



Why Succession Planning and Talent Management Fail and What To Do About It



By Alan C. Lindsay

An Overview

The most recent report from the Bureau of Labor Statistics (BLS) projects interesting changes in the workforce for the years 2008 to 2018.

- Our workforce will be made up of a significantly larger number of older workers as the baby-boomers continue to remain active well past the normal retirement age of 65.
- There will be a shift in industry composition as jobs shift increasingly from manufacturing into significantly more business and professional services positions, including health services.
- Finally, even with baby-boomers working longer and a jobless recession in place it is projected that there may still be a 5.9 million worker shortfall through 2018!

The shortage of skilled senior managers and workers continues to loom ahead and succession planning and talent management continues to be one of the best opportunities available to organizations (government and private sector) to ensure pipelines of senior executives and other skilled and talented workers.

From the human resources side comes some not so positive news about succession planning and talent management in America. Following are findings from a recent 2009 survey by the American Society for Training and Development (ASTD) of 1,247 senior HR and business professionals:

- 55% of organizations reported not having a structured planning process in place.
- Only 14% of those with Succession Planning and Talent Management programs considered their programs to be a success.
- Only 17% of those surveyed showed a preference in going outside to fill their pipelines of talent for needed positions.

So, while faced with a significant potential talent shortage, those organizations surveyed don't want to go outside for their talent, yet they have no successful structured program for identifying and promoting talent from within.

Building Better Succession Planning and Talent Management Programs

Let's start on the same ground. *Succession Planning and Talent Management* are, by definition, solutions focused on managing the projected workforce needs of an organization.



Succession Planning programs are processes for identifying potential replacements for key senior positions in an organization. It is a risk management process at the senior management level that ensures an ongoing continuity of leadership by creating a supply of prepared leaders, ready when called upon to guide any business line as needed.

Talent Management programs use projected workforce data to manage the inflow and development of workers to ensure adequate supplies of the best talent (people) are available as the company needs them. Talent management is a process of (a) identifying, developing and integrating new workers, (b) developing and retaining current workers, and (c) attracting highly skilled workers to meet the organization's business objectives.

These two strategic programs can (1) lead organizations to long-term stability, (2) ensure the ability to increase market performance, and (3) meet the strategy objectives of the business. They are the solutions to ensuring the right people are available to achieve organizational performance objectives.

No one can totally answer why only 45% of organizations have such programs in place or why only 14% are satisfied with their performance. There are arguably five common reasons most Succession Planning and Talent Management initiatives fail. They lack:

1. Strategic Focus
2. HR Experience
3. An Integrated Approach
4. Business Related Metrics
5. Development Systems

This paper addresses the results of research and over ten years of experience working for some of the best organizations in America. Remember that no two organizations are the same, so getting it right means understanding your organizational characteristics and culture before doing anything. Let's look at the key elements of failure and what to do to correct them:

1. Lack of Strategic Focus

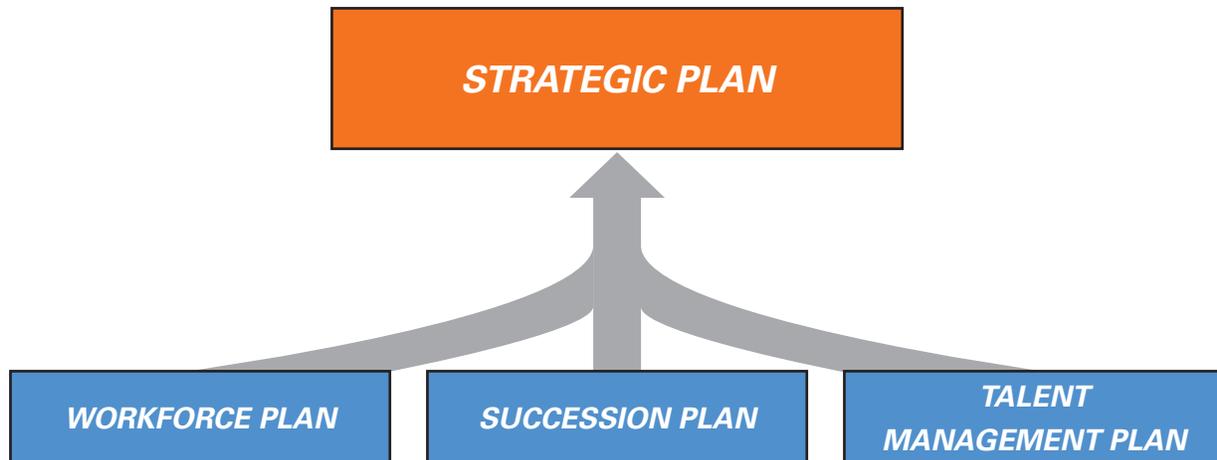
The single greatest failing may be a lack of strategic vision and value. Prevailing research suggests that a significantly large number of programs fail before they even begin because their design was not an integral part of the strategy of the organization. Organizational design, capital management, asset management, product innovation, and other issues are strategic. Creating

