ABSTRACT

Succession planning is perhaps one of the hottest topics today as a result of ethical issues, compensation, development and implementation. Recent research points to those who do internal succession well, with little disruption and ready change depend on their ability to execute plans (Charan & Colvin, 1999, 2001). Henri Fayol (1841-1925), French pioneer of management history, was among the first to recognize and document the universal organizational need for succession planning (Rothwell, 2001). However, effective leaders down through the centuries have developed and implemented succession plans for their organizations. It shows that “spiritual leaders are always investing in the next generation of leaders” (Blackaby & Blackaby, 2001).

Why is this idea of succession planning so important? There are many examples of organizations that experienced a departure and unsuccessful transition of an executive leader. To further aid organizations in understanding the importance of succession planning and preparing them to undertake the process.

According to Bill George (2003), former CEO of Medtronic, “One of the most important things leaders do is to prepare for their own succession”. Departure defined succession planning is a process that is in place for a future planned retirement or permanent exit of the executive. Planning under these circumstances allows an organization to position itself for sustainability and continued success upon the executive’s departure and includes input from the current executive. Succession planning involves identifying key posts within an organization and supporting. The formulation of organizational strategies and operational policies for succession planning is needed to maintain the continuity of advanced practice roles.

Succession planning is an effective strategy used over many years by business and industry to address leadership challenges facing organizations. Successful succession planning processes are driven by strategic planning (Rothwell, 2005).

Keywords: succession planning, strategic planning, Elements of Succession Planning

Introduction

Today’s organizations are faced with a multitude of complicated challenges including: leadership breaches in ethical decision-making; perpetuating loyalty and trust among workers; competing in a more globalized world; retaining and developing skills; keeping pace with technological advances and industry changes; and leading within a more diversified structure. As a result, succession planning is a popular subject in organizations today.

Succession planning helps identify best fit candidates for key roles. However, difficulties in fostering mentor mentee (i.e., a specific kind of interpersonal) relationships have thwarted efforts to identify these candidates. In a recent study, 40% of the 200 professionals polled reported that their companies were unsuccessful in encouraging collaboration between younger and older workers (Barnett & Davis, 2008). This lack of collaboration potentially undermines a younger employee’s chances at quality leadership development. To better understand the knowledge skills and abilities that an organization possesses, an organization needs to
survey their workforce and identify those employees that have the necessary skills for future key roles. Succession planning is not meant to discriminate against those employees that are lacking certain skills, but an opportunity to develop the entire workforce.

The baby boomers are retiring and leaving gaps in organizations. Boomers are employed at all levels of organizations from front line positions to technical experts, sales managers, and administrative executives. The gaps left by these Retirements impact all sectors from business and industry to health care, education and government. For the past 30 years, succession planning and management has been used by business and industry to address these gaps by developing internal talent to fill potential leadership and administrative openings. Higher education is not immune to this phenomenon. Compounding this loss of talent is the knowledge that the skill set required of an academic leader today is much different from the skill set required of academic leaders 40 years ago. The skill set necessary for the academic leaders of the twenty-first century is much different. In addition to skills related to curriculum development and assessment, teaching and learning, personnel management, student and parent issues, and strategic planning and budgeting, added skills are required in the areas of public relations and collaboration, globalization, and securing alternative funding through grants and Donations. In the past, the typical career path to academic administration was from faculty to department chair, department chair to associate dean, associate dean to dean, and dean to academic vice president or provost. Faculty developed some skills in planning and budgeting in the department chair role; the move into the associate dean role is a step whereby these faculty became amateur administrators, often having no leadership, administrative, or executive experience.

To remain effective, all organizations must adapt to changes to meet organizational goals and objectives (Grusky, 1960). In an increasingly competitive global economy, more businesses are relying on succession planning and management as a tool by which to provide an edge and to remain viable as competitors in the marketplace.

Hargreaves and Fink (2006) state “Effective succession means having a plan and making plans to create positive and coordinated flows of leadership, across many years and numerous people.” Effective succession management addresses the need for the recruitment, training, and on-going support of all school administrators (Hargreaves, 2003). It ensures that first-time school administrators have adequate time to prepare for administrative roles, that the training support is linked to clearly defined leadership standards and competencies, and that strong professional communities are built that deepen the pools of leadership talent (Daresh, 2004).

