

# Succession Management: The Next Generation of Succession Planning

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**S**uccession planning needs to be modified if it is to remain a relevant means of regenerating a company's leadership. There are several causes of the gap between the promises of traditional succession planning and what is delivered. The most important goal is developing strong leadership teams for strategic tasks. The means of doing this lies in succession management, which offers a more flexible and dynamic approach for developing strong leadership teams.

In a world where Marriott is re-examining the notion of leisure when instantaneous communication and telecommuting can bring the office to the beach and the Marlborough Man is riding the cigarette market to new heights in Eastern Europe, the assumptions that guided succession planning have changed. No longer is succession planning grounded in organizational stability, where straight line projections, static structures, and heirs apparent once prevailed. Whether it's the mega-mergers of Disney and Capital Cities/ABC, the corporate splits of AT&T, Lucent Technologies, and NCR, the consolidation of defense contractors or the pressures of globalized competition, change – the ever-increasing rate of change – characterizes the day.

Witness the parade of CEOs who have been casualties of this dramatic change: Akers at IBM, Antonini at K-Mart, Bondi at Viacom, Fuchs at HBO, Robinson at American Express, Spindler at Apple, and the list goes on and on. And with the new CEO comes new senior managers. At IBM, for example, Gerstner, chosen from outside the company, structured his executive management committee to blend seasoned IBM executives with outsiders. Even where the CEO comes up through the ranks, there is a greater propensity to look outside the company for senior managerial talent. Within AT&T where technology, not telephones, more aptly describes the company, one-half of the executive team were recruited from outside the company. With the discontinuities of the business

environment come the discontinuities in executive succession planning.

Changing societal expectations also contribute to the accelerated changes in the business landscape. The workplace is increasingly diverse, characterized by more women, minorities, ethnicities, and age groups, as well as men and women seeking to balance the demands of family and work. Within the global context, diversity takes on added dimensions. A consequence is that corporations are re-thinking how their leadership development efforts should address these issues.

Corporations have taken various approaches to diversity. For example, Corning has made diversity one of the top three corporate priorities. Philip Morris provide significant line-management opportunities to women and minorities, clearly illustrated by Ann Fudge leading the Maxwell House business. To meet its global demands, Exxon is improving the global representation of people in international management positions and increasing the importance of multi-lingual competence as a criterion for management assignments. Westinghouse revised its training and development process to better meet changing societal expectations. These illustrations underscore corporations taking steps to meet this challenge for reasons of good corporate citizenry and good business. In the drive for higher productivity and greater competitiveness, corporations are restructuring the way they work. Whether they are redesigning, re-engineering, or re-inventing, corporations increasingly rely on teams of people working in flatter organizations with greater authority and accountability. With teams playing a more dominant role in the corporation's organizational life, the utility of succession planning focused on the individual diminishes.

In an effort to understand the directions corporations are moving as they respond to these challenges, the authors participated in, and subsequently elaborated on a study conducted by the National Academy of Public Administration for a consortium of federal agencies. Over 40 Fortune 500 companies, public corporations, international institutions, and universities participated in the initial and follow-up studies. (A complete list is attached.) The initial study focused on identifying the best practices and determining adaptability for the federal government. The subsequent research focused on how corporations are adapting these practicing to meet the challenges of a dynamically changing business environment.



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## Succession Planning: A Good Idea, But...

As corporations simultaneously address the transformations in the business environment, societal expectations, and internal processes, they are rethinking how succession planning should be modified to remain relevant for regenerating a company's leadership. Certainly, succession planning has a great deal of potential. As many articles, books, and presentations attest, succession planning helps companies:

- Assure the continuity of prepared leaders for key executive positions
- Engage the senior management team in a disciplined process of reviewing the corporation's leadership talent
- Put the diversity issue on the corporate agenda
- Guide the development activities of key executives
- Re-examine corporate and business unit structure, processes, and systems
- Align with other HR that support the leadership renewal process (e.g., selection systems, rewards)
- Contribute to the shareholder value

As these benefits attest, succession planning has evolved over the last 30-plus years since its first inception as replacement planning. Increasingly the process has expanded to encompass a broader scope, from organizational reviews to leadership development. Although most organizations still prepare candidate slates, greater emphasis is placed on the organizational context (e.g., ensuring linkages with the business plan, facilitating changes in work systems redesigns, global expansion, introduction of new technology, reduction in organizational layers). The chart outlining Weyerhaeuser's process depicts this contextual approach.