The shortage of skilled senior managers and workers continues to loom ahead and succession planning and talent management continues to be one of the best opportunities available to organizations to ensure pipelines of senior executives and other skilled and talented workers.

strategic plans that include the right numbers of talented people and skills deployed against strategic challenges often is not considered. Succession Planning and Talent Management has to be seen as a strategic element of the long-term performance of the business or it is doomed to be perceived as some expendable program.

To ensure long-term strategic success, all critical plans must tie to the strategic objectives of the organization.

- The **Strategic Plan** defines the strategy and tactics associated with business growth and health.
- The **Workforce Plan** defines labor demands (vacancy or growth) and sources for vital leadership, management and other craft, technical or professional positions.
- The **Succession Plan** provides candidate solutions for filling key positions from leadership throughout the organization and includes a methodology to ensure individuals are ready when called upon to lead each vital role.
- The **Talent Management Plan** defines not only what critical turnover is likely, but how people will be found with the right skills and knowledge needed to achieve the organization's objectives.



Knowing what the requirements and challenges are for Human Capital (people) by year, by division, by business line and by job family is critical. It's not enough to know how many of what position (leadership and craft) may be required. The strategic implication is to know how those jobs are aligned to the strategic objectives and how the skill requirements may change 5 years down the road. Executives must know how to execute against the strategic initiatives desired. Leaders and workers must bring or learn skills that match anticipated changes in products and services, technology, global growth, and many more. Succession is not sustainable at the craft, professional, or leadership level when it is not linked to strategic execution.

2. *Lack of Internal HR Experience*

Whether it's the CEO or the President, the Chief Operating Officer or a Deputy Director, one executive monitors the contribution to the organization's strategic success. This translates to managing the numbers of critical positions in the program, the ongoing participation by candidates, and the growth of those selected for participation.

Someone in HR must manage the day to day operational approach to the program. The problem, however, is that many programs are left to be run by HR professionals with no background in Succession Planning or Talent Management design, execution or change. They are HR professionals that simply have no experience in succession planning. Their backgrounds do not include experience in the pitfalls associated with maturing succession planning programs. These experience gaps include a lack of:

- » Document management related to each candidate and their development.
- » Designing development planning solutions and budgeting.
- » Metrics that link the value of the program to the business.
- » Insufficient funding for ongoing development.
- » Systems to track the participants, background, gaps and development assignments (and future high-potential participants).
- » Technology and software simple enough to engage management in the process.
- » Annual reviews to link program development components to changes in business plans.
- » Inability to link succession to other HR responsibilities such as recruitment, performance management, development and retention.
- » Measuring management's accountability for the program's success in their business unit.

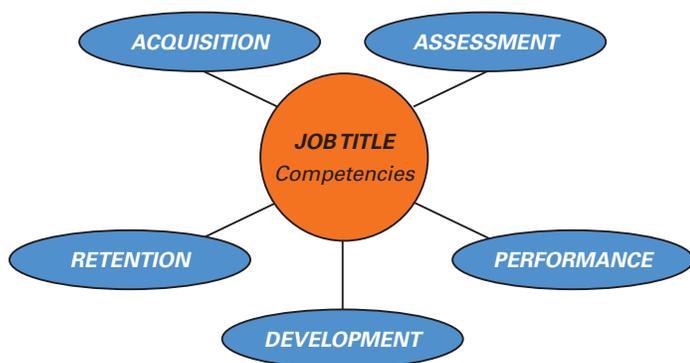
That means the responsibility to monitor the program's need for change, the involvement of candidates in vital business performance initiatives, individualized development opportunities matched to key assignments by candidates or changes to business objectives, etc. In short, someone in HR must constantly monitor the program and make recommendations that will improve its effectiveness.

3. Lack of An Integrated Approach

Succession Planning and Talent Management are not isolated programs and can be linked together with other vital HR systems. When they are not linked together, they lack the components needed to help business unit leaders find, hire, develop and retain the talented people necessary to meet the changes as they come to the workplace.

One of the major advantages available to an organization is the ability of Talent or Succession programs to knit together many of the basic functions of human resources when they are done well. Designed well, these programs can link the functions of **acquisitions, assessment, performance management, development solutions, and retention** together.

