

Sustainable Succession Planning

THOUGHT PAPER

Written by **Mainak Maheshwari**



[istock.com/FangXiaNuo](https://www.istock.com/FangXiaNuo)

The Story of the Ed-tech Company

The tenure of the CFO of a start-up we consult for was due to get over after three years with his contract renewal in February 2021. Given his stellar performance so far and assuming a three-year leeway to work with, the founders had plans for the finance second-in-command to seamlessly fill in the position when the time arrived – at least 3 years later. Everything looked well planned and on track for the next round of funding.

It was the perfect plan...till the CFO resigned.

The client asked us to not only help find a new CFO, but to also help them avoid such disasters going forward.

Impact of Improper Planning

There is [research](#) to show that even though 86% leaders believe that succession planning is an "urgent" priority, only 14% believe they do it well. The lack of proper succession planning could have domino-like effects:

- creating gaps along the succession line
- hampering growth, and the momentum of the company
- fall in employee morale and rise in attrition due to ensuing confusion

The longer the time it takes to fill the gap, the greater would be the damage.

Working Towards a Sustainable Plan

While the reasons for not having a proper plan may be varied the attitude that an external candidate can always be hired in case of a crisis is a leading cause. However, factors like time required for a new candidate to join and come up to speed with company issues, and "cultural fit"; acceptance into the social thread at work, are key considerations that are often overlooked with the potential to overthrow all the time and money invested.

The case of our client makes it clear that for long-term survival, having a succession plan alone is not buffer enough, it needs to be sustainable too. Here are a few pre-requisites for that:

a. Have a Plan for 'The Plan'

The goal of succession planning is not to be caught off-guard by unplanned departures and to have

employees prepared to move into leadership positions before they are needed to. For this, it needs to be proactive with a comprehensive employee development system that should begin years (not just months) in advance. To plan ahead you need to:

- Conduct a **risk assessment study to identify linchpin positions**; roles without which you would fail to meet business objectives.
- **Profile key competencies** for an idea about the educational, behavioral, and technical capabilities required for linchpin positions.
- Have an actionable plan **with clear milestones and timelines** for effective results. This can help ensure that there is sufficient and timely upward and sideways movement in the company.
- **Layout a well-defined career path for all employees** to give them a clear picture of their future in the organization from the onset. This will keep employees motivated and eager to learn new skills as well as take up new challenges head on to emerge as potential successors.

Successful succession stories like that of [IBM](#) and [Apple](#) are not results of plans made over a month or two, but strategies that were laid out and honed years in advance.

b. Top-level Involvement

For it to be successful on more than paper, **a sustainable succession plan needs involvement and commitment from the top management.** By showing their support and active participation in the process, top managers set the course of action for the rest of the organization. In addition to being clearly defined, all the stakeholders involved in the succession plan need to follow it and not make decisions on the fly about promotions and placements.

c. Merge Succession Planning and Leadership Development

There is no dearth of cases of leaders stepping down from key positions, only to rejoin as the succession plan fails. Is it that the shoes of the departed too big to fill or the succession plan too narrow, failing to take into account the skill gaps which can derail even the most promising successor? In most organizations, succession planning and leadership development reside in separate functional silos resulting in executives being accomplished in one or the other area of management while lacking competencies in other skills like public relations or mergers & acquisitions.

By merging the two with activities like asking the potential leaders to focus on business skills and behaviors, outside their area of immediate responsibility and expertise, companies can develop a sustainable succession plan which is more than just a mechanical process of updating a list. For instance, business head of one unit could serve as the head of another region to gain a cross-functional perspective. Such targeted development activities over the years would provide quick exposure and ensure succession readiness.

future needs. Attention to softer aspects like shared vision and cultural fitment at the hiring stage will ensure that the right people move up the company ladder seamlessly (with minimum resistance and years of organizational familiarity to back them) as they mature within the company.

