



---

## SUCCESSION PLANNING: THE RIGHT PEOPLE, FOR THE RIGHT JOB, AT THE RIGHT TIME

Dr. Parul Deshwal\*

---

**Abstract:** *Today's environments are changing rapidly that organizations are facing serious unpredictability and uncertainty, which sometimes causes instability in the business operations. In this dynamic environment, organizations need to rely on the most important assets: their people. Today's businesses must have the right people in the right jobs at the right times. They cannot afford to be without either enough people or the right people who can quickly fill a key role that could become vacant. Organizations need to strategize to motivate and connect their employees in order to create competitive advantage and achieving higher profitability. Organizations may consider methods like succession planning and management to promote their employees' knowledge, skills, talents, and capabilities to tackle problems created by the challenging environments. An effective succession management is one of the best ways to build competitive advantage by ensuring steady and uninterrupted supply of required talent for the various management levels in the organization. Modern succession management is not only about finding replacement for top-level managerial roles, but it's also about finding the right talent and preparing them for the next role at all levels of management in the organization. The present paper is an attempt in identifying the risk involved in succession management process, how to develop a plan and to integrate succession management with business strategy and policies.*

**Key words:** *Human Resource Management, Competitive Advantage, Succession Planning, Global Economy.*

---

\*Assistant Professor, Maharaja Surajmal Institute, New Delhi



## INTRODUCTION

Organization's future plans may change by some reasons such as retirements, promotions within the organization, serious illness, death or any voluntary departure from the organization to follow a career elsewhere. To cover such changes, organizations must have a key employees' replacement plan. Succession planning is considered as a suitable effort in this regards. For decades, the concern of succession planning was about the exact people, not skills and talents, who are needed for the organization's future. During those times, the only purpose of succession planning was to tag and identify the needed successors to replace their ancestors for a specific job. The target of succession planning in this old view was top leaders and business owners in the large organization. Traditionally, succession planning links with replacement planning. Replacement planning is a form of risk management which focus on the replacing the key executive, exactly before leaving the organizations. In today's dynamic world where competition is high, work is fluid, environment is unpredictable, organizations are flatter, and the organizational configuration frequently changes, the old view of succession planning by defining specific people for the specific job does not work. Nowadays, organizations need a group of high potential people at all levels of their organizations. Developing general competencies, creating flexibility and creating the leadership potential at all organizational levels is a wisely action in today's organizations. Some researchers explained succession planning as a systematic effort to help managers, who needs to identify a pool of high-potential candidates, develop leadership competencies in those candidates and then select leaders from the pool of potential leaders. Others have referred to it as a strategic, systematic, and deliberate activity to ensure an organization's future capability to fill vacancies without patronage or favoritism. As the workforce ages and the competition for skilled employees become even tighter, the need to be proactive and implement a Succession Management plan is imperative to the future success of the small to medium sized business. Succession Management is a process that allows organizations to make sound decisions about its future. That's because every organization's future is dependent upon talent, the right people in the right jobs at the right time. Succession management is a key process for determining that mix. According to Rothwell and Kazanas (2003), "**Systematic succession**



***planning occurs when an organization adopts specific procedures to insure the identification, development and long-term retention of talented individuals.”***

## **LITERATURE REVIEW**

Succession Management or Succession Planning is left to the last moment when the process should start with the selection and retention of employees occupying key roles within the business and where a vacancy causes negative effects on the bottom-line. Having the right people positioned for succession ensures short-term success and the longevity of your business. Succession Planning is the preparation for the replacement of one high ranking employee by another, usually prompted by retirement or resignation. Succession Management involves preparing the new employee before the old one leaves, possibly with training or through work shadowing. At a senior level management succession should be accomplished as smoothly as possible to avoid organizational crises caused by absent or inadequate top management. Sambrook (2005) defined succession planning as “the attempt to plan for the right number and quality of managers and key-skilled employees to cover retirement, death, serious illness or promotion, and any new positions which may be created in future organization plans”. Even though today’s definition of succession planning includes the organizations attempt to prepare for transition of all management positions (Rothwell, 2010). Hadelman et al (2005) stated “Succession Plans are like fingerprints - no two are alike, and they leave an impression on everything they touch.” Research in succession planning has developed an abundant number of studies to understand the challenges that organizations have with succession planning.

## **OBJECTIVES OF THE STUDY**

1. To study the features of Modern Succession Planning.
2. To study the elements of Effective Succession Plan.
3. To identify the challenges of Succession Planning.
4. To study the tools for Succession Management.

