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THE FUTURE OF SUCCESSION PLANNING

Succession planning is shifting from its traditional roots to include new considerations that will affect the future workplace.

By William J. Rothwell

In one of the many succession planning presentations I have delivered across the world, I was recently asked, “What is the future of succession planning?” My answer focused on four changes that I see happening:

- a move from succession planning designed to meet promotion needs to one that meets knowledge transfer needs
- a greater reliance on retirees
- a transition from focusing on strategic succession to tactical, daily succession
- an increase in the integration of succession planning and career development.

This article addresses these four issues in detail, emphasizing the role of workplace learning and performance professionals in helping their organizations meet these challenges.

From promotion to knowledge transfer

Succession planning is traditionally a strategic change effort designed to prepare people for promotion within an organization by emphasizing internal talent development. The key business drivers that prompt management interest in succession planning are the need for possible replacements as baby boomers reach retirement age (in the United States and Western Europe) and the need for talented people to help fuel explosive growth (in China and the Pacific Rim, for example). An additional driver is the need for backup talent in emergencies—such as following the unexpected loss of individuals to death, disability, or sudden resignation; or the loss of several key leaders in the wake of an attack on an organization’s headquarters.

As traditionally managed to prepare people for promotion, succession planning requires

- securing and sustaining management commitment (including measurable program goals, and clear roles and accountabilities for all key stakeholders)
- clarifying the work and people required to meet present organizational needs
- managing performance and holding people accountable
- clarifying the work and people required to meet future strategic objectives
- assessing individuals for promotion
- closing developmental gaps and leveraging individual strengths through individual development plans and regular talent reviews
- evaluating program results (comparing results to measurable program goals).

The strategic model in Figure 1, integrates these components, providing a

Figure 1 | A Strategic Model to Guide Management Succession Planning



road map to long-term implementation. This is important, because approximately 70 percent of all succession planning programs fail in the long term due to implementation problems.

Workplace learning and performance professionals are often charged to lead organizational efforts to address succession needs. While top managers must authorize the funds for such efforts and hold people accountable

for doing their fair share, it often falls to learning professionals to help close developmental gaps and to pinpoint and leverage individual strengths.

In recent years, leaders have realized that the future competitive advantage of their organization relies on more than management ability alone. While preparing employees for promotion into management remains critically important, it is

not enough. In a global knowledge economy, expertise is often the key to competitive advantage.

This is sometimes called “technical talent”—individuals whose job performance is contingent upon special knowledge. This includes engineers, IT professionals, accountants, lawyers, medical doctors, research scientists, and various others in specific industries (such as mortgage bankers in banking, or actuaries and underwriters in insurance).

Interest in this issue has prompted growing attention to so-called “technical succession planning” (to distinguish it from management succession planning). The key focus of technical succession planning differs from management succession planning and centers on transferring knowledge from those who possess special knowledge, gained from experience within the organization (institutional memory) and experience doing the work (tacit knowledge). When a high percentage of technical workers reaches retirement age—or when a high percentage of new hires are needed to fuel growth—the organization’s competitive advantage is placed at risk.

A different strategic road map is needed to guide technical succession planning because the focus is on knowledge transfer rather than on preparing people for promotion. It requires:

- securing and sustaining management commitment (including measurable program goals, and clear roles and accountabilities for all key stakeholders)
- clarifying work processes and technical competencies essential to achieving the organization’s strategic goals
- clarifying who possesses that knowledge and what they do
- identifying who is at risk of loss due to retirement or how many new hires are needed due to growth
- discovering practical ways to distill and transfer invaluable knowledge
- transferring the knowledge

- evaluating program results (comparing results to measurable program goals).

This strategic model, in Figure 2, provides a strategic road map to long-term implementation of technical succession planning.

Workplace learning and performance professionals should suggest to leaders the need to devote attention to knowledge transfer. While some managers may not immediately see the need, learning professionals will find willing advocates among managers of these technical workers—who often do see this need and fear the consequences of not meeting it.

