

# The Secrets of Succession

BY KENNETH M. NOWACK

Most organizations have a system for developing and advancing employees, typically using one of three traditional approaches: replacement planning, succession planning, and succession development. But organizations undergoing change may need a more innovative system—one that combines aspects of the three traditional approaches.

To stay competitive, restructured organizations must have competent, well-trained employees who are prepared to step into new roles: to work effectively in various start-up operations, manage new businesses, restructure departments, sell off or revitalize business units, cross over to frontline positions, or manage growing product lines.

Suppose that you've been asked to create a succession system to complement the new structure in your organization. The system must be easy to use and administer, and it must be implemented from the top down through all managerial levels. What do you do?

You can begin by reviewing the

traditional approaches. They have different purposes, are based on different assumptions, and use different methods. Your goal is to create an integrated system that focuses on management development.

## **Traditional approaches**

First, examine the traditional approaches to succession systems to decide which elements you want to incorporate into the new system.

**Replacement Planning.** This approach features replacement tables—periodically updated lists of viable candidates for the targeted positions.

Replacement tables focus on specific job positions rather than on job profiles or job analyses that identify the critical competencies for effective performance. Most replacement-table approaches to succession let job incumbents identify their potential replacements. The tables don't include subjective assessments completed by the candidate's supervisor and peers on such areas as his or her readiness (the time required before a candidate could perform effectively in a job position), performance

*Here is a seven-step plan  
for developing the  
high-potential  
replacement candidates  
for managerial positions  
in your organization.*

(current strengths and weaknesses), and potential (highest achievable performance level).

Typically, replacement-table succession planning doesn't emphasize personal career development or team development. The tables are written on paper rather than entered into a software data base. Most replacement-table systems require job

incumbents to fill out yearly worksheets that are summarized and used in subsequent discussions at succession meetings. The tables typically include brief work histories of the replacement candidates and their most recent performance evaluations.

Replacement-table succession systems are confidential. Most replacement candidates never hear about

the succession system or their inclusion in the tables. Only top-level managers have access to the tables. Replacement-table planning is designed to remain separate from other HRD systems such as performance appraisal and management development.

**Succession Planning.** Another traditional approach to advancing employees is called succession planning, which includes assessment and career development.

The most sophisticated succession-planning systems incorporate job profiles that identify the critical competencies for effective performance in specific jobs. Succession-planning systems use subjective ratings conducted by the candidate's supervisor and peers to assess his or her readiness, performance, and potential.

Succession-planning systems focus on the career-development needs of high-potential replacement candidates for managerial jobs. Such systems tend to be administered through the use of software, though once a year job incumbents still fill out worksheets to be used in subsequent discussions at succession meetings.

Succession-planning systems identify high-potential candidates who are told about the planning process and may be offered mentoring programs or the opportunities to participate in ongoing discussions regarding their own development. And succession-planning systems are linked with other HRD systems.

**Succession Development.** Succession development is the most comprehensive of the three approaches. It is firmly based on specific critical competencies for effective job performance. It is linked to other HRD systems to ensure that high-potential replacement candidates implement personal development plans that focus on key skills tied to business objectives.

Succession development is based on systematic and comprehensive job profiles that identify the required competencies for targeted positions.

To assess the development needs of replacement or high-potential candidates, succession-development systems use both objective and subjective

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tive approaches, such as 360-degree feedback instruments, psychological assessments, supervisory and peer evaluations, and assessment centers. Those processes evaluate the knowledge, skills, and attitudes of people to support their career development. Built-in mechanisms help replacement candidates implement, track, and evaluate their personal development plans. Software can help administer these systems.

Senior managers and replacement candidates must agree on development plans before they implement them. Senior-level managers review the assessment information on replacement candidates and discuss it at succession meetings. Managers also monitor development plans to ensure that candidates comply with and complete their plans successfully.

In succession development, replacement candidates are kept informed and encouraged to participate in ongoing development discussions. The most sophisticated systems use assessment centers or

REPLACEMENT  
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psychological assessments and are integrated with other HRD systems.

**Seven steps to succession**

Here is a seven-step plan to design and implement a succession system that emphasizes management development and is linked with other HRD systems. It combines different features of the three more traditional approaches.

**Step 1: Job Profile/Job Analysis.** The first step is to identify the required competencies for effective performance in the targeted job positions.

First, review the company's strategic, operational, and business plans to understand the organization's vision, its intended direction, its opportunities and competitive challenges, and the current and projected business climates.

