

Critical conversations in succession planning



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Critical Conversations in Succession Planning

There's a crisis in succession planning. Long one of the bastions of HR credibility, succession planning has a key role in maintaining HR's strategic credentials. The problem is that evidence for efficacy of the elaborate processes devised to predict which talent to invest in and who should be targeted for promotion is thin at best. Indeed, the little evidence we do have suggests that, if the "right" people do get to the top, it is more in spite of succession planning systems than because of them. The recent dramatic failures of leadership in major financial service corporations suggest strongly that something is seriously awry. For example, at some point, the strategic planning system at RBS must have concluded that "Fred the Shred" was the best leader available. Of course, all leaders make some poor decisions and succession planning is not about finding leaders, who never make mistakes. But the succession planning process at so many financial services companies was designed to promote a style of leadership, which made eventual catastrophe inevitable.

The problem in brief

Estimates of the proportion of senior management appointments that work out are depressing – one survey in 2005 found that, in the world's largest companies "mis-hired people 80% of the time and mis-promoted people 75% of the time"¹. If any other business system so consistently produced poor results, it would have been thrown out long ago. Yet organisations cling on to existing methods of talent management and succession planning, mistaking mechanistic routines for systematic approaches. The result is a plethora of charts and plans that give a veneer of being in control, yet are obsolete before they are completed, and based on false premises both about the nature of talent and succession planning, and about the individuals within the process.

Fortunately, there is a growing groundswell amongst courageous HR professionals to recognise that current approaches to succession planning are misleading and dysfunctional. In the research for my next book, an iconoclastic examination of what really happens in succession planning, we have so far identified 16 major myths that permeate common practice in this area. Amongst these are that:

- Line managers are generally effective in recognising and encouraging talent amongst their direct reports. (True only if the direct report is like themselves)

¹ Topgrading: How Leading Companies Win by Hiring, Coaching, and Keeping the Best People, Portfolio, 2005).

- Clear job descriptions are important. (Success is much more associated with hiring the right person and allowing them to redefine the job to customise on their strengths – “how would you do this role radically differently?” is a critical question in leadership transitions)
- High performance in one role is a clear indicator of high potential in another. (In reality, high performance may be related more to the team context and to a specific match of a role and current competences. Talent in one organisation may be very different from talent in another)
- It’s important to know precisely who is ready to step into each key role. (Only if you want to produce clones – far better to have a relatively large pool of people, to allow for changes that are likely to occur in the job role)

Recognising and acknowledging these myths frees up HR to propose and develop approaches that meet more accurately the realities of the modern employment environment and its rapidly evolving psychological contract. But having created the myth of being in control of succession planning, HR often struggles to convince line managers and business leaders – who want proof that HR knows what it is doing – that radical changes in approach are needed.

In essence, succession planning processes are often characterised by rigid systems that provide a veneer of being in control, but only just conceal the chaos beneath. For example, HR in one company was proud to report regularly to top management that there was an average of 4.5 successors identified for every key role in the company. Then one of the directors asked the unexpected question: “How many of the people on these lists would actually take the role, if it were offered to them?” Some simple research found that the actual succession pool was in fact close to the high risk point. There is an increasingly urgent need for more dynamic, flexible approaches to succession planning, rooted in the realities of a connected society, where mutability and informality are the norm.

Alternative approaches to succession planning

So what’s the solution? How can we create dynamic approaches to succession planning that accommodate the complexity and shifting sands of the employee/ company relationship?

One part of the solution is to question all our assumptions about what talent is and how we assist it in rising to leadership positions. Notice the subtle shift in language here. The role of HR, our researches suggest, is not to control the succession planning process, but to enable it. Instead of charts and competency frameworks, we need to create opportunities and initiate conversations that sustain and enhance the alignment between the constantly fluctuating demands of environment, the company and the individual employee. These changes happen so rapidly that believing you can control them is no more than self-deception. The key question for HR is “how can we support the processes and conversations that will happen anyway, in ways that will benefit all both the company and its employees?”

