

## SUCCESSFUL SUCCESSION PLANNING

**A** successful succession planning program not only creates bench strength in an organization, it creates “multiple choices” for each vacancy. Successor development programs also generate company loyalty as an organization shows it is willing to invest in its people. In best practice companies, successful succession planning may fill up to eighty percent of the vacancies in key positions. Perhaps most of all, successful succession planning retains precious knowledge and expertise within the organization, while also leaving room for “new blood” and new ideas for the future. The result is a more competitive company that is equipped to face the challenges that lie ahead.

In order for succession planning to succeed, several key ingredients need to be present. In most companies with succession plans, some of these ingredients already are in use. In best-practice companies, all six are present.

### Top Management Support

First and foremost, top management support of succession planning is absolutely crucial. If senior management is not enthusiastically and financially supportive of employee development, succession planning will fail. Human resources personnel may be able to fill boxes on a future organizational chart, but key players will not be ready for additional responsibility unless senior management encourages self-development.

### Linkage to Business Strategy

Second, a clear-cut business strategy is necessary for success in succession planning. The linkage between strategy and employee development is essential. Employees must be developed with the business direction of the future in mind. The key question to be answered is “What knowledge, skills, abilities, and behaviors will be needed to execute our strategy?” Only after this question is answered can the next phase begin.

### Talent Identification

The third ingredient is identification of talent. A company’s existing talent pool must be assessed on the knowledge, skills, abilities, and behaviors needed to execute strategy. Here, many companies fall short. Either they assess only job knowledge and leave out other competencies, or they do not dive deeply enough in the company to search for “bright lights” at all employee levels. The best companies avoid these errors and conduct their talent search process with such tools as standardized testing, 360s, or a 9-box grid that plots employee performance and potential.

### Individualized Development Plans

Once talent is identified and assessed, individual development plans can be created. The emphasis here is on customized development plans. High potential people differ in background, experience, and personality. They have different learning needs. Some people already are proficient in such abilities as financial management, critical thinking, and conflict management. Why send them through a generic executive training program that covers these topics? Train people only in areas where they need improvement, not in a standardized curriculum.

Learning styles also vary from person to person. Some individuals learn quickly in a formalized classroom setting. Other people respond better to “action learning,” involving such things as job rotation, special projects, task forces, and the like. Another group of employees may learn best from reading books, listening to CDs, or participating in web-based training programs. Sometimes, direct suggestions work best. By featuring a person’s preferred learning style, the likelihood of follow-through in training increases substantially.

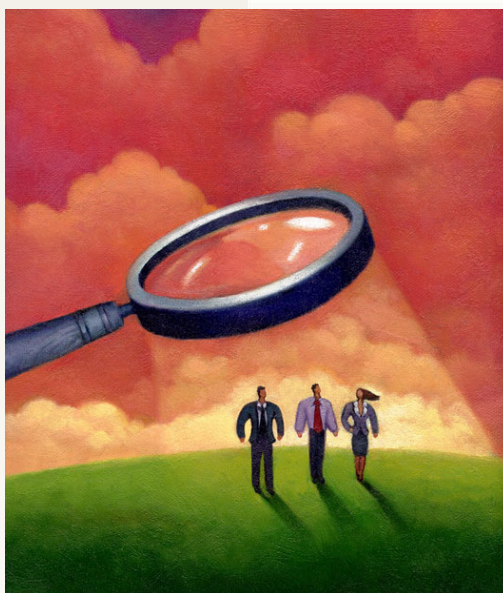
### Coaching/Mentoring

The fifth ingredient in successful succession planning is a coaching/mentoring program. A coaching/mentoring program enables participants to apply on-the-job the lessons learned from developmental training activities. The role of a coach is to serve as an accountability mechanism as well as a learning process manager in

successor development. Coaching is a minimum requirement for successor development. Some companies go beyond coaching and actually provide mentoring services. Mentors promote informal learning by discussing challenges and sharing experiences. Mentors also serve as confidential sounding boards for succession program participants.

### Periodic Re-evaluation

If true learning has occurred, observable changes will take place. These changes in an individual’s skills or behaviors can be and should be measured to verify improvement. Tools such as 360s, retesting, performance appraisal, or direct behavioral observations can be used to determine an individual’s readiness for a new assignment. This reassessment process needs to be fair, objective, and non-political in order to have credibility in the organization.



# NOTES ON EFFECTIVE DECISION-MAKING

## Information Gathering Is Key

To make sure you consider all important issues that could cause a decision to go off track, create a checklist for individual steps, procedures, and issues that you should not neglect.

To avoid confirmation bias in decision-making, actively seek out opinions and evidence that runs counter to what you are thinking. Play “devil’s advocate.” Create a decision-making journal which can be reviewed to help spot a tendency toward confirmation bias. It is important to get feedback on how effectively a decision turned out. If you are to improve your decision-making you must be open to feedback and not simply try to justify your decision.