## **FEATURES OF MODERN SUCCESSION PLANNING**

Succession planning can be broadly defined as identifying future potential leaders to fill key positions. Wendy Hirsh defines succession planning as 'a process by which one or more successors are identified for key posts (or groups of similar key posts), and career moves and/or development activities are planned for these successors. Successors may be fairly

---



ready to do the job (short-term successors) or seen as having longer-term potential (long-term successors). The main features of Succession Planning are:

- **Coverage:** Organisations differ in size, scope and type, so it is difficult to point to any single model of succession planning. However, it is most common for succession planning to cover only the most senior jobs in the organisation, plus short-term and longer-term successors for these posts. The latter group are in effect on a fast-track, and are developed through job moves within various parts of the business. This focus on the most senior posts - perhaps the top two or three levels of management - means that even in large organisations, only a few hundred people at any given time will be subject to the succession planning process. It also makes the process more manageable, because it is much easier to concentrate on a few hundred individuals rather than (say) several thousand.
- **Balance between individuals and organisations:** The old succession planning was purely about organisational needs. The modern version takes account of the growing recognition that people - men as well as women - increasingly need to make their own career decisions and to balance career and family responsibilities. So the emphasis is about balancing the aspirations of individuals with those of their employing organisations, as far as possible customising moves to meet the needs of employees, their families and the changing skill requirements of the organisation.
- **Broadening experience by lateral moves:** Traditionally, people would have gained experience by upward moves, with accompanying increases in status and salary. Nowadays that may not be possible, because organisations are less hierarchical, with fewer management layers. A sideways move into a different job may be all that is available, without any extra cash. Traditional fast-tracking created expectations of upward progression, and if status and money are thought to be motivators, different methods of generating commitment may have to be found.
- **Competencies:** Many organisations have developed frameworks for technical and generic competencies, which relate to a broad range of desired skills and behaviours. The assessment process attached to generic frameworks (especially for management competencies) can provide a useful starting point for evaluating an individual's



potential for a senior role. Thus succession plans need to be integrated with existing competency frameworks.

- **Links with business planning:** Those responsible for succession planning need to know as much as possible about the future of the business, how it is likely to change, and how such change might affect the numbers involved and the skills they need to possess. This is not an easy task but it does imply a close relationship at a senior level between top managers responsible for shaping the future of the business and the HR function, which acts as a facilitator.
- **Openness, fairness and diversity:** Greater openness and transparency have come with the greater emphasis on the individual and the focus on roles rather than jobs. Secrecy is being gradually reduced, and advertising of internal jobs is increasing. It is now more widely believed that employees need to understand the succession process, the methods used to judge potential successors, and the kinds of jobs that are considered suitable for each individual. With openness should go fairness; objective assessments of all available candidates need to be seen to be made, and succession development committees (under a variety of names) exist in many large companies to review key talent and succession plans and to examine how to improve the process. Those covered by the process need to be able to make an input about their own career aspirations, preferences and constraints. As a growing number of organisations recognise the business case for diversity, they are increasingly aware of the need to ensure that the talents of women and ethnic minorities are properly developed.
- **Insiders and outsiders:** All organisations need a certain amount of new blood to bring in new ideas and approaches, and fill unanticipated roles. Many seem to rely either too much on outsiders or too much on insiders, suggesting that it is difficult to find the right balance. Some academic commentators suggest that a ratio of around 80:20 between insiders and outsiders is about right. Some also argue that outsiders should not be brought in at board level but somewhere below it, so that people with outside experience can become accustomed to the corporate culture and undergo development before making the next step up.



## ELEMENTS OF EFFECTIVE SUCCESSION PLAN

It is necessary to distinguish between a succession plan and an *effective* succession plan. Moreover, it is absolutely critical to understand the barriers to developing and implementing an effective succession plan. These barriers include: organizational culture, low ascribed priority from top management and key leaders, insufficient resources for development and implementation, inadequate rewards, employee groups and limited intra-organizational mobility or opportunity, a lack of role models or framework plans to provide a point of reference, and intensified competition for talent and leadership from other sectors or organizations (NAPA, 1997). Organizational complexity and both intra- and extra-organizational politics may also act as barriers to effective succession planning (Leland et al., 2012). In short, giving consideration to these barriers and their impacts is an imperative step in developing an effective succession plan. The elements of Succession Planning Process are as follows:

