



HUMAN ASSETS
CONSULTING

Partner of
Kennedy Executive

Succession Planning - Preempting empty chairs in your organization

Succession Planning is crucial to avoid "empty slots" in your management team – but most fail to do this exercise successfully.

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Building a sustainable pipeline of management talent at multiple levels is challenging, but we know from existing clients that it is doable. Most companies struggle to maintain realistic and ambitious succession plans even at C-Level. Successful development of leaders is closely linked to the ability to identify and reward talent and performance in concert with a relevant and ambitious development program.

It is an intuitive argument – succession planning is important to secure alternatives if crucial positions become vacant. No sales organization would consider not looking at their backlog and sales pipeline, because not doing so is bad for business. The same argument applies for verifying your pipeline of high-quality leaders. A pipeline of leaders is business critical – still most organizations fail to build robust succession plans.

Granted – many run through the motions of naming talents that could be ready for "the next level". However, more often than not these lists lack clear insight into actual requirements and current capabilities nor do they outline committed development

plans. In many ways the exercise ends up being a bureaucratic and no-value-add process.

We recently met with an EVP in one of the largest companies in Norway, in our meeting he said:

"Of course we do run our succession plan exercise every year – but the process is too fragmented and I can't claim that we have a consistent assessment of our talent... nor do I believe that candidates are that good".

He described how the organization had a semi-bottom up nomination process without any shared calibration of assessment, furthermore the process did not yield any commitment to individual development plans. More troubling; he did not trust the quality of the assessment, as the leaders never discussed exactly what "good" really looked like. In our experience he is not alone.

What does "good" look like and why is performance important?

While many organizations claim to have an idea of who should be considered a talent or "next in line" for e.g. EVP level, the substance of the evaluation is somewhat unclear. Assessing the talent pipeline or organizational bench strength is not possible unless there is a transparent and shared understanding of what "good performance" look like. Assessing performance should not be misconstrued as assigning accountability – the objective should be on development. In this context the ambition should be to understand where the individual is right now – and what is required to develop further.

Without an honest discussion on current performance it is hard to discuss how and what to develop. Lately several companies (GE, Accenture, Deloitte – to name a few) have discontinued their annual rating process. What they haven't stopped is feedback and development. On the contrary they intensify their feedback and development discussions, providing formal and informal feedback on a frequent basis. Things are addressed when it happens and suggestions are provided close to the events. Some use terms as "Continue doing" and "consider changing", and the focus is on development and ultimately strengthened performance.

Accepting that the discussion is not about accountability the focus shifts to continuous development. We are not advocating an all-inclusive, detailed and rigid definition of performance. We believe continued development and assessment of a talent pipeline dictates a shared insight to what good performance looks like in concert with an honest discussion on individual performance.

Commitment to development plans – identifying the "so what"

One indication of an unprecise process is the absence of clear action plans. Too often we see that people are rated as "eligible" or not – without a clear conclusion on what needs to happen next. Without a development perspective the exercise loses its value.

Consider the difference between the following cases and statements:

1. "She is not qualified for next level"
2. "She will be ready for next level once she gets exposure for the xyz business areas. We will arrange for a transfer into xyz by 1st quarter"

Or:

1. "As of now he is not going to be ready for CxO level positions"
2. "As of now he is not going to be ready for CxO level positions, but he is exceptionally valuable where he is – as a top performer we need to keep him in the organization. Thus, we must ensure that he receives competitive compensation and challenging projects".

All statements describe the performance/capabilities – assuming it is correct. However, the second statements describe not only what we see but also the necessary actions we need to take. It is not advanced but the difference commands a more complex discussion and in reality a more challenging decision process. It dictates not only a commitment to develop people, as important it requires a coherent and transparent perspective on the requirements as well as an honest discussion on individual performance. This is how companies change from "going through the motions" to a business relevant process.

Top Management Agenda

Maintaining a realistic and ambitious succession plan at C-Level should be part of any CEO's agenda. Succession planning is good for business and it allows you to demonstrate a commitment to development of your people.

Failing to do so will impact the market performance and shareholder value as it impacts the organization's ability to attract, develop and retain talented leaders. This alone should place it on the top management agenda – including boardroom level. In addition, this will not be successful if it is a "bottom up process" it has to be championed from the top.



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Human Assets Consulting was founded by seasoned executive search and management consultants. We aim to provide clients with a truly bespoke service, focused solely on identifying and developing human assets.

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