According to Cadmus succession planning should start with a clear vision and strategic plan (Cadmus, 2006). Collins and Collins (2007) concur, stating “Appropriate talent management through strategic succession planning programs equates to long-term organizational survival.”

Grusky (1960) states, “succession is a universal organization process”.

In a recent survey, boards of multi-million dollar corporations identified succession planning as a critical issue facing corporations, third in ranking after financial achievement and strategic planning (Rothwell, 2005). It is important to recognize that succession within an organization is important, because its absence leads to organizational instability (Grusky, 1960; Heuer, 2003), and at some point in time all organizations must cope with succession (Grusky, 1960).

Robb (2005) states that a new trend in succession planning and management is the movement away from succession planning for only the top executives; “companies are pushing it down in the organization and using succession planning more as a development tool as opposed to a disaster recovery tool”, because the organizations recognize the value that an effective succession planning and management strategy adds to the organization.

Incorporating succession planning into the organizations strategic goals has several benefits; it provides an avenue to develop talent and retain experienced employees, reduces the need for expensive external recruitment efforts, and reduces new staff learning curve errors and lengthy adjustment periods (Redman, 2006).

According to Rothwell, there are four fundamental reasons for succession planning. First, succession planning is the method that an organization must employ to ensure “the right people in the right places at the right times.” Second, succession planning lessens the effect of downsizing. Third, succession planning advances
diversity and multiculturalism. Fourth, succession planning provides a framework for the establishment of career paths, training, developmental plans, and individual career moves (Rothwell, 2001).

Literature Review

Succession Planning

The succession planning process utilized in an organization is learned over time as a result of successful outcomes (Haveman, 1993). According to Schein (1992), the succession process might be viewed as an artifact within an organization. The succession process, like other processes in the organization, becomes an important vehicle to communicate values and beliefs among employees as to what is necessary to be promoted.

Various definitions for succession planning are given by multiple authors. Ward (2000) defined succession planning as the process of preparing to hand over control of the business to others in a way that is least disruptive to the business operation and values. The explanation shows that the succession planning process is an ongoing process and this means it should take a long time. Ward (2000) and Asiado (2009) encourages at least five years before retirement. The description also shows that succession planning goals at transferring information and knowledge from the founder to the successor of the business as the founder grooms the successor on how to run the business as it results in the continuation of the business after the death or retirement of the founder. Succession planning is a process of deciding how and when the management, ownership and control of the business will be transferred to subsequent owners.

A succession planning process is unique within each organization and therefore questions remain as to the impetus, stages, length of time, participants, support, outcomes and measurement of the success of this process (Karaevli & Hall, 2003; Kesner & Sebora, 1994; Vancil, 1987). The concept of succession planning has been defined as “a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement” (Rothwell, 2001).

Replacement planning is often confused with succession planning. Replacement planning in its simplest terms is a form of risk management (Rothwell, 2001). The goal is to limit the impact stemming from the immediate or unplanned loss of a key incumbent position. Replacement planning focuses on filling a gap, but is not necessarily future oriented.

In the past decade, effective succession planning and management has become more important to both business and industry (Kesner & Sebora, 1994; Leibman, Bruer & Maki, 1996; Rothwell, 2005) and scholars (Giambatista et al., 2005).

A succession planning process is most effective when it is a “systematic effort that is deliberately planned and is driven by a written, organization wide statement of purpose and a policy” (Rothwell, 2001).

Many organizations have informal processes that are used to groom and bring individuals along, which may or may not include a list of high potential candidates. Succession planning and management is not simply a list of employees with possible leadership potential. Rather, it is a system of development activities and opportunities that are aligned with organizational goals so employees can practice needed skills (Fulmer & Conger, 2004).

In the past, succession planning tended to focus on high level positions within the Organization (Leibman et al., 1996). Leadership plays an important role in succession planning. One issue is that emerging leaders are being asked to take the reins from incumbents they are trusting less and less. Consequently, many are saying, “No, thanks” to the opportunity, and this is baffling the current generation of leaders (Carucci, 2006).

