

Developing Future Leaders: Do we need Succession Planning or Succession Management?

Prof (Dr.) Eirene Leela Rout

Head of Institute of Behavioural & Allied Sciences,

Amity University Madhya Pradesh, Gwalior

Abstract: This article tries to compare between succession planning and succession management in the context of leadership development. It is argued that succession management is a better option as it emphasizes on putting right leaders in the right jobs at right time. Recognizing talent, developing talent and putting them right place can be developed by right corporate culture.

Key Words: Succession planning, Succession management, talent management, Corporate culture, Creativity,

Companies are facing leadership talent crisis. Forward thinking companies are implementing succession planning as a tool to solve the present problem. Organization who want to bring new changes, experiment and adapt to challenges, need a pool of able and talented people who are promotable into leadership roles. It indirectly refers to investing in junior managers, graduates, new recruits who can take over the responsibility efficiently when required by the company. It is an approach that focuses on 'succession development' or 'succession management' that identifies successor to their manager. It gives organization flexibility in choosing from a range of options when someone leaves post. The driving forces behind succession management can be characterized by shortage of leadership talent, changing labour markets, cost of labour, and the gap between senior and junior level leadership (vacuum created). The paper tries to focus on the issue, should we go for 'succession planning' or 'succession management'?

“Succession planning is the process of identifying and developing potential future leaders or senior managers, as well as individuals to fill other business-critical positions, either in the short- or the long-term. In addition to training and development activities, succession planning programmes typically include the provision of practical, tailored work experience relevant for future senior or key roles”¹ It can be for specific critical positions or generic positions available in the company. Challenges involved in succession planning are:

- Researchers have shown that organizations area having good succession planning documents as to how to implement it. In reality, different things are practiced.
- It may so happen; the person identified for a post may not be interested at all.
- “Many managers often mistakenly assume that success at one level on the organization chart guarantees success at higher levels”²
- Overcoming the “like me bias” is another challenge²
- “Overcoming the *like us bias*. The “*like us bias*” occurs not because of deliberate discrimination, but because people are more comfortable with those who are like themselves”²

To sum up, it is vital to objectively identify the talent, ability, capability, and skill set needed at each level and who is having that potential.

Succession management is a systematic attempt by the companies to put right leaders in the right jobs at right time. It requires identification of the abilities and qualities/skills required to move up the ladder of leadership. This program helps to create culture of learning and development at all levels. At the same time, it provides practical solutions to the challenge of “who’s next in line”? It used to be considered as a singular strategy for CEO replacement but succession is now the main stream.

Recent survey results published by Development Dimensions International in concert with the Economist Intelligence Unit indicate: “(i) 55% of business leaders feel their organizations are sub-par at identifying leaders and (ii) 50% of business leaders feel their organizations are sub-par at developing leaders. These shortcomings are even more pronounced in the area of succession management”³

Research by Aberdeen Group, 2006 sponsored by Insala⁴, showed that “87% of Best in Class companies are implementing succession planning programs”. The succession management Survey, 2006, Institute for Corporate Productivity⁵ revealed that “56% of organizations surveyed have formal succession planning processes; 7 out of 10 plan to modify those processes over the next few years; 49% organizations surveyed cascade their succession management initiative down to managerial level; 24% include technical positions”. The Middle East Human Capital Survey 2008 by Ernst & Young⁶ revealed “a proper succession plan exists for creating an effective pipeline of leaders is 46% in 2007 and 44% in 2008. It reflects that majority of the companies are not having a proper succession plan for creating an effective leadership pipeline. But it is a movement in positive direction”. The Middle East Human Capital Survey 2008 by Ernst & Young⁶ revealed that “there is involvement from senior management in leadership development with respondents positively. Other studies showed that almost 80 percent of executives feel they spend less time improving their company’s leadership than they think they should with most admitting they spare no more than half the hours they think it should take”.

The major focus point should be in developing a pool of able people from whom future leaders can be selected that will fit with the real need of the organization. Organizations if interested to develop their employees need to respond to the individual as well as organizational needs. It requires for the organization to improve staff retention, staff as well as organization performance. It is necessary to create own formal program for developing senior level managers who in the long run will pay large dividends to the company. Companies are not able to reap the potential rewards. They are not able to adequately prepare their younger employees to step into the shoes of the leading elders.

Succession management requires a mind set for the senior management. It is a program driven by the senior level leaders and should be related to the strategic need of the organization. Generally it is required to develop talents which are critical to the organization’s performance/success. Succession management is the best way to execute business strategy, while development programs focus on further enhancement of capabilities. Organizations need to set aggressive targets and focus on building or strengthening the talent pool. The lead time to prepare leader can be shortened by giving challenging action to younger employees that need to be supported by adequate rewards. It is reward/incentive that can translate learning into performance.

Succession management can be made successful by creating talent inventories by tracking employees' skills, competencies and interests, identifying high potentials and high performers and matching talent to positions at company-wide level thus, generating accurate talent pools. A successful succession management needs to be linked to performance management, learning and development, and compensation. It is an integrated leadership development process that focuses on leadership, selection and development processes. In the present day context, it is a better option as compared to succession planning in my view. In case, the company opts for this option, then what are the action plan it has go for or how it can develop and incorporate into its system is the question.

