

The Five Best Practices for Developing Succession Candidates

White Paper



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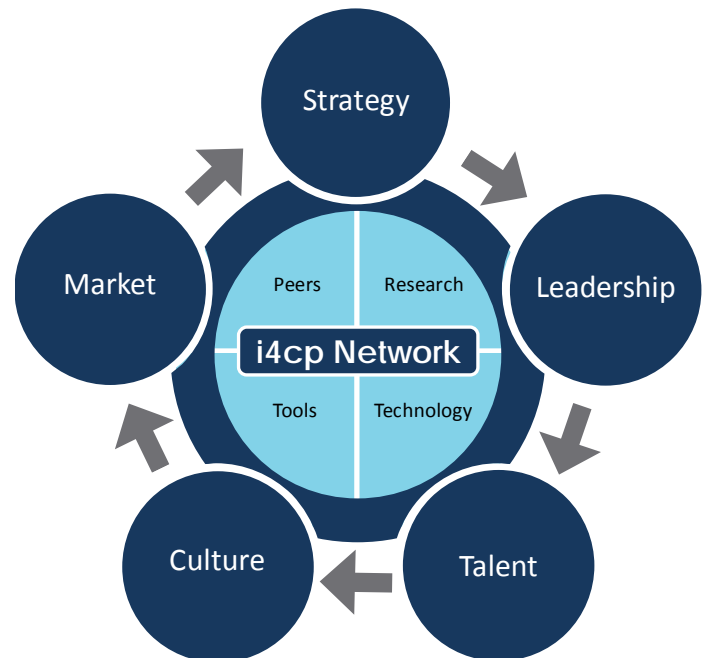
About i4cp

i4cp enables high performance in the world's top companies.

i4cp is the world's largest vendor-free network of corporations focused on building and sustaining a highly productive, high-performance organization. Through a combination of peer networking, human capital research, tools and technology, we enable high performance by:

- Revealing what high-performance organizations are doing differently
- Identifying best and next practices for all levels of management
- Providing the resources to show how workforce improvements have bottom-line impact

Over the last 40 years, i4cp research has revealed the five key human capital domains that companies leverage to drive performance. Our members - many of the largest and most respected companies in the world across a wide spectrum of industries - use this research, i4cp's expertise, tools, technology and vast network of peers to improve productivity and drive business results.



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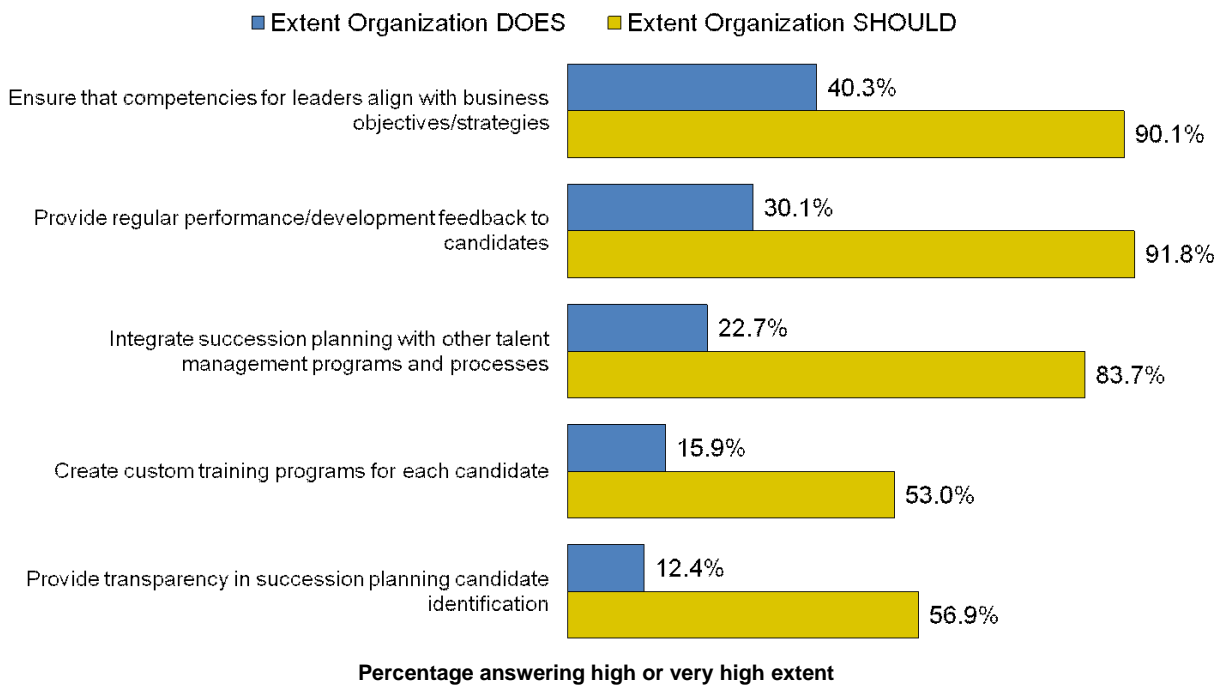
Introduction