A major perceptual shift of this kind requires a new language. For many HR professionals, I have found that the concept of critical conversations resonates. From dozens of interviews with HR professionals a picture has emerged of four critical conversations, which play a role in the engagement between company and employee, in the context of career management and succession planning.

Figure 1: Four types of critical conversation

	Internal Dialogue of employee	System Dialogue of employee with immediate stakeholders	Employee/organisational dialogue	Social networking dialogue
Process	Internal dialogue of employee Self-reflection: Connection with personal values Creation of sense of personal direction and momentum Expression of aspirations Identification of roadblocks	Reflective conversations within the work team Reflective conversations within the family	Macro-conversations (with employees generally) Micro-conversations (with employees individually)	Conversations within the profession Conversations with peers in other professions The organisation and the individual have separate conversations with the external world
Support required	Self-development training Coaching/mentoring	Time and space for reflective dialogue	Career forums Formal annual or bi-annual development/career management conversations	Encouragement to make wider, more creative links with the external world

Critical issues	Level of self awareness Level of ambition	Psychological safety	Psychological safety Changing business strategy/ priorities Business agility v employee agility	Organisational boundaries Loyalty Redefinition of employee engagement Linking the organisation's and individual employees' dialogues with the outside world
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Critical conversation one

The first of these conversations takes place internally, within the individual employee. This internal dialogue is about working out what the person wants from his or her working life, how they plan to achieve it, what they value, what they are drawn to and what they want to avoid, what gives them a sense of self-worth and what doesn't, what plays to their strengths and what renders them ineffective and so on. It's not about defining a specific, narrow career path – therein lies disappointment, especially in working environments where the rationale for job roles may change almost overnight. It is more about achieving a sense of self, of clarifying both work purpose and life purpose, and how these can be aligned in terms of a “best practical fit”.

This kind of intimate, self-aware dialogue requires a high level of reflection and introspection, which may be outside the experience or competence of many employees. One of the most valuable resources, in this respect, is the availability of skilled coaches or mentors, who can help the employee to develop career-related self-awareness, by providing a role model and through the use of penetrating questions, such as:

- What is your contract with yourself?
- What is the critical, benchmark question you use to test difficult alternatives in work and career decisions?
- When new job opportunities arise, what values will you apply to assess whether they are right for you at this time?
- Are the career options you envisage likely to open up horizons of opportunity or narrow them?
- Who do you want to become?

A particularly valuable transition, with which coaches and mentors can help, occurs when the employee learns to distinguish between those inner voices that are truly himself or herself, and those that belong to childhood authority figures. Choosing their own values provides employees with a more balanced and emotionally intelligent foundation for their ambitions.

One of the case studies we have gathered concerns engineering company W.S. Atkins, which has teamed up with Henley Business School to offer its senior managers a two-day intensive session aimed at creating career self-awareness that will enhance their personal development planning. The managers subsequently receive coaching support in putting their development plans into action. Such developmental conversations amongst leaders are relatively rare. One of our current research projects, in collaboration with Ashridge, Career Innovations and the Talent Foundation, is exploring the nature and frequency of developmental conversations at the top. Early results suggest that these conversations occur far too infrequently, are too shallow and relate more to performance than potential.

An aspect of the internal conversation that has received relatively little study is ambition. A brief search on Google Scholar leaves the impression that most of the literature on ambition a) sees ambition as a negative trait and b) is concerned with politics. Yet ambition is a necessary element in the make-up of a leader. The most effective leaders are not so much ambitious for themselves as for a cause, a group or simply an idea. A working definition we have created is that ambition is the “concurrency of enthusiasm and will to achieve”. Organisations need to encourage employees to sculpture and shape their ambitions, in a context of self-awareness. Rather than attempt to subordinate individual ambitions to an organisational goal, employers should seek ways in which the organisation can become exciting opportunities for talented individuals to express and pursue their ambitions. In this symbiotic relationship, the organisation seeks less to exploit than to create the conditions, where it can be exploited to mutual benefit. This is simultaneously the epitome of the entrepreneurial society and the antithesis to the rapacious organisation.