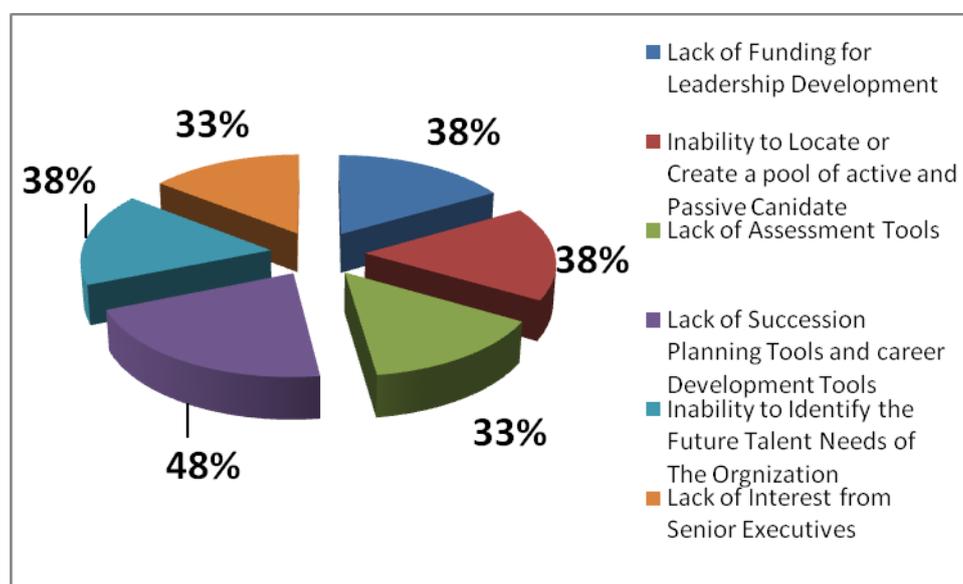
1. Define and communicate the criteria for identification of succession candidates.
2. Be transparent about who is in and out of the succession pool.
3. Be clear with succession candidates that their membership in the pool is an earned privilege and it must be continuously earned.
4. Clarify with succession candidates that membership in the succession pool does not guarantee a promotion – in fact, it could mean a lateral move, or even exit from the pool if performance wanes.
5. Take the time to align succession candidates' expectations with organizational expectations of what it means to be in the succession pool.
6. Take a rigorous approach to supporting a smooth transition into next-level or other critical roles. (Too often organizations drop the ball and do not offer the proper support).
7. Expect that succession candidates will derail from their development and mobility plans and be ready to mitigate.
8. Push succession management deeper and broader in the organization, accommodating all critical leader and non-leader positions, not just the CEO and other top leaders.



9. Assign succession management accountability and be intentional about assigning it to the CEO and other senior business leaders (supported by HR/talent leaders).
10. Compare your succession management success and talent pipeline health with that of other organizations, and adopt more of the leading practices if performance is falling short.

## CHALLENGES OF SUCCESSION PLANNING

Integrating succession planning with other processes is not the only challenge facing companies. While 74% of companies implement or plan to implement a succession planning program, these companies still confront several challenges to making it work. These challenges fall under two categories: challenges with the process and challenges with the technology. Challenges with making the process work include *inability to locate or create a pool of active and passive candidates* and *lack of interest from senior executives*. Meanwhile, *lack of assessment tools* and *lack of succession planning tools and career development tools* were indicated in the study as examples of technology challenges. These concerns in succession planning represent a broader challenge in human capital management, i.e., getting the talent needed and addressing the talent requirements for the future. Succession planning will not become a companywide initiative if the management is not involved and playing an active role in ensuring a more cohesive succession planning initiative.



Source: Aberdeen Group, September 2006



Top-performing companies face similar challenges in *lack of data on competitive salary benefits* and *lack of funding for leadership development*, indicating that integration with HRIS is still a challenge (42% of respondents). However, Best in Class companies are more advanced in the ability to identify talent and in building a strong process of succession planning. Only 35% of the Best in Class identified the *inability to locate or create a pool of active and passive candidates* as a challenge, compared to 48% of laggard companies. Similarly, only 23% of Best in Class cited a *lack of assessment tools* compared to 38% of Laggard companies

## SUCCESSION MANAGEMENT TOOLS

As retaining good quality employees has become critical to the business, high performance firms are using various tools to select and retain best brains in their respective industries. Fulmer and Conger (2005) have opined that the following tools are vital for the succession management plan of the organization.

