

# A Conceptual Study on Succession planning: Vital idea for Organizational Success

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## **Abstract:**

All organizations have one thing in common. At a certain point, they must deal with shifts of leadership, culture, politics, decision-making, power, and strategies for improvement. Organizations with clearly developed succession plans are the most successful in this transition, regardless of the industry, business model, or type of ownership. Succession planning is a key in the current scenario of tight talent markets and competitive times. Strengthening talent has a direct impact on bottom line results and contributes to organizational growth. Hence development at talent level is a must for overall organizational development. In this dynamic environment, organizations need to rely on the most important assets: their people. Today's businesses must have the right people in the right jobs at the right times. They cannot afford to be without either enough people or the right people who can quickly fill a key role that could become vacant. Organizations need to strategize to motivate and connect their employees in order to create competitive advantage and achieving higher profitability. Succession planning is a key in the current scenario of tight talent markets and competitive times. Strengthening talent has a direct impact on bottom line results and contributes to organizational growth. Hence development at talent level is a must for overall organizational development.

**Keywords:** Culture, Competitive advantage, Leadership, Organizational Growth, Succession Planning, Talent.

## **1. Introduction**

*"Superior succession planning is not just looking at who is next in line for a slot, but looking at people early in their careers and shaping what kind of training they need to become leaders."*

The Human Resources Management in any organizations today is struggling to maintain the workforce and face two harsh realities of which exist at any organization: The loss of experienced rich talent and changing trends in the talent market. It's clear that, organizations needs talent to be able to compete in global market and hence

they need to develop and retain it. Although it is very easy to assume that all organizations would be successful in succession planning and practices numerous ways to address talent gaps but in practice only select few organizations are able to practically plan for the gaps and fill them in time. Organizations struggle with forming a formal process for identifying, developing and retaining high potential people within the organization. Hence most of the organizations these days are looking for alternatives to plan that will succeed the important positions in an organization. It seems to be an easy process but actually, it cannot be achieved in few days or months. It takes time, to refine the process. Commitment and involvement from every employee is required be it the HR managers, Line managers and senior management.

## 1.1 Succession Planning

Succession planning is the deliberate and systematic effort made by leadership of organizations to recruit, develop and retain individuals with a range of leadership competencies capable of implementing current and future organizational goals. In the past it has been seen largely as job replacement. Succession planning now needs to include activities to attract, extend, and keep the best staff at all levels. It needs to recognize that younger leaders are likely to change employers and careers several times during their working life.

Succession planning is best described as a consistent set of specific procedures to ensure the identification, development, and long-term retention of talented individuals. While this general definition works well, organizations view succession planning in many different ways. For some organizations, it simply means making sure there are replacement candidates for key positions, for others with a more comprehensive perspective, succession planning represents a deliberate and systematic effort to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital within key employees for the future, encourage individual advancement, ensure the stability or “bench strength” of key personnel, provide an overarching approach to continue effective performance of the organization, and organize concerted programmes for the development, replacement, and leveraging of key people to ensure a deep talent pipeline.

### **Definition of Succession Planning:**

In a similar vein, Roth well, opined that succession planning and management is important for several reasons: the continued survival of the organization depends on having the right people in the right places at the right times. As a result of recent economic restructuring efforts in organizations, there are simply fewer people available to advance to the top ranks from within. Succession planning and management is needed to encourage diversity and multiculturalism and avoid “homo-social reproduction” by managers and succession forms the basis for communicating career paths, establishing development and training plans, establishes career paths and individual job moves.

According to **Dessler (2000)**, succession planning is the process of ensuring a suitable supply for current and future successors for key jobs, so that career of individuals can be managed to optimize the organization’s needs and the individuals’ aspirations.

According to the Texas State Auditor's Office (SAO), "the purpose of succession planning is to prepare an agency for risks associated with the planned or unplanned loss of knowledge that is critical to the success of the agency." To accomplish this, a successful succession planning model develops "employees to ensure that the agency has highly qualified employees who are capable of filling critical positions" (SAO, 2006). Succession planning is a key element to both workforce planning and strategic planning in state agencies.