Next, conduct structured interviews with senior-level managers to identify the current required competencies for their jobs, the projected job competencies for the organization's competitive success in the future, and the reasons managers may have derailed from their career tracks in the past. The resulting list of critical or strategic managerial competencies can help sell the importance of managing employees—human assets—as a way to stay competitive.

Focus groups of midlevel managers and supervisors can help identify the critical skills and knowledge

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## A Sample Succession-Development Worksheet

Here is an example of a succession-development worksheet based on identified strategic competencies for managerial-level positions. Job incumbents should complete the worksheet, nominate their potential replacements, and rate the replacements' proficiency or readiness.

Position: \_\_\_\_\_

Candidate's Name: \_\_\_\_\_

Ethnicity: \_\_\_\_\_

Gender:  M  F

### RATING SCALE FOR "DEGREE OF COMPETENCE"

1 Skill is not developed.

2 Level of skill indicates a need for development.

3 Level of skill indicates a fully capable performance.

4 Level of skill indicates a higher-than-expected level of performance.

5 Level of skill indicates outstanding performance, far above expectations.

REQUIRED STRATEGIC COMPETENCIES	Importance to Position			Degree of Competence				
	Low	Med	High	1	2	3	4	5
<b>Technical Competencies</b>								
industry knowledge								
cross-functional versatility								
<b>Managerial Competencies</b>								
human resource management								
quality and performance management								
finance and resource management								
stakeholder and community management								
<b>Interpersonal Competencies</b>								
empowerment								
leadership								
development of high-performance teams								
influence and negotiation								
development of strategic relationships								
<b>DEVELOPMENTAL NEEDS</b>								

necessary for competitive performance in their jobs.

Then, conduct competency studies using interviews and questionnaires to help identify the critical success factors of high performers in specific job areas or at certain levels. The studies should compare high-performing employees with average or marginally performing employees, based on subjective ratings by supervisors and peers or on such objective criteria as sales figures.

**Step 2: Managerial Competencies.** Step 2 involves defining the strategic competencies identified in step 1 in order to facilitate assessment and evaluation.

You can define the strategic competencies through small focus groups or by asking senior-level managers to provide "behavioral anchors"—definitions and examples of the identified competencies.

Next, you should divide the strategic competencies into functions that are easy to understand and use for development. For example, technical competencies for managers might include the functions "industry knowledge" and "cross-functional versatility." Interpersonal competen-

cies might include such functions as "leadership" and "negotiation."

**Step 3: Assessment Approaches.** Once the strategic competencies are defined, appropriate assessment methods can measure whether high-potential candidates within the organization have such competencies. The assessment methods should give candidates a lot of feedback that they can use in their own development plans.

One assessment approach involves having supervisors and peers rate the candidates on their proficiency in each strategic competency and determine how important each competency is. The ratings help pinpoint competency areas that high-potential candidates need to develop. The competency ratings should use the senior-level managers' behavior anchors or Likert-type scales that measure opinion by presenting statements and asking people to respond in a range from "strongly agree" to "strongly disagree."

Training on competency ratings can increase raters' accuracy and consistency in identifying high-potential candidates.

Multirater feedback instruments also can help identify strategic competencies. The instruments—either

developed in-house or purchased—gather information from supervisors, peers, and subordinates to provide feedback from different perspectives. The instruments also compare self-assessments with other ratings and produce computerized feedback reports that are easily incorporated into development plans. Such feedback instruments can provide opportunities to evaluate the organization's pool of high-potential candidates as a whole, to identify group strengths and weaknesses.

Assessment-center ratings also help evaluate high-potential candidates regarding strategic competencies. The centers are designed to measure critical individual, interpersonal, and team skills. The centers may include such exercises as business simulations and role plays—as well as such paper-and-pencil tools as cognitive-ability tests, personality inventories, and career instruments. Assessment-center participants receive feedback that includes verbal and written information on their strengths and weaknesses.

**Step 4: Administration.** Once you have selected your assessment method, you should design a succession-development administration

## Succession-Development Administration

Here are some questions that highlight the key elements in the effective administration of a succession-development system.

### Organizational Requirements

- ▶ What is driving the need for succession development?
- ▶ Who will identify the critical replacement positions?
- ▶ How many critical replacement positions will be included in the succession plan?
- ▶ How comprehensive are the job profiles of the critical replacement positions?