There are multiple perspectives on succession; therefore, it is important to define succession planning and succession management clearly. Heuer (2003) simply defines succession planning as “preparing people for leadership positions”, while Rothwell (2002) defines succession management as “a process for preparing people to meet an organization’s needs for talent over a long period of time”. Individual understanding of succession is blurred by multiple perspectives and disciplines conducting research on the subject. Research on succession planning and succession management falls into one of three categories: sociological, organizational development, and strategic (Kesner & Sebora, 1994).
Any succession plan will have the following functional objectives: (1) identify and select best fit candidates for leadership positions; (2) assure effective leadership development; (3) preserve organizational knowledge and intellectual capital, and (4) maximize retention and minimize turnover of top-performing employees.

So how does an organization know what skills will be necessary in the future? Job analysis is one of the most useful tools for gathering information and developing valid and defensible content (Landis, Fogli, & Goldberg, 1998). Byars & Rue, (2006) discussed that the backbone of the most human resource activities is Job analysis which can serve a number of functions. Job analysis is key to recruitment, selection, orientation, training, career development, counseling, health, safety, performance management and compensation. According to Pearn & Kandola, (1993) keeping in view the selection process, job analysis would enhance and assist the exactness of selection criteria. A significant progress has been observed during the precedent three decades with regard to job analysis.

HISTORY OF SUCCESSION PLANNING

In the early twentieth century, the French industrialist and writer Henri Fayol argued that management consists of a set of activities that are common to all organizations. In 1916, he published his experience in the book Administration Industrielle et Générale, where he developed his fourteen principles of administration. Fayol claimed that management has the responsibility to ensure the long-term stability of tenured personnel and that if that stability were ignored, then key positions in an organization would be filled with ill-prepared workers. That claim is as true today as it was in 1916: The strength of an organization lies within its people, and when people become more skilled and prepared, the organization benefits (Fayol, 1918). Succession planning is not a new concept; it was the subject of a study by Chester Barnard, a business executive and pioneer in management practices. Barnard looked at organizations as systems of cooperation of human activity and noted that they are typically short lived. It is rare for a firm to last more than a century, and the only organization that can claim a substantial age is the Roman Catholic Church. According to Barnard, organizations are not long lived because they do not meet the two criteria necessary for survival: Effectiveness, which is social in character, and efficiency, which depends on individual satisfaction with work (Barnard, 1968). In 1927, Barnard was president of New Jersey Bell Telephone Company. He contemplated the impact of replacing his entire management team overnight with executives from other companies within the Bell system. He forecast chaos within twelve hours, despite the similarities in company operations, knowledge, skills, and parallel job duties. Barnard was emphasizing the importance of established interpersonal relationships even in a supposedly impersonal organization. As a guideline, he noted, succession planning should contain goals related to fostering interpersonal relationships. As Barnard points out, it is rare for a firm to last more than a century.

Elements of Succession Planning

Literature in the 1980s and 1990s discussed the basics of succession planning. Later research by Fulmer and Conger (2004), Kesler (2002), Leibman et al. (1996), and Rothwell (2005) identifies essential components of a successful succession planning and management system. An analysis of the recent literature establishes the presence of ten elements of an effective succession planning management process. The ten elements identified include the articulation of expectations via organizational commitment; transparency of the process; assessment of organizational needs; establishment of knowledge, skills and abilities; assessment of individual talent; development of individual growth plans; individual feedback; accountability; evaluation of process; and integration of process throughout the organization.

One of the critical elements of the succession planning and management process is the identification of key positions within an organization (Fulmer and Conger, 2004; Rothwell, 2005). Rothwell identifies six strategies that may be used to identify key positions within an organization. These six strategies include the analysis of the consequences as a result of a vacancy, organizational charting, discussions with senior leaders, previous experience as vacancies occurred, network charting (tracing communication pathways), or a combination of two or more of the approaches.
KNOWLEDGE TRANSFER

Organizational knowledge is knowledge held, created, and shared in an organizational context; to foster creativity and innovation for competitive advantage. According to Nonaka, knowledge is defined as “justified true belief” (Nonaka, von Krogh, & Voelpel, 2006). Knowledge can also be defined as experience or previous knowledge that has been put into context, and is now actionable and therefore of value to the organization (Hatch, 2009). Organizational knowledge is about people the ideas, experiences, expertise, and knowledge contained in the minds of individuals integrated with experience, context, interpretation, and reflection. Organizational knowledge consists of the critical intellectual assets within an organization.

