Succession planning – or smart talent management?

By Angela Hills, Senior Vice President, BlessingWhite

Abstract

Purpose
This paper aims to identify what succession planning actually is, and the pro's and con's of buying-in or building talent in the organization. The paper is informed by BlessingWhite's 2008 global survey into employee engagement.

Design/methodology/approach
The paper examines the advantages and disadvantages of buying-in and building talent to ensure the right people are in the right places at the right time within an organization.
It describes five strategies for ensuring succession planning works.

Findings
The five key strategies are: aligning succession planning with business strategy; assessing leadership potential using the 3Cs; involving the talent in the planning; mixing development: experience/coaching/training; and casting a wider net for succession.

Research limitations/implications

Practical implications
The paper details changes to succession planning strategy.

Originality/value
This paper gives new research data and an approach to succession planning. It is of value to senior HR professionals and executive teams in companies concerned about effective succession planning and talent management.

What exactly is succession planning? Some consider it similar to the royal line of succession to the throne – planning who will be the next senior team. For others it spreads wider and deeper in the organization – helping people cross-skill so there is a well-equipped pool of suitably experienced talent for internal recruitment. For some it is more of an organization-wide strategy that is focused on ensuring the organization is “future-proofed” – it will have the right skills in place to be able to grow and perform in a future that is increasingly unpredictable.

It is all these things – but to simplify, it is doing all you can to ensure you have the right people in the right jobs at the right time.

There is a sign up in the reception area of the garage where I take my car for repair. It says “We don’t train our people to be nice, they are nice.” They hire in a key skill whenever they recruit; this is one approach to succession planning: buy talent. The other way is to build it from within. A succession strategy will inevitably be a mix of buying and building talent. There are advantages and disadvantages to both of course:

1. Buy:
   • Keep pace with changing market demands.
   • Acquire specialized skills.
   • Bring in new ideas and fresh perspectives.
   • Expensive.
   • The talent you buy is unproven in your organization.
2. Build:

- Develop people to your “spec.”
- Save money – lots of it!
- Enhance career mobility & engagement within existing workforce.
- You know what you’re getting into.
- Less opportunity for injecting new knowledge/energy.

In my experience, building is a win-win situation for both organization and employee. If you build, there is less of a learning curve when moving people into a new role. They will not need to learn “how we do things round here” – instead they can focus on what they need to do to be successful in their role. By promoting people from within, you provide more opportunities for people from within the organization to grow, develop and move on. That increases the likelihood that talent will be engaged, will stay and will explore where their next opportunity is inside the organization rather than going outside. For “building” to work the organization needs to be clear about what skills and behaviors it will need for the future – the spec – and have the tools, resources and genuine commitment to develop people to meet that spec.

However, you may be in a business that is based on rapid technological or scientific development, or in a dynamic business environment with changing needs, and it is not possible to grow and develop people from the inside in time to respond – then buying is the only option. And new people bring in fresh ideas, a different perspective – sometimes essential to making a step change in performance. The key is making sure new people have the skills and flexibility to bring others around to their point of view and are able to understand what will work in your culture.

So, whether you buy or build, we have identified five important techniques in making succession strategy work.

1. Flex with the future

Is your organization the same as it was five years ago? Same products, same customer base, same ownership? I doubt it. And what about job roles and employment practices? And how will these all look in five years’ time? Some economic and market conditions are hard to predict but your succession strategy needs to be built on the best vision of the future you can construct – in exactly the same way as your product development, marketing and sales strategies will be. Pepsico lists as a key leadership attribute “seeing ‘round the corner” – the ability to make a fair estimate as to what is coming. What will be the main technological, economic and social influences on the way you conduct your business over the next few years, and what challenges will this present to your employees now and in the future?

So how do you do this? Think about your business strategy when creating your talent strategy. Try to look ahead to what you will need and where you see the greatest gaps. Develop the picture you see of the future.

2. The 3Cs of fit: competence, connection and culture

As you look to bring on successors, you need to look at their ability to lead, not just manage. It is easy to identify and develop people’s competence – specific skills, knowledge and behaviors – but connection skills and ability are often overlooked because they are not as easy to measure and quantify. Yet our data indicates both competence and connection are crucial for successful leaders.
Figure 1 shows the key elements of competence and connection. Figure 2 shows how 10,000 leaders we surveyed rated themselves when asked how effective they were at these elements, and Figure 3 shows what their people want them to be good at – what they consider important.

And, finally: culture. People may achieve results but are they doing so, or will they do so, in a way that is consistent with the organization’s values? Evaluating cultural fit – how an individual’s values measure up to those of the organization, both before people join and as they take on more responsibility – is vital.
3. The magic is in the mix

When developing people for succession, a mix of experience, coaching and formal learning provides a robust and comprehensive approach to readiness. 70/20/10 is not necessarily the right combination of “ingredients” for everyone but a mix of all three is:

- **Experience** – some companies do nothing more than that: moving people from one assignment to the next to insure they get the right breadth and depth of experience.