To illustrate the evolution of succession planning two excerpts of GE's process are provided. The first describes the process in 1980 and the second in 1992. The 1980 Harvard Business School Case Study finds:

*The General Electric Company had established a Corporate Executive Manpower Staff in 1967 and charged it with the primary responsibility of ensuring the development and timely availability of broadly experienced, competent and proven*

*general managers for the Company's top positions, including that of CEO . . . A major responsibility of the Executive Manpower Operation was the preparation of candidate slates from which an executive was constrained to choose in making appointments to positions at the Department echelon and above (Rikert, 1980).*

Juxtapose the change in emphasis by the time of the NAPA study:

*At General Electric, succession planning is an on-going process that begins with the promulgation of the Key Business Executive Agenda, a one-page document that identifies the key issues to be addressed by each of the businesses. The CEO is personally involved in setting and disseminating the agenda. It not only underscores his commitment, but ensures that the organizational and staffing issues are integrated with business objectives. Among the topics . . . are: staffing issues, key position back-up, delayering, diversity, globalization, boundaryless organizations, and development of technical talent. (NAPA, 1992).*

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Although many organizations are evolving their succession planning efforts, the process does not always deliver the full potential. This gap can be attributed to one or more of the following issues:

■ **Availability of key people** – Whether executives are reluctant to showcase or release their top talent, or alternately, the same person appears on multiple lists, availability often hinders the process.

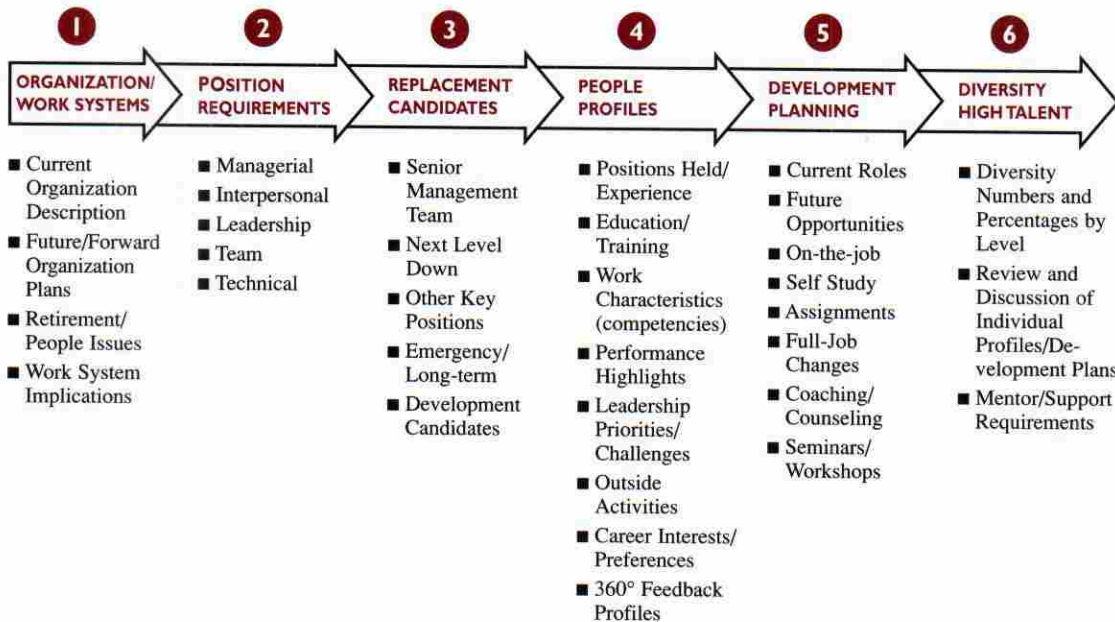
■ **A static focus** – Despite the fluidity of business demands, the focus of succession planning remains projecting which person is best suited for what position 6 – 12 months in advance.

■ **Selecting in one's own image** – Despite a generation of diversity efforts (e.g., affirmative action and equal employment opportunity programs, sections of the succession plans that focus on women and minorities, mentoring, education and awareness initiatives, support programs, and special job assignments) white men are the predominate occupants of the executive suites.

■ **Questionable and outdated data** – The data in the succession planning information systems is often greeted with skepticism by its users and customers because the ratings reflect the perceptions of a single rater or the information is dated



# Continuity Planning: Process/Materials



in a process that typically takes five to eight months to complete.

■ **Limited business unit buy-in** – Too few business unit executives recognize any significant benefits to their operations for the energy they expend on what they perceive to be essentially a corporate initiative.

■ **Dashed expectations** – With the changing rules of the game (i.e., no longer following the promote-from-within principle) discontent can quickly emerge when externally hired executives pass over previous high flyers.

■ **Losing top performers** – Any number of reasons can motivate people to look outside the company, such as poor communication regarding an executive performance and career possibilities, the contracting promotional opportunities of flattened organizations, or the changing priorities and values of a new CEO.

■ **Limited credibility of the human resources department** – Whether it has not earned the respect through a lack of understanding of the business or is perceived as driving a process that no one really wants, too often succession planning becomes a staff-driven program.

■ **Insufficient attention to development** – Line

managers often have a narrow view of development strategies, concentrating on workshops and seminars and overlooking the other developmental opportunities (e.g., challenging job assignment, mentorship, and feedback).

## The Challenge

The challenge is to make succession planning more germane to the organization of the 1990s – one in which teams are emphasized and leadership responsibilities shared. Rather than focusing on the right person for the right position at the right time, corporations need to develop strong leadership teams for strategic tasks. The myth of the Lone Ranger has little applicability to modern day corporations operating in a world of increasing complexity and speed. Leading a corporation requires a constellation of skills and talents resident in more than one person and in more than one strata of the organization.