In today's dynamic world where competition is high, work is fluid, environment is unpredictable, organizations are flatter, and the organizational configuration repeatedly changes, the old view of succession planning by defining specific individuals for specific tasks does not work. Modern organizations perceive the necessity for creating a pool of high-potential future candidates, on all organization levels, to fill any needs, at any time. In the past, organizations were busy searching for a substitute for top executives and CEOs when their current top leaders were due to move out. At present, organizations are more aware of the importance of the succession planning possesses new perspective in that selecting, at all levels of the organization, preparing, developing, and retaining high-potential future leaders is their bridge to maintaining sustainable competitive advantage in today's highly revolutionary environment. Developing and retaining future leaders is important to make sure that those human assets are there and ignore any outside temptation to leave their organizations. An "acceleration pool" for future candidates is a good example that covers a broad range of the organization's leadership levels all the way through and do not target a specific position. Those acceleration pool future candidates should then be trained, developed, and groomed to be ready for future responsibilities (Anonymous, 2004). The more information the organization's management in early stages, got from their human resources about their staff, the more useful and practical the future leaders' selection process for advancement will be. This is the central part of a successful succession planning process.

There was a time when organizations had many managerial levels, and the abundant leaders spent a substantial amount of time in strategic activities such as process improvement, training and mentoring. Employees had expectations of staying with an employer for decades and hoped that after a few years of distinguished service they might be invited to join the ranks of management trainees. With the luxury of time, supervisors had the opportunity to observe direct reports across many situations and guide employees with high potential toward future career opportunities. In short, it was every supervisor's responsibility to develop the next generation of leaders.

This focus on future talent lasted into the 70s for some organizations and into the 80s for others. The executives who rose through the ranks during this period are now retiring. It has been said that 1 in every 5 senior executives of the Fortune 500 are eligible to retire, and more than 50% of all senior government executives in the US are also eligible to retire (Rothwell, 2002a). US is not an exception, similar effects of aging workforces can be seen throughout the developed world. Another issue that needs to be addressed is the recognized need for prudent risk management in anticipation of possible terrorist attack – an issue dramatized by the tragic loss of 172 Corporate Vice-Presidents when the World Trade Center collapsed. The loss of talent in the industrialized nations as a direct consequence of aging workforces also adds to the list.

An ASSOCHAM Business Barometer (ABB) Survey has revealed that India Inc. has a long way to go for putting in place its succession plan at top level. The ABB Survey of 275 leading management consultants, corporate, academicians and professionals on 'Missing Link in Succession Plan' found that only a few companies in India formulate and effectively implement succession plan for the key positions in their organization structure. This was confirmed by 75% of the ABB respondents. They rated Indian companies 4 on a scale of 10 in terms of long term planning and grooming of the successor to the head of a firm. Almost half of the Indian top 100 organizations are family run businesses. Though astute in business, when it comes to sorting out matters of succession some of India's oldest business families may still need to do their homework. Be it the Ambanis of Reliance Industries, the Bajajs of Bajaj Auto, the Nandas of Escorts, or the Modis of Modi Rubber - each family has, in the recent past, faced succession and ownership issues and found them tough to resolve. Except for a handful of companies like Infosys, where the passing of baton from N.R. Narayana Murthy to Nandan Nilekani to Kris Gopalakrishnan to S. D. Shibulal, happened without a hitch, the issue of corporate governance isn't addressed with the seriousness it deserves.

While concerns about succession are as old as the human race, professional research on succession planning and management began in earnest in the 1950s. The chief focus of that research was on CEO succession until the 1980's. At that time, due to the growing interest in human resource planning, still a topic of interest today, research began to take on a broader focus that encompassed more than CEO's. The National Academy of Public Administration (NAPA) defines succession management as a deliberate and systematic effort to project leadership requirements, identify a pool of high potential candidates, develop leadership competencies in those candidates through intentional learning experiences, and select leaders from among the pool of potential leaders.