It's disturbing that succession planning is in a state of disarray these days. After all, so much of future corporate success depends on doing such planning well. Yet, a major new study published in a partnership between the American Society for Training and Development (ASTD) and i4cp shows that a mere 14% of 1,247 respondents describe their succession planning efforts as effective to a high or very high extent.

Part of the problem is a lack of proper development for succession candidates. The study shows that not a single one of the 18 candidate-development strategies we asked about was in use to a high or very high extent by more than two fifths of participants' organizations. It also found that large and worrisome gaps exist between the development practices that companies *are* using and those that participants say they *should* be using.

Companies should use candidate development practices a great deal more than they actually do

When developing candidates for succession, to what extent DOES your organization use these practices and to what extent do you think your organization SHOULD use these practices?



The good news is that our data analysis reveals that five specific development practices stood out as being highly linked to effective succession planning in organizations. The gap analysis showed that the so-called should/do gaps were largest in two areas:

- providing regular performance feedback to candidates, and
- integrating succession planning with other talent management programs

We also conducted a multiple regression analysis, which confirmed the importance of these two practices. That analysis further identified three other practices we believe companies should consider if they want to improve the development of succession candidates.

The Five Practices

1. Align Those Competencies!

The most widely used practice for candidate development is ensuring that competencies for leaders align with business objectives/strategies. Two out of five respondents said their organizations align competencies in this way to a high or very high extent. Yet, a whopping 90% said their companies *should* be aligning competencies to that same high extent. In short, alignment is viewed as having enormous value beyond what most companies are currently doing.

So, our first best practice is ensuring that the competencies for potential leaders align with business objectives/strategies. There are, of course, always competencies that all leaders should have, but there are also competencies that will be more useful in specific jobs, companies and industries. In one organizational context, negotiation skills could be an imperative while in another the ability to provide employee guidance will be more critical. The bottom line is that organizations should have a clear idea of their objectives. From there, employers can determine which competencies are critical and how to develop them.

2. Give Candidates the Performance Feedback They Need

Fewer than a third of study participants said they provide regular performance and development feedback to succession candidates to a high or very high extent, but 92% said their organizations *should* do it to such an extent. In a way, this is just a reflection of a larger trend: relatively few of today's companies manage performance well in any employee category.

However, if ever there were a place to focus on performance, it would be in the area of high potentials and succession candidates. After all, leaders can't be created in a vacuum. Future leaders should know where they're doing well and where they can improve. High potentials and pipeline candidates should also be helped to understand the best means by which they can gain critical skills and experiences. As with any employee, such promising

talent can benefit from a combination of objective performance metrics and good guidance from experienced leaders.

