

Boomers and Succession Planning

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The demand for leadership talent is beginning to greatly exceed supply. If economic growth continues at a modest 2 percent for the next 15 years, there would be a need for one-third more senior leaders than there are today. Who will replace your retiring executives, and how will you keep your company's leadership pipeline full?

In response to these challenges, organizations have a renewed interest in succession planning systems. While these systems functioned merely as replacement charts in the past, and were HR executives' function, there are two critical differences today, emphasizing:

1. Leadership development at all levels (not just senior executives)
2. Responsibility and involvement for leadership development within the work group, with the person's manager and team members (and no longer an HR function)

Most development models fail to consider leadership requirements at all levels. As a person is promoted from line manager to business manager to functional manager, skills and requirements change.

"There's an underwhelming level of investment in developing great leaders," proclaims Marc Effron of Hewitt. Senior executives, he charges, are "more concerned with building a legacy based on their own actions versus a pipeline of leaders."

Companies mistakenly focus on leadership traits, styles and technical competence. They commit a major error when promoting successful individuals without acknowledging required skill set differences at different levels of leadership responsibilities.

Building leaders is an intentional activity, and the responsibility of every leader. It is the result of a long-term, day in and day out, cumulative process.

The Leadership Pipeline

Hiring gifted people makes sense as a tactic, but not a strategy. Companies need to build leaders, not buy them. Research and experience demonstrate that potential is not fixed.

The more people achieve, the more they learn. Their willingness to tackle new challenges increases. To capitalize on potential, companies must define the true work requirements at each key leadership level. Succession planning systems must spell out what's needed to make a successful transition from one layer of leadership responsibility to the next.

The following five-step plan is the foundation for succession planning:

1. Tailor a leadership pipeline model to fit your organization's succession needs.
2. Clarify standards for performance and potential, in your own language.
3. Document and communicate these standards throughout the organization.
4. Evaluate succession candidates through a combined potential-performance matrix.
5. Review plans and progress of the entire pipeline frequently and seriously.

For additional information the best resource available is, "The Leadership Pipeline: How to Build the Leadership Powered Company" by Ram Charan, Stephen Drotter, and James Noel.