## **1.2 Succession Planning is imperative:**

The topic of "succession" only become popular in the last 15 to 20 years due to highly public and disastrous leadership transition at successful companies like General Motors (Robert Stempel), AT&T (Robert Allen) and Eastman Kodak (Kay Ehitman), as reported by Charan, (2001). He further emphasizes that corporate leaders must pay serious attention to develop and train their existing executives who will face the future organizational challenges. Otherwise, survival of the organization is at stake when the existing key personnel leave the organization due to retirement, resignation, sudden death, etc. Organizational leadership is in crisis when the transfer of "how to get work done" process is being lost with aging and retirement of senior management and the mobility of the younger workforce (Rothwell, 2001). Thus, the potential for leadership disasters appears to be inevitable for those who are unprepared. There are a number of factors that have and will continue to shape the business environment and role of company executive in the future including globalization, hyper competition, technology, the expectation of board and financial markets, an emphasis on customer relationships, changing employee expectations and workforce demographic (Barrett & Beeson, 2002). All these factors stressed that succession planning must thrive in an organization for business

continuity and to sustain competitive advantage. Rothwell (2005) and Swanston (2007) indicate that challenges associated with growing aging global workforce would be another reason why succession planning is important. The retirement of baby boomers generation (those who were born from 1946 through 1964) may have greater impact on occupations with functions not easily replaced by technology-driven productivity innovations, such as many of the jobs in the financial services sector: customer service representatives, branch managers and executive officer. Therefore, effective succession planning helps to retain the loss of valuable institutional memory when experienced employees leave the organization. Also, organizations are often faced with the need to replace key management staff on a very short notice due to rapid change of merger, acquisitions, downsizing, rightsizing, and reengineering. These increase the competitive market for skilled and talented individuals (Orellano, 1997). Corporate leaders are not only responsible for the acquisition and retention of customers, but they must also form strategy to acquire and retain new organizational talent from the declining pool of people (Barrett & Beeson, 2002).

### 1.3 Succession Planning Best Practices

Succession planning today is more complex for professional services firms than it was 15 years ago. Practices have become more complicated, the traditional business model that served firms so well in the 20<sup>th</sup> century, no longer works today, and clients have become more sophisticated, especially with the advent of the Internet. Fifteen years ago, it seemed that succession planning was nothing more than having the current firm leader announce who was going to take over the firm. And for the most part that process seemed to work. Today the process is more complex. Through my work with many accounting firms in this area, I have identified the following succession planning key best practices.

- **Deploy a Succession Management Process**

There needs to be a process that the firm will follow. Different size firms require a different process. The key element is that firms need to make succession planning an integral process by linking succession planning and the firm's overall business strategy. This link is critical since it gives succession planning the opportunity to affect the firm's long-term goals and objectives. Furthermore, in case of an unexpected event, the firm should know how the next leader will be selected. Otherwise, the firm may be open to civil war or implosion.

- **Identify Future Leaders**

The smart firms don't wait until its time to elect a new managing partner or other key player in the firm. They use a continuous identification process to focus on future leaders. They have developed for their firm a unique set of technical, professional, client and leadership competencies.

- **Develop Future Leaders**

Best-practice firms create specific, individualized development plans for each employee. These plans identify which developmental activities are needed. In larger firms this is handled through the human resource group. The HR group will help develop or purchase training programs and will also monitor employee follow up in



the developmental areas. Many smaller firms look to their State Society or National CPA firm associations for executive type programs in leadership and personal development.

In addition to the developmental activities described above, I have noticed that the best practice firms embrace daily mentoring and coaching. Finally, the best way to develop future leaders is by on the job training. Future leaders are involved in key firm projects either as team members or team leaders. These projects range from developing new services, new internal business processes to having P&L responsibility.

- **Measure Results**

Best-practice firms realize that if it is not measured it is not important. These firms develop measures and targets for success. Targets are specific and may include the number of employees and partners that have completed a specific training program and can effectively utilize the knowledge from the program in their daily work schedule.

- **Keep it Simple**

The best succession management process is simple and logical. Everyone has enough to do as it is without creating a bureaucratic and cumbersome practice.

