Why Corporates Must Prioritise Succession Planning

Dr. Amarjot Verma
Assistant Professor, Institute of Management Studies, Bundelkhand University, Jhansi (U.P).
email--researchmanagement75@gmail.com, Mob—9452593436

Abstract- **Succession planning is all about identifying high performing potential employees, mentoring and developing them so as to utilize advancement opportunities provided by the organization to move them into top-level roles. Such roles are vital to the organization's competitiveness. It ensures that business continues to run smoothly without interruption, after people move on to new opportunities, retire, or pass away. The company needs to have a solid plan in place to ensure that positions are filled by employees equipped with the requisite skills to navigate success. This moves mainly in two main directions: choosing by position or by person. A program that does both will ensure the greatest likelihood of addressing the primary purpose--keeping talent in the pipeline.Succession planning needs to be mandatory to *ensure that the right talent is available, to fill key positions as soon as they become vacant.* The best tool is one that is in alignment with the organization's unique objectives and needs matched with the challenges from external environment.**

Keywords--competitiveness, mandatory, right talent, organization's unique objectives and needs, challenges.

I. Introduction

As senior executives depart from workplace, they leave a gap behind, which raises the bogey of succession planning. It is a process, not a project, triggered by an event and needs to be an ongoing agenda for the board. The success of any organization hinges on its ability to prepare itself for the future. So succession planning is vital to ensure the prosperity of companies to survive worldwide. According to SHRM, only 21% of organizations have a formal succession plan, which puts them at risk of leadership gap and potential disruption in functioning due to lack of qualified and experienced talent at the right time, to gear the company smoothly through the waves of uncertainity. So the best strategy one can adopt is to identify someone from within, who can empower and lead the organization with the necessary skill set. Another reason to focus on succession planning is the changing realities of workplace. The impending retirement of senior executives could have a major impact on workforce capacity. As vacancies in key positions occur, demographics indicate there are statistically fewer senior executives available to fill them. So succession planning is essential to ensure that critical roles in a company are not left vacant for extended periods or filled by the ones who don't have the skills or knowledge to perform in the role. The company needs to be aware of the individual who is next in line to fill these positions, mentor them to become the company's next generation successful leaders, besides maintaining the competitive edge and team morale. To ensure continuity is the ultimate purpose of going through all this work-so that when someone leaves, there is someone else ready and qualified to take over that role in no time.

The focus needs to be on selecting and developing key talent. This means for those critical roles the best and the brightest ones are to be selected and nurtured and this is practically possible with internal candidates only. Occasionally external candidates are hired and brought to speed up the organization, but this is an ad-hoc arrangement. As an organization grows, it is more cost-effective to develop and promote leaders from within. Succession planning includes identifying these high-potential employees (HiPo), developing their leadership skills, knowledge and abilities while preparing them for advancement into more challenging roles. A strong line-up process should focus on developing a pool of individuals with critical and adaptable skills ready to lead when called upon. Creating a succession pipeline is extremely important for every role not only to ensure business continuity, but also to ensure opportunities for individuals at every level. This involves--

- Identifying and developing high potential employees to step into higher level leadership roles, for smooth transition of business.
- Providing necessary resources to these high performers, along with clear succession path to grow into future leaders.
- Adopting a proactive approach for nurturing employee loyalty and engagement besides maintaining business continuity.
- A strategic imperative adopted to remain competitive, when leadership talent shortages become prevalent due to evolving workforce dynamics.
- Potential disruptions in business operations by sudden departure or skill gaps can be avoided easily saving companies being caught off-guard.
- A talented pool that is agile, innovative and adaptable to emerging challenges can be created fostering a culture of continuous improvement.

II.WHY IS SUCCESSION PLANNING IMPORTANT

Succession planning is important for many reasons--

- It reduces risk, disruption in business to ensure continuity in case of any unexpected departure.
- Key knowledge and expertise can be transferred rather than lost when someone in a critical role departs.
- It gives high-potential employees a clear career path in the organization.
- It helps to plan and prepare for the future based on different scenarios to reassure shareholders that the business will be taken care of during long-term.

- It helps to increase the existing talent, boost employee engagement and saves money on hiring senior employees and executives.
- It presents a structured approach for preparing a new generation of leaders to steer the organization.

To sum up, succession planning enables the company and its employees to grow and flourish in the long run. But problem arise when there is power struggle within the company that does not have a clear succession plan and different groups might start competing for dominance. This dysfunctional conflict makes it more difficult to achieve the goals, which in turn disrupts the functioning of the organization.