Take for example General Motors, where for more than two years John Smith, who made his career at GM, served as CEO and John Smale, who lead Procter & Gamble (as chairman and CEO), served as GM's chairman. In this instance, each brought a different expertise and sphere of influence. Smith's experience at GM

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and in the auto industry was complemented by Smale's focus on corporate priorities and accountabilities.

Although few corporations have moved to the extreme of splitting the chairmanship and CEO functions, many leadership teams make a conscious effort to blend talent, experiences, and perspectives. Lucent Technologies, the AT&T equipment company spin-off, has brought together an insider and outsider to lead the new company through its first years. Richard McGinn who has led the AT&T's Network Systems since 1993 remains as president. His operational strengths are complemented by Henry Schacht, ex-CEO of Cummins Engine and an ex-AT&T board member. Schacht, who assumes the role of chairman and CEO, will oversee the creation of the required corporate structure and systems, the outreach to the investor community, and the orchestration of the initial public offering.

When Gerstner, IBM's first externally recruited chairman and CEO, initially created his senior management team, he relied heavily on the guidance from those executives who had recently come from outside the company. In reshaping his executive team last year, he turned increasingly to those who made their careers with IBM.

To realize the potential of an executive team requires a deliberate focus on fashioning an organizational culture and development opportunities that promotes team cohesion and synergistic behavior. Tempering the highly competitive and strong-willed orientation of many senior executives and high potentials requires that the corporation develop:

- **Talent pools** – Where people are comfortable working in team situations, where teams form and dissolve depending on the organizational demands
- **Organizational parallels** – Where the requirements of the business strategy and the opportunities for development dictate the configuration and assignment of the talent
- **Supportive culture** – Where the norms of behavior are not dictated by one's level in the organization but by one's contribution to the task
- **Well-aligned administrative systems** – Where the appropriate tools, techniques, and processes are in place to carry out the tasks most effectively

## The Next Generation: Succession Management

To re-engineer succession planning for the organization of the 1990s executives must think differently about developing their corporation's future leadership. The business environment is very different from when succession planning first gained widespread popularity. The stability of the smooth sailing years, as Champy refers to the age of US corporate domination between 1948 and 1973, is gone. Today's dynamic environment filled with global competition and business discontinuities defines the arena in which succession planning must flourish. To do so, a much more active orientation is required, one that is better characterized by succession management and its emphasis on ongoing and integrated processes.

As indicated in Exhibit 2, succession planning is evolving along a number of different dimensions. Some organizations are incorporating aspects of this evolution into their efforts, and others are exploring alternatives to this practice's traditional assumptions and concepts. Six dimensions along which succession management will evolve are:

- Corporate Orientation
- Organizational Focus
- Outcome
- Assessment Techniques
- Communication
- Selection Pools

**Corporate Orientation** As discussed previously, succession planning was developed in a stable business environment where people made their careers with a single corporation. The paternalism that characterizes this legacy has become part of many corporate cultures and is reflected in highly structured career paths. In these companies, the corporation plays a significant role in guiding people through their careers, ensuring that they receive the right experiences and every executive position has at least one ready now understudy. Deliberation and planning characterize the process.

Succession management assumes a more dynamic business environment. It recognizes the ramifications of the new employment contract, where corporations no longer (implicitly) assure anyone continued employment, even if he or she is doing a good job. The realities of the market, from industry consolidations and transformations

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## The Next Generation: From Succession Planning to Succession Management

DIMENSION	SUCCESSION PLANNING	SUCCESSION MANAGEMENT
Business Environment	Stability	Rapid Change
Corporate Orientation	Deliberate	Opportunistic
Outcome	Snapshot	Dynamic/Ongoing
Replacement Strategies	Slates	Cadre/Pools
Organizational Focus	Individual	Team
Assessment Criteria	Position Descriptions	Leader Templates
Rater	Boss	360 Degree
Communication	Closely Held	Open
Locus of Responsibility	Corporate	Shared
Selection Pool	Internal	External & Internal
Selection Criteria	Skills & Experience	Competence & Network

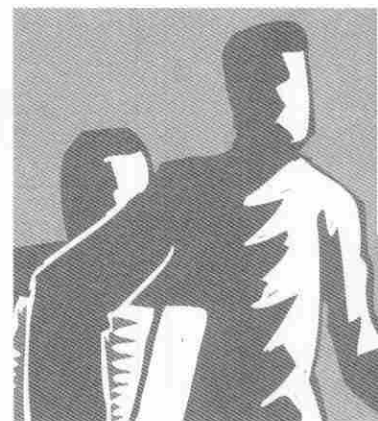
(e.g., financial services, healthcare, and telecommunications) to changes in operations and delivery systems, make it impossible for the firm to insulate its employees. Further, succession management recognizes that that people will change not only employers but careers several times during their working life. These market conditions require that the corporation attract and develop leaders who can successfully address these market and operational challenges. With this dynamic, the emphasis on succession management is to ensure that the corporation has depth in its leadership capability. Preparation and opportunism characterizes the process.

