

# Succession Planning and Leader Development

Reducing the Risk of Wrong Choices  
and Poor Investment Decisions

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## The New Normal

Once reserved for the upper echelons of senior management, and often approached as replacement planning should catastrophe strike, succession planning has been redefined.

Succession planning now focuses on *managing risk and ensuring continuity* across all levels of the organisation (and hence the reference to *succession management*). The emphasis is on creating dynamic *talent pools* that provide the feedstock for critical roles – both leader and professional.

When executed effectively, succession management is a proactive core business process, built into the fabric of the organisation. As such it is integral to an organisation's culture, and is systemically linked to the foundational underpinnings of performance.

Over time, it becomes a continuous business process, which is integrated with an organisation's business planning and organisational capability development cycles.

## So What Are The Risks?

The succession planning process itself is fraught with risk, the more important risks being:

- Mistaking high-performance for high-potential
- A belief that past performance (at current level) predicts future performance (at the next level) in a different role
- Cloning (the tendency of senior executives to choose successors in their own image)
- Backing the wrong choices (resulting from unchallenged assumptions, or due to a lack of talent analytics)
- Not providing transition-support for identified successors
- Promoting not-ready-now candidates into more complex, next-level roles (and effectively setting them up for failure)
- Promoting people beyond their level of capability (with disastrous consequences for the individual, the team and the organisation)
- Adopting an ad hoc-approach to what should be an ongoing business process.

From an organisational perspective, the risks that succession management aims to mitigate include *vacancies in critical roles*, *portfolio risk* (having the wrong mix of leaders to meet the challenges of a changing mandate or strategy), *knowledge retention* and the *flight-risk of key talent* (often to competitors).

“The long-term effect of backing the wrong choice can be devastating to the organisation.”

## Critical Roles – The Focus of Succession Risk Management

Succession risk management focuses on critical roles, which are crucial to the achievement of organisational outcomes.

As such, a vacancy in a critical role will have a significant tangible impact on the ability of the organisation to deliver outputs, achieve milestones, or meet budget requirements.

In terms of succession risk management, a lengthy vacancy, under-performance, or high turnover in critical roles are 'worst-case' scenarios.

Critical roles can be framed in many ways:

- Operational relationships (eg. roles with the greatest spans of control, or number of staff)
- Organisational relationships (eg. roles with greatest Ministerial, cross-departmental or public interface)
- Specific capabilities (eg. technical specialist roles)
- Particular types of responsibilities (eg. managing a major project).

As organisational focus and priorities shift, different roles may become more or less critical to desired outcomes.

Once identified, the different types of **critical roles must be understood** in terms of what exemplary performance in each role looks like (also referred to as a *success profile*).

# The Key Steps in Succession Risk Management

## Understand the Context

- Where is the organisation headed?
- What are the promises we have made to the Board/ shareholders?
- Which capabilities and roles will be central to strategy execution, business continuity and growth?

## Identify Possible Risks

- What might happen in the future when critical roles need filling (considering bench strength and external supply)?

## Prioritise Risks

- Which scenarios are most likely and least desirable?

## Target Mitigation Activities

- What can be done to minimise the risks of these scenarios occurring, or the impact if they do occur?

## Review

- Re-assessing risks previously identified, and evaluating whether mitigation strategies remain effective and appropriate.

Ultimately succession risk management is about making judgements and predictions about the *capacity of identified high-performers to develop the competencies and behaviours required for effective performance in meaningfully larger, or more challenging roles – at the next level and beyond.*

The question begs: *What certainty do you have that you are investing in the **right** people?*

## Confirming Successor Potential and Transition-Readiness

Given the multi-faceted, and often under the surface, factors that drive success in leader roles, there is an obvious requirement for a *high-quality, robust and predictive assessment process*.

The objectives of a rigorous assessment process include:

- Validate assumptions about individual potential and transition-readiness
- Make informed decisions
- Collect data that will fuel targeted development
- Develop a view of bench strength (and possible exposure to risk)
- Mitigate derailment risk (and the consequent impact on the organisation)
- Secure a return on (the usually uncertain) investment in leader development.

## Context-Driven Succession Planning and Leader Development

Drawing on extensive global research, and utilising high-end psychometric measures and carefully designed simulations, the Talent Institute offers rigorous *development centres* to collect *powerful analytics* that will *inform decision-making, reduce risk and increase the return on your investment*.

