



# Nuts and Bolts

## Succession management practicalities

“A reliance on high potential programmes to generate supply without the discipline of identifying the specifics of demand is an expensive strategy; one more appreciated by your competitors than your Board.”

# Overview

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Succession planning seems an out-dated activity, an exercise that may have been helpful once in mapping structures, roles and individuals ready to progress in a golden age of business certainty. But in a period of rapid market change and organisational complexity, does classic succession management still have relevance?

Talent management is the new operating model, a looser and more flexible framework to guide resourcing and development priorities. (Although as has recently been pointed out<sup>1</sup>, much of current talent management is little more than a rehash of practices dating back to the 1950s.)

Succession planning of course has its constraints and hazards. But in the wake of recent succession fiascos it may still be an important corporate discipline in assessing business risks and opportunities.



Here are the practicalities of managing the exercise and our recommendations to address the “nuts and bolts” of succession management to improve the efficiency of the process and optimise its organisational impact.

<sup>1</sup> “Talent On Demand” Peter Cappelli

# Succession planning as reconciling demand and supply

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At its simplest, succession management addresses the question of demand and supply that is fundamental to any business activity. It attempts to forecast the future demand for leadership, professional and technical expertise and capability, assess current and emerging supply, and map the relationship within the organisational structure, roles and reporting relationships.

If workforce planning provides the big picture, succession planning zeroes into the detail of structures and roles to identify which individuals might advance to the next level within the hierarchy of roles.

And it's useful to take a historical perspective in understanding the logic behind this approach.



# Succession planning: origins

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As we've outlined elsewhere<sup>1</sup>, examples of succession planning can be identified as far back as the Old Testament. But the dominant model of succession charting was established by US firms in the 1950s, in turn derived from military models.

If the key concept underpinning succession planning is predicting which jobs will become vacant and which individuals will be able to occupy them, it was the military chain of command that provided the impetus. When an officer dies in battle, it is critical that there is a clear understanding of who will step in.

And for US businesses, in the 1950s, faced with a third of senior executives aged 45 who were dying before the age of 65, succession management as replacement planning and the identification of back up coverage became a necessary discipline.



<sup>1</sup> <http://www.amazureconsulting.com/files/1/43760795/TheRiseFallReEmergenceofSuccessionPlanning.pdf>

# Rethinking the succession plan

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The classic organogram, mapping back-up and medium term coverage, orchestrated by the corporate chess master who coordinated career moves as part of a long-term development plan, always had its problems:

- it's shaped and reviewed by executives who for a variety of reasons - political and psychological - may not be willing or able to make informed judgements
- it represents only a snap shot in time. When strategies change, structures shift and roles flex to reflect ongoing business demands, it fails to provide an accurate reflection of resourcing reality
- it takes significant time. And senior executives become disillusioned when their efforts disappear into the succession "black hole", and they fail to identify any practical benefits for their business area
- it's overtaken by events, typically the appointment of an outsider who wants to move in a different direction, restructuring and redeploying staff to signal a shift in approach.

“*If an incompetent chieftain is removed, seldom do we appoint their highest ranking subordinate to their place.*”

**Atilla the Hun**

# Back to nuts and bolts

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Conventional planning has its problems, but we disagree with Peter Cappelli's dismissal of succession management: "as a practical matter, how useful is a plan if it must be changed every year?"

No doubt, operating, marketing and financial plans change regularly. But if they highlight challenges and indicate priorities, they are still valuable in coordinating activity as part of an overall purpose. In any event, robust governance, the disciplines of risk management, and the expectations of key stakeholders mean that some kind of review of succession coverage and exposure is demanded.

For HR practitioners, faced with the challenge of facilitating the process, what are the practicalities involved in:

- clarifying the purpose of succession management and what it is and isn't designed to do
- agreeing the actions and accountabilities that will arise from the review
- specifying what information should be captured at what level and how it is best compiled and presented



# Succession management: working backwards

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As in most things in life, it's useful to start at the end and ask: what outcomes do we want to want to achieve from this process?