People differ widely in the extent, nature and focus of their ambition, with culture and gender playing a significant role in these variations. The typical succession planning scenario sees ambition in a very constrained context (onward and up) and from a top down perspective. Tomorrow’s succession planning will need to encourage people to develop and express their sense of personal ambition according to their own values and rules; and to recognise and value and seek to integrate corporate ambitions with this much richer and more varied menu of ambitions.

Critical conversation two

The second conversation or dialogue takes place between the individual employee and the people around them. These might be their boss, their spouse, their colleagues and so on. Each has a stake in the employee's success and how they achieve their personal goals. And each can be instrumental in helping the employee do so.

While attention in career planning tends to focus on the big changes, such as promotions, or being given new significant responsibilities in the current job role, the micro-changes and micro-opportunities also have a role to play. Small tasks, such as deputising for a colleague at a meeting, or observing the team leader working with more senior managers, have a massive cumulative effect in making people promotable. In a study of career pathing I carried out in the early 1990s, one of the observations was that people's progress into the next level of the hierarchy was often very gradual. In general, they had absorbed and demonstrated competence in most of the additional skills needed for the next job role, before a position at that level was offered to them.

The implications of this in terms of succession planning is that there should be clarity within the work team and between the team and its leader about the ambitions and broad career direction for each employee. Rather than annual or six monthly performance and career discussions, there should be continuous dialogue around core questions such as:

- What will take this team closer to where it wants to go?
- What will take each employee closer to where he or she wants to go?
- What can we do together to ensure an appropriate mixture of routine tasks and stretch tasks?
- What learning can each team member assist colleagues with?
- What opportunities can we identify that will assist any (or all) of us to build career-relevant experience and expertise?

A pragmatic process that can support this is the Team Development Contract. Everyone in the team, including the leader, shares his or her career ambitions. Regular team conversations – perhaps once every two months – examine the detail of the learning and experience each team member needs to acquire, to progress towards their career and personal development goals; and what opportunities might arise in the foreseeable work tasks to support them.

Critical conversation three

The third set of conversations occurs between the wider organisation and the employees. Employees in the “talent pool”, however that is defined, particularly at middle and senior management levels, tend to be regarded as belonging to the organisation rather than to a department or division. Regular conversations with “godfathers” (more senior managers, out of the reporting line, who take a long term responsibility for steering the careers of a group of more junior managers²) are a pragmatic way of ensuring that the talent pool members have the opportunities they require to move around and build track record. A downside is that when godfathers leave, they are excellent recruitment officers for their new employer. An alternative approach is to build the quality of conversation with the talent pool collectively. For example, the company can expose them to thinking about the psychological contract and how the organisation can capitalise on the talent within it.

Like societies in general, organisations are influenced by “memes”. (A meme can be described as “an idea with attitude” – a concept or theme that spreads and stimulates change without necessarily being promoted deliberately.) Memes may originate within or outside the boundaries of the organisation. They affect how the organisation allocates resources, what skills and experience it values in the moment and what leaders perceive to belong to the past, present and future. These powerful ideas only gradually become apparent, even to the leaders. To most people in organisations, including the talent pool, emergent memes are fleeting shadows until someone in authority captures and formalises them. By that time, career-critical decisions are likely already to have been made and the meme may already be at or past its peak of influence.

An alternative approach is to engage the entire talent pool in searching for and identifying memes and making them relevant, at both an individual and organisational level. Leaders and followers – particularly if they are from different generations – will see emergent ideas from different perspectives, so conversations between leaders and the talent pool that simply share ideas and explore their potential career developmental implications have the potential to make the organisation and its people far more agile in their response to change. Forums for these conversations may include online communities of interest, “ideas fairs” or regular “what if” breakfasts. The key is that they open up new thinking about opportunities (and traps) for both employees and the organisation.

But why stop at the talent pool? If the organisation and its needs for talent are constantly evolving, doesn't it make sense to engage emergent talent in these conversations as well? Emergent talent is the reservoir of able people in the organisation, who have either not declared their ambition, or who have not yet been recognised as worthy of being in the talent pool.

