiling and competency mapping, the design of templates and software customisation, succession management is launched. A year later and a thoughtful senior executive wonders what the fuss was all about because little has in fact changed. From her perspective:

- vacancies are still filled slowly, with questionable candidates, often brought in from outside
- the usual suspects are once more debated at talent reviews, and high potential programmes seem to progress the self serving rather than those making a genuine contribution to the business
- she still can’t navigate through the talent management software to locate the data she needs about her people

Much of the time succession management is designed, introduced and implemented in a way that is unworkable. However well supported by a communication and change programme, succession often flies in the face of organisational complexity and uncertainty.

Typically by the time the succession process has been agreed, the technology vetted, tweaked and integrated, the business has moved on and is grappling with a new set of challenges. Executives then find themselves struggling with a system that is out of step with the issues they now face. Unsurprisingly the “succession system” has to be updated. The cycle continues, process technology lagging behind organisational change.

“ *One problem is that we make it too big and try to want it all* ”

Christian Almgren

## 4. Success management to make succession a manageable activity

Integrated talent management is an important goal. Those organisations which don't make the connections between the talent they bring in and how it is managed, rewarded and developed, can only create disruptive tensions that end badly. This is integration of a shared philosophy to create consistency around an overall purpose.

What seems more problematic is the process technology of system integration. No doubt the day will come when we can have it "good, fast and cheap". In this world, recruitment and selection, learning and development and performance management connect smoothly to talent and succession activity to deliver intelligence against different business and work force scenarios - and any changes are made quickly, easily and cost-effectively.

But, judging from the surveys of succession system users, we're not there yet.

Success management recognises the art of the possible. Instead of creating a wish-list of "wouldn't it be good's" it establishes accountabilities and priorities within a tightly defined scope with "fit for purpose" technology to make succession a relevant issue for line managers.



“ *The ability to simplify means to eliminate the unnecessary so that the necessary may speak.* ”

Hans Hofmann



## 4. Success management to make succession a manageable activity

### Rethinking the talent review

Our starting point is the moment of truth of succession, the talent review - the forum for the organisation or business unit - to assess current resourcing opportunities and risks, prioritise key roles and individuals, and agree actions.

Classic succession planning builds an infrastructure of process and technology to conduct a comprehensive exercise to review the full population of professionals and managers. Each role is profiled, and every individual submits a detailed career profile. The HR function consolidates additional data to compile summaries. The outcome: a listing of 100 names against the categories of a nine box matrix?

Alternatively, the talent review is a highly focused process to direct discussion around a few individuals to develop practical recommendations for their career development. This hinges on a set of filters defined by management accountabilities for participating managers to highlight only:

- strategically important roles
- retention risks
- individuals who require a significant investment for proactive accelerated development
- constraints within the talent pipeline which need organisational attention

When the talent review becomes either an exercise in analysis and plotting, or addresses issues which line managers should have resolved within their work area, it loses its distinctive focus in shaping the recommendations and actions for follow through.



“What happens after a review, not the review itself, determines the value of the review.”