3. Make Sure Succession Plans Are Well Integrated

A succession plan should not be a stand-alone program or a secret file hidden away and ignored in someone's computer or filing cabinet. It's got to be integrated into other talent management processes and systems, from performance management to recruitment to compensation.

Yet, fewer than a quarter of respondents to the study said their organizations actually integrated such plans to a high or very high extent, while 84% said their organizations *should* do so. So, *why isn't* that happening? What are the barriers? We recommend that organizations find out if they're not sure. It could be a lack of trust in the process, concerns about the confidentiality of the information, a desire to "hide" top performers in specific departments, a lack of technology systems that can easily "talk" to each other, incompatibility among processes, or just a lack of good management. Whatever the reasons, organizations need this information in order to ensure the success of integration.

4. Customize Training and Development as Needed

The study indicates that creating custom training for candidates makes sense. After all, each will have a different set of strengths and weaknesses. Employers should know where candidates excel and where they could use more development. Companies should also have a fairly solid understanding of candidates' interests and experiences. Once these issues are understood, a better development program can be implemented.

But this doesn't mean that standard leadership development courses shouldn't be used. In fact, such standard training is often crucial to ensure consistent leadership behaviors across the organization. Still, more customized development practices such as coaching, mentoring, stretch assignments, performance goals and the like should take into consideration an individual's unique abilities and interests.

5. Provide Transparency

Out of all these best practices, the need to "provide transparency" should be used with the greatest degree of caution. After all, transparency has different meanings to different people. For some, it alludes to the criteria used to identify candidates. Those should be clear enough that promotion and succession planning decisions are based on merit rather than favoritism, though there will probably always be some degree of subjectivity in the successor identification process. We believe that this type of transparency amounts to a best practice.

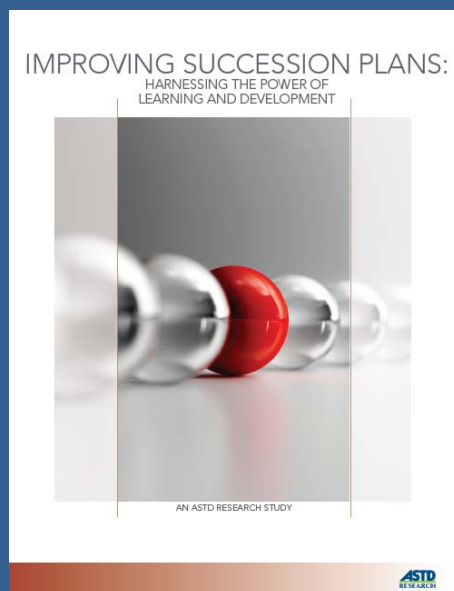
For others, the term “transparency” goes further, meaning that succession candidates are aware of their place within the succession planning program. This, however, remains controversial, with legitimate views on both sides of the debate, so we believe it should be determined on a company-by-company basis.

Conclusion

By identifying these best practices, we are not implying that these are the only leadership development practices to use. Indeed, in our original study, we found that many other development practices are correlated with succession planning success. What’s more, within the context of specific organizations, some of those other practices may be more pertinent than these five. After all, no two organizations are identical.

Generally speaking, however, we think these five are good ones to consider for organizations intent on improving the development of succession candidates. Such development is not only key to boosting leadership talent levels in organizations but to greatly increasing the odds of organizational success well into the future.

This white paper stems from research produced by the Institute for Corporate Productivity (i4cp) on behalf of the American Society for Training & Development (ASTD). The ASTD/i4cp research report *Improving Succession Plans: Harnessing the Power of Learning and Development*, is now available at no additional cost to ASTD and i4cp members, and can also be individually purchased via [ASTD’s online store](#).



The *Improving Succession Plans* report covers the following topics:

- Why succession planning is critical
- How companies carry out succession planning
- How organizations choose candidates
- Why the learning function is crucial
- How to measure success
- How organizations deal with challenges
- Effective strategies for developing candidates
- The future of succession planning
- Lessons learned

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