At one end of the spectrum, the plan is simply a “visual story” of current coverage to highlight the breadth and depth of available talent and options for succession. This is the succession plan as a formal record of risk analysis, designed more for stakeholder impression management than any meaningful dialogue or action.

More ambitiously, the succession review is the beginnings of a bigger game-plan, one in which the profile of roles, individuals and coverage triggers debate about the organisation's business options and how best to think about its strategic future.

Before initiating any process and working through the practicalities of data capture, analysis and report back, it's important to gauge the level of organisational aspiration.



# The succession process

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## Purpose

A summary statement to clarify overall positioning within the organisation and its interface with other resourcing and development activity

## Outcomes

Agreeing outputs from the succession review and accountabilities for action

## Data Capture & Analysis

The format to review roles and individuals and coverage - the level of detail and terminology - and technology to manage information flows





# Purpose

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The issues here are:

- **positioning:** is the focus largely defensive, to review key roles and identify potential resourcing hazards; or more assertive to highlight how we need to reshape structures and redeploy individuals to respond to shifting requirements?
- **commitment:** is the Board's role one of "tick box and sign off"; or will it be more hands-on, with personal involvement in coaching and mentoring potential successors?
- **philosophy:** is the process to be largely restricted and confidential, or should there be greater openness and transparency about its activity and outcomes?

“*Succession management serves as an interface between the Human Resources function and the strategic direction of an organisation.*”

**Robert Fulmer**

# Purpose

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The aim is not to draw up a detailed formal policy statement (rarely read) but to produce a clear summary of expectations and commitments:

- why this activity strategically matters to the organisation given the challenges it faces
- the value and benefits - organisationally and personally to reviewing executives
- the interface with other activities (e.g. the appointments process)
- roles and responsibilities for inputs and actioning outputs



in a language that engages the audience, the Board as well as other constituent groups

drawing on imagery and visuals to paint a story of succession and its positioning within the organisation. Here analogies and metaphors (e.g. Formula 1 in sports; building and construction; horticulture) can be powerful in communicating the proposed approach. Find one that resonates with your Board

determining the level of maturity to undertake the exercise and what additional development may be required (e.g. case studies, scenarios, briefings)

# Outcomes

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Typically the outcomes involve any of the following:

**a variation of an organogram**, highlighting key roles and the succession options (internal and external)

**priority listings** of key roles and individuals, e.g.

- roles at risk with minimal coverage
- individuals where proactive development should be agreed
- individuals in key roles who represent a retention risk

**report back of key metrics**, e.g.

- % of internal appointments
- % of critical roles with exposure

**trend analysis** to profile the target population against key criteria of expertise and capability to highlight overall strengths and gaps

The challenge is to present the outputs of a succession review in a way that creates the kind of discussion that generates urgency of action; how to exploit the opportunities of emerging talent, and how to respond to any identified risks.



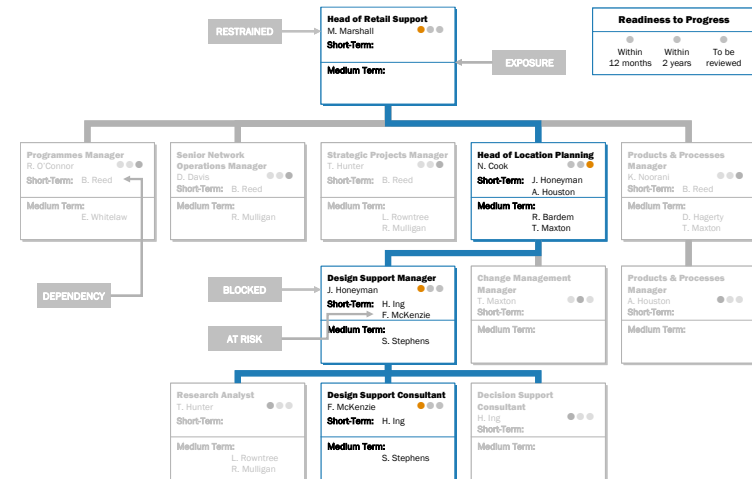
# Outcomes: succession charting

Classic succession charting runs the risk of irrelevance within the reality of organisational change. However it does possess the virtue of focusing executive attention on current or emerging resourcing hazards and highlighting individuals at risk.