² Godfathers are different from mentors in that they are tasked with taking action to free up members of the talent pool held back by line managers, who don't want to lose a valuable resource from their teams. They are much more akin to sponsors, although they may also be expected to operate impartially and their primary responsibility is towards finding the best solutions for the business, rather than for the employee.

The diagram below suggests two places where such talent may be hidden – people who have high but narrow performance and people who perform less well but have greater breadth. Either may be motivated to become a “star”, with the right opportunities, support and encouragement.

Given that the greatest impediment to an employees’ performance and motivation may be their line manager, this third level of conversation becomes massively important in sustaining and expanding the talent pool – especially in the context of diversity.

Diagram 1: Breadth versus quality of performance

Broad competence	Unfocused Player	Star Player
Narrow competence	Also Ran	Overly focused Player
	Low Performance	High Performance

This reasoning suggests a very different perspective on how the talent pool might be defined and supported. Agile organisations have much in common with self-organising systems (think ant colonies, the internet, the amazing ability to change direction at the same time exhibited by flocks of birds in flight or schools of fish). Rather than expend vast amounts of energy trying to identify who the most talented individuals or “high potentials” are, often with questionable results, organisations might do better to create the conditions and support structures where talent can emerge – in the quirky, often surprising and unpredictable way that seems to be so much more effective than systems based on rigid frameworks or rules. If everyone has roughly equal opportunity to access support and build track record (defined as experience, expertise and reputation), then what counts is what they do with the opportunity. One way of establishing the talent pool is therefore to distinguish between those employees, who seize and shape opportunities and are instrumental in the creation of career and succession planning strategy (who engage with the dialogue and act upon it); and all those other employees, who are simply beneficiaries of the first group’s initiative. What happens currently, in most organisations, is that high potentials are identified through a variety of more or less arbitrary methods, then exposed to a higher level of opportunity than other employees. This not only creates a self-fulfilling prophecy in terms of track-record-based succession planning, but raises an additional barrier for emergent potential. Anecdotal evidence suggests that much emergent potential responds to being left out of the talent pool by using the very initiative and competence they are not perceived to possess – in finding jobs elsewhere, where their talent will be appreciated!

Simple changes by an organisation can have a remarkable impact in engaging the “non-hypos” in the career and self-development dialogue. A financial services organisation, now absorbed into one of the mega-corporations to the extent that its identity and individuality is entirely lost, encouraged every employee to talk about their dreams. Through workshops and structured conversations, employees articulated a wealth of ambitions in both their work and private lives that the company was unaware of. Everyone received a “dream catcher” at the end of the workshop, to remind them of their dream and to question themselves from time to time “Is this helping me fulfill my dream?” The idea that the company genuinely wanted to help them achieve these ambitions was an eye-opener to many employees. Helping them establish “what’s stopping you?” and giving them permission to build their ambitions into their personal development plans freed up employees to reveal and exploit latent talent.

Other practical approaches include building communities of practice – networks specifically aimed at building individual and organisational competence in areas where the business’ and employees’ interests align, or can be imagined to align. (Once a strong fan of the dogma “Make the business case”, it has become increasingly obvious to me that, in some circumstances, seeking a clear business outcome tends to weed out radical ideas and block the progress of beneficial memes. When we lose the capacity to support and explore what is merely interesting, we limit our capacity to respond to environmental change in a timely manner.) Letting these communities and the people within them follow their instincts and interests, on the basis that ideas of commercial and career interest will emerge and converge, creates environments where resourceful employees will find ways to exploit them to corporate advantage. Communities of interest can also be valuable resources for career mobility by providing the seeds of new projects and initiatives. . A key role for HR is to facilitate the creation of such learning communities, and to equip people with the skills to use them. Indeed, it can be argued that a core competence for all leaders and talent pool members in organisations of the future is to lead in these virtual communities as well as in their own relatively narrow areas of responsibility.

