

## SUCCESSION & TALENT PLANNING

Mitt Romney in the midst of choosing his vice presidential running mate equates to just about the highest level of succession planning there is. Who will take the reins should something unexpected happen? That kind of transition can be scary for the largest corporations and, just as much, the smallest of establishments that are so tied to their visionary founder. So many things can change—how the organization makes decisions, how it strategizes and executes, how it develops business and addresses market changes, even how it literally looks and feels.

Change can be good. And if you plan for it, even better. Succession planning and proactively creating talent pipelines is basically instituting a process where leaders identify and prepare employees to assume key roles in an organization and identify talent gaps that may need to be filled from the outside. The critically important part is to make sure that plan is aligned with your business strategy and organizational design. One doesn't work without the other.

### REEXAMINING STRATEGIC DIRECTION

When the company leader begins his or her exit strategy, all kinds of considerations come into play to decipher the talent requirements needed to lead and manage an organization in the near and long term. And they all loop back to the bigger picture:

- What leadership qualities are necessary for my company to succeed? Depends on the strategic plan.
- Do we need analytical minds or operational geniuses? Depends on the strategic plan.
- How do we assess the talent we do have against our organizational design? Depends on the strategic plan.
- What organizational roles do we add or adapt? Depends on the strategic plan.

The process of talent planning often leads to a discussion about the organization's business strategy. Is it on track with current market and industry trends? Is it too narrowly focused? Is it too broad and nebulous? Is it not aggressive enough? Is it attainable? Do we have the right people in place or even in house to execute on it? I've been down this path many times with clients, and it becomes an incredibly valuable exercise for the future of the company. It turns the business strategy conversation on its head by thinking about it from another perspective—your people.

### CASE IN POINT

I want to illustrate this point by way of a recent client example [people and company details have been changed]. "Jeffrey Winston" is CEO of the U.S. Research Organization (USRO) in Chicago, one of the nation's largest research organizations focused on various healthcare

issues. He has a high-level medical degree and is highly respected in his field.

We started working together when he realized the USRO did not have a succession plan, nor the means to really create one. He was the chief researcher, head of quality control, lead medical consultant, spokesperson and wore all the other hats that an entrepreneur typically does. With no real leadership team in place, the organization was working in a kind of “no man’s land” should the time come for Jeff to leave—either planned or unexpectedly. Our discussion about what type of person would take the reins kept coming back to a conversation about strategic direction and organizational design. What will the work look like when Jeff has left the building?

That’s when we embarked on designing a new organizational and leadership structure for USRO. We were able to identify the needs and barriers within the organization that were possibly restricting growth, and build and realign the processes and structure to enable development of the business strategy. Strategic business planning and talent planning are so interrelated that one will usually lead to a discussion about the other. It’s an important kind of check and balances.

## **ASSESSING INTERNAL TEAMS**

Succession and talent planning allows an organization to identify its future potential leaders who will fill key positions, but it doesn’t just involve choosing who will move up in the organization once a position is vacated. The process lays out specific activities that will develop the future leaders’ skills and enable them to make a smooth transition into an elevated role. Organizations need to go deeper than just the top ranks. Talent planning should create “benches” of talent targeted to assume key jobs at all levels of management, such as sales managers, store managers, research/development, IT and the like.

If an organization hasn’t planned or invested in its key employees, then when the need to fill a position arises, it will likely have to look outside its walls for talent. That puts you in significantly more competition with other employers to find the best staff. Instead, prepare and focus on developing a succession strategy that is a living, breathing plan of action.

With the USRO strategy, structure and processes in place, we were able to proceed with outlining a succession plan. Jeff headed up several aspects of the organization, so when we assessed the capacities of the USRO team, we came to understand that it would require two different positions to fill his role. This is common when trying to replace an entrepreneurial company founder; they typically excel in several areas which may not be covered by another single person.

Once the roles were identified for filling out the leadership team at USRO, we worked on a

realistic development plan to strengthen “ready-soon” managers for their next role. We also outlined the professional qualities they needed to bring in from outside the organization and how to hire for those roles.

Succession/talent planning isn’t an HR one-off. When we work with clients on this aspect of their business, it always gets us to the deeper questions of business strategy and organizational design. The strategy leads us to the design, which leads us to the people, which leads us to the execution, and so forth. And it should. New leaders at the helm can radically change the persona of an organization, or at least the perception that it has. Think Steve Jobs, Martha Stewart and Oprah. Want more? Read the Inc. Magazine article on The Good, The Bad and The Ugly of succession planning.

Be ready for the bigger business conversation when talking about the next chain of command, not just who will be stepping into your shoes. No matter what size they are.

## **ABOUT THE AUTHOR**

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