

SUCCESSION PLANNING



Passing the Torch

Jim Collins

In his book, “Built to Last”, Jim Collins points to succession planning as a *key criterion for visionary companies*. During a 60-year period in these visionary companies, only 3.5% of the CEOs came from outside the organization and they’ve outperformed the market 15 times over.



Succession Planning

- **What it is** – A dynamic, ongoing process of systematically identifying, assessing, and developing high potential employees to contribute to the achievement of your firm's strategic goals.
- **Why do it?** – To ensure leadership continuity; identify strengths/gaps in executive talents and skills, to strengthen and diversify the pool, shorten learning curve; and increase commitment and loyalty.

Important terms



- **High potentials (Hipos)** – Individuals identified by Executive Management as capable of advancing to the next level.
- **Key positions** – This position exerts critical influence on company activities – operationally, strategically or both. The loss of this key company position would seriously disrupt operations and/or put the company at risk. This key person's performance creates real value to the firm.

Positions perform: critical tasks, bring specific expertise, make decisions and are visionary.

Steps to an Effective Succession Plan

- Commitment/leaders
- Vision – Where will the company be in 5, 10, 15 years
- Understanding of the present workforce
- Objectivity about “key” position
- Software ??
- A solid plan
- SP owner
- Well-coordinated training and development plan
- Contingency planning
- An open mind
- Talent mgt. committee

ID Hipos – Important qualities

- Thinking Strategically
- Managing execution; influencing others, leading courageously
- Communication skills; customer orientation; analytical skills
- Building and sustaining relationships; intellectual curiosity; knowing the business; team orientation; adaptability

Process to Choose Hipos

- Performance reviews
- Management competencies
- Executive selection
- Assessment centers
- Educational backgrounds
- 360-degree reviews
- Work simulations
- Special projects
- Other “development in place” options
- Psychological evaluations



Ram Charan

...”identify high-potential candidates early in their careers.....and continually develop and test them – even if it means creating new jobs to do so.”

Development Experiences

- Challenging job assignments
- Cross functional assignments – Rotate !
- Building from scratch assignments
- Fix-it, turnaround or stabilizing situation
- Shadowing
- Mentoring
- Teaching
- Continuing education
- Opportunity – get involved in new process/business unit/product/customer interaction

Important to remember.....

...There is no stimulus like that which comes from knowing that others believe in us.....

Development Experiences (con't)

- Fill in for the boss
- Special projects
- Attend conferences
- Serve on an outside Board
- Plan and run a big meeting
- Lobby for company
- Share a position
- Customer negotiations



Center for Creative Leadership

--- One of the Key success characteristics of effective executives is the ability to learn from experiences.....



Dorothy J. Stubblebine, SPHR

5 Ways Managers derail themselves

- Ignore or are blind to notable flaw
- Obvious untested areas – challenges not yet faced.
- Over reliance on strengths, clinging to past habits.
- Lazy learners – relying on trial and error
- Narrow leadership perspective

Ways organizations derail managers

- Defining development incorrectly
- Moving people too fast
- Considering only vertical movement
- Having one failure knock people off track
- Loading up track with aggressive, arrogant independent types.
- Poor feedback from management
- Not considering “street smarts” (Yale study)

Issues\Potential Roadblocks

- Who will manage the process
- Who/how will resolve road blocks
- How to disseminate info (who is a hipo, who is blocked, secret plan?)
- Are any competencies “deal breakers”?
- Will you allow lateral succession/dual career paths?



Issues/Potential Roadblocks

- How will you foster accountability?
- Focus on “soft” skills as well as “hard” skills
- Will you integrate SP into the Performance appraisal process?
- TIME !! Don’t use it as an excuse !
- Short term vs long term measures



Bottom Line is.....

PAY NOW.....OR PAY LATER



Questions – Once program has begun

- Does the Succession Plan ----
 - Support the strategic objectives?
 - Support individual career plans of HiPos?
 - Support training efforts?
 - Have a clear purpose?
 - Have defined goals?
 - Have measurable succession objectives?
 - Can you identify key positions?



Questions – con't

- Have a way to identify talent?
- Have action steps for every phase?
- Are specific individuals responsible?
- Is there a written SP policy?
- Is there incentives for mentors?
- Is there an adequate budget?
- Can you monitor results and keep records?
- Have a method to track activities?

Peter Drucker



- “The question of tomorrow’s management is, above all, a concern of our society. Let me put it bluntly – we have reached a point where we simply will not be able to tolerate as a country, as a society, as a government, the danger that any one of our major companies will decline or collapse because it has not made adequate provisions for management succession.”

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