
Succession planning: It's my job now...

[Chris Stevens](#) 20 May 2015

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True succession planning goes beyond the C-suite. How are smart companies putting an end to the 'just-in-time' recruitment culture?

Jim Skinner, the former McDonald's CEO who retired in 2012 after four decades with the fast food giant, had one key piece of advice for his managers: always plan two successors ahead. Skinner's pragmatism was born out of tragic experience – his two predecessors had both died suddenly prior to him taking the top job.

When we think about succession planning, we typically think of C-suite transitions, and the pressure from shareholders and regulators to create certainty over who will steer the ship in the event of an unexpected departure. But while it is vital to have a road map for replacing your CEO, there is also an established market and a plethora of headhunters to assist you. Succession planning further down the organisation can be more critical, and is far more nuanced. It's also often overlooked. As Andy Hill, group talent director at Sage, notes: "Any internal progression always creates holes for next time."

That message is getting through, but there is further to go. The Corporate Research Forum says half of organisations are now thinking about 'critical' roles away from the executive team. The problem comes in actually putting the plans into action.

A traditional succession plan is a role-focused approach that merges seamlessly with the individual-focused aspects of talent management or leadership. These two focuses, says Wendy Hirsh, a principal associate at the Institute for Employment Studies, "should meet in the middle."

Hirsh notes that "talent management without succession planning and career management involves telling people they're special, but not what they're special for. It does nothing except annoy people who are 'special' and annoy those who are told they aren't special."

Succession needs to be recognised as something with consequences throughout the organisation. For Hirsh, the common identifier for where a succession plan is needed is "where you don't have a natural supply of successors; where, if you wait until the job comes up and you can't recruit, you're stuck."

That can cover a lot. Some large businesses – GlaxoSmithKline, Diageo and Rolls-Royce among them – have become adept at creating future leaders and have such a reputation as breeding grounds for managerial excellence they are comfortable if talented staff leave, safe in the knowledge they will invariably return when they are required (not to mention the reputational benefits of having well-connected and well-regarded alumni). But for less well-resourced organisations, applying the rigorous research, development and ushering needed to bring new leaders through each level can be just too much to handle.

Where a middle management level has been thinned out, the problem just gets worse, says Hill. In some publicly traded businesses in particular, he says: “Short-termism in quarterly results focuses on expertise for short term gain, so organisations don’t invest long-term in development.” The result is an increasing skills gap between the few leaders left in the structure and the many functional experts, which makes succession planning for either role troublesome.

For HR professionals, creating succession plans that work can often be a case of picking your battles. Caroline Curtis, head of executive talent, succession and development at Santander, says: “In some organisations, succession planning is done right down to junior levels, but for most, it is about balancing resource and effort with payback.”

When it’s a question of devoting the business’s time to HR matters, HR often comes away with less than it would like. As a result, says Curtis: “Rightly, the focus should be on succession planning for the most critical roles. That is not necessarily synonymous with the most senior.”

Michelle Adams, head of leadership, talent and resourcing at O2, says: “In tech, we always have to think at least five or 10 years ahead to keep up with the incredible pace of change in the industry.

“We provide support, coaching and advice for all our people through line management and L&D opportunities, but we’re careful not to try and map someone’s career to meet a particular role, or to use it as a substitute for succession planning.”

Ideally, a succession plan will identify two or three candidates for a future position, in varying stages of readiness, but if those skills can’t be predicted in advance, you’ll often need to recruit at short notice and higher cost.

There’s no issue with involving external hires in a succession plan, of course. “Microsoft has lots of internal movement, alongside an idea of who is in the market,” Hill says. “That model is a great way of doing things.” However, when continuity is called for, keeping it in-house is often favourable. Moreover, according to a 2012 study from the University of Pennsylvania’s Wharton School, external hires are often paid more while being 61 per cent more likely to be laid off or fired, and 21 per cent more likely than internal hires to leave a job of their own accord.

The key for a succession plan today is to identify early and equip a pool of individuals with the skills to take on one of a range of potential roles that will be needed in the future.

It sounds simple enough, but, Hirsh says: “There are lots of ways to mess it up. You need to design an approach that makes sense for the business needs you have. You can have one procedure, you can have generic processes, but if the focus isn’t right it can be dysfunctional.”

If you don’t have proper job evaluations, you’re unlikely to have a strong succession plan. And if you over-promise and under-deliver on promotions, you could find yourself haemorrhaging talent that has nowhere to go. Hirsh describes a situation in a financial services firm where 10 individuals were placed on a high-performance scheme and asked to assist on a high-profile merger. “When it finished,

they were just offered their old jobs back, having worked their socks off for a year. All of them left. Why would you stay? There was a complete inability to connect with those people.”

