

SUCCESSION MANAGEMENT



Wake-Up Call: Succession Management Isn't Working! What's The Answer?

In 2004, The Talent Management Handbook was published¹. I was one of the contributing authors and wrote a chapter on Succession Management. Over 10 years later, the practices and processes of Succession Management have primarily remained the same. Korn Ferry's recent study on global Succession Management found an alarming rate of dissatisfaction among senior leaders and executives, with only one-third of respondents (36 percent) saying they were satisfied or very satisfied with their company's succession management programs, and less than one-quarter (23 percent) saying they have a solid pipeline of "ready now" candidates.²

All of my colleagues at Camden Delta have had similar experiences with our clients. But, we are working with them to ensure their approach to Succession Management is done differently than in the past. So what is not working?

- Complex processes that involve too much time on the part of executives and leaders.
- Lack of results. Succession matrices are put on a shelf and not used to fill future positions.
- Focus on only top leadership that does not delve deeper into the organization. The Korn Ferry study also finds that more than three-quarters of executives (78 percent) say their organization's succession management programs only include the title of "vice president" and above.

Business leaders are experiencing more volatility, uncertainty, complexity and ambiguity. This requires more dynamic and agile organization structures, processes, and talent.

A NEW WAY

At Camden Delta, our point of view is that Succession Management needs a shift in perspective that is more relevant and valuable to the constantly shifting business needs in today's environment. Previously, Succession Management focused on the supply side of talent: assessing people based on current roles in the company and the gaps that exist. Then, we develop plans to identify talent to fill these gaps.

A different approach would be to think about talent the same way we do our own personal investment portfolio. The company makes investments in people; just as we make investments to ensure a balanced financial portfolio. What if we changed our perspective to understand what leadership is needed for the future? Let's start with the business strategy and the goals of the organization. What leadership competencies and roles will be needed for the future? By identifying these critical roles, we don't look to the current supply of talent. Instead, we look to the future demand. This is no different than what you do when managing your own financial portfolio. You identify your future financial goals. Why would we treat people management differently than our own money?

In portfolio management, once we determine our financial goals, we make our investment selections. We can apply this same thinking to focus our efforts when doing succession management. As I mentioned, we start by identifying our future leadership or critical roles as defined in our strategic workforce planning process. Then, we work through a process of scouring the organization to look for people who have the potential to fill these roles in the future. This is where your hu-

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Human capital data becomes incredibly important. It's not enough to house basic employee and job data. What is needed is great experiential and job assignment data, coupled with sound information on critical competencies to identify the talent pool.

Collecting this information alone represents a seismic shift for most organizations. But to best meet the demands for tomorrow, you need to understand how people have performed in similar experiences in the past.

The next step in managing your financial portfolio is to diversify your investments to create the greatest return. Managing your talent portfolio is no different. You create processes to prepare your identified future leaders to hedge against uncertainty because of constantly changing market conditions. This is done by developing plans for each future leader that provides the person with a myriad of experiences, including special projects, new roles, and experiences outside of the company. In many organizations, you are likely to confront a number of change acceptance barriers to this process including:

- Talent hoarding or fear of giving up great talent to another part of the organization.
- Skepticism in the performance and potential evaluation of others.
- Talent that is stuck in thinking about career development in past terms such as the career "ladder" instead of a career lattice.

You'll have to manage these risks to your portfolio.

Finally, as a prudent financial investor, you rebalance your financial portfolio on a regular basis. Similarly, as talent leaders, we should focus on reassessing the current leadership team and making difficult choices to make changes based on strategic goals. At one of our clients, the Board of Directors reviewed the leadership

team and moved each leader into an entirely different role every two years to broaden the leaders' business perspective. In some cases, leaders were asked to move into non-leadership roles. While these decisions were difficult, our client built a culture of flexibility that demonstrated to investors and employees the importance of leadership development.

What Camden Delta is suggesting is a new, future-focused approach to Succession Management akin to how we manage our financial portfolios. Human Resources will be able to implement radical change to help their companies achieve their business strategies – not by improving current processes, but by looking outside of HR to see what other domains of business are doing. Why shouldn't we be managing our people with the same rigor we use to manage our personal finances?

REFERENCES

¹Berger, Lance A & Berger, Dorothy R., *The Talent Management Handbook*, McGraw-Hill, New York, 2004, pp. 185-198.

²Korn Ferry, *Global Succession Management Outcomes*, 2015

CEB Corporate Leadership Council, *Succession Strategies for the New Work Environment*

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