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Talent management system key to effective succession planning

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Most executive teams recognize the common sense of having a line of sight to up-and-coming successors for critical roles. They understand that as leaders they have an important role to play in identifying the emerging leaders within their own groups, as well as giving these people the right developmental opportunities to prove their potential.

However, it's easy for executive succession to get pushed off the leadership agenda by more pressing business priorities. It's also easy to underestimate both the complexity of the task and the long lead times that may be required to groom the right person for one of the top jobs. Too often, "executive succession" turns into an ad-hoc scramble to fill holes when someone in a key role moves on.

There's an opportunity for the senior human resource leader to take a proactive role in keeping this important topic on the radar screen of line executives, and make it as easy as possible for the leadership team to engage in effective succession planning.

Enter HR

HR can facilitate the executive succession process by:

•anticipating upcoming succession needs and getting the right people engaged in thinking about them far in advance;
•ensuring that those involved in executive succession understand the rationale, and political and emotional dynamics entailed in the process;
•getting alignment on a disciplined succession process that includes formal assessment against relevant leadership attributes; and
•paying attention to what's communicated to whom and when about the process.

As a practical reality, leadership development at the executive level largely entails learning from on-the-job experience, mentoring and coaching. Candidates may need to cycle through several different roles to attain the depth and breadth of knowledge required for a top executive position, let alone the CEO spot.

This process is that much simpler if there is a healthy "feeder system" that spots talent early on, puts it into the leadership development pipeline and uses an effective talent management system to build a strong pool of internal candidates.

Unfortunately, most organizations make it difficult for human resources to execute this process successfully, by making two consecutive mistakes. First, they delegate the talent development and executive succession planning solely to HR because it is a "people" issue. It is critical that the line understands its responsibility to own the process, but that it must partner with HR which can then manage the process.

Even with a partnership between line manager and HR manager in place, a second problem can still occur. With the line having established ownership of the succession planning process, they may choose to ignore what human resources suggests. After all, "they don't really understand the business." This is particularly true where HR has previously been a passive participant in the succession process, or hidden behind a bureaucratic set of forms, policies and procedures.

At a minimum, there are two specific areas of ownership that must be resolved for any succession planning process to be effective: who will decide on the criteria for nomination for further leadership development; and what will be done to develop those accepted.

Politics, emotions can destroy plans

On one level, executive succession is a rational process of data collection and analysis: understanding the requirements of a role, assessing the strengths and weaknesses of candidates, and determining the best fit. It's important, however, to recognize that choosing senior executives is laden with emotion.

While organizations often handle logical and rational problems well, emotional ones such as succession are tricky, subtle and hard to manage. This can put the succession process at risk.

Leaders will influence the selection of the individuals who will carry on and implement their legacy. Frequently, there are strong personal relationships between those making the decisions and those whose fates are being decided. Those involved in the planning process may feel obligation, guilt or embarrassment in choosing one person over another. But when picking a CEO successor, only one can be chosen and the other candidates have to be told not only they do not get the job, but they will soon be working for the successful candidate.

Further complicating the situation are the political dynamics of succession. Potential candidates may actively try to influence the decision-making process through backroom negotiations so they come out perceived winners. Factions within

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Politics may cause leaders to leave during selection process

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or even outside the organization may support or try to undermine a candidate.

The impact of political dynamics played out in several different ways at a $5-billion mining company headquartered in western Canada. The CEO, in planning for his own succession, had unwittingly set up a horse race by nominating three candidates: one of his most powerful function heads, and two operating executives. While the nominations were secret (the CEO spoke to each one under the strictest confidence), somehow word got around. One of the candidates actively lobbied board directors to such an extent that individual directors complained to the CEO. The CEO had to intervene and rapidly put a stop to these inappropriate actions.

A further development occurred when the three individuals, to this point cut-throat competitors in their careers, made a mutual (or so it seemed) "non-aggression" pact that they would not criticize each others' areas or take each other on in public. They changed, literally over night, into three of the most convivial, affable and agreeable executives anyone would like to meet. Seeing through this guise, the CEO again intervened, and had another "heart to heart" with the candidates.

Finally, the candidate who felt he was the most qualified of the three for the CEO role forced the CEO into a showdown ("play me or trade me") and demanded a specific date when the succession decision would be made. When the CEO explained he was unable to do that, the candidate removed himself from the race and left the company. This was an unfortunate result, as at the time he was one of the most powerful line executives and his were big shoes to fill.

Take a disciplined approach to assessment and selection

Getting executive team agreement to manage succession through a disciplined process that builds as much objectivity as possible into assessment and selection can help neutralize — though not eliminate — the political dynamics. It can also help leaders manage the emotional dynamics, justify their choice to all concerned and retain key candidates who are not selected.

The best processes look first at the requirements of the job — identifying knowledge, skills and attributes required for success — assess each candidate against each requirement and then determine the best fit between individual and role. The worst are characterized by endless general anecdotal debates over whether one individual is "better" than another.

A successful assessment and selection process took place at one medium-sized retail organization. The CEO empowered his HR person (the VP of people) to make succession planning and assessment an explicit part of HR's responsibilities, ensuring that talent was available when needed for important roles and the organization could count on having a bench of people who were capable business and people managers. Using a thorough array of tools, including 360 surveys, psychological assessments, outside experts and consultants, they developed a straight-forward succession planning process. Everyone knew they would receive an annual 360 survey, both as a form of feedback and as an early warning signal, if the people culture was not being respected or well-maintained.

Succession planning at this organization happened quarterly within each of the operating units. Once a year, at a board meeting, the VP of people reviewed the CEO succession candidates, who their back-ups were, and other high-potentials scattered around the company. For a company with annual revenues of $2.5 billion, the board regularly reviewed between 20 and 25 individuals so that they always had their finger on the pulse of the development pipeline.

Unfortunately, most organizations make it difficult for the human resources leader to execute this process successfully.

Use communication strategically to support the process

Often communication about executive succession is an afterthought — a brief organization notice to announce the change. In fact, it's an opportunity to send clear messages about what leadership means in the organization, to retain key talent by painting a picture of possible futures and to manage expectations that may be getting out of line with reality.

Getting the right strategy for the situation requires careful thought, however. Shrouding succession processes in secrecy risks triggering the rumour mill and heightening the political and emotional dynamics. The wrong communication at the wrong time can do the same, distracting people from their jobs. The right communication strategy can manage the emotions and politicking, and position the successor to gain strong support from all constituencies as the leader begins the new role.

While senior leaders can never abdicate their accountability for executive succession, they should be able to count on HR to make sure they're staying on top of this important activity, getting the right processes and communication strategies in place, and monitoring and managing the dynamics effectively.

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