

Don't Forget the Executives

Jeffrey Cattel

Talent leaders can earn that coveted seat at the table by adding teeth to executive-level succession planning.

As the business world continues to move at an ever-increasing speed, companies barely have time to deal with the day-to-day grind, let alone think about the future. With this mindset, talent strategies like succession planning may get swept aside.

Tony Kucharski, president of K-1 Financing, a specialty finance company, said he knows this story all too well. He joined his family's business, a warehouse and storage company in the Chicago area, when he was in his early 20s. Kucharski, author of the e-book *Pass It On: A Short Guide to Succession in Business*, said he had dreams of expanding to other entrepreneurial ventures, but he could barely take an afternoon off without getting calls from his employees. "I thought if I can't even take an afternoon off without getting multiple phone calls, what happens if I get in an accident and I'm out of work for weeks?"

This "in case of emergency" scenario comes up again and again in succession talks and was the impetus for Kucharski to set up a succession plan. He assessed where his business had staff weaknesses and set up a clear line of communication so employees knew they were expected to know the tasks performed by their superior.

The Sarbanes-Oxley Act, a piece of legislation passed in 2002, requires all publicly traded companies to have a succession plan, and that's often a task that has been delegated to HR. However, more than 90 percent of companies in the United States are small businesses, and are like Kucharski when it comes to succession planning. A joint poll by Harris Interactive for CareerBuilder.com found that nearly 40 percent of companies don't have a solid plan in place, which

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presents an opportunity for talent leaders who step forward and take the reins.

Stephen Miles, CEO and founder of The Miles Group, a talent strategy consultancy, refers to paper succession plans as the compliance model for succession. He said HR's goal should be to move to an operation model and develop a forward-looking skills and experience profile. Talent leaders need to look at the specific job and assess the requirements for critical positions going forward.

"We don't have crystal balls, and we can't be perfect," Miles said. "But human resources professionals can still distill from the strategy some of the core strategic pillars of a specific job, then see how those pillars will change over time."

Boards often control the highest-level appointments, while talent leaders have traditionally taken charge of the lower- and mid-level succession plans at companies. At the mid-level, companies often encourage a promote-from-within strategy where internal employees apply for advanced positions, said Bob Tenzer, senior vice president of human resources at C3/Content Content Channels, an outsourced customer management company. Employees tend to advance to positions higher up the ladder after completing a certification process or additional training that makes them better qualified. HR tracks each em-

ployee's progress, and thus can gauge which employees would be the best fit for openings.

Lonely at the Top

In the last decade, however, these talent leaders have had some difficulty getting input into executive-level succession plans, Miles said.

"You are likely dealing with a bevy of candidates, both internal and external, who have a strong industry knowledge and technical ability," Tenzer said. "Our concentration in HR is to focus on leadership skills."

That focus offers talent leaders one clear way to assert themselves as a necessary part of the executive-level succession plan process. They have experience building and leveraging soft and hard skills thanks to programs created to identify high potentials as well as succession planning efforts at lower levels.

"For executives, it's just much easier to look at the hard skills because there is a metric to look at," said executive coach Leila Bulling Towne. "Soft skills feel very squishy, and it's sometimes hard for executives to assess how something subjective like leadership or behavior can easily be quantified."

Human resources can provide that bridge between soft and hard skills and raise awareness about the business scenarios where specific skills hold weight, as well as expertise on how to evaluate candidates for executive-level succession plans. Essentially, talent leaders can stimulate the conversation on how a company defines lasting leadership, and guide stakeholders in building a forward-looking leadership strategy that will fit into an organization's overall strategy, Towne said.

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But even as talent leaders assert their strength at assessing skills for potential hires, they need to be cautious, understand their audience and talk to the board in the metrics-centric language the board is used to hearing, said Laura Kerekes, an former vice president of human resources and current senior vice president at ThinkHR, a human resources consultancy.

Further, operating from a position of strength, being seen as a stakeholder with expertise and experience crafting the kinds of talent solutions a business needs is also important.

"The best way to get a seat at the table is not to constantly be asking for a title or to come to a meeting," Kerekes said. "It's more effective to use metrics and terms business leaders use to speak from a position of authority and demonstrate an understanding of the inner workings of the company."

Are They Ready?