### Identification and Assessment

- ▶ Who identifies the replacement candidates?
- ▶ How sophisticated are the assessments of each candidate's readiness?
- ▶ How involved are candidates in the process?

### Replacement Tables

- ▶ How much information is included in the tables?
- ▶ Who is involved in developing and reviewing the tables?
- ▶ What time period is covered by the tables?
- ▶ Do the tables indicate candidates' projected career paths?

### Succession Analysis

- ▶ Who and what are included in the analysis of each candidate's strengths and weaknesses?

### Development

- ▶ Are candidates' development plans based on replacement tables?
- ▶ Who is involved in writing and reviewing candidates' development plans?
- ▶ What type of activities are included in the development plans?
- ▶ What time period is covered by the development plans?

- ▶ How are managers to be held accountable for the development of their staff members?
- ▶ How many critical replacement positions are included in the succession plan?
- ▶ How comprehensive are the job profiles of the critical replacement positions?

### Implementation

- ▶ How often is the succession plan updated?
- ▶ Who is responsible for and how extensive is administration?
- ▶ Who is aware of the succession plan?
- ▶ Are replacement tables used in filling positions?
- ▶ Who is involved in implementing development plans?
- ▶ Who is involved in evaluating the implementation?
- ▶ With what other HRD systems is the succession plan linked?

system that will ensure that the development process takes place. The administration system should include such activities as data-base management and tracking. The box "Succession-Development Administration," on page 53, contains several questions that focus on the key elements of an effective system.

**Step 5: Process and Analysis.** Once the administration system has been designed, it's time to conduct the assessment process with high-potential replacement candidates. The process should result in an analysis of their strengths and of the areas that need development.

Using the results of the assessment process, senior-level managers meet to finalize replacement tables—a feature retained from the more traditional approaches. But in the new system, the managers discuss each high-potential replacement candidate with respect to strategic competencies that have been identified. The competencies provide an objective basis for a fair discussion.

**Step 6: Feedback and Implementation.** The high-potential candidates for future managerial positions should receive feedback that is based on the results of the assessment process.

The feedback should include opportunities for the candidates to prepare development plans that are consistent with their career-path preferences within the organization. Replacement candidates should share their development plans with their managers to determine mutually agreeable on-the-job experiences and external training opportunities that could be helpful.

**Step 7: Monitor and Evaluate.** You should build a tracking mechanism into the succession-development system for evaluating how successfully replacement candidates' development plans are implemented and completed. You can computerize the tracking mechanism and update it annually.

In succession-meeting discussions, senior-level managers should address the progress of the replacement can-

didates' development plans. The candidates' progress can indicate their readiness and can influence their readiness ratings.

It's not enough to fill key supervisory and managerial positions with warm bodies; people must be encouraged and guided to achieve their highest potential. Succession planning means developing employees in strategic job competencies to ensure optimal human performance and competitive organizations. ■

**Kenneth Nowack** is director of *Organizational Performance Dimensions*, 20950-38 Oxnard Street, Woodland Hills, CA 91367. Phone: 818/340-9644

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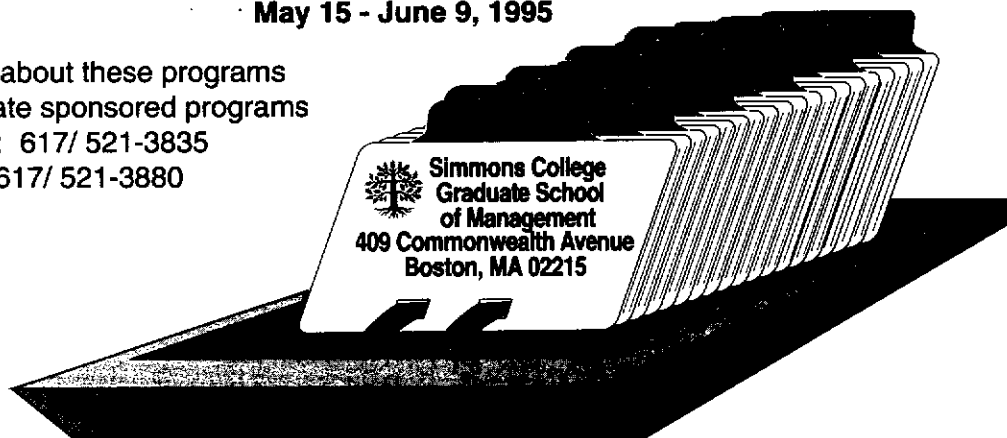


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