The departure point is an **executive conversation** about:

- Where the organisation is headed
- The competitive landscape and emerging realities
- Strategic priorities
- Evolving leader challenges
- The capabilities required (where and when) to effectively leverage opportunities
- The current and desired leadership culture
- Current bench strength and leadership development efforts
- Concerns about possible risk exposure.

Having developed a contextual understanding, our approach is sculpted to meet the specific needs of our client.

## Collecting Data – Collaborative Development Centres

Working with a pool of nominated high-performers, we endorse an approach whereby the *executive leadership is involved in the development centre process.*

To this end, we provide observer training and detailed guidelines for observing leader competencies during various simulation exercises.

*The entire process is conducted under the close supervision of psychologists.*

Typical simulations include:

- In-Tray exercises
- Case studies
- Leaderless group discussions
- Strategy presentations
- Interviews.

**This collaborative approach allows the executive leadership the opportunity to gain first-hand insight into how candidates approach the various exercises, how they think, express themselves, interact, and respond under stretched conditions, as well as the relative strength of their competency profiles.**

More importantly, the development centre provides a *preliminary view of potential and transition-readiness.* The full picture emerges once development centre, psychometric and performance data are integrated.

## Leader Competency Model

Participants are assessed against a leader competency model that is usually aligned with the organisation's business strategy.

Extensive research into the factors that predict success in next-level, more complex leader roles suggests the following attributes:

- Orientation towards learning and embracing change
- Resilience under pressure
- A focus on action and results
- Orientation and capacity to develop and execute innovative strategies
- Conceptual ability
- Capacity to collaborate effectively with others, network effectively and build deep (rather than transactional) relationships
- The ability to persuade, influence and engage others successfully
- The ability to master increased levels of complexity (challenges, decisions, judgement).

## Red Flags – Possible Derailment

There are a number of factors that mark someone as a leader. Some of these factors will be clear and differentiating strengths.

However, differentiating strengths bring with them the risk of being overplayed to the detriment of that person's performance and relationships.

If not carefully managed, a range of underlying personality characteristics can drive experienced, successful leaders off the rails.

**Derailment happens when people** – who may have shown a good record of success and who seem to possess the necessary skills, abilities and knowledge to succeed – **suddenly and spectacularly fail.**

Examples of derailers include:

- A preference to micro-manage
- Low impulse control
- Arrogance
- Eagerness to please
- Being risk-averse and indecisive.

A *psychometric assessment* can identify these characteristics early, enabling awareness, management and ultimately avoidance of leader derailment.

## Talent Analytics – The Advantage of Knowing

Development centres provide highly visual *micro-analytics* (in respect of each candidate) and *macro-analytics* (in respect of a group of candidates), which is the integrated output of the psychometric measures and the development centre process.

Typical analytics include:

- The relative strength of the individual's competency profile (in relation to what is required)
- A synopsis of strengths and growth areas
- Level of conceptual ability
- The individual's ability to master increased levels of complexity, uncertainty and ambiguity
- Possible derailers and risk-factors
- A view on potential
- A view on transition-readiness.

The talent analytics, which form the basis of a *talent review-session* with the executive leadership, also serve as an input to the design (or re-design) of a *customised leader development strategy*.

## Participant Feedback

Following the development centre, the Talent Institute delivers a comprehensive *actionable development plan* for each candidate, supplemented by telephonic or face-to-face *transition coaching*.

## About the Talent Institute

The Talent Institute is a privately held boutique professional services firm that specialises in strategic talent management consulting. Specifically, we focus on helping clients develop and implement strategies and practices to more effectively manage the selection, deployment, development and retention of talent to support current business strategies and to prepare for future challenges.

Our core competency lies in our ability to interpret talent analytics in the context of strategy and business impact, and the use of predictive intelligence to inform risk mitigation, capability development and talent investments.

Grounded in organizational psychology, we leverage research, analytics, expertise and industry insights to enable business performance by removing the guesswork from making decisions about people.

## Your Contact

Should you want to learn more, please contact:

### **Errol van Staden**

Business Psychologist | Talent Management Advisor

Mobile: +27 83 637 0700

Email: [errol@talentinstitute.ae](mailto:errol@talentinstitute.ae)

You may also wish to visit [www.talentinstitute.ae](http://www.talentinstitute.ae)



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