As a system, the same information used to define position requirements (competencies and experience) can also be used to improve all the HR functions listed above. The needed requirements of job excellence include the skills, knowledge, behaviors, and experience. Once identified, they can be used to knit the processes across any job or job family.



List any skill set or knowledge required for a specific job and you can cross reference the information in each HR functional area. The use of this overly simplified example provides a road map to finding the people that will “best fit” a position whether from inside or outside the organization.

However a significant number of organizations approach these functions as if they were not related or connected, making their efforts also disconnected and their results less effective and efficient.

4. Lack of Good Development Systems

Development requires funding, tailoring, monitoring and, in general, management. Not surprisingly, many organizations do not have the available HR staff to design, implement, and monitor development of succession candidates. Quoting from the 2010 ASTD survey, 39% of organizations in their survey cited insufficient robust development solutions as a key factor that impeded the success of their program. (Remember, only 45% of those in the ASTD survey even had a formal program.)

Our research indicates that a significant number of companies with implemented programs lost their enthusiasm once their leadership had finished identifying replacement candidates. Too many programs invest significant efforts in assessing candidates, yet lack effective development solutions for their high-potential replacement candidates.

Shown below are a number of desired development solutions:

- Mentoring/Coaching
- Electronic learning systems
- Integrated programs with other Talent management processes
- Competency assessments to identify learning needs
- Informal or peer to peer learning
- Cross functional assignments:
 - ➔ Rotational Programs
 - ➔ Shadowing
- Customized training for each candidate:
 - ➔ Universities
 - ➔ Degree Programs
 - ➔ Conference and seminars
- Board Members involvement in candidate development

5. Lack of Business Related Program Metrics

One of the most critical elements impeding the success of formal programs is the lack of specific business performance metrics with which to measure a program’s success. Few organizations can effectively tie

business outcomes back to Succession Planning and Talent Management efforts. Often when metrics are used, they are simply counts of participation, retention of candidates, completed development plans, and satisfaction ratings by senior management or others.

When business metrics are monitored there is a direct correlation to business and market performance. Studies have shown that when business measures are used, there is a correlation to greater overall success of the programs. Two key measures with possible ties to long term business performance include:

- » Business unit performance results in units that are managed by succession candidates.
- » The degree to which managers are held accountable for succession planning in their work groups.

Then, add to these measures the numbers of key positions filled by succession candidates, and the level of completion of final succession plans.

Summary

There is good news for those organizations that have developed a functioning formal process to ensure they have the right numbers of talented people available at the right time and with the right skills, knowledge and organizational fit to meet their business growth objectives.

Carefully planning and designing programs to avoid these five common program challenges may lead to long term success in Succession Planning and Talent Management initiatives. The results for the organization include:

1. Long-term leadership continuity,
2. Increased market performance, and
3. The ability to achieve strategy business objectives.

Succession Planning and Talent Management are the solutions to ensuring the right people are available to achieve organizational performance objectives in a time that others will be faced with significant challenges in maintaining pipelines of highly talented people in leadership, professional, craft and administrative positions. As the BLS demographic data continues to show, these programs will be key to meeting the workforce demands in a time when there may be a shortfall of nearly 6 million workers in American businesses.

Bibliography

Bartsch, J., Kristina (2009). *The Employment Projects 2008-18*. Bureau of Labor Statistics (BLS) Monthly Review.

Bloom, N., Dorgan., S., (2005). *Management Practices Across Firms And Nations*. London: Centre For Economic Performance and McKinsey and Company.

Bluestone, Barry., Melnik, Mark., (2010). *After The Recovery: Help Needed*. Met Life Foundation., Dukakis Center for Urban and Regional Policy.

Cascio, W.F. (2006). *Managing Human Resources: Productivity, Quality Of Work Life, Profits*. McGraw-Hill Irwin, New York, NY.

Cohn, J.M., Khurana, R.,& Reeves, L. (2005). *Growing Relent As If Your Business Depended On It*. Harvard Business Review, 83(10).

Rothwell, W.J. (2005). *Effective Succession Planning*. AMACOM, New York, NY.

Sobol, M. A., Harkins, P., & Conley, T. (2007). *Best practices for Succession Planning*. Pfeiffer. San Francisco, CA.

Alan Lindsay is President and CEO of PLS Consulting, Inc. a national Human Capital Management organization specializing in changing the systems that increase organizational performance. He has over 25 years experience working with private industry and government organizations. He can be reached at alan.lindsay@pls.net.