- **Outside/executive coaching** – some organizations focus on this: developing a one-on-one plan where individuals work on specific areas that have been identified.

- **Formal learning experiences** – some organizations provide standard or unique formal learning situations either as the one way to provide development or to augment/replace certain experiences.

Where the true magic happens is when these are done in concert and complement each other. Consider, for example, the individual who is being moved from job to job. Without benefit of coaching – either external or, probably more valuable, coaching by his or her manager, that individual may never know the unique learning points and insights they should have gained from each experience. Our research indicates that individuals do not get as much coaching as they would like:

- 17 percent receive no coaching; and

- of those who do, 43 percent say it is “not as much as I want.”

Creating formal learning experiences that bring people together, and simulating the way you want your future leaders to behave, provides insight for the people they cannot get working alone or one-on-one. They create networking opportunities and allow the current leaders to see how these potential leaders behave, respond and react to the situations they are presented with.

4. Involve the talent in the planning

You may know what the future holds for an individual in your organization but do you know if they have the same vision? And what they actually want from their work? When we asked nearly 1,000 professionals what the most important criterion was for their next job, the pattern was “work that worked” for them (Figure 4):

- interesting work (29 percent);

- meaningful work (18 percent); and

- work/life balance (18 percent).

And more than half agreed:

- “I don’t think in terms of ‘career’ . . . I look for ‘work’ that is satisfying” (52 percent).

- “I don’t expect my employer to provide a clear path for me” (57 percent).

Equally you may see a path for people within your organization but our research tells us many people cannot see it for themselves – in fact an average of 40 percent thought their next career move would need to be outside their current organization.

So, ask people what they want – in a structured, open way – and act on the results. That way the organization will achieve maximum satisfaction and maximum contribution from the people it seeks to keep and to promote.

“. . . ask people what they want – in a structured, open way – and act on the results.”
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5. Cast a wider net

Would your succession planning system hire this guy (Figure 5)? Talent takes many shapes. Instead of just looking at the jobs and who can fill them, really look at your people. If you have someone that is great at sales and consulting, create a hybrid role. If you have a leader who is excellent at all parts of the typical job except one, is there a way to rework things and move that work to someone else? Sometimes we dim the shine of a star by trying to get all five points to be an equal length . . . perhaps their lopsidedness is part of what makes them a star and we should not tamper too much with that, just harness it and see what happens . . .

One client of ours found that despite having a formal succession process, their system reinforced the old-boy network. They first made some major changes to how people were selected and nominated for their high-potential programs – focusing more on self-application . . .

Figure 4 Survey results

- "I have decent career opportunities with my current employer."
- "My next career move will take me to a new employer."

<table>
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<th>Overall</th>
<th>Generation Y (&lt; 29)</th>
<th>Generation X (29-41)</th>
<th>Young Boomers (42-52)</th>
<th>First-Wave Baby Boomers (53-60)</th>
<th>Seniors (&gt;60)</th>
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<td>52%</td>
<td>45%</td>
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<td>48%</td>
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<td>39%</td>
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<td>41%</td>
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Figure 5 Albert Einstein
Succession planning is about more than filling the top spots. It is a smart talent management strategy that can drive retention of talent throughout the organization – and make sure that the organization has the skills it needs in place, or on hand, to respond to the rapidly shifting sands that make up today’s business environment.

**About the author...**

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In addition to leading operations for our Central Region, Angela serves as senior advisor in BlessingWhite’s Coaching and Career Development practices. She has expertise in aligning organizational culture to business strategy, leadership communication, and implementing performance management systems that result in long-term behavior changes. Her clients represent a diverse group of market leaders that includes Harley-Davidson, Eaton Corporation, PepsiCo, The Society for Human Resource Management, Abbott Laboratories, and Northwestern Mutual Life Insurance.

Angela is a frequent and highly regarded speaker on national and regional circuits. She has engaged standing-room-only audiences at SHRM’s Annual Conference, ASTD’s Annual Conference, and Linkage’s Organizational Development Summit to name just a few venues. She has been featured in media as diverse as Leadership Excellence, HR Business & Legal Reports, SHRM Online, and Security Management.

Angela has been with BlessingWhite for more than 15 years and lives in Chicago with her two children. The energy and passion that led to her success as a competitive swimmer in her youth now extend beyond her worklife to include active membership in her church community, fundraising for various charities, and a seat on the local school council in the Chicago Public Schools.

Angela holds a B.A. in Organizational Psychology from The University of Michigan and an MBA from Northwestern’s Kellogg School of Management.