III. PRECONDITIONS FOR SUCCESSION PLANNING

- *Developing a culture of leadership*--For succession planning to succeed, there must be a clear commitment from senior management, including the CEO. These executives must actively participate in grooming young talent by mentoring and helping successors develop leadership competencies in the long run. In addition the performance appraisal and reward process should incorporate leadership development activities to develop these high-potential employees.
- *Proper selection of critical roles*--Critical roles are the ones which if left vacant for a few months or filled by a bad hire, would lead to significant damage to the organization. The easiest way to identify these roles is to look at the most senior leaders in the organization's hierarchy or the highest earners to fill them. If the organization has a well-defined job architecture with functional description and rewards based on responsibilities, this selection will be fairly accurate. If there is no clearly defined job architecture, then identifying an alternative through forced ranking of functions based on their importance would be the best strategy.

IV. SUCCESSION PLANNING MODEL

It involves the following four steps--

- *Talent development*—It is a long term approach which generally focuses on senior leadership roles likely to be replaced by employees currently from middle level. In these programs employees are trained on different challenging assignments, focusing on career planning through job rotation to enrich their experience and develop leadership competencies. Employees may be attached to mentors for better performance management, exhibiting more organizational commitment, personal learning and job satisfaction. It also provides psychosocial benefits, including acceptance, encouragement and coaching with increased internal exposure.
- *Identification of leadership talent*--The organization avoids "*heir apparent*" designation and strives for diversity, accessing managerial bench strength to identify high potential employees through survey and building a diverse team with different talent and skills to manage the board room. Not every employee succeeds in theses talent development activities. Those that aren't suitable to fill critical leadership positions may be good candidates for low or middle-management positions.

II. *LEADERSHIP DEVELOPMENT*--EMPLOYEES IDENTIFIED AS HAVING STRONG LEADERSHIP

- potential are developed further through programs--like 360 degree assessment, executive coaching, internal courses or by attending workshop taught by present managers for enhancing their high potential for development of close connection with the workplace.
- *Succession development*-- Whenever someone occupying a critical role quits or retires, organization should make a succession decision. Rather than relying on internal reports, engage the board in the decision for succession planning to identify this diverse pool of candidates, adopting a comprehensive approach, covering every unit of company from top to bottom is favoured. The program should have clear targets that will enable the successor to speed up as quickly as possible. Not only will this result in lowering the cost of doing business, but also reduce the uncertainty managing expectations to the fullest possible extent.

V. BEST PRACTICES FOR SUCCESSION PLANNING

- Always adopt a long-term perspective and settle to long term targets focused on the vision of the organization.
- Have a structured development process allowing people to train and acquire the skills needed to move into critical roles in future.
- Integrate succession planning with talent management as succession planning is a form of talent management.
- Pay attention to tangible metrics (and not to process) to measure outcomes. In other words, track metrics that focus on outcomes instead of processes like-percentage interviewees for a critical role, percentage of critical positions filled internally, high potential turnover, bench strength, percentage of number of successive promotions.

- Be realistic and communicate clearly with the employee keeping them informed about the organization's vision and goals, as well as providing regular updates on the status of the succession planning process.
- Eshtablish open communication channel to build trust and engagement.

VI. POTENTIAL CHALLENGES

Succession planning also addresses potential challenges that organizations often face. Here are some of them--

- *Resistance to change*--70% of organizational change initiatives fail due to employee resistance, as the fear of introduction of new system could impact job security or disrupt the existing roles and responsibilities.

- *Lack of support by persons of influence (leaders)*--Gaining top leadership support is crucial for success of any strategic initiative. If senior leaders do not support these activities or are not actively involved or committed to the process, it may result in suboptimal outcomes.

- *Availability of limited talent*--Finding suitable candidates with the right skill and potential to step into leadership roles is crucial for continuous growth. And identifying and developing a robust talent pipeline is a challenge which many organizations face.

- *Inadequate data availability*--Making informed decisions about potential successors requires reliable data on employee performance, skills and potential. But lack of timely, accurate and comprehensive data can hinder this process.

- *Lack of time availability with managers for succession planning*--The senior managers may be too busy with their present assignments and may be left with no time for undertaking succession planning activities.