- **Align Succession with the Firm's Overall Strategy**

When you align succession with the firm's overall objectives, it makes it more real and present. Partners can visualize how and why succession is important. They are also more likely to support the process that ties into the firm's goals.

- **Support the Process**

I've seen many firms that are in dire need of a succession plan, but the managing partner becomes the biggest restraining force. He simply does not support it. Unless you have the high level support and endorsement for the process, none of the above best practices will work. From a managing partner's perspective, the best practice is know when to step down.

The goal of any good succession plan is to get the right person in place for tomorrow's job. The way to accomplish this is get a match between the firm's future needs and the aspirations of individuals.

#### 1.4 Characteristics of Effective Succession Planning

The characteristics of an effective succession planning, according to Ostrowski (1986) are:

- **Futuristic:** focused on future needs of the organizational leadership instead of immediate placement need.
- **Dynamic:** the succession planning capable of change and modification that can be adjusted to changing business needs.
- **Organic:** total organizational participation.
- **Continuous:** must be carried out throughout the life of a corporation.

Ostrowski (1986) also argues that the following conditions must exist in a firm if effective succession planning is to become possible.

- Total Management involvement.
- Integration of manpower forecasting and business planning.
- Periodic management assessment.

### 1.5 The Importance of Succession Planning

Without any doubt, succession planning is definitely important. “When things are going along just fine and significant changes aren’t needed, you don’t need real strong leadership,” says Michael O’Brien President of Executive Leadership Solution a Cincinnati-based consulting firm. He added “But when things are at risk, shifting, and you’re at point, that’s when leadership is most necessary”. Succession planning is an essential part of doing business, no matter how certain your future appears.

- **You can’t plan for disaster.** No matter how good you and your staff are at revenue projections or economic predictions, no one can truly plan for disaster. Whether it’s an unforeseen illness, a natural disaster, or a CEO’s decision to suddenly retire, the reasons for having a succession plan in place before it is needed are endless. So while you can’t plan for disaster, you can put into place a series of contingencies that will help your company stay afloat if, in fact, catastrophe occurs.
- **Succession planning benefits the business now.** Just as business practices have evolved over the years, succession planning has also grown and changed. It’s no longer a plan that can only be accessed when leadership is going to change; a succession plan can be used before its “real” intent is necessary. It can be used to build strong leadership, help a business survive the daily changes in the marketplace, and force executives to review and examine the company’s current goals.
- **Succession planning gives your colleagues a voice.** If you’re running a family business, the process of succession planning will give family members an opportunity to express their needs and concerns. Giving them that voice will also help create a sense of responsibility throughout the organization, which is critical for successful succession planning. Resist the temptation to solely carry the entire weight of creating and then sustaining a plan.
- **A succession plan can help sustain income and support expenses.** Talking about money should be a priority. People generally don’t want to work for free and things don’t pay for themselves. A succession plan can provide answers as to what you—and your staff—will need for future income, as well as what kinds of expenses you may incur once you step out of the main leadership role. Ask yourself questions about your annual income and other benefits including health and dental insurance for you and your dependents, life insurance premiums paid for by the company, your car, professional memberships, and other business-related expenses.

- **Succession planning gives you a big picture.** Some companies mistakenly focus solely on replacing high-level executives. A good succession plan can go further, however, and force you to examine all levels of employees. The people who do the day-to-day work are the ones keeping the business going. Neglecting to add them to the succession planning mix could have dire consequences. As you develop your plan, incorporate all layers of management and their direct reports.
- **Succession planning strengthens departmental relationships.** When regular communication occurs between departments you are more likely to experience synergy, which breeds a culture of strength. Make sure that you link your succession planning activities with human resources. After all, HR is about people. By including HR in succession planning, you can incorporate elements like the employee-evaluation process, which can help when deciding whether to fill vacancies with internal candidates.
- **Succession planning keeps the mood buoyant.** Change—a major component of a succession plan—is exciting and can bring a company unforeseen rewards. Still, change can be a source of tremendous stress, especially when people’s livelihoods are at stake. As you put your succession plan together, consider its positive effects on the business. Planning for the future is exciting and, if done correctly, can inspire your workers to stay involved and maintain company loyalty. It’s true that a plan is often put into place to avert catastrophe, but it’s also a company’s way of embracing the future—a business strategy that is essential for survival.