This isn't to imply that the succession plan is the blue print to determine future appointments or promotions and other job moves, but it should identify "clear and present danger" and highlight individuals where proactive development needs to be put in place.

Some organisations alert to the problems of classic charting have moved to an approach in which succession is mapped against clusters of roles and pools of talents. The thinking here is to build in greater flexibility that succession within existing structures can lack.

This strategy may work for some firms, but is unlikely to help those organisations whose competitive advantage lies in access to highly specialist expertise or exceptional levels of industry know how. Here it isn't clear how looser planning formats based on clusters and pools, **address the supply of specific talent against the demand of specific roles**. And we are sceptical of attempts to develop individuals with broad and general competencies who can slot into a wide range of roles.



Maybe the best approach is to use the current structure as the beginnings of the succession debate, but to recognise it is only the start, and that the succession plan will and should be regularly revisited and updated.

# Data capture and analysis

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The three big questions are:

**what frameworks** are (or need to be) in place to map out role requirements and evaluate individuals?

**who** conducts the assessment?

- top down, largely based on the personal judgement of the top team
- line managers applying filters to identify succession priorities (e.g. specific roles and individuals)
- HR driven, drawing on additional data (e.g. assessment centres) to take the lead
- bottom up in which individuals complete career profiles

**how** is the information captured and integrated with other available data, analysed and reported?

- a paper shuffle of returns and consolidation
- electronic distribution and compilation within a database - ad hoc or utilising dedicated succession software
- on line completion within a centralised database



# Data capture and analysis: frameworks to review roles

For **roles**, the key questions are:

- how critical is this role to the organisation's future?
- how difficult is this role to resource from outside?

Mapping succession coverage or exposure for each role at every level is a futile exercise. The debate should centre around those roles that are becoming increasingly key to future success, and where a reliance on either the external market or “hope and pray” internal progression is problematic.

These are the “pivot roles”, roles that will determine future business success or failure. It is these roles that require a detailed understanding of requirements (the specific mix of leadership capability and professional expertise), and clarity about resourcing options.

The outcomes of this exercise are often surprising, identifying medium level roles or highly specialist positions that are critical, but too often neglected in mainstream succession planning that focuses on the “usual suspects” within the senior management structure.



# Data capture and analysis: frameworks for individuals

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The standard tool of talent management has been the nine by nine grid to plot out individual performance against potential. Helpful (sometimes) as a way of conducting a quick audit of individual capability and priorities for progression, our experience has been that organisations deploying this methodology get stuck in the classification debate and find it difficult to move from discussion to action planning.

The reasons: assessments of potential are conflated by the evaluation of current performance. And it isn't clear what "potential" means anyway. Is it potential to take on any role at the next level? Probably not. More likely it is that vague sense of a capacity to make a bigger contribution at some point in future. And attempts at precision, e.g. readiness to progress within a defined time-scale of the kind proposed by the Career Path Appreciation methodology seem hopelessly deluded.

Should we therefore abandon the concept of potential entirely, as some advocate, to focus only on those individuals demonstrating high current performance. Here we run the risk of the "Peter Principle", and the assumption that success at current levels will predict future success at more senior levels.

The solution is in fact surprisingly simple:

- establish a framework of indicators, activities and behaviours that demonstrate the likelihood of progression rather than attempt one summary measure of potential
- give individuals the opportunity to demonstrate these behaviours through a combination of deputisation, new assignments and ad hoc projects
- review the facts to highlight evidence of indicators in practice to keep evaluations responsive

# Data capture and analysis: frameworks for individuals

There are no shortage of models to think about individual contribution and progression, largely variations of trait and behavioural competency descriptors. Helpful as they are in pinpointing personal strengths and shortcomings as part of development planning, our recommendation is to keep the framework simple in the initial phase of succession activity.