Organizational knowledge is composed of (1) tacit knowledge, (2) individual knowledge, (3) explicit knowledge, (4) group knowledge, and (5) extra organizational knowledge. Tacit knowledge refers to a knowledge which is only known by an individual, and that is difficult to communicate to the rest of an organization. It is not codified, it is intangible, and is somewhat difficult to express and to communicate to other people. Explicit knowledge is knowledge that is usually codified and stored, and may be readily communicated to others. Common forms of explicit knowledge are manuals, documents, and standard operating procedures. Developing standard operating procedures converts tacit knowledge into explicit knowledge. Group knowledge is defined as individual knowledge that multiple individuals rely upon, share, and understand (Hatch, 2009). Group knowledge is generally contained within a community or practice, and is generally not shared externally unless there is a common or related function. Group knowledge can be disseminated through socialization and networks, which often results in the transformation of tacit knowledge into explicit knowledge. Extra-organizational knowledge extends beyond organizational boundaries. It generated from exchanges between similar organizations. An example is the sharing of ideas and smart practices between two or more municipal fire departments.

Conclusion

Succession planning is an effective means to preserving institutional memory and Improving institutional knowledge. Succession plans are designed to identify and select Best fit candidates for leadership positions, assure effective leadership development, and preserve organizational knowledge and intellectual capital. It is the method that an organization must employ to ensure “the right people in the right places at the right times.” By doing so, succession planning also lessens the effect of downsizing, given the change in the global economy succession plans will ensure that key positions which have been eliminated can be filled or absorbed by other employees. According to McConnell succession planning is “the process of identifying people who could presently move into key positions or could do so after specifically targeted development occurs.”

As a result, succession planning and management becomes attractive in the face of problems such as delays in filling critical positions, a lack of qualified internal candidates, departure of talented employees to further career goals, or failure of internal replacements in new leadership roles within the organization (Rothwell, 2005).

There are five reasons for increased interest in succession planning and management. First, although succession planning has been implemented for thirty years, companies today are converting succession planning programs into succession management programs to remain competitive in a global society and to become innovative and adaptable so as to respond to uncertainty in the marketplace (Heuer, 2003; Leibman et al., 1996; Rothwell, 2005).

Second, the decades of a plentiful labor supply are gone. Third, while layoffs have touched all segments of the organization, middle management and front line workers were the major casualties of previous organizational downsizing.

Fourth, the attacks on the World Trade Center wiped out entire divisions or world headquarters for some corporations.

Succession planning and management will help organizations develop flexibility by responding to unanticipated events from both internal and external environments via organizational collaboration and creativity (Kerr & Jackofsky, 1989). Finally, corporate boards are becoming more involved in the succession planning process as they recognize the consequences of overlooking the ethics, morality, and values of their leaders and now appreciate the importance of selecting future leaders who model the qualities and traits desired (Baldrige National Quality Program, 2007; Rothwell, 2005).
If an organization has an effective succession management process, the process and steps in the process are well known across the organization (Conger & Fulmer, 2003; Getty, 1993). Succession planning also needs to be well communicated up, down, and across the organization (Heuer, 2003; Kerr & Jackofsky, 1989; Rothwell, 2005).

In addition, organizations fear the transparency of the succession management process and worry that high performing employees not identified as part of the process may become less motivated or leave the organization (Getty, 1993). Finally, because employees are aware of both the process and the data utilized in the process, companies have observed increased accuracy in the data used “since nobody cares more about an accurate résumé than the employee” (Conger & Fulmer, 2003).

In conclusion, organizations sponsor systematic succession planning programs for various reasons. The three most important are:

- To provide increased opportunities for "high potential" workers.
- To identify "replacement needs" as a means of targeting necessary training, employee education, and employee development.
- To increase the talent pool of promotable employees. (Rothwell, 2001).

References


