

## Special report: Succession planning and filling the leadership gap

By Jon Ryder



How do you future-proof your company and make sure you continually have great leaders throughout the organisation? What happens when your top people leave, and how do you ensure that those who fill the gap are the best you can get?

To find out, HR Business Network and NorthgateArinso partnered for an exclusive event to explode the myths about succession planning, discuss the latest thinking on the issue, and find out how it is working in practice.

The event was held yesterday (20 July) at the Haymarket Hotel in London, where HR Business Network members shared their experiences about how their organisation handles succession planning, what they do well, and what needs to improve.

Two HR Business Network polls in recent months had revealed that the issue is at the top of the agenda for HR leaders, and this was confirmed by the roundtable guests who gave their views on why it was so important.

A common view was that organisational change and restructuring sparked by the downturn means there is a major need for strong succession planning. But what makes it difficult is the uncertainty about what is around the corner. There may be tried and tested methods in place to find a new CEO to exactly fill the shoes of the old one, but is that what the organisation actually needs any more? Good succession planning requires vision to understand what will be needed for the organisation of five or 10 years' in the future, rather than finding carbon copies of those who leave.

Similarly, the budget cuts borne out of the economic crisis has led to an increase in 'flight-risk', particularly in the public sector. How do organisations manage the fact that as head-counts shrink, those in top positions may decide to jump ship too?

The issue wasn't focused on one generation of employees either. There is a need to keep hold of a young workforce who don't see a traditional career ladder leading them step by step up through the organisation. As described at the event, 'generation Y' see themselves on a 'career lattice' instead, taking on a range of roles in the company on the way up. This makes for more rounded employees with a wider range of talents, but means old-style succession planning based on traditional promotion routes no longer works.

At the other end of the scale, many senior staff approaching retirement age may need to be encouraged to stay on, because if they leave, all their experience and knowledge leaves with them. The retirement of the baby boomer generation could potentially leave a massive gap in organisation, so retaining some of those valued workers is as important as finding new blood.

The event – entitled 'Filling The Leadership Gap' – was led by Chris Roebuck, Visiting Professor of Transformational Leadership at Cass Business School in London, and he explained his take on effective succession planning.

He said there were five main reasons for good succession planning: risk minimisation; maximising senior leader performance; developing leaders at all levels; and maximising organisational performance. And the good news is that if you get it right, you can achieve all five in that order.

But there are many hurdles to get over along the way, including ensuring there are multiple successors for each top role, avoiding being forced to fill the CEO role with the outgoing CEO's favourite, and ensuring employees know that they are seen as leadership material, without alienating the rest.

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On the latter point, handling communication around succession planning can be vital. Chris said that it was important that high potential staff were told they could be future leaders, because the organisation needs to know if those employees actually want it. But there is also a danger that telling someone they are valued can make them feel they deserve promotion regardless of effort. "And what about the rest of the 'untalented' staff? It can be very damaging if that message isn't communicated well."

He said all staff should feel that there is potential for great things, but the message needs to be clear that it is still down to the employees to prove it, by performing well and showing the necessary motivation and drive.

And that, he said, was the key to nurturing a high-performing organisation. If employees know what they need to do to be considered for top roles, and they know what they need to improve, it benefits the entire organisation. A key trait of a leader is being able to see how individuals contribute to the whole, so if employees know that understanding the bigger picture is vital for their own career, the health of the entire organisation benefits.

But what happens if there's nowhere for these high potentials to go? What if the organisation is 'blocked', and you have great people waiting to take on top jobs that just aren't available at the moment? Don't be afraid of letting them leave. Chris added: "It might sound crazy, but how about helping these high potentials find new jobs outside the organisation, then re-hiring them when the time is right?" With the explosion of social media like LinkedIn and Twitter, people stay in touch with their former organisations, and it can be very healthy to bring someone back who has developed skills elsewhere.

Because ultimately, it is all about the bottom line. A strong succession plan works because it supports the entire organisation. Great leaders engage staff, which improves performance, grows talent, identifies new leaders... and starts the process again.

Get succession planning right, and according to Chris, the rest should follow.

Speaking after the event, Network member Ruth Mundy, Group HR Director for Mouchel, said: "I found today very useful in terms of considering the strategic issues around succession planning and the difference between current performance and future potential. Specifically it made me reconsider how I can get more ownership of the process by line managers and the tools and help they might need to do this. It was also very helpful to network with colleagues and learn from their experiences."

Christine Webb, Director of HR and Business Services at B&CE, said: "It's clear you need to get the basics right, top down approach and HR facilitate not own the issue of succession planning. It is clearly on the agenda of most organisations, including my own, and what I'm now thinking about is the relationship between high performers and high potential - do we know how to assess high potential?"

But it's not just about HR, "The session enforced the need to get senior level (and non-HR) ownership. Chris had a great example of the CEO telling his top 500 managers that succession planning was their job and it would be on their objectives and tied into their bonus. This got to the heart of talent management and succession planning as a critical business process rather than a 'fluffy' HR project. Chris emphasised the need to get the communication right at all levels and to find the right language that properly managed people's expectations about the plans the company had for their futures" said Andrew Tanner, Head of Leadership and People Potential at Hutchison 3G.