For us, there are four key questions:

- is this individual **credible**?
- what levels of **capability** - leadership and professional - are evident?
- does this individual display **character**?
- how savvy is the individual in **career management** to manage themselves within the realities of organisational life?

how **credible** is this individual?

- do they have a track record of relevant experience and outstanding achievement?
- do they have the respect of their peers?
- have they built up a reputation across the industry?

how **capable** is this individual?

- what is the breadth and depth of management competency?
- what kinds of business challenge will they be most and least effective in tackling?
- what indicators are there of progression to take on greater responsibility?

does this individual possess real **character**?

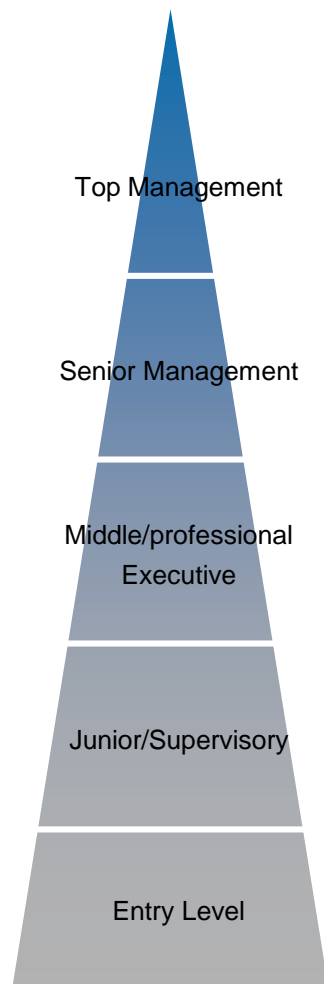
- is there integrity of ethical purpose?
- are they resilient under pressure?
- do they have the distinctiveness to stand out as different?

does this individual understand **career** realities?

- is the individual's career motivation consistent with organisational requirements?
- is this individual effective in self management?



# Four Cs as a blue print for assessing leadership progression



Credibility What needs to be done to build and maintain reputation?	Capability Which skills are critical to operate effectively?	Character What leadership outlook and ethos is needed?	Career Management Which tactics will optimise personal aspirations?
<p>Providing reassurance to external constituents of the organisation's strategic purpose</p> <p>Operating as a figurehead in communicating aims and goals</p>	<p>Strategic insight and 'story telling'</p> <p>Culture management through communication</p> <p>Team leadership to assemble a balanced and business decision-making team</p>	<p>Operating as a custodian of the organisation's fundamental principles</p> <p>Leading senior executives In rediscovering and reapplying the organisation's ethics and values</p>	<p>Managing personal lifestyle within a demanding work schedule</p> <p>Shifting focus from personal advancement to organisational stewardship</p>
<p>Taking an active role in building relationships with different stakeholder groups</p> <p>Conveying 'gravitas' to establish authority within peer group</p>	<p>Translating strategic direction into business priorities</p> <p>Problem solving and decision making under uncertainty</p> <p>Negotiational impact</p>	<p>Taking a high profile in articulating the organisation's purpose and values</p> <p>Educating managers in exercising judgement to balance commercial reality and ethical purpose</p>	<p>Rethinking life goals to direct effort towards realistic career ambitions</p> <p>Resolving emerging political tensions and interpersonal conflict to advance personal agenda</p>
<p>Publicising the outcomes of personal accomplishments</p> <p>Drawing on business experience to establish personal influence</p>	<p>Resourcing and deployment skills</p> <p>Work flow analysis and productivity management</p> <p>Forward planning and financial management</p>	<p>Reinforcing clear ground rules for professional and business behaviour</p> <p>Being an exemplar role model of the organisation's ethics and principles</p>	<p>Gaining organisational support and sponsorship for new initiatives</p> <p>Conflict resolution to optimise own position</p>
<p>Supporting organisational initiatives to indicate commitment and loyalty</p> <p>Building a reputation for reliability and consistency</p>	<p>Prioritisation and scheduling of others time</p> <p>Skills in review, feedback and coaching</p> <p>Relationship building with other business units</p>	<p>Directing resources in a responsible way to avoid waste and inefficiency</p> <p>Communicating the organisation's views of what is and isn't acceptable in the work place</p>	<p>Discovering personal strengths to focus career aims and strategies</p> <p>Coming to terms with political realities to manage the 'art of the possible'</p>
<p>Building positive relationships with line manager and peers</p> <p>'Looking and sounding the part' of an effective manager</p>	<p>Mastery of operating processes and procedures</p> <p>Interpersonal skills as an effective team member</p>	<p>Setting high personal standards of work excellence</p> <p>Displaying integrity and honesty in all work transactions and relationships</p>	<p>Self management to prioritise effort around conflicting goals</p> <p>Impression management to convey enthusiasm and confidence</p>