**Organizational Focus** The organizational focus of succession planning is the individual, where the primary issues are ensuring that the high potentials have the right experiences to prepare them for a leadership position. Implicit in this focus is the fit between the person and the position; absent, however, is an appreciation for many of the contextual issues (e.g., upcoming business challenges, rounding out an existing team).

Succession management, on the other hand, views the individual in the context of the leader-

ship team. It starts with the premise that people work in groups. As a consequence, the individual must not only fit the job requirements, but also add value to the team performance. As with most popular concepts, team suffers from a rather fuzzy definition. Effective teams operate in the middle ground between the herd behavior of getting everyone involved and the zero-sum game of I win, you lose. Successful teams are characterized by common purpose, performance standards and accountability mechanisms, agreed upon norms, members with complementary skills and competencies, solid communication and supportive administrative systems. As a consequence, executive development must emphasize group dynamics where people learn not only the methods of mobilizing others but also techniques of working within groups to achieve a common goal.

Take for example IBM's purchase of Lotus. This acquisition involved orchestrated team work, with some executives holding behind-the-scenes contacts to increase the likelihood of key Lotus employees staying, while others developed a legal strategy to pre-empt Lotus' poison pill, and still others developed communications pack-





ages for various constituencies. The team took an unprecedented action not only for IBM, but also the software industry – a hostile takeover. If the IBM executives let their egos get in the way, the likelihood of orchestrating the purchase would have been greatly diminished. Time was too short and competition too steep to tolerate internal squabbles or leaked information. Increasingly, as IBM and Lotus illustrate, corporations will need to focus on developing executives to work in and provide leadership for teams.

**Outcome** At one level the desired outcome of succession planning and succession management is synonymous: namely, having prepared leadership for the corporation. At another level, it is quite different.

■ The focus of succession planning is the slating process: who is ready now (or in six months) to take which position. With the underlying assumption that the position and its requirements remain largely the same, the current leadership adopts a strategy appropriate for a game of chess.

■ The focus of succession management is the preparation of the future leadership guided by the future leadership competencies and an array of supporting development opportunities. With the assumption that business demands change, the current leadership uses a playbook appropriate for a game of basketball.

The typical once-a-year slating process provides a “snapshot” of the current and potential leadership. This strategy can result in out-dated information which in turn leads to poor developmental assignments or selections. Although automated systems help to alleviate the administrative aspects of the process, they do little to change executive thinking. As discussed previously, one of the chief benefits of succession planning is to engage the current executives in a disciplined approach to leadership development.

Since this process is often perceived as time-consuming, it can become a hindrance. Rather the process requires modification to provide a disciplined approach of engaging the senior line executives in the broader substantive issues that guide the development of the corporation’s future leadership cadre. At the Sun Company (Sunoco), for example, the senior management team meets monthly to address leadership development and related executive human resource issues.

Succession management encourages managers to review the demands of the business to identify and provide solid development experiences for high potential and high performing employees.

At Weyerhaeuser, for example, the Vice President of Strategic Planning and the senior management team play an active role in the continuity planning process by aligning the talent. Further, Weyerhaeuser maintains a certain number of visible opportunities for its high talent people. For example, a person might become the company’s point person on such critical issues as forest management practices or the environment. By having a developed cadre, the corporation increases its flexibility and allows for greater openness in selecting future leaders.

**Assessment Techniques** Although corporations use various methods to rate high potential and high performing individuals (e.g., based on performance reviews, with specific succession planning grids, against leadership templates), most assessments are completed by the individuals’ managers. The manager completes the rating with the assumption that position remains largely the same. These two factors, the exclusivity of the managers rating and the assumed stability of the positions requirements, contribute to a halo effect. With the rating manager seeking to identify the person(s) most ready to do his/her job and since people tend to think that they perform their jobs well, there is a natural tendency for managers to consider someone like themselves as the best successor. With the changing demands of the organization, rating managers must work hard to fight this natural propensity.

The dynamism of succession management keeps a focus on future corporate requirements. Two major innovations gaining widespread use help mitigate these two factors contributing to the halo effect. They are leadership templates and 360° feedback.

The first redefines the criteria by which executives are developed and selected. These templates tend to recast the criteria by more heavily emphasizing the organizational vision, values, and leadership competencies, and de-emphasizing the specific job function. This emphasis is not to imply that executives are fungible regardless of expertise; for example, the leadership at Maxwell House must understand the coffee industry and markets if it is to be successful. Rather, it is a recognition that this expertise is insufficient and must be complemented by other aspects of leadership as demonstrated both by the individual executive, and, more importantly, on the senior management team. When Dunlop joined Scott Paper, for example, his turnaround expertise was complemented by the other executives’ in-depth knowledge of the consumer paper products industry.

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The second, 360° feedback, reduces the exclusive dependence on the rating manager perceptions. Well constructed, this instrument relies on the leadership template to gain the insights of those with whom an individual works, whether a customer or a team member. Various corporations have different methodologies of ascertaining and integrating these results, but the critical issue is the integrity of the process that broadens the assessment and development of the corporations future leadership cadre.