Succession Planning in Start-ups: Opportunities and Challenges

> Opportunities

> Challenges

Personalized and targeted employee development plans	Greater resistance from current individuals at executive positions to potential successors
Greater likelihood of an integrated process that reaches across all levels	Greater hindrance to acceptance by existing team members
Greater possibility to leverage succession planning at recruitment level for a multiplier effect	Fewer resources and staff to dedicate to succession planning and management

d. Facilitate Internal Transitions

By ensuring a positive internal transition a company can dramatically increase the possibility of a successful future. **Mentoring and coaching received through regular dialogues with senior leaders** can aid internal candidates in expanding their vision and gain a strategic perspective, preparing them for the next level. As they shadow them, a basic level of respect and trust can be forged between outgoing and incoming executives, preparing both the parties for future eventuality.

As potential successors **gain visibility and prove their mettle through the course of various experiential opportunities and projects**, it would create acceptance in other stakeholders as well, bringing them on board and making future transition effortless.

e. Recruit to Retain

The failure of a succession plan can be prevented by early attention to hard and soft skills at the hiring stage itself. For this, **a sustainable succession strategy needs to be deeply integrated with hiring.**

When looking to hire fresh talent, invest in hires with basic skills, and competencies earmarked for a role. Moreover, they should have proved they prowess in the past and exhibit the attitude to meet the organization's

f. Future-focused Planning

A myopic view during succession planning makes organizations focus on the experience and competencies required by their organization in the present. Senior leaders look to mirror their own capabilities and mindsets when sourcing talent or looking for a successor.

However, **in an ever-evolving business landscape, leadership skills needed to take a business further could be very different from the ones which got it here.** This means the criteria of what makes an executive 'future ready' should be defined in view of an organization's future strategy and requirements rather than being reflective of the current talent which got it so far. Asking questions like *"What is the change expected in functional activities?"* or *"How is the customer base or product mix slated to change?"* can help you identify people who can carry out these functions.

An absence of other viable candidates to replace the CFO at our client could have derailed the carefully laid succession plans. To avoid such scenarios, a sustainable succession plan should consist of an **integrated succession management initiative that has identified and developed a deep and enduring bench of leaders across managerial levels** (not just a list of top-level candidates)-to step up and fill in the

key position when required; not overly embedded on the probability of a single champion shining through.

g. Subjectivity over Politics

Organisations spend a significant amount of monies and time on obtaining data about potential successors only to have factors like opinion and likeability push objective assessment out of the window. By adopting an approach fraught with bias, leaders risk overlooking other high performing candidates capable of infusing fresh energy into the organization.

A logical and scientific succession plan assesses the experience and competency of an individual and takes into account their leadership traits and capacities. To shrink the possibility of unpleasant surprises, a sustainable plan stays clear of assumptions about a person's inclination to take up a role. **They are based on deep discussions about a person's readiness and aspirations.**

The Best Plans are an On-going Journey and Not One-time Pit Stops

Sustainable succession plans are not episodic events conducted once a year or as and when the need arises. They do not even cease once a succession plan is executed. The best succession plans continually measure, update, and adjust their tactics to meet changing business context. Sustainable plans are not rooted in a "replacement" mind-set but take a long-term view to ensure that there is a continuous movement of the right people at the right time into the right jobs. Companies that invest in this kind of groundwork early on can remain well ahead of their competition.

About the Author



Mainak brings over 24 years of experience spanning business and HR roles across geographies. This has given him a unique understanding of the link between HR and business strategy. He also holds a patent for HR capability development.

Mainak's experience includes human capital strategy, culture, talent development (performance, leadership development, career pathing, competency, learning, engagement, diversity) and talent acquisition (including on-boarding and background check). He has also implemented HRIS platform and HR metrics to improve performance.

Recently he has been helping start-ups set up efficient and effective HR teams and processes. In addition, Mainak is a recognized Executive Coach and Leadership Development expert.

Mainak's previous work experience includes stints/projects with Accenture (Consulting and HR), Hewitt Associates, AbsolutData, Heidrick & Struggles, Evalueserve, Sterlite Technologies and Upstox.

Mainak holds a MBA from the Indian Institute of Management, Calcutta, and is a certified executive coach.

About PeopleAsset

PeopleAsset is a boutique Executive Search & Talent Advisory Firm geared to deliver high quality results. We help our clients dramatically improve performance through focus on leadership & talent.

Visit us at www.peopleasset.in for more information or write to us at info@peopleasset.in.

Mainak Maheshwari is the Director for Talent Advisory services at PeopleAsset.

Copyright © 2020 PeopleAsset, ExecHunt (India) Private Limited