Talent management can be a better option to develop future leaders for the company. Talent management has become very popular concept for many companies. But what is "talent"? "A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organisational needs. Talent is the above average giftedness towards a task through which an employee creates added value in his or her work"⁷. Although some commentators continue to use "*talent*" as a synonym for a company's entire workforce, a new Towers Perrin survey senior HR executives shows that they use the term to identify the core group of leaders and key contributors who drive the business forward. These defined *talent* pools make up, on average, no more than 15 percent of the total workforce. Talent can be defined as, "A conscious, deliberate approach undertaken to attract, develop and retain people with the aptitude and abilities to meet current and future organisational needs. Talent management involves individual and organisational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organisation culture"⁸.

Talent is now the critical driver of corporate performance. As Peter Drucker⁹ says, the major challenge "in the future companies will be the need to achieve three times the productivity with only a third of the people". Companies are about to engage in a war for talent that will define competitive landscape for decades to come. Most of the companies are ill prepared and even the best are vulnerable. "The whole battle going forward will be for talent"¹⁰ (Lay, 2001). The "War for Talent", survey and talent management case studies were conducted from 1997 – 2001 by McKinsey consultancy¹². The survey provided a quantitative understanding of what does and doesn't make a difference in building a strong talent pool. It has come up with a strategic view of the paradigm shift for every company and every leader relating a attracting, developing, assessing and retaining highly talented employees. We can say "talent management involves individual and organisational development in response to a changing and complex operating environment. It includes the creation and maintenance of a supportive, people oriented organisation culture."¹³.

There are broadly speaking two different strategic choices considering talent management. They are: "*aligning people with roles (APR)*. Here the assumption is that there are agreed roles and the aim is to align people with these roles. Secondly, *aligning roles with people (ARP)*"⁹. The major strategic focus is based on taking the people as fixed and adjusting factors in the context of the organization. One way to characterize this approach is that it is more in the nature of "succession management/development" than succession planning. Rather than attempting a mechanistic process where an individual is identified as a successor to their manager, the succession management/development approach recognizes that organizations need the flexibility to choose from a range of options when someone leaves a

post. Unlike succession planning, that employee will not feel discriminated in succession management/development. It will be better option, if aligning people with roles are given priority in domains like selection, recruitment, placement and promotion.

Corporate culture to develop leaders

1. "Participative leadership involves the use of various decision-making procedures that determine the extent to which people can influence the leader's decisions and have the autonomy to design and perform their own tasks. Participative leadership can take different forms, including consultation, joint decision making and delegation"¹⁴
2. Most organizations recognize and reinforce approved behaviour and, consequently, individual employees in such organizations feel a sense of satisfaction and accomplishment. Performance-related pay, for example, is often seen as a key factor in shaping employees' attitudes, and the result is to create a performance conscious culture. Although it is acceptable to reward good performance, it would be unwise to punish those who fail to reach the desired standards because of a depressing effect this could have on others, perhaps eventually leading to risk-aversion.
3. Employees need to be encouraged to explore opportunities and challenges and take initiative to fill the gap in performance and solve problems. Opportunities lie in understanding incongruities and discontinuities. The gap can be filled by modifying work methods, unfulfilled needs of the customer, changing trends, implementation of new technology, application oriented behaviour, etc. It demands commitment from the side of employees. Lot of investment in terms of time, energy, effort required to initiate an idea as well as implement an idea. In organization context, implementation refers to commercializing of ideas is a vital issue.
4. Nurturing the innovator. The role of the innovator is the generation of the new initiatives and also as an opportunistic intervener into each step of innovation process and it is the creative individual who generates both the original and the successor ideas which make an innovation possible. Innovative people exist in every research and development organization although they often go unrecognized. Creativity emerges in many forms and sometimes it takes one innovative to recognize another. Research managers usually recognize that it is important to search actively for creative people and provide them with specialized attention and management. Often the innovator is a strong individualistic person who finds conflict not in the technology which he or she seeks to change and the automatic resistance which change engenders but also with other individuals who may feel threatened. The creative people must be given varying degrees of special consideration in order to implement the innovative process effectively. For example, the company can provide flexibility in working hours and conditions. So, characteristically the innovator is enormously stimulated by work and become tremendously motivated by personal ideas and can work cruelly longer hours including weekends and holidays. An innovator's needs for access to facilities and resources, therefore, should be fulfilled if at all possible within safety limitations. Supervisors need to understand the importance to the innovator of a loyal tolerant and supportive staff.

Briefly speaking, in reality, organization is full with challenges that include inconsistencies, absurdities, conflicting expectations and the pattern of growth, disruptions and deadlines. The bottom line for every worker – managerial, technical or support staff is to beat time and manoeuvre chaos to win the race. Organizational culture can support the endeavour. It is the personality of the organization and can be looked at as a system. The concept of culture is particularly important when an organization wants to develop leaders to succeed. It is supposed to be dominant and organization wide accepted. Then only succession management can be successful. A strong ‘leadership development’ culture will have a significant influence on the behaviour of the employees, primarily because of the intensity with which people are attracted to and share core values of the organization. This is due to high agreement among members about what the organization stands for. To conclude, succession management can be handled successfully by developing effective and efficient leaders who can deliver value at high velocity with mobile disposition in this digital age.

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