Catherine McGuckin, HR director for Bella Italia & Center Parcs Concessions, says: “Unfortunately, in large organisations it’s difficult – although not impossible – to capture the full insight and detail into an individual at ‘roots’ level, and succession planning tends to be driven heavily by the management teams and central talent or HR teams.”

This may be no bad thing. “Large, standardised succession plans aren’t the way forward,” says Gemma Reucroft, HR director of Tunstall Healthcare. “In complex organisations, is it really possible to put everyone through a harmonised approach? Every role type and every individual doesn’t fit into a nine-box grid.”

Santander is a huge, international business, but it doesn’t have a large, standardised succession plan. “We look at the individual requirements of our divisions, establishing what is required for each role and looking at who we may have as a possible match,” says Curtis. Each directorate owns its succession plans, and can tweak them accordingly.

That’s not to say that HR doesn’t keep a hand on the reins, she adds. “Current incumbents have an input around the succession plans in terms of identifying candidates. However, succession for us is intrinsically tied into our overall talent management approach, which involves a number of different roles and forums.”

Crucially, this avoids “promising” anything, something the bank is keen to avoid. Plans change, says Curtis, and succession plans are no different. “A succession plan is a living document and is constantly being impacted by changes either around business or role requirements.”

Hill says some organisations may be succession planning at a deeper level already, without quite knowing it. “I think that more ‘succession planning’ happens than people think, but it might not be formalised. If you were to break down the internal moves in a business, there’d be a lot going on in terms of promotions and restructures or as a bit of development from a manager.”

“Succession planning does need to be a process, so that people get around to it,” says Hirsh. She adds that it needs to be managed by HR to avoid managers putting forward “favourites”, or situations where “you get no challenge and often no agreement.” However, ideally, it can be largely self-managed by the right culture – aided by HR where needed.

“Some managers intuitively think about the future for their department and their people,” Hirsh says. “The word ‘successor’ gives managers a much clearer handle on things than ‘talent’ – it cuts to the chase for that question. The word ‘talent’ that HR is so keen on isn’t so helpful for other people.”

Involving incumbents in plans can help, McGuckin says, but it can cause challenges. “It very much depends on the individuals as to how involved I would recommend they were in the selection. The

positives are they hold great insight into the role. However, often people can be overly critical of a replacement or look to recruit an exact profile to their own.”

There are other simple solutions, too. Hirsh says: “We don’t do simple job rotation any more – it’s an old trick that could be used much more now.”

And though large organisations face increasing complexity when it comes to managing their people, today’s generation of HR software systems are commonly integrating succession planning with their recruiting and assessment modules, making keeping track a far easier affair across many roles and potential successors.

For some HR commentators, this all comes under strategic workforce planning – Hirsh calls it the “aggregate” version of talent and succession planning. After all, on a larger scale a succession plan could well involve buying a whole company to address a skills shortage.

Whatever label you use and whatever scale you’re looking at, succession planning remains driven by the same priorities. “Heads of talent need to think about organisational design, development, recruitment and have rich conversations with the CEO and the board,” Hill says. “You want to develop broad capabilities further down the business.”

Amid all the paperwork, though, it pays to remember the people behind the plans – even after they’ve succeeded. Curtis says: “I’m a firm believer that you can never provide sufficient onboarding support. Managers often think that once the recruitment is done, the hard work is over. That is also true of individuals. But the hard work is just about to begin.”

“If we don’t support them, they leave”

“True succession planning means ensuring you have constant talent provision at every level,” says Emma Langford, people manager at food service provider Lexington Catering.

That’s good news for Rosa Dias. The catering assistant, who works at the on-site café and hospitality facility Lexington runs at Coca-Cola’s London offices, is on track to take on a management role. And the man showing her the way is Louis Walter, her general manager. She’ll enjoy monthly meetings with her mentor, job swap days and regular opportunities to work in different departments. “The supervisor training will open many more doors within the company for me that I didn’t know existed before,” Dias says. “It feels good to be selected, and it gives me confidence.”

“For me, it is nice to pass on knowledge on a personal level, but from a business point of view you have to be realistic,” says Walter. “If somebody like Rosa isn’t given support and opportunity, they won’t perform well and may even leave.”

Lexington works with consultancy PurpleCubed to home its succession planning policies – which brings benefits at every level of the business.