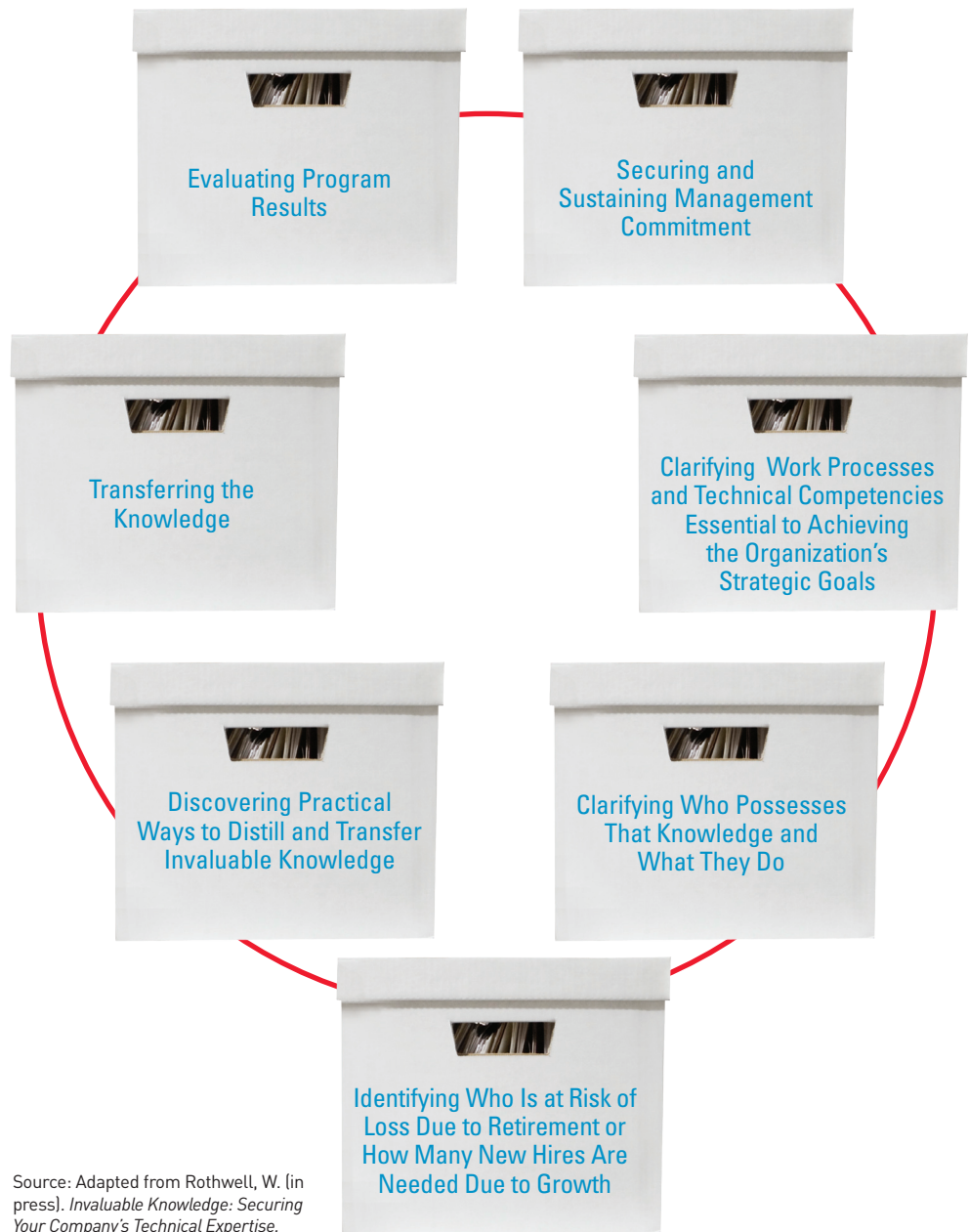
Relying on retirees

If succession planning is driven by the need for trained replacements to prepare for the loss of baby boomers or to fuel growth, it makes sense to look for talent wherever it can be found. In the future, many organizations may be forced to reinvent what retirement means, and many individuals may be forced to reconsider their retirement plans.

Organizations may simply not be able to find all the talent needed to meet replacement or growth needs, and individuals may not be able to afford traditional retirement. Organizational leaders can draw on retirees to fill a variety of roles—not merely full-time employment. Examples might include filling in for people during vacation or sick time, meeting short-term needs for increased staff, or coaching others for increased responsibility.

The world's workforce is growing older. There is a global need to rethink what retirement means and reconsider how retirees may play important roles in meeting short- and long-term talent needs. Some organizations have already made concerted efforts to devise inventories of their retirees and draw on them when needed. Learning professionals can help their organizations' leaders see the need to do more than merely talk about older workers as part of a solution to succession planning and talent needs.

