

Ensuring Succession Plans Succeed

According to a recent WSJ article written by Willa Plank, a WSJ reporter, while most companies say they understand the importance of succession planning, their actions say otherwise.

Plank cites a couple of studies of senior executive succession planning by Stanford University/Institute of Executive Development and Stanford/Heidrick & Struggles revealing that many organizations lack a formal process for grooming successors for top leadership roles and the average time needed to find a permanent replacement for a CEO is nearly 90 days.

Experts agree that it's risky to let succession planning slide. Not having someone in place to follow a key senior manager can lead to reduced performance and in the case of a public company a drop in shareholder confidence. To get succession planning right, these same experts offer the following tips.

- **Proactively recruit before a vacancy occurs.**
Start the search for a successor the day the new executive starts. Today's volatile and ever-changing markets, rapid technology changes and even burnout can result in the need for a quick change.
- **Align succession planning with compensation.**
Consider developing senior executive bonus plans in part on how well they plan for succession.
- **Focus on the future.**
When performance is good, companies tend to stay with the tried and true and choose successors who have behaviors similar to the incumbent. The best candidate, however, is someone who is focused on future business strategy, not the present or the past.
- **Promote transparency.**
Management transitions can be risky, so reassure all stakeholders that you will minimize any disruptions by sharing details of the succession plan including: roles in the process, outline of the company's career development program and a description of the selection criteria.
- **Consider soft skills.**
Look for candidates with mental agility and empathy – skills that will make them well suited to today's global business environment. Leadership qualities are key as well as the ability to leverage empathy to motivate a wide variety of constituents.