Consider the point of view or the experience of other people who have familiarity with the type of decision facing you. People who have gone through a similar situation can help create a reference that can guide your choices. It is important to talk to more than one person, if possible, so that your information is more representative, keeping in mind how their situation may differ from your decision-making situation.

Good chess players consider how their action or move will trigger a reaction from the other person involved in the game. Considering how other people may respond to your decision, including what might motivate them, is highly beneficial for previewing the potential consequences of your choices. It will also help facilitate the best way to communicate and possibly gain buy-in for your decision.



## Intuition Has a Role

Intuition can play an important role in decision-making but it is important to recognize when your intuition is helpful versus when it can lead you astray. Intuition, for example, works well in stable environments where the conditions remain largely unchanged, where feedback is clear, and where the cause and effect relationships tend to be linear.

Intuition fails when you are dealing with rapidly changing systems with increasing complexity. Making predictions in complex situations is difficult. You can improve your decision-making, however, by stitching together diverse sources of information so you have a diversity of perspectives and are not viewing everything through a single lens which often leads to tunnel vision and not considering important issues and explanations that do not fit your perspective. Hiring decisions are an example of a complex decision that merits as much data as practical.

## Tunnel Vision Must Be Avoided

Tunnel vision occurs when people do not consider a sufficient number of alternative explanations or a diversity of data and perspectives. Instead, they focus too narrowly on a limited amount of information, causing them to fail to see the bigger picture and other possible alternatives.

One contributor to tunnel vision is stress. Stressed people often struggle to think broadly or about the long term. The stress response tends to turn off long term thinking and focus on an immediate response. While the stress response can be effective for dealing practically with here and now risks, it is often very ineffective for making decisions that have long term consequences.

Avoiding the tunnel vision trap:

Explicitly consider alternative opinions or explanations. Avoid making decisions while in emotional extremes, either high or low; postpone important decisions in either case. Understand what incentives may exist that could motivate behavior or a particular decision. Financial incentives are the easiest to spot but oftentimes non-financial incentives, like concern for your reputation or the influence of peers or significant others, are very important in driving decisions.

You need not labor over every decision. When the stakes are sufficiently high, however, it is important to ask yourself if there is a possibility of being susceptible to tunnel vision. If so, scrutinize your decision-making process to consider hidden influences.

## Don't Confuse Luck with Skill

Recognize the role of both skill and luck in the successful outcome of your decision-making. Be careful about confusing luck and skill. When luck is more prominent in shaping an outcome, you need to acknowledge that and keep that in mind as you make subsequent decisions. Reviewing your decision-making journal can help you to separate the influences of luck and skill.

Everything works once. One or a few good outcomes, however, often convince us that our strategy is good and everything is fine. Often this is an illusion that lulls us into unwarranted confidence and sets us up for a typically negative surprise. Financial bubbles are a good example of this bias: because of a series of favorable outcomes, there is a strong tendency to stick with a strategy and not consider alternatives.

When evaluating other people's decisions, you are better served by looking at their decision-making processes rather than their outcomes. There are plenty of people who succeed largely by chance and are completely unaware of how they made their decisions. For these people, fortune usually does not continue to smile upon them forever.



# WHAT'S NEW @ PSP

## RESOURCES FOR LEADERS

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- ❖ Customized online screening tests for steel mill hourly positions in a large scale plant start-up project.
- ❖ Conducted an employee engagement survey with unionized employees at a major rotating equipment manufacturing company.
- ❖ Increased PSP's international reach with general management assessment work in China, Australia, Mexico, the United Kingdom, and Asia.
- ❖ Provided test interpretation training for sales representative selection at a top homebuilding company.
- ❖ Conducted a compatibility analysis between new and existing management team members at a not-for-profit financial organization.
- ❖ Provided executive 360 surveys with developmental suggestions for a major distribution group in the European Union.
- ❖ Completed a Board of Directors evaluation process for large family-owned enterprise.

Executives rate decision-making ability as **the** most important business skill, but few people have the training they need to make good decisions consistently. **Think Twice** by Michael Mauboussin describes the most common behavior decision-making mistakes and how to avoid them. Managers at all levels can learn from this book and avoid costly mistakes.

Another good book on decision-making is Edward Russo's classic **Decision Traps: The Ten Barriers to Decision-making and How to Overcome Them**. This highly readable volume is geared toward business decisions, and provides practical advice for how to reduce bias due to thinking errors.

There are several good volumes on succession planning. **Leaders at All Levels: Deepening Your Talent Pool to Solve the Succession Crisis** by Ram Charan shows how top companies use an "apprenticeship model" to groom leaders for future responsibility.

**The Talent Management Handbook** by Lance Berger outlines practical ways an organization can develop its "best people," as well as avoid turnover among incumbents and back-ups for key positions.

For a user-friendly workbook on succession planning, **Building Tomorrow's Talent** by Doris Sims provides step-by-step instructions for starting a talent management program from scratch or taking an existing program to the next level.



**For recommendations on training resources on any management topic, contact PSP directly.**



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