Ben Dowell

## 4. Success management to make succession a manageable activity

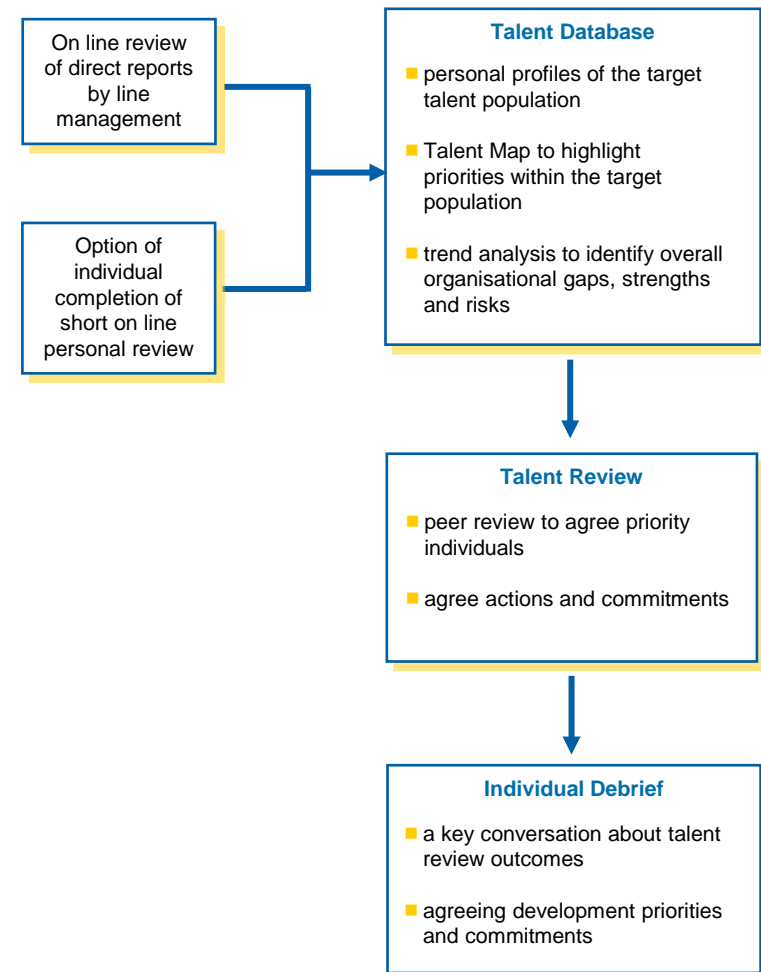
### Simple and dedicated technology

We can rely on folders in filing cabinets to shuffle the succession paper work, or get by with a combination of PC applications to manage data consolidation and analysis. Alarmingly common, this is not a sustainable approach. Or we can draw on integrated HR systems to coordinate information flows and manage talent outputs. But we might have to wait.

Alternatively we can keep succession management as a focused activity that sees talent reviews as pivotal to progress, makes line management critical to the process, and sets an agenda of key roles and individuals as priorities. In this scenario, we move to simple and dedicated on line technology to help line managers prepare for the process, focus the discussion on priorities and provide support for follow on career development.

“ *The emphasis is on screens that are colourful and appealing rather than on meeting business information needs* ”

Leanne Markus reporting from the HR Technology Conference, 2010



# Strategic thinking and success management

---

Succession management is strategic success management when it:

- **pinpoints the specifics.** As Michael Porter argues genuine strategic thinking requires a “great level of specificity”. Generic competencies, for example, useful as a blue print to identify the range of skills that are fundamental to effective management practice, don’t highlight where excellence will make a strategic difference. And overall indices of potential don’t answer the question: potential for what”? Success management locates the specific professional expertise, technical know how and industry knowledge that are emerging as critical to the future
- **plans for a different future.** Conventional succession planning, in listing names against current structures, assumes a continuity that may be hazardous. Here succession management, in restricting its horizons to current roles and individuals, begins to close down options. Success management accepts tomorrow will be different to today and anticipates which activities will require more attention and where an investment in talent will bring the future closer
- **prioritises around difficult choices.** Succession management isn’t so much like chess to mastermind a series of moves towards long-term success, but more like the game of roulette. Here bets are placed on the future. Spreading our bets is a slow and unlikely route to success. Instead we have to make informed choices and investments in key roles and individuals.
- **keeps things manageable.** When in the infamous words of Donald Rumsfeld we attempt to know the “unknowables” by attempting to predict what is unpredictable and control what is uncontrollable, we run into trouble. When we focus on what we can do by limiting the scope of our efforts but directing energy to where we can make a practical difference, we move to success.

“*There’s a whole bunch of things I don’t know a thing about. I just stay away from those. I stay within what I call my circle of competence.*”

Warren Buffett

# About Us

Established in 1994, AM Azure Consulting works with a broad portfolio of clients – in the UK and internationally - in the design and implementation of online services in recruitment and selection; management assessment, development and career management; online leadership tool kits, 360° feedback; performance management and talent and succession management.

If you are interested in our approach to talent management, our consulting expertise, assessment tools and talent planning software:

Call us: 44 (0) 1608 654007

email: [officesupport@amazureconsulting.com](mailto:officesupport@amazureconsulting.com)

Or visit our website [www.amazureconsulting.com](http://www.amazureconsulting.com) for further information, including articles which you can download for free.

## We:

- summarise complexity to provide solutions that are pragmatic and build and maintain momentum for our clients.
- help trouble-shoot the messy organisational problems to see the key issues, identify options and put in place actionable plans that make progress.
- cut to the chase to focus on the distinctive challenges of our clients. We enjoy the innovation that results from our clients with ideas and we help translate them into practical applications.
- draw on an extensive research base, library of resource and range of tool kits, and up-to-date thinking to help design and implement practical solutions quickly.