## 2. Literature Review

Several authors suggest the existence of a certain relationship between leadership capacity and succession planning (Fink & Brayman, 2006; Hargreaves, 2005; Lambert, 2003, 2006). Also, studies indicate that effective succession planning and management requires the commitment and the involvement of the top leadership of the organization (Rothwell, 2005). Thus, Literature review was done to understand the need and importance of succession planning.

- **Luna (2012)**, Succession planning can be defined as a “systemic, long-term process of determining goals, needs, and roles within an organization and preparing individuals or employee groups for responsibilities relative to work needed within an organization”.
- **Rothwell (2010)**, Succession planning was initially conceived of as a risk management strategy designed to mitigate the loss of key leaders in large organizations over time, however, succession planning has evolved into much more than this.
- **Groves (2003)**, today, succession planning serves as a tool to manage knowledge and change, develop leadership capacity, build smart teams, and retain and deploy talent in a manner that helps an organization operate to its greatest potential. Doing so is increasingly important for several reasons.
- First, as **Fink (2010)**, **Fink & Brayman (2006)** **Zepeda et al., (2012)**. **Griffiths (2012)**, notes, individuals are becoming more and more strategic in their own career development and job searches. It



is, therefore, increasingly important that organizations follow suit and develop strategies to ensure that they are able to attract and retain talent. Second, the complex nature of work and business in both the private and public sectors means that organizations cannot rely on the serendipitous replacement of talent, nor can they expect to have a pool of willing and qualified candidates ready and waiting, even during a recession. Organizations must be proactive in identifying and developing qualified talent that can be called upon during both expected and unplanned succession events. Third, and importantly, planning for succession is necessary to maintain and develop knowledge and talent in a volatile political economy marked by international competition and the omnipresent need to be cost effective.

- **Bolt (1989) and Clunies (2007)**, by effectively planning for succession, organizations can realize cost savings and achieve the synergies necessary to thrive within the rapidly evolving contexts in which they operate. Finally, effective succession planning instills confidence in the employees of an organization and improves buy-in to the organization's culture. These are critical components not only of the successful operation of an organization on a day-to-day basis, but of the longer-term satisfaction and retention of employees.
- **Appelbaum et al., (2012)**, Developing effective succession plans is also critical considering current demographic and economic trends. Many large companies and public sector organizations will face a dramatic turnover of key leaders in the next decade, as the 'baby boomers (those born between 1945 and 1964) withdraw from the workforce en masse.
- **Luna (2012) and Masterson (2011)**, Ensuring that the wealth of knowledge accrued by this generation is transferred to younger generations—who will inevitably assume key leadership roles—with minimal impact on productivity is of the utmost importance. Moreover, the recent recession has exacerbated these challenges, as senior managers have delayed retirement in light of economic insecurity and the relaxation of mandatory retirement legislations.
- **Leland et al., (2012)**, this has prolonged managerial tenure in the short-term, while disrupting the leadership pipeline in the long-term. Without an effective plan for succession alongside increased retirements, organizations are likely to face crises in leadership. One consequence of this is that there may eventually be more urgency to select and develop managers from a smaller pool of applicants and with a steeper learning curve. Organizations are also more likely to face an increased frequency of succession events and leadership vacuums, which are fraught with risk and tend to lead to reactive (rather than proactive) decisions. Considering all of these factors, it is increasingly important to develop an effective succession plan sooner rather than later, and it is never too late to get started.
- **Ram Charan (2011)**, had stressed on need of good leaders grown out of a company itself rather than hiring them. Hiring should be stressed at lower levels only, but leaders should grow out of an organization.