VII. COMPONENTS OF EFFECTIVE SUCCESSION PROGRAMS

Like most HR programs, succession planning cannot be performed in a vacuum. Well-constructed foundation components should be put in place long before the program can be implemented--

- *Prepare leaders to participate*--Cultivating high-level commitment and support will have a positive influence on the succession planning program. It involves not only providing learning opportunities for employees; but also nurtures a culture that lowers barrier for creating a learning organization.
- *Align the program with business objectives*--When selecting job functions for the program, be sure to align them with business operations, practices and schedules.
- *Use a variety of methodologies*--Use a combination of techniques, including mentoring, cross functional training, job enlargement, job enrichment, case studies, vestibule training and classroom training for harnessing maximum benefits.
- *Incorporate goals in performance management*--Employee interest in succession planning, willingness to be a part of it and making efforts toward achieving goals should be a part of performance management.
- *Promote a long-term view*--Succession planning is a 12-36 month process. Encourage team members and leaders to create a big-picture of the program with long-term perspective.
- *Think of succession planning as creating a "farm team"*--The sports analogy resonates with employees and managers alike. Responsiveness to new situations (including unexpected ones) and resilience in the face of conditions in the external environment are traits of successful organization. Having all your knowledge or skill "*eggs*" in one person's "*basket*" is never a good business practice.
- *Look beyond the obvious*--Look far and wide for employees with complementary skill sets who may be appropriate for the program. Good candidates for succession are not necessarily already present in traditional feeder positions.
- *Plan for knowledge transfer*--It includes identifying skills and competencies, transfer of skills and knowledge to shorten learning curves with support of a trainer. This will enhance the learning process of next-generation, boost employees to function effectively in key positions.
- *Look at succession planning in layers*--Layering competencies achieves many of the benefits, as developing skill complements for succession planning path. Even if certain roles are not well suited for formal succession planning, the incumbent may be candidates from different layers with related skills.
- *Don't limit job development to promotion only*--Succession planning might include job expansion in addition to job progression. That is, if traditional step-by-step succession planning does not work for certain functions, consider individual skill development opportunities such as job enrichment, job enlargement and cross functional training as a source for enhancing employee skill set.

III. VIII. KEY ROLE OF HR IN SUCCESSION PLANNING

Succession planning is something that nearly every organization acknowledges is important for their success, but often do not act on until it is too late.HR comes to its rescue by playing a proactive role for supporting leadership issues. If an organization ignores considering succession planning as a priority, HR ensures that management understands the cost and benefits associated with planning. Once the decision has been made to engage in succession planning process, success depends on getting the right people, with the right skill set, at the right place and at the right time. Here HR plays a crucial role of supporting leadership activities through the process.HR function performs several important tasks for planning and execution of succession planning including--

- Helps initiate and manage the scheduling and facilitation of the annual talent review process.
- Ensures that succession planning tools are available for talent reviews.
- Uses technology to record talent review results.
- Monitors the development of high potential employees (HiPos), through up-skilling, re-skilling and providing cross functional training opportunities.
- Communicates transparently across the organization about key roles (leader and non-leader), availability of high potential employees, how to move into high potential employee zone and maintain position as high potential employee.

HR may propose using "*learning in the flow of work*" to provide these high potential employees with the opportunities for cross functional training, learning new skills and gaining the needed experience. With this approach, HR should frequently review and assess individual assignments to identify the high priority work that can impact the goals of the organization. If such work areas require additional learning, these high potential employees (HiPo) "*buddy up*" with someone in the organization who has stronger skills in that area, observe and learn, though this may take a bit longer. This removes barriers that may exist for employees of diverse background, creates a culture of psychological safety where all employees feel comfortable bringing their whole and authentic selves to work. Doing so effectively prepares a bias-free talent review process that serves to identify a diverse slate of high potential employees (HiPos) enabled to perform with their greatest potential in an inclusive environment.

IX. HOW SMALL AND MEDIUM-SIZED COMPANIES BENEFIT FROM SUCCESSION PLANNING

Small and medium-sized companies can benefit significantly from succession planning in the following ways--

- *Helps in talent retention*--Succession planning increases retention rate of employees, improves employee loyalty demonstrating a commitment to growth.
- *Ensures leadership continuity*--It ensures smooth leadership transition, reduces disruption in business by grooming future leaders.
- *Helps in strategic planning*--It fosters sustainable growth by aligning the company's long-term strategic goals with the leadership development initiatives.
- *Leads to employee development*--It develops employees for future roles by enhancing their skills and competencies.
- *Improves competitiveness of firms*--It gives competitive edge to these small companies thus attracting and retaining top talent while positioning for long term growth.

X. CONCLUSION

Organizations while preparing employees for possible future roles should be proactive in succession planning activities. Sometimes the talent resides within a particular individual who has numerous skill set that would be valuable for a number of positions. Sometimes, certain positions themselves serve as good "*training grounds*" for future roles. In either case, an individual who is selected should be--comfortable with the change, interested in learning new skills, willing to face and accept uncertainty while exhibiting adaptability to multiple work environments. If succession planning program is rooted in diversity and equal employment opportunity, the ultimate selection of employees to fill new roles will reflect that focus. So identifying positions to include in succession planning program is more of an art than a science and is certainly organization-specific long-term investment in a short-term world with the ultimate goal of understanding the value of business and preserving it to pass it to the future generation intact.

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