

Top 7 Reasons Why Succession Planning Fails

By Jim Moore

Most Fortune 500 companies have succession planning processes that have been in place for a number of years. Most Fortune 500 companies report concern over the lack of bench strength in their companies. They are very worried that they lack sufficient “ready now” candidates to replace planned & unplanned losses of key leaders. As a result, the future continuity and performance of the business is at risk. The issue has been particularly noted with the recent debacle of a number of CEO successions.

Succession planning as a process has been around for many years yet we find almost universal dissatisfaction with the results being produced. What are the causes of the failure of one of the most critical business processes? We list 7 common problems we have found in our client work.

1) Emphasis on quantity of reviews over quality of reviews

Bookshelves full of massive binders of individual assessments & development plans are not good predictors of an effective succession planning process. For a company to be successful with succession planning, the efforts must be focused on the few who are most likely to benefit from the extra attention on their development. All employees cannot be (and should not be) developed to be a senior executive. Companies do not have the time, resources, or job assignment opportunities to develop everyone. Succession planning processes which review all leaders in an organization waste the valuable time that could be spent on more effective dialog around the highest potential leaders. Socialism has no place in succession planning. Tough choices must be made and attention & resources focused on those who are most likely to benefit. We advocate that the succession planning process should include no more than 20% of the leaders at any one level. We also support including in the review the 5% of leaders who should be moved out of the organization to make room for new leaders to be developed. On-line tools can significantly improve the process by reducing the data collection effort & producing useful reports & roll-ups; however, the danger is that some companies take advantage of the web based tools to add extra data requirements, causing participants to drown in a sea of meaningless data and lose sight of the goals.

2) Lack of clear, understandable criteria to be assessed

The lack of any explicit criteria for assessment or the lack of a common language for talking about leadership capabilities inhibits the quality of the discussion and promotes selection of individuals with justifications such as, “I like her” or “He is a good guy.” Failure to develop specific criteria does not encourage the selection of the most capable leaders and promotes a culture of politics over merit.

3) Too complex criteria to be assessed

On the other extreme from problem 2) above are numerous, complex criteria created by over-zealous HR staffs who are disconnected from the practical reality of the business leaders who actually complete the assessments. Some believe that a search for even more “scientific” & detailed criteria will lead to better decisions on candidates. The search for the perfect criteria is an exercise in futility. I have seen assessment forms designed by “experts” that cause the eyes of the line manager performing the assessment to glaze over. Most assessments are done by line managers who are not trained in observing behavior. We favor simple & clear concepts to describe “potential,” “readiness,” and development needs. Usually, adding more science or more sophistication to the succession planning process does not improve its effectiveness.

4) Inaccurate assessments

Most initial assessments are prepared by the hi-po’s boss. As noted in problem 3) above, the boss is rarely skilled in the science of observing behavior. It is best to challenge this initial assessment with other perspectives. More “eyes” observing the individual lead to more accurate assessments. Best practices we have seen to deal with this issue include the following:

- a) A group calibration review of the hi-po candidates
This meeting, chaired by the most senior level leader is useful to get multiple perspectives on a candidate, to allow comparisons of the standards, to increase awareness of the hi-pos & their development needs, and to use peer pressure to improve the quality of the dialog about leadership.
- b) Interviews of the hi-po’s constituents by trained professionals

5) Poor quality development plans

The quality of development plans seems to be a universal problem. Many plans we have reviewed are not specific or measurable and in some cases not actionable. They are often disconnected from the development need that has been identified for the individual. In spite of efforts to standardize these plans with templates, the assessing managers seem to lack the motivation and/or skill to prepare a high quality plan. One solution is to provide support in the form of a coach or HR professional to work with the manager in the preparation of a plan. Much attention has been focused on providing a coach to the hi-po. We believe the hi-po’s manager could benefit from a coach’s help.

6) Lack of goals & metrics for leadership development

This is important for several reasons. First, executives pay attention to what gets measured & rewarded. If leadership development is not a sufficient priority for the company to establish goals and track progress against these goals, it will be difficult to make any succession planning process work. Second, the act of engaging with the senior executives to establish these goals will build support for succession planning and ownership for leadership development. Third, these results will help guide future efforts and mid-course corrections. Some companies tell us that they would like to establish metrics but lack the HRIS reporting capability required. We have found that since the number of people & movement at the top are relatively small numbers, much can be accomplished with manual tracking. The metrics should be designed to measure what is important to the senior executives – for example, what % of the Vice President openings should be filled with an internal promotion vs. an external hire; what % of promotions should come from the hi-po pool; what % of the hi-pos should get a new job assignment; etc. It does not require massive investments in information systems to produce these metrics at the most senior levels of a company.

7) Failure to provide developmental assignments

This is the big issue. If this were happening, the problems identified above wouldn't matter. It is intuitively obvious that job assignments are the most powerful development engine. It has also been demonstrated in research by McCall & others. Everybody "gets it" but very few companies do this well. Why not? Our experience has shown 5 common reasons:

- a) The staffing/selection process is disconnected from the leadership development process.
- b) The CEO is unwilling to intervene to force selection actions for hi-pos and/or the HR organization is not strong enough to influence selection decisions
- c) The organization is unwilling to take a risk by allowing someone to fail on a job for which she/he is unfamiliar (but from which he/she could learn a valuable lesson.)
- d) There is no accountability for executing development plans
- e) The succession planning process has not clearly identified the types of experiences that are most important for leadership development and the job assignments that provide those experiences. In addition, the process may not track those experiences that a leader has had.

To prevent these issues, a company does not need to hire a cadre of expensive consultants (although I would welcome your call.) The key is a simple & practical approach with a focus on execution and a willingness to take risks on high potential leaders.

Author's Note: Jim Moore is a consultant with the Alexcel Group, where he helps clients build leadership development strategies and programs. His expertise includes the design of succession planning systems, leadership models, and customized executive education programs that help companies achieve their strategic objectives. Jim served as Director of Workforce Planning and Development at Sun Microsystems, Inc. where he was responsible for Executive Development, which included succession planning, executive selection and executive development, and for SunU, Sun's corporate university. He developed and executed education programs range from software engineering design to sales training to management and leadership development and targeted Sun's 40,000 employees worldwide. Contact Jim at JMoore@AlexcelGroup.com.

