

Succession planning
Leadership development
and Talent management
for the 21st century

There is a war for *management talent*, and it will intensify

People are arguably the most valuable asset a company has. But in a market where competition for managers is growing rapidly, how do you attract, develop and retain your key executives?

A crucial weapon is an effective – and visible – commitment to succession planning and leadership development.

Without it, managers feel unsupported in their careers and may leave, key positions are left open for long periods of time, recruitment costs escalate and HR professionals find themselves continually fire-fighting rather than planning for the future.

This paper looks at the drivers behind succession planning and considers the enabling role of information technology.

The New Challenge

The defining characteristic of a successful organisation is increasingly recognised as human, rather than financial, geographical or production-based. This, together with the increased competition for management talent, is presenting human resources departments with new and challenging objectives.

HR teams must attract, recruit and retain knowledge and skills, not just fill jobs with generic people. They need to track knowledge and competencies even more effectively and identify where gaps arise between current and future requirements. They have to work closely with business managers to understand how business strategy translates into the skills and knowledge needed. And they must have the confidence of both senior management and the people that they seek to retain.

A critical HR activity will be to develop a culture of continuous learning and growth both for individuals and the company as a whole. This is where a company-wide succession planning process backed by sophisticated technology solutions will become an essential organisational asset.

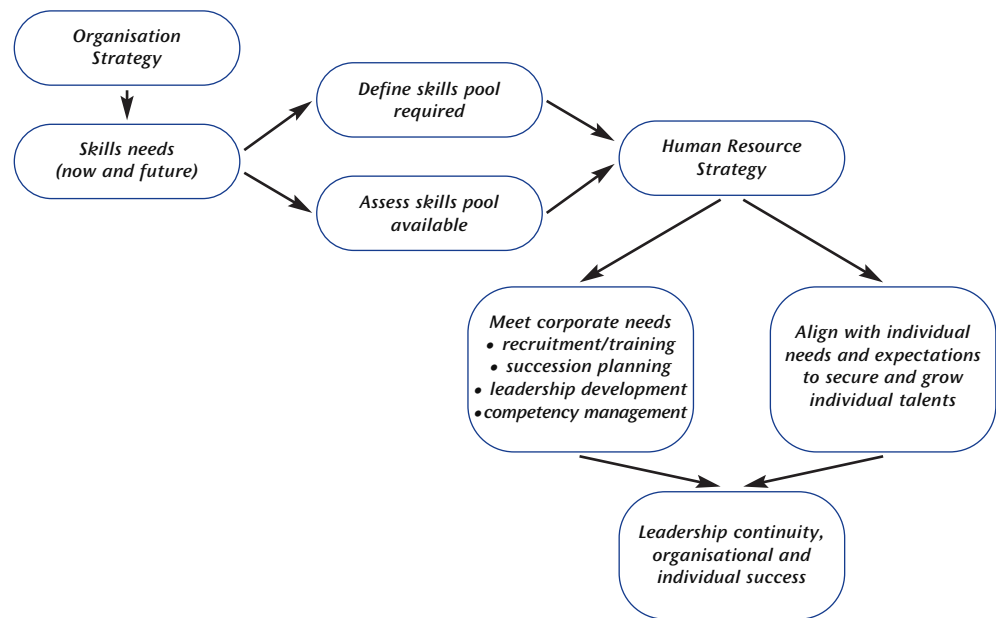
Who Needs Succession Planning?

Succession planning is a formalised process that helps organisations manage employee growth and development to ensure individual and organisational success as well as leadership continuity. An effective succession plan enables a company to identify and prepare the right people for the right positions at the right time and to identify, secure and grow a company's knowledge base.

How do you know if your knowledge base is being eroded and if succession planning will help? Consider the following questions.

- Is turnover in key positions high?
- Are employees trained after they have been promoted?
- Do you consistently fill positions with external replacements?
- Do staff feel that advancement is based on personal or subjective criteria rather than best qualified?
- Do your management trainees leave before providing a return on your investment?

If you answered *yes* to any of these questions, then you need to think seriously about implementing a succession planning system.



What Do You Gain?

In addition to building and securing a company's knowledge base, succession planning helps organisations to:

- engage senior management in a disciplined review of leadership talent
- ensure effective development plans are in place for key executives
- align management development, selection and reward with business requirements
- assure continuity of experience and leadership
- avoid premature or belated promotion
- retain and motivate management and key contributors
- ensure training budgets are spent effectively

Foundations

Effective succession planning and leadership development has to be based on a clear understanding of the business strategy, which in turn determines the kind of people you need for effective leadership both now and in the future.

These requirements must then be mapped against information about individual employees. In addition to biographical detail, technical and professional skills, you should look at tracking core competencies – fundamental human skills and attitudes – and knowledge. This will be particularly powerful if you can also identify which competencies are required for current and future positions.

Information Technology

Given the wealth of information that is required for effective succession planning, specialised software is essential. This software has to satisfy a number of different needs. It must be able to draw together relevant information from different systems and present it in a way that is meaningful. It has to support what may be a complex planning process in a simple and straightforward way and it needs to help identify key issues quickly.

A system that only helps identify the individuals with the "best" profile for each key position is not enough. Critically, a system

should also highlight issues such as position blockages, over-nominated candidates, under-subscribed positions and reconciliation requirements between nominations, career plans and individual preferences. Identifying these issues up front will enable resolution and appropriate training and development of the individuals concerned. Of equal importance is the consideration of the line of succession - not just individual candidate nominations and positions in isolation. This can be done by building "what-if" scenarios to show the cascade effects of promotions and position changes.

The Intranet

Intranet-based administrative systems with self-service technology provide an opportunity for HR to devolve responsibility for data maintenance to the "line". This enables HR to focus on the strategic people issues that affect the bottom line. Just as significantly, Intranets also allow information to be shared across a wider audience facilitating, for example, the involvement of line managers in the process of analysing departmental personnel information and planning for the future. In the past, cost implications would have limited activity of this sort to a few users in the HR department or senior management team.

Global Perspectives

Sophisticated succession planning solutions, like HRM Connect Executive, provide tools to

manage, analyse and act on the mass of powerful knowledge created by succession planning programmes. The system also pulls together information from the disparate human resource information systems that are often found in organisations operating across different business areas, or geographic locations. This provides a significant benefit, enabling organisations to plan for, and select from, the widest possible pool of talent.

Corporate resource and knowledge planning is the most significant business issue today. Often Human Resource departments put off implementing a full succession planning system because of the time and effort initially involved, but can you afford to let the knowledge base of your organisation slip away?

Critical Success Factors

- The succession planning process must be supported by top management
- Line managers need to understand the benefits of succession planning
- Start small - focus on your most important people and positions first and establish a clearly defined process before addressing a wider population
- Take into account both the current and future strategic direction of management and organisational structures and culture
- Focus on development opportunities with the greatest impact for the business - cross-functional/cross sector assignments, mentoring, etc.
- Aim to develop a leadership team - not just functional skills in isolation
- Link organisational values and culture to employee development
- Ensure that consistent data standards are used across the organisation whenever possible
- Choose a specialised succession planning software solution to manage the process.

For nearly twenty years, HRM Software has focused on providing systems to support succession planning, leadership development and talent management within major organisations. Our solutions have been continuously refined and enhanced with input from hundreds of organisations at the forefront of human resource planning practice.

HRM Connect Executive, the new generation of our software, harnesses proven web and workflow technologies to deliver a solution that helps to make HR planning more effective, easier to sustain and ultimately much more rewarding.



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