- a) **Internal leadership and executive education:** High performance organizations believe in the continuous development of their executives working at different organizational levels. They also encourage their employees to join company sponsored internal management development courses.
- b) **Action learning and special job assignments:** Most of the companies following the best management practices believe that the majority of learning takes place on the job. The Dow Chemical Company employs its potential leaders by giving them special assignments on task force basis. The assignment chosen is supposed to present a challenge to the participants and improve their analytical ability, business understanding and relationships.
- c) **Coaching and Mentoring:** Nowadays, companies are using coaching and mentoring to train the internal talent under the guidance of senior leaders both on formal as well as on informal basis.
- d) **External University Courses:** Pan Canadian is offering internal University MBA program to its employees, while the Dow Chemical's focuses on external, University-sponsored educational and management development program. The purpose of the course is to expose the employees to the management concept and various types of learning methodologies through classroom and web-based sessions.



- e) **Web-based Courses:** The time is changing faster than ever before and classroom-based teaching is getting replaced by web-based courses. Some high performance organizations are making a range of management development and personality development courses available to their employees online.
- f) **Career Planning and Individual Profiling:** High performance organizations always try to match the employee's preferences and expectations with their career development. Dell Computer adopted a career development model that assists its employees in planning their careers through four stages. The first stage, meant for new entrants, is intended to explain how to approach Dells direct selling business model. The second and third stages focus on learning how to contribute independently and collaboratively through leadership. The fourth and concluding stage is all about gaining organizational leadership.
- g) **Performance Management and 360-degree feedback:** These two are the main tools used by the high-performance organizations to induct their employees into development plans and the both are linked throughout the succession management process. The 360-degree feedback, also known as 'multi-rater feedback', is the feedback about a particular employee, which comes from various stakeholders, viz., subordinates, superiors as well as self-assessment: and in some cases, the feedback also comes from external sources such as customers and suppliers. The Bank of America uses the results of 360-degree feedback to solve the puzzle like who will be the next leader and how to develop him/her?

## CONCLUSION

There is no one model for succession planning and there are no hard-and-fast rules. Every organization is different and what has been described above has been drawn mainly from the experience of large organizations. However, smaller organizations may be able to take what they want from this factsheet and adapt provision to suit their own needs. But what is indisputable is that all organizations need leaders with a range of experience. Management training programmes cannot provide that hands-on experience which is crucial in making future leaders (see our factsheet on Management development). Although it is a complex and time-consuming process which, carried out properly, does not come cheap, succession planning is the only way of managing the delivery of that experience and aligning it with



business needs. But actively managing succession is key to achieving strategic viability. It unlocks the potential for business direction, continuity, retention of high-value talent and institutional knowledge, and it builds a formidable culture that will outpace the competition. Enterprise-wide performance depends on the effectiveness, depth and breadth of an organization's succession management efforts. Succession management is at the core of strategic, long-term organizational viability. Aligning talent with business strategy in this way enhances the prospects of delivering on short- and long-term objectives. Having a solid, systemic approach to succession management is essential for organizational growth and sustainability. Modern succession management is not only about finding replacements but its also an ongoing process of identifying and developing a desired talent base for all the levels of management. Succession management is a strategic linchpin for talent management. It touches on several of the key areas of integrated talent management and, most importantly, impacts the organization's future. Done well – and enriched by technology – succession management can ensure that the organization will have a successful future.

#### REFERENCES:

1. Charan, R. (2005), "Ending the CEO succession crisis", Harvard Business Review , Vol. 83 No. 2,pp. 72-81.
2. Eastman, Lorrina J.Succession Planning: An Annotated Bibliography and Summary of Commonly Reported Organizational Practices . Greensboro, NC: Center for Creative Leadership, 1995.
3. Ellen Frankenberg is CEO of The Frankenberg Group and a family business psychologist.[www.familybusinessmagazine.com](http://www.familybusinessmagazine.com)
4. Lamoureaux, K., Campbell, M., and Smith, R. (April 2009). *High Impact Succession Management*. (p. 9). Oakland, CA:Bersin & Associates and Center for Creative Leadership.
5. Leibman, M., Bruer, R. and Maki, B. (1996), "Succession management: the next generation of succession planning", Human Resource Planning , Vol. 19 No. 3, pp. 16-29
6. Rothwell William J (2005), *Effective Succession Planning: Ensuring Leadership Continuity and Building Talent from within*, AMACOM, P.7.



7. Salvato, Carlo; Corbetta, Guido. "Transitional Leadership of Advisors as a Facilitator of successors' Leadership construction". *Family business Review*. Retrieved 20 October 2014.
8. William J. Rothwell and HC Kazanas (2003), *The Strategic Development of Talent*, HRD Press.
9. Wolfe, Rebecca L. *Systematic Succession Planning*. Lantham, MD: National Book Network, Inc., and Crisp Publications, 1996.
10. Yukl, G. (2006), *Leadership in Organizations*, 6th ed., Prentice-Hall, Upper Saddle River, NJ.