**Communication** Succession planning tends to be shrouded in mystery. People wonder: How do they get on the list? Will they know if they are on the list? Will they fall off? There are those who feel disappointed and demotivated because they do not think they are included on the list of fast trackers. And, stories abound about people who left a company not realizing they were an heir apparent.

Much of the secrecy is a legacy of the corporation's parental orientation. With a cultural orientation of taking care of its employees, the corporation is apt to take a strong role in deciding who does what when. The traditional means of succession planning reinforces a closed, top-down planning that precludes the input and often knowledge of the candidate.

With the new employment contract, corporations are shifting the responsibility for career progression to the individual. The parent-child orientation is giving way to an adult-to-adult one. Although deed and word are not entirely in step, many corporations are opening up the process in a manner that fosters dialogue, eliciting the input of the candidates. Through a variety of techniques (e.g., advertising executive positions, mentoring, buddy systems, integrating career plans into the succession process, educating people about the leadership template, reducing the number of positions with prepared back-up slates), corporations are increasing the level of open communication by changing the processes not only to shift the responsibility, but to bring about more effective executive team work.

**Selection Pools** Increasingly organizations are reaching beyond their boundaries for valuable leadership qualities. Corporations are aware that blending the talents of internally and externally selected executives has profound implications for the organization. More readily than its planning counterpart, succession management will seek

executives from outside the corporation.

Reshaping the senior management team by blending company-people with outsiders holds a number of advantages for corporations, especially those undergoing significant transformations. Choosing members of the leadership team from outside the company often provides fresh thinking and reinvigorates the culture. Unencumbered by corporate history and attachments, these individuals have a readiness to act, whether it is in creating a new vision, making the tough decisions or implementing new mandates.

**Balance comes from internally developed executives, who provide continuity for the organization and institutional memory.**

Balance comes from internally developed executives, who provide continuity for the organization and institutional memory. They can better guide decisions and actions with their knowledge of people's strengths and weaknesses and speed implementation by working the informal network. Further, their inclusion signals to long-term employees that the new senior management team values the resident talent and capabilities.

For many companies, the challenge is in creating the synergy between the two groups.

## An Approach

As corporations re-examine their succession planning, there are four broad areas to consider. They are:

- Developing the leadership template
- Minimizing the slating process, maximizing the use of pools
- Redefining the involvement of the senior management team
- Preparing the leadership cadre

### Developing the Leadership Template

Rooted in the corporation's mission and values, the leadership template serves as the framework for executive development, selection, and reward. As the topology of leadership competencies, the template anchors the development of the leadership team in the needs of the business.

Once a corporation puts forward its strategic intent, it necessarily creates gap between current performance (and methods of business) and its desired goals. By successfully leveraging its core competencies and acquiring additional ones, the corporation closes the gap between the strategic intent and current performance, and in the process defines a new competitive space. As the corporation identifies and explores the implica-





tions of those additional competencies required to achieve its strategic intent, it will not only anchor but also go a long way toward pinpointing the type of leadership competencies in need of development.

By way of example, take a utility company. Despite being a rapidly deregulated industry, the firm's basic mission is maintained: to provide safe, reliable energy and energy services. With deregulation, however, the company will adopt a strategy to reposition its products and services in a competitive market. The corporation's core competencies (e.g., reliability of distribution services, measurement of consumption, installation maintenance of infrastructure) must now be leveraged in this new market.

Exhibit 3 depicts this relationship between the competencies of the firm and its executives. As part of acquiring the additional competencies necessary to compete (e.g., sales and marketing, bundled service offerings and pricing), the corporation will likely hire executives with expertise in these areas. But expertise in these technical areas are not the only means of identifying the emerging executive competencies. At a more fundamental level, the leadership competencies entail educating and energizing the workforce about the new environment, creating a sense of confidence about success in this environment, and reshaping the organizational culture. At the very least, then, the leadership competencies include both technical

executive competencies (e.g., sales and marketing) and non-technical executive competencies (e.g., educating the workforce about a shared purpose as well as instilling the desired norms of behavior).