When the talent pool is large enough, decisions on succession can be taken at short notice and in response to the questions:

- Which of the people we have available (current employee or part of the wider potential employee network) could bring fresh thinking and currently needed skills to this role?
- Which of the people we employ currently would be able at the same time to learn substantially in this role?

Critical conversation four

The fourth area of conversation happens at two levels – between the organisation and the outside world and between the individual employees and the outside world. Organisations talk to each other, to professional bodies, and government agencies exploring macro-issues of technology, labour markets, globalisation, competition and so on. What seeps through to conversations with employees is typically filtered, anodyne and of little practical use in career management, other than as a very broad backcloth.

Individuals talk to peers in their profession, to social networks and to other employers. Again, what gets shared with their employer is heavily filtered.

Some years ago I asked UK and European HR directors what proportion of their employees, who left, actively looked internally for their next job. Most had no idea, but the handful of companies that did some rough and ready investigation produced estimates ranging from one in three to one in seven. The exceptions were companies, which had enabled employees to register an interest in jobs outside their department, without the knowledge and approval of their current line manager and which actively encouraged moving around within the organisation. In the 15 or so years since, the opportunities for people to look externally for their next job have increased greatly. Employer organisations, in general, have failed to keep up. Knowledge workers, in particular, may belong to a wide range of networks – communities outside the organisational boundaries – that open up direct and indirect links with many potential employers.

Bringing these two conversations together can be highly beneficial for both organisations and employees. For example, Cancer Research has found great value in expanding its concept of employee from people currently on the payroll or under contract to anyone in the oncological profession, including alumni (people who used to be employed there) and potential employees of the future. Whenever existing staff travel, they are encouraged to meet and engage with this wider circle of colleagues. This builds Cancer Research's brand as an employer and encourages potential employees with good ideas to bring them to Cancer Research, if their current employer is not interested.

Contrast this with what happens in so many other organisations. The employee, who quits – especially to join a competitor – is cast as a traitor both to the organisation and to his or her colleagues. HR's role becomes one of damage limitation. A less paranoid reaction may be to regard defections as a mutual opportunity. If employees learn new skills and gain different or wider experience elsewhere, they are potential future valuable re-hires and it makes sense to keep in touch with them. (A cynic might also say that companies should encourage their least effective employees to seek jobs with the competition. If the company's evaluation of them was accurate, that is a source of competitive advantage; and if they really were talented, and the new employer can bring that talent to the surface, then they are also a potential re-hire.)

Some ideas for bringing these two conversations closer together include:

- Virtual symposia on careers in an industry or profession. By making these open access, the company can educate its own employees, identify potential talent elsewhere and adapt people strategies to take advantage of the wider employee resource
- Second Life and similar virtual environments. Encouraging current employees and outsiders to come together in virtual project teams, where they can combine expertise to create and exploit new ideas and products
- Employee “loans”. The concept of loaning employees to other companies appears to have originated in the automobile industry. Equipment providers (e.g. paint sprayers) would provide technicians on permanent loan to auto factories. Japanese companies, during sales downturns in the 1970s, loaned staff to suppliers. Some organisations have loaned employees to charities – on a full or part-time basis – as part of their corporate social responsibility agenda. However, a more overt link with talent development would identify critical skills and experience a hypo needs and search for the best place – inside or outside the organisation – for them to acquire these

Open dialogue, which crosses the boundaries between the organisation and the outside world, has its risks, of course. But it also has tremendous advantages – not least that it increases organisational agility. And it reflects the reality of career related conversations in a wired world.

A strategy for career and succession planning conversations

Whatever approach a company takes to succession planning or an individual takes towards their career planning, it becomes in the end, an exercise in balancing risk and opportunity. For organisations, the more they emphasise the risk management perspective, the more they attempt to control and the less honest and meaningful the conversations that take place, at all four levels. For individuals, the more risk averse they are in career choices, the narrower the range of opportunities that open up for them. In the medium to long term, the greatest risk lies in the failure to have sufficient conversations about career and succession planning issues. The greatest opportunity may lie in linking these conversations into a coherent strategy, which enables companies and their employees to coordinate the evolution of their thinking and planning about career management.