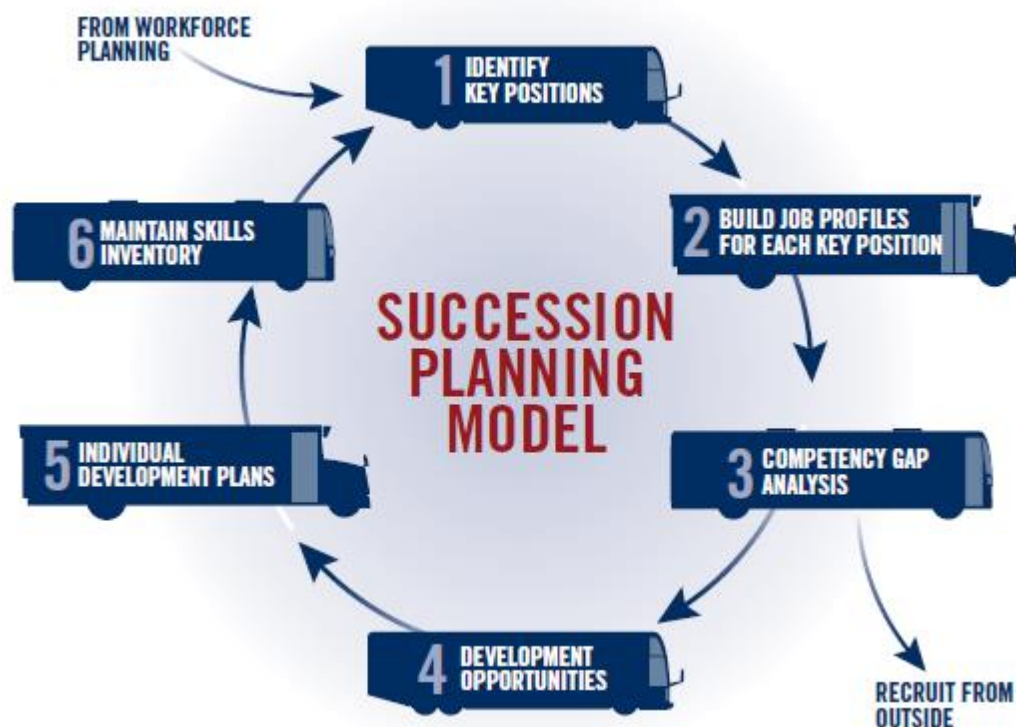
- **Carnegie D. (2009)**, suggests "succession planning as a systematic way to ensure that employees in a particular organization are competent enough to develop and then replace strategic roles in organization hierarchy".
- **Rothwell (2005)**, throughout his book explains that an organization which does not have a succession planning system in place i.e. they lack a formal succession plan find trouble in various areas such as: key positions are not filled in an timely manner, key positions are filled by external candidates, constant horror of turnover at key positions, potential replacements are never ready and lack essential skills, most qualified talent is not retained. These are some problem areas which organizations face and never realize. It's just due to lack of formal planning.
- Obviously good management will never happen by itself and succession planning is continuation of that (**Pernick 2002**). Pernick goes on to discuss some disadvantages if succession planning is not provided in an organization such as: chaos, poor image, bad publicity to stakeholders and finally spirals to bad revenues and loss of customers.
- Similar ideas are shared by **Edward (2012)**, that not identifying key position is one of the biggest blunder which organizations make. **Spencer Stuart (2011)** shares the Indian perspective and how organizations are taking this seriously as a major concern of their HCM plans. During study of literature it was revealed that, there is lack of awareness in companies of the long term impact of ignoring succession planning, also there is not rigid structure or model existing for succession planning, hence study aimed e to incorporate a model which can capture the essence and be a fit to most organizations seeking to implement succession planning.
- **Diamond (2006)**, "A good succession planning program allows existing senior executives to observe people over time and train them to be of use to the company, its needs, and its culture". Furthermore, "executives must communicate with current employees to ensure that" fear or insecurity of losing their positions "sabotage the plan"
- **M. Dami Baldwin (2005)**, in his article "The Strategy of Succession Planning" states that succession planning plays a major role in the companies' strategic planning. Succession planning is not only for CEOs but also for all key positions. It further illustrates the advantages and disadvantages associated with succession planning. The process of developing succession planning requires a long-term strategy for the company involving the key area that requires continuity and development and the key people that the organization wishes to develop.
- **Lynn (2001)**, focused on four elements as the key elements of the succession event. These elements are as follows: succession contingencies (industry issues, organizational characteristics, and selector variables, including incumbent and board power); Succession Antecedents (initiating forces for CEO departure, CEO. roles, and candidate issues); the succession event (process, candidate, and choice