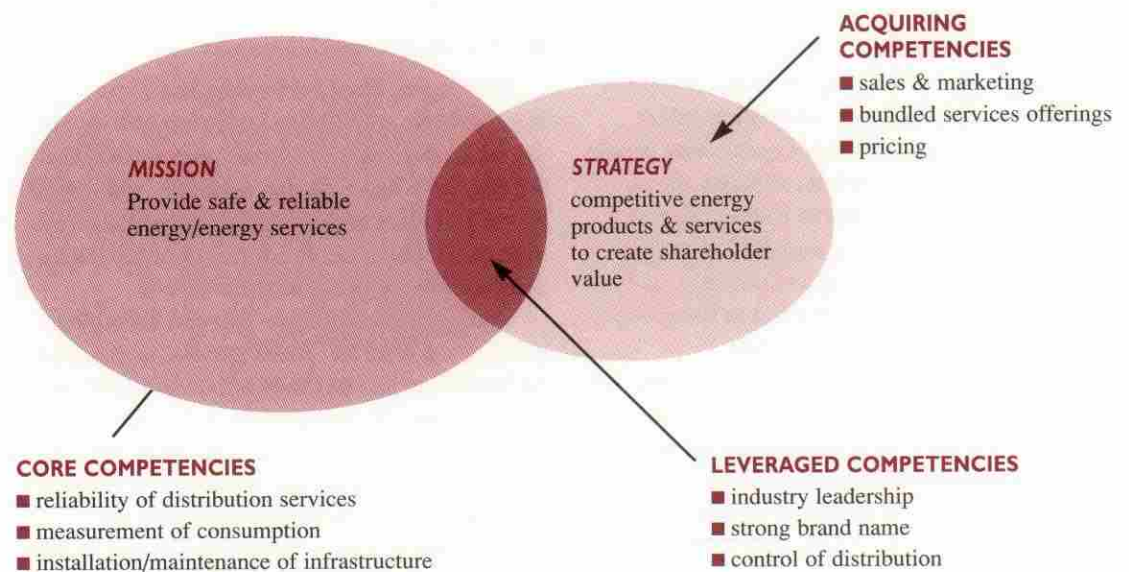
Further, the leadership competencies required by a firm at any given point will reflect both its corporate history and the market demands. This is not to imply that the generalized leadership competencies identified in the research and incorporated into many executive development tools are not relevant. Rather, there is a requirement to make them more specific to the needs of a given corporation at a particular time.

Take for example AT&T and MCI. Both corporations are facing the competitive demands of a rapidly changing telecommunications industry, but their histories and relative market positions require emphasizing different leadership competencies. Clearly there will be some overlap in the competencies that they can leverage (e.g., strong brand names, networks, and infrastructures), but there will be pointed differences as well. AT&T's product innovation, reputation for reliability, and access to consumer and commercial markets might be juxtaposed to MCI's marketing prowess, flexibility, and speed.

The implications for the development of executive competencies also have points of overlap and differences. Both corporations, for example, face challenges in successfully exploiting the

### EXHIBIT 3

## Framework of Linkage: Identifying Future Competencies





Internet and expanding globally. Their relative circumstances (e.g., histories, size, and market share) have varying implications for their executive leadership. AT&T, in the process of becoming leaner and more competitive, requires a leadership team that can not only take the tough actions, but can re-energize its workforce and successfully lead them in new undefined competitive fields. Conversely, MCI executives are faced with the challenge of leading larger and more mature organizations. No longer the young upstart, at 25 years and 45,000 people, the corporation must learn to maintain its flexibility and competitive edge as it incorporates more established managerial systems.

With the executive leadership responsible for charting and achieving the corporate strategy of the corporation, the leadership template guides the decisions that net a leadership team capable of winning in the market. To do so, the template must be comprehensive and future oriented, reflecting both the mission and values of the corporation.

**Minimizing the Slating Process / Maximizing the Use of Pools** Slating can become a cumbersome process full of opportunity costs. Although any corporation can ill afford to risk losing those with key competencies, slating is not the most efficient or effective manner of protection. Rather the corporation should create pools of leadership talent based on the desired leadership

competencies. These pools not only provide the depth of talent, but flexibility in the selection and creation of the leadership teams.

In their oversight role, boards want to know the leadership depth for the senior corporate positions. Although fulfilling this responsibility typically results in preparing replacement slates for these positions, it is not sufficient justification for replicating the process throughout the organization. It not only conflates succession planning with replacement planning, but it risks becoming encumbered on one or more of the issues discussed earlier.

Certainly, there are notable exceptions (e.g., Exxon, GE) where the slating process works well. Even in these cases, however, the focus on the slating process has been moderated. GE has shifted its focus by incorporating slating in the context of reviewing other organizational issues. Exxon has shifted its conceptual basis of succession planning from selection and filling jobs to the development of the highest potential resources.

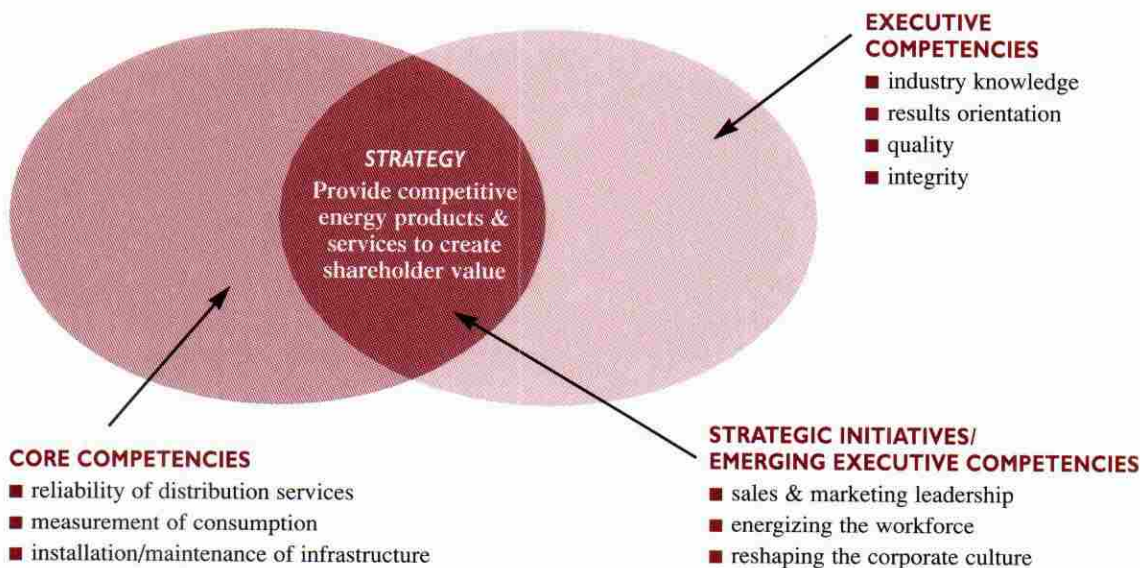
Rather than tying leadership development to the process of preparing slates, succession management ties leadership development to fulfilling the leadership competencies of the firm. No longer is a person's career mapped one, two, or even three positions in the future, but rather his or her talent is recognized and provided the experiential and educational opportunities to fulfill that potential.