In addition to helping identify and quantify the soft skills employers look for in executives, talent leaders can use their experience in developing employee readiness as another asset in executive-level planning. When conducting a transition, many businesspeople expect the successor to be job-ready on



10 Pillars of Succession

When the organization was founded in 2005, members of the International Succession Planning Association put together a list of the 10 major tenets of succession planning, said founding member Dan Schneider, a partner at succession planning company The Rawls Group.

The list applies to individuals ranging from those involved in small family-owned businesses to those at Fortune 500 companies. Its purpose was to explain the subtleties and nuances involved in the often ill-executed practice of succession planning.

Companies can review the list and check things off to make sure each is included in their succession plan.

- 1. Involvement of owner or majority stock holder:** What is the business owner's stake in the next generation of leadership? How will the owner want to be involved in the succession process?
- 2. Financial planning:** How does the next generation of leaders match with the company's future financial goals?
- 3. Business structure:** How is the business structured today? Are there plans to change that in the future?
- 4. Business performance:** How is the business faring in the global marketplace today? How could a new leader potentially affect this business performance?
- 5. Strategic planning:** What kinds of additional plans are in place for the future? How is succession planning integrated into this overall forward-looking framework?
- 6. Management synergy and teamwork:** How is the company's management connected? Is there a general sense of camaraderie? How can that change with the next generation of leaders?
- 7. Leadership continuity:** How can the company ensure that the next generation of leaders possesses the same type of leadership skills as its predecessor? Is sharing leadership skills important from one generation to the next?
- 8. Successor identification and development:** Does the company look internally or externally for the next generation of leaders?
- 9. Board or family governance:** How is the board set up? What kind of processes and procedures does it already have in place for succession planning?
- 10. Board or family dynamics:** How is the board organized? Is there a person whose job it is to spearhead succession planning?

Each of the pillars is interdependent. "You can't just pay attention to one or two of them," Schneider said. "That will do little to ensure the success in transition from one generation of leadership to the next."

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Three Succession Planning Myths

There are many reasons why businesses choose not to invest time and resources in succession planning. But these three don't always hold up to scrutiny when an organization's future is at stake.

1. My workforce isn't old enough: Some companies think succession planning is reserved for an aging and soon-to-retire workforce. Bob Tenzer, senior vice president of HR at customer communications management company C3/ Customer Contact Channels, disagrees. "Someone could be there for a while, or someone you might expect to be there for a while might leave," he said. "You have to be prepared for a transition at all times."

2. My workforce is loyal to me: During the recession, some companies stopped investing time and money in succession planning because they assumed employees aren't likely to jump ship

when unemployment is high, said Laura Kerekes, chief knowledge officer at HR consultancy Think HR. "Companies that believe we're being loyal to employees, so they'll be loyal to us, even in hard economic times, are setting themselves up for failure in the future," she said.

3. My business will be passed on in the family: Many leaders of family-owned businesses erroneously believe they don't have to think about succession planning until the next generation is ready to take over, said Dan Schneider, a partner at succession planning company The Rawls Group. "They're not ready to deal with it," he said. "Succession planning creates present-day value, so there will be something to pass on to the next generation of leaders." **TM**

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day one, said Dan Schneider, partner at succession planning company The Rawls Group.

"The truth is almost nobody is job-ready on day one," Schneider said. "You know what the position description is, but you don't know the ins and outs."

"Having a plan on paper and having a plan in reality are two different things"

— Dan Schneider, partner,
The Rawls Group

Schneider said in his experience, if employees are 80 percent job-ready on day one, they generally will be able to succeed in a position. It is HR's job to make sure that employee has the training and development necessary to cross the 100 percent threshold as quickly as possible. That process starts, however, before the job search. As HR does with other succession planning at the low and mid-levels in a company, Schneider said it's important to build a strong talent

bench with individuals identified as high potentials. Then, talent leaders can ensure high potentials receive the learning needed to develop a series of broad leadership skills in preparation for a variety of executive-level positions.

Kerekes relayed a story about problems trying to box high potentials into specific positions. She and her HR colleagues had identified a high-potential employee and swiftly helped him move up the ladder in her organization. They had it all planned out, how he would eventually take over an executive-level role. But the employee wasn't interested in the role he was being groomed for, and when an opportunity opened up with a competitor, he took it.

"We ended up losing this person because we were so locked into our plan for him," she said. "The key is to be flexible and understand that with most job advancement there will be a few detours along the way."

In the end, talent leaders are the most experienced people to identify and develop individuals for leadership. It's only natural that these same people would also take the lead when hiring executive-level candidates and slotting them in where appropriate in succession plans. **TM**

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