# Data capture and analysis: who conducts the evaluation?

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A quick hit audit of leadership progression and succession coverage can easily be conducted by the **top management team**. But it is likely to be flawed, constrained by exposure to a relatively small number of individuals whose succession status is determined more by their willingness to endorse the current strategic position and political status quo than by any genuine talent.

**Line managers**, further down the organisation, can and should highlight priorities for succession review. However, given the temptation to hold and hoard talent for their own business area, and their lack of objectivity in judging leadership impact, a reliance on their input may be problematic.

So, should the **HR function**, with access to additional assessment data, take the lead in the identification of emerging talent? There is clearly a role for HR to play in the information flow, but it is one of potential jeopardy.

Maybe **individuals** themselves should be key to the information flow of succession. After all, they know best of all their own career aspirations. But this is a strategy more likely to advance self serving individuals rather than those whose talents and character are making a genuine contribution.

The best response lies in a series of checks and balances, one which recognises the relative pros and cons of inputs from different perspectives.

Here a summary of career achievements and aspirations is provided by individuals, reviewed by line managers, cross referenced against available 360 feedback and assessment data, to be calibrated by reviewing senior executives.

Our advice is to keep the information factual and descriptive rather than make the kind of interpretative judgements (high potential) that too often obscure specific recommendations for development.

# Data capture and analysis: how is the information captured and presented?

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Succession planning was established at a time when the paper shuffle was the only option. Hardly surprising therefore that plans became dated quickly; it was too time consuming and expensive to update them.

When an analysis of succession best practice research<sup>1</sup> indicates that Dell finds itself resorting to spreadsheets to organise its data, and Sonoco has to find ways of integrating PeopleSoft, HRCharter, LotusNotes and ExecuTrack to manage information flows, it is clear succession management is still not being well served by technology.

In our experience, organisations implementing succession management can be categorised as the Luddites and the Optimists. The Luddites rely on folders and filing cabinets. The Optimists await the arrival of the next SAP module or the upgrade to their personnel system, confident that succession will be transformed by state of the art technology.

The issue seems to be complexity and integration.

No doubt the potential of integrated HR systems will be realised. In the meantime, “simplification around a stand-alone application” directed at a specific population may be the best strategy, drawing on on-line systems for data capture into a central database for interrogation and manipulation into different presentational formats.

<sup>1</sup> Graziado Business Report, Robert Fulmer

# Conclusions

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We doubt there ever was an era of business stability in which the succession plan cleverly guided the appointments process, or skilfully plotted the career development of the rising stars. The combination of human nature and organisational reality has always, throughout business history, meant that the “best plans of mice and men oft go awry.”

Succession charts that attempted long-term projections - of demand and supply - were always an exercise in futility. And no doubt, increasing levels of complexity and uncertainty make classic succession planning even more problematic.

But Peter Cappelli’s appeal for “a paradigm shift in managing talent” isn’t unfortunately matched by his analysis and recommendations. So, in the absence of a new paradigm, why abandon a way of focusing executive attention on a key strategic priority: ensuring the organisation is addressing any resourcing vulnerabilities and preparing its talent for the future.

The challenge is to embark on the exercise to optimise process efficiency and enhance its organisational impact.

“*In our 10 year evaluation of succession practice, attention to specialist expertise counted for more than general management capability in determining rates of survival and success.*”

**Ten Years On: Succession Management,  
Organisational Survival and Success**