STEPPING UP TO THE PLATE ON SUCCESSION PLANNING

AS SEEN IN CRAIN'S CLEVELAND BUSINESS

Lee Ann Howard, Founder
Howard & O'Brien Executive Search

As Founder & CEO of Howard & O'Brien Executive Search, Lee Ann identifies candidates for senior general management positions and specializes in functional assignments in human resources, finance, and sales and marketing. In addition, she has expertise in finding key members for boards of directors for both public and privately held companies.

Many successful organizations include leadership succession planning as an integral part of their corporate strategy. These succession plans are not just a replacement policy when the sitting chief executive steps down, but instead are part of a comprehensive program for turnover and development from the board of directors through lower levels of management. These plans aim to identify and onboard successors in the event of a change in leadership, expected or unexpected. It provides an opportunity to evaluate the processes, strengths, and leadership ability of potential successors and also provide development plans for individuals.

Succession planning is applicable to organizations of all sizes, from publicly traded, multibillion-dollar corporations to small private and family owned companies and non-profits. While these plans can vary based on the size, location, industry, and talent development capabilities of an organization, effective plans take into account employee retention rates, the transparency of the promotion process, the length of time previously needed to fill open positions, and the available resources and responses to unexpected talent loss.

Through our experience in executive search and board of director placement, as well as in corporate human resources, we've been brought in at different stages of the succession planning process to find leaders that fit. While this list is not exhaustive, here are a few important items to consider when developing and evaluating a leadership succession plan:

1. Clearly define the plan's ownership and responsibility within the company. Defining the ownership and responsibility of all aspects of the succession planning process, from development to execution, provides individual accountability and communicates the plan to involved parties. Human resource professionals can best be used in the role of a subject matter expert, acting as facilitator and architect for the creation and implementation of the succession plan. The role of operational management in succession planning focuses on providing information on the performance, potential, and leadership readiness of internal employees. In this role, management is

> **THE FLEXIBILITY TO CHANGE OR PIVOT THE SUCCESSION PLAN IS CRITICAL WHEN THE DIRECTION OF THE ENTIRE COMPANY CHANGES...**

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responsible for assessing the "bench strength" of internal employees to ultimately backfill the domino void of leadership succession at the highest level of an organization, providing training and development opportunities to individuals to groom them for future roles.

2. Start small when building a new plan. A company developing a succession plan from scratch can fall into the easy mistake of attempting a comprehensive and robust succession plan that permeates all levels of the organization. While it is important to have a well thought-out succession plan, attempting to launch such an extensive plan can result in little actual progress year-over-year. Instead, it is easier to limit the initial scope of the succession plan to the essential senior leadership. A more concentrated approach to developing a new succession plan is able to generate company-wide acceptance more easily and it becomes less of a burden on the company, especially among those individuals with ownership and responsibility.

3. Emphasize the substance of the plan over the form. Creating more complex analysis and assessment packages can push the form of planning and execution over the substance and purpose of the succession plan. An example of this is the popular 9-Box Grid that assesses the performance and potential of individuals, differentiating future leaders from low performers. Its simplicity drives its effectiveness in comparing individuals. Adding additional analysis, even when intending to improve the assessment quality, often drags down the efficiency and effectiveness of the tool and can shift focus away from purpose of the 9-Box Grid in identifying future leaders.

4. Be willing to change the plan if the direction of the company changes. The flexibility to change or pivot the succession plan is critical when the direction of the entire company changes, such as entering a new market or making a significant acquisition or divestiture. This can take the form of emphasizing different experience or skills, changing the timeline for talent development, or bringing in individuals from outside the organization to better align successors with the company's new direction.

5. Use the plan. Companies with succession plans have devoted time and resources to developing such a plan, but when faced with an unexpected event that shakes up the company leadership, some have chosen to abandon the plan. It scraps the efforts put into the prior plan and can reduce the potential buy-in from employees in any future succession plan. If the company has developed a strong succession plan, the best advice is to use the plan to help inform the decision-making process.

Lately we have seen executives more aware of the need for succession planning, but more importantly recognize the need for their organizations to improve both succession planning and its execution. Progressive companies not only have a track record of effective succession planning and execution, with unexpected failures few and far between, but also devote resources to building a strong bench of ready potential leaders.

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