In the current corporate environment, where



#### EXHIBIT 4

### Framework of Linkage: Integrating Leadership Development





the organizations are flatter, the managerial positions are fewer and role definition is less precise, success cannot be defined simply by promotions. As corporations are requiring more lateral moves and varied types of experience to demonstrate leadership success, they are also recognizing multiple paths to senior leadership positions. Corporations are better served by having a variety of people (with different expertise, networks and experiences) from which to select their leaders. Although this approach creates a greater sense of indeterminacy, it provides for greater flexibility in constructing the leadership team. (Interestingly one indicator that had been used to track the success of a succession plan, the hit rate or percent slated for a position who actually get the position, is increasingly falling into disuse.)

By clarifying the leadership competencies, corporations better establish the standards unique to their business. By providing the developmental opportunities so its current and upcoming executives develop those competencies, the corporation can move from tracking a particular person for a particular position to preparing a cadre of people against the desired leadership competencies. This situation creates greater leadership depth and provides the corporation with a pool of candidates from which senior executive selections can be made.

**Redefining the Involvement of the Senior Management Team** One of the chief functions of the succession planning process is to serve as a disciplining mechanism for the senior managers to ensure the continuity of the organization's future leaders. If the process is perceived as only tangential to the success of the business, however, this sense of discipline easily erodes.

Rather than focusing on the aspects of inventory and movement, senior management should be more actively involved in the preparation activity. In this regard, succession management encourages senior management to refocus attention on motivational issues, not simply the resource management issues.

To effectively prepare its future leaders in this era of flattened organizations and blurred leadership boundaries, the senior management team is increasingly managing the positions in which people will gain the required leadership competencies. Success in this realm means that these developmental positions have credibility with at least two groups of stakeholders: those who are seeking these positions and those who will select the future leaders. If either group perceives these

assignments are either tangential to the firm or insufficiently challenging to the individual, then the credibility will be undercut.

In short, senior management must shift its emphasis from maintaining the depth of staff for current positions to managing the developmental opportunities for and development of its future leaders. On an ongoing basis senior management is to:

- Identify development opportunities presented by the business that are critical to leadership development
- Broker assignments that are challenging, critical to the business, and significant for creating organizational networks
- Mentor and showcase those who may serve in a future leadership role

**Developing the Leadership Cadre** As pointed out in the diagram, the development of the leadership cadre should be tied to the competencies of the firm (grounded in both the mission and values), not specific positions. This framework serves as the basis for reallocating career management responsibilities. Although increasingly responsibilities for career management in general and leadership development in specific are shifting, both the corporation and the individual still have responsibilities. In order to produce those individuals who are capable of assuming senior leadership positions, the corporation must:

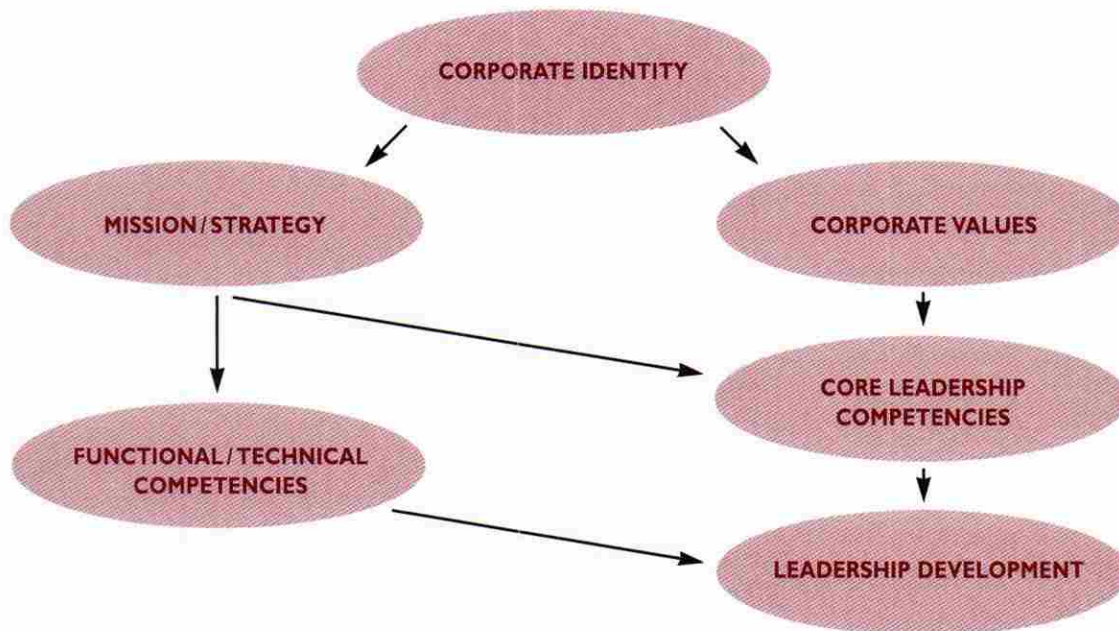
- Clearly establish the competencies it seeks
- Be transparent in its selection process (i.e., that the selections reflect the stated competencies)
- Provide developmental opportunities and mechanisms to access these assignments (e.g., bid, nominations)
- Provide the requisite guidance and feedback
- Align the reward structure.

Those seeking executive positions must:

- Assume responsibility for his / her career
- Gain the competencies sought in a demonstrative fashion
- Build a network of supporters and sponsors
- Perform successfully in critical positions
- Stay attuned to, and maintain, the competencies necessary for the future business direction of the corporation



# Develop the Leadership Cadre



## Conclusion

With the changes in the business environment, societal expectations, and internal processes, corporations are re-designing their succession planning to remain competitive in developing strong leadership teams. By moving to succession management, corporations create a more flexible and dynamic approach for preparing future executives, and have the leadership necessary ready to meet the business challenges of the remainder of the decade and beyond.

Succession management allows the corporate leadership to instill a more dynamic process easier to integrate with the firm's strategic initiatives. It better aligns organizational thinking with the external environment where the discontinuities make it impossible to anticipate the full spectrum of change that a corporation will confront. It is this leadership and succession philosophy that focuses on developing the creativity and flexibility that allows for a more rapid response to change.

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## Represented Organizations

### Corporations

AT&T  
Bristol-Myers Squibb  
Corning Glass  
Exxon  
GE  
GM  
Honeywell  
IBM  
Lockheed  
Marriott  
Martin Marietta  
MCI  
Merck  
McCormick  
McDonnell Douglas  
Mobil Oil  
Monsanto  
Motorola  
Philip Morris  
Prudential  
USX  
Westinghouse  
Weyerhaeuser  
Xerox

### Other Organizations

American University  
Amtrak  
Boston University  
Center for Creative Leadership  
City of Chicago  
City of Dallas  
Government of Australia  
Government of Canada  
Government of France  
Harvard University  
MIT  
New York City  
PDI  
Port Authority of New York & New Jersey  
State of New York  
Tennessee Valley Authority  
University of Pennsylvania  
U.S. Postal Service



## Biographical Sketches

**Michael S. Leibman** is president of Leibman Associates, Inc, a management consulting firm based in Washington, DC. The firm starts with the premise that the purpose of business should drive the organizational activities. Leibman Associates, Inc. works with Fortune 500 companies, mid-sized corporations and non-profit enterprises as they develop their organizations and leaders.

Prior to establishing his firm, Mr. Leibman provided consulting services for over fifteen years. With graduate degrees from the University of Chicago, he has written and spoken on the topics of leadership development and succession planning, change management, TQM, organizational alignment, and integrating firm and individual competencies. Among the publications in which his articles have appeared are *The Journal of Business Strategy*, *HRMagazine*, *Modern Healthcare*, and *Ethics*.

**Ruth A. Bruer, Ph.D.** is a member of the faculty at Dalhousie University's School of Public Administration in Halifax, Nova Scotia, Canada. She currently directs a new office with the School, created to produce opportunities for consulting, applied research, and training. Her teaching and consulting activities focus on organizational and management issues, especially in relation to issues of gender and diversity. Among her clients are the U.S. Department of Health and Human Services, the National American Red Cross, the Tennessee Development Disabilities Council and the Virginia Department of Social Services.

**Bill R. Maki** is currently Director, Human Resources at Weyerhaeuser Company in Tacoma, Washington. His responsibilities include providing human resource support to a diverse set of corporate staff and business groups at Weyerhaeuser. He has also served as the Director of Equal Employment Programs and Manager of Human Resource Planning at Weyerhaeuser. In addition, Mr. Maki has held various management and planning responsibilities in information systems and the corporate/business planning area.

He was previously on the Board of Directors of the Human Resource Planning Society where he served as both President and Secretary. He is currently an Advisory Board member for the Center for Advanced Human Resource Studies at Cornell University. In addition, Bill was a lecturer and instructor for the University of Puget Sound and the University of Southern California extension programs.