issues); Succession consequences (organizational effectiveness, stakeholder issues, and evaluation outcomes).

- **Charan et al. (2001)**, suggested an alternative definition for succession planning from the Leadership Pipeline Model. In their definition, “succession planning is perpetuating the enterprise by filling the pipeline with high-performing people to assure that every leadership level has an abundance of these performers to draw from, both now and in the future”.
- **Krauss (2007)**, studied in succession planning and talent management, to having recommendations to reduce workforce attrition and prepare for an aging population. As a result of this study, the recommendations to his targeting organization were implementing a structured succession plan, which distinguished the importance of establishing ownership of the succession plan and aligning the internal culture with external branding.

### 3. Model of Succession Planning

Succession Planning identifies necessary competencies and works to assess, develop, and retain a talent pool of employees in order to ensure a continuity of leadership for all critical positions.



### Step 1 – Identify Key Positions

Succession Planning identifies necessary competencies within key positions that have a significant impact on the organization. Criteria for key positions may include:

- Positions that require specialized job skills or expertise.
- High-level leadership positions.
- Positions that are considered “mission-critical” to the organization.

### Step 2 – Build Job Profiles for each Key Position

Determine the key success factors of the job and how proficient the job holder would need to be.

This information can be obtained several ways, including performing job analysis or gathering critical information during the performance appraisal process. The information that should be gathered includes the knowledge, skills, abilities, and attributes that the current employee in a position possesses that allow for the competent and efficient performance of the functions.

### Step 3 – Competency Gap Analysis

- Using the job profile of competencies determine the tool required to gather data on current employee competencies for the key positions.
- Analyze the difference between current employee competencies and future needs.
- Document findings for development opportunities.

### Step 4 – Development Opportunities

- Assess the abilities and career interests of employees.
- Candidates should demonstrate high potential or ability that will enable them to achieve success at a higher level within the organization. Preferably, the list of possible replacements should be stored in a database so that the organization can easily track candidates.

### Step 5 – Individual Development Plans

- **Design a plan for each candidate** – developmental plans should be available for candidates and then incorporated into their performance management plans. Plans may include identifying career paths for high-potential candidates and others who have the interest and ability to move upward in the organization.
- **Provide development opportunities** – This can be accomplished through job assignments, training, or job rotation, and it is one of the best ways for employees to gain additional knowledge and skills.

### Step 6 – Maintain Skills Inventory

- Continually monitor skills and needs to determine any gaps and develop plans to meet Deficiencies.

- Keep an inventory of current and future needs and maintain the information for individual and group development.

#### 4. Advantages of Succession planning

- Provides an ongoing supply of well-trained, broadly experienced, well motivated people, ready and able to step into positions as needed by the organization.
- Ensures alignment of the future needs of the organization with the availability of appropriate resources within the organization.
- Serves as positive goals for leadership personnel, which helps keep them in the organization and assures the continuing supply of capable successors for each of the important positions included in the Succession Plan.
- Provide a Development Plan for Top Critical Positions.
- Increased Leadership/Employee/Student Satisfaction.
- Defines career paths, which helps the organization to recruit and retain best people.
- Identifies people who can move into crucial positions without unnecessary operational disruptions.
- Conducting assessments of talents within the organization assists the organization in strengthening partnership with local universities/colleges that offer programs that are beneficial in providing future leaders
- Internal enthusiasm for a succession program is generated with candidates feeling “honored” to be selected for the program; appreciation that the organization is interested in their career and personal development; and they learn a lot during the process.
- In addition, Succession planning helps an organization to remain competitive.
- Succession Planning increases the confidence of both customers and shareholders, particularly in the area of share dividends and product supply of an organization.
- Improved morale.
- Improved effectiveness.
- An opportunity for skills development and directed training.
- Challenging and rewarding career opportunities.
- Growth in personal and professional self-confidence.
- Improved working relationships.
- Enhancing the organizational “brand” and reputation as a desirable place to work.
- A cadre of desirable candidates who are being integrated into the company with positive goals established for them individually.



