

BEYOND SUCCESSION MANAGEMENT: NEW DIRECTIONS AND FRESH APPROACHES

A client of mine recently remarked, "So, what's new in succession management? Frankly, I think that stuff has remained unchanged for years." I looked him in the eye and replied, "You are dead wrong. It is true that there is need for fresh thinking about the topic in some quarters. But there are exciting new ideas in this field to address what we are doing, how we should do it, and why we should do it."

But, what are the challenges we face? What is needed for a succession program? Why is there the need for new approaches? And what are some new, fresh approaches to succession planning and management?

The Challenges

Everyone knows that demographic change poses a growing challenge for organizations today. About 1 in 5 senior executives in the *Fortune 500* are eligible for retirement now. About 80% of the senior and middle managers in the U.S. federal government are also eligible for retirement now, and the percentages of those eligible for retirement in state, local, and municipal governments are unknown -- but are expected to be alarmingly high. One million college professors and one million public schoolteachers are also eligible for retirement. Fifty percent of all community college presidents are currently eligible for retirement. Many prospective retirees are holding on by their fingernails just long enough for the stock market to turn around so that they can afford to retire.

In all likelihood, the so-called War for Talent is shaping up to be a pitched battle when economic conditions improve. Right now, of course, many CEOs are not thinking about this problem. They are focused on making the numbers for this month, this quarter, or this year amid largely depressing -- if not depressed -- global economic conditions. But, if my view is correct, as economic conditions improve, the War for Talent will soon heat up.

And many organizations are unprepared. In many cases, managers will try to hold off on finding replacements. Others will go outside and find that they face bidding wars with other firms also sourcing scarce talent. Others will look inside and realize that years of downsizing have taken their toll on internal bench strength.

A few farsighted managers see the problem coming up and are preparing for it. But those that do face an additional challenge: many HR systems are not well positioned to support a developmental culture geared to growing talent. In many cases, those HR systems are not prepared to support a Succession Planning and Management (SP & M) effort.

What Is Needed for a Succession Program?

Based on research conducted on best practices in succession programs, SP & M programs require at least:

- 1) A commitment to personal action on SP & M by the CEO and senior managers, and alignment with organizational strategy;
- 2) Competency models that provide a blueprint for high-performers now;
- 3) A functioning performance management system that measures individuals against the competency models;
- 4) Competency models for the future, which provide a blueprint for the talent needed over time as competitive conditions change;
- 5) Assessment methods that measure how well-prepared individuals are to assume additional, or specialized, responsibility;
- 6) An individual developmental planning process that helps to narrow the present gap between current competence and current performance and the future gap between future competence needed and potential; and
- 7) A measurement method that assesses how well the succession program is functioning over time, as part of an overall HR planning process.

The Need for a New Approach

The reality is that setting up all the right pieces in an HR system to support a good SP & M effort can take time. It can require a culture change of the first magnitude and can realistically take years to put into place -- years that most organizations do not have. The time may come when the CEO turns to the Senior VP of HR and says "Many of our most skilled folks are retiring soon. We are having trouble finding qualified replacements from outside, and we are weak on bench strength inside. What is your quick solution to this problem?"

Three New Approaches to Succession Management:

I. Whole Systems Transformational Change (WSTC)

One new approach to consider in the context of succession planning and management is *Whole Systems Transformational Change* (WSTC). A philosophy more than a how-to approach, WSTC is all about making change in corporate culture in real-time. It is a solution to the problem of creakingly slow incremental culture change, slow rollout strategies, and the inability to get the critical mass to make change happen.

Whole Systems Transformational Change helps to jump-start change. And that is where it holds great promise for a succession management program that may take too long to get off the ground. It also effects corporate culture change, tests the commitment of key leaders, and encourages hands-on involvement of key stakeholders in longer-term, follow-through and follow-up thinking. In short, WSTC may hold the promise of answering a CEO's desire to solve the succession challenge fast and effectively.

II. Thinking About Managing Work Rather than Succession

Too often, managers adopt a knee-jerk reaction when they hear that they are losing experienced talent to retirement. It is just too easy for them to jump to the conclusion that they have only two choices:

- 1) Replace the person by recruiting from outside; or
- 2) Promote someone from within.

Of course, succession management is meant to address, and improve the bench strength and pipeline from within. But this thinking is just too narrow; there *are* more approaches to meeting the need than recruiting from the outside or promoting from the inside. There are a range of possible choices. The point is that the need is to get the work done, not replace a person.

There are many ways to get the work done. How many approaches can you think of? Generate a list. It is possible to eliminate the need for the work by streamlining work processes, shifting more work onto others, outsourcing the work, insourcing the work to other workers or organizational units, getting suppliers or distributors or customers to shoulder more of the burden, and numerous other approaches.

How can you use this approach? Whenever a pending retirement is identified, analyze the situation and select a solution. Of course, promoting from within does remain a possibility. But it is not the only choice. There are many ways to get the work done.

III. Tapping the Retiree Base

There was a time when people who retired got a nice retirement party and a gold watch. Everyone assumed they would go out and golf or fish for the next 30 years. When they left the organization, nobody heard from them again.

That kind of thinking has to change. One excellent place to look for talent is within the very group-retiring workers-who are contributing to the talent shortage in the first place. We just have to get smarter about managing the retiree base.

I am not talking about hiring people back, full-time, from retirement. Of course, that is an option. But there are many ways that retirees provide important advantages and can be used in myriad ways.

Drawing on retirees to meet talent needs should be almost a no-brainer. They already know the company culture, the customer base, the work procedures, and the organization's product and service lines. They should require minimum training. They are already walking around with the organization's collective institutional memory in their heads, and that knowledge is invaluable in its own right.

And they can be accessed in many ways. Examples:

- **Turn them into coaches.** If the organization is forced to promote from within, and the replacement is not really ready for the job, then compensate his or her predecessor to coach the person on a mutually agreed upon schedule.
- **Give them cell phones and pay them to be available for over-the-phone coaching.** In this way, retirees are "on call"-but are not overburdened with needing to be available on a regular work schedule. Visualize a retiree chatting with a worker while on the golf course or in a fishing boat!
- **Give them computers and let them do virtual work.** Not all work requires an onsite presence. Retirees may contribute work (or a portion of it) virtually.

There are many other ways that retirees could contribute to talent needs and skill shortages. But, to make best use of retirees, the employer must become much more active in keeping in touch with them, finding out what their skills are, what they want to do, how much they want to do, and what they want to get out of it.

Conclusion

Addressing the pending succession crisis is going to require creative thinking. One size will not fit all. With hope the three new approaches outlined in this article may be of use to you as part of your larger strategy to address the need to get the work done, as many experienced workers choose to retire.

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