Figure 2 | A Strategic Model to Guide Technical Succession Planning



Source: Adapted from Rothwell, W. (in press). *Invaluable Knowledge: Securing Your Company's Technical Expertise*. New York. AMACOM

From strategic to tactical

Most large organizations—as well as small ones—have already established a strategic framework (the one in Figure 1, for example) to guide succession planning and have implemented the following components:

- competency models to profile present and future talent
- performance management programs to measure how well people

are achieving key results and demonstrating desired behaviors

- objective approaches to assess the suitability of individuals to meet promotion requirements
- individual development plans to close development gaps or leverage individual strengths
- leadership programs and regular talent review meetings to examine talent

- evaluation approaches to ensure continuous program improvement.

The problem is translating these strategic elements into daily (tactical) practice. Too many managers obstinately continue to believe that attracting, developing, and retaining talented people is the sole responsibility of the HR department or the WLP staff. In today's downsized organizations, managers devote approximately 20 percent of their time each day to staff oversight. Managers spend the remaining 80 percent of their time doing their own work—and often feel they do not have time for that.

The challenge is to get managers to perform double duty, work smarter rather than harder, and to integrate on-the-job staff development with daily work. Since 90 percent of individual development occurs on the job rather than in onsite or online training, managers play a critical role in building future talent.

There are several ways to meet this challenge. One is simply to build management awareness of the need to think about individual development as they recruit, select, onboard, supervise, coach, appraise, and reward staff. A second way is to train managers how to integrate thinking and acting to develop staff at the same time that they receive work from them. A third way is to give managers tools to make it easier—such as daily worksheets with practical examples of things they can do with staff members each day to encourage succession planning and employee development. (A simple calendar with a list of 365 activities is one effective approach.)

In the future, organizational leaders who are seriously committed to succession planning will shift from single-minded attention to the strategic level to include a focus on the tactical. This will require more attention to the manager's role in building staff capability on a daily basis. Learning professionals can help make this happen by providing managers with the training and tools to develop their awareness and ability to offer real-time assistance and cultivate staff.

Integrating succession planning and career development

Succession planning, as traditionally practiced, is top-down: Leaders decide who the future leaders will be. Few organizations make it a practice to inform those who are successors. One result is that individuals do not see “what's in it for them” when it comes to developing themselves. And some outstanding performers have no desire for promotion, preferring “work-life balance” to the problems they see their immediate supervisors dealing with every day.

Worse yet, some leaders refuse to lead. They figure that succession planning is not their problem and is something best left for others to worry about after they have retired or moved on to other employment. In fact, some people worry that, if they have a successor prepared, they will be targeted for downsizing so that less expensive talent may take their place.

What can be done when leaders won't lead—or worry about the consequences if they do? And what can be done to give individuals a reason to care about preparing themselves for the future?

The answer is to integrate top-down succession planning with bottom-up career development. If the organization has created clear career paths, taken steps to discover what people want to do in the future, and emphasized the importance for individuals to take responsibility for their own development—all components of effective career development programs—then it can create bottom-up pressure from workers to “pull” help out of their immediate supervisors. At the same time, a succession plan effectively links talent issues to strategic objectives.

Succession planning and career development can be a powerful combination that will offset weaknesses of the individual programs and enhance their respective strengths. Learning professionals can help their organizations effectively establish and integrate succession planning and career development efforts.

Concluding thoughts

As this article has indicated, the future of succession planning may well include a move from meeting promotion needs to meeting knowledge transfer needs; an increased reliance on retirees; a transition from the strategic to the tactical; and a greater integration of succession planning with career development.

Use the instrument in Figure 3 (available online at tdmagazine.astd.org) to assess how well your organization is positioned to address these future challenges. Share the instrument with managers in your organization to learn if they believe the organization is prepared to meet these needs.

It would be easy to offer other predictions as well. For instance, executive coaching is becoming a solution when it is necessary to promote individuals who are not perceived as “ready.” Simulations and action learning sets are being used to build cross-functional (and sometimes cross-cultural) awareness and competencies when no time exists for longer-term rotations.

Additionally, some experts now contend that organizations must do better with longer-term, more comprehensive workforce planning—as opposed to vacancy-by-vacancy planning—to better match the competencies available to achieve longer-term organizational strategy.

These and other challenges suggest that the workplace learning and performance field has a bright future for those who know how to offer effective succession planning solutions and follow through on them to successful implementation. **T+D**

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