- A flow of these capable people through various departments with the goals of educating them into the culture and processes of the company.
- The continuous input of ideas to improve the internal processes and procedures of the company, as well as the opportunities to improve the offerings and services of the company in the marketplace. Alignment of the future needs of the company with the availability of appropriate resources within the company.
- An increasing reputation as a good, challenging, stimulating place to work, which could result in your ability to hire ever better people.
- Positive goals for key personnel, which will keep them with the company and will help assure the continuing supply of capable successors for each of the important positions included in the plan.
- Defined career paths, which will help the company recruit and retain better people.

## 5. Disadvantages of succession planning

- Appointing the wrong person can lead to a variety of problems that result in poorer company performance and turnover.
- Pulling the trigger too quickly to appoint someone only to have a better candidate appear later on.
- Engaging in succession planning when the business is immature may lead to erroneous conclusions about leadership needs.
- A poorly conducted succession planning process will lead to poor decisions, disharmony and ultimately poor company performance as well.
- Focusing only on the 'technical competencies' and failing to consider the teambuilding and leadership development requirements.
- Underestimating people within the organization or overlooking employees that don't appear to fit your standard 'company template'.
- Implementing a program that is designed for upward mobility only, lateral succession moves should also be included in the plan.
- Failing to offer the appropriate training and developmental opportunities.
- Creating a development program that only offers generic 'leadership' training programs.
- Not holding managers & leaders accountable for succession planning.
- Not sharing the data with employees, you run the risk of losing promising employees if they don't feel the company has a plan for their development.

## 6. Barriers in implementation of Succession Planning

According to Huang (2001), the success of succession planning depends on the careful implementation process, well-planned design, commitment of top-level management, credibility of staff, and resource

allocation. In many organizations, there are a huge gap between the desire for effective succession planning and its actual practice (Hall, 1986). In 1986, Hall conducted a research on two large US based companies and identified the following organizational barriers in implementation of effective succession planning:

- Reluctance of managers to give up talented people for developmental job moves.
- Lack of perceived strong candidates at middle and senior levels.
- Uneven implementation of formal systems, such as the profiling system.
- Evaluating and integrating management talent in newly acquired companies.
- High organizational diversity of operations, with strong independent business units.
- Weak corporate organization.
- Organizational technology and related mindset.
- Weak, understaffed, under-budgeted human resource staffs in most areas.
- A high-pressure, task-oriented management style which rewards success strongly and punish for mistakes.
- Strong barriers to lateral movement (between function and between businesses).
- A complex, turbulent environment, which reduces the organization's ability to control its own destiny.

## 7. Conclusion

There is no one model for succession planning and there are no hard-and-fast rules. Every organization is different and what has been described above has been drawn mainly from the experience of large organizations. Succession planning is one such process which cannot be ignored keeping in mind the competitive industries. Strengthening this process directly impacts the organization as it is the nourishment of talent. This activity cannot be carried out as an ad-hoc exercise but needs to be a systematic approach. It can be further fine tuned varying from organization to organization and different industries but the major structure remains same. We need to ensure that key positions in an organization are always filled with capable talent and this pipeline keeps on churning out seamlessly. The landscape has totally changed if we compare to what it was a decade ago and hence the approach has to evolve, rather than being reactive and shedding flab later, pro-active approach needs to be followed where we are capable enough to chalk out plan of individual in an organization keeping in mind the macro picture. Succession planning not to be considered just an exercise, but focused upon so much that succession planning can be converted into succession development hence developing the talent pipeline and hence achieving organizational goals.

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