



April 2010 - Leadership Letter (48)

Just our usual reminder to everyone ... our new phone number is ... 513/919-7672. Please make a note of this change. Thanks!

SUCCESSION PLANNING AND BEYOND

Greetings All!

Several recent conversations with clients have re-sparked my interest in "succession planning" and learnings from that work.

Three different succession situations led to three different outcomes ... internal candidate, external candidate, and doing something else completely.

That "something else" is a process we recommend all senior leadership teams do every 2-3 years. This work results in ...

- better **preparation** for transitions
- focused **leadership** development
- senior **team** development.

Please see the following. I hope you find it useful and interesting!

Regards,

Mel

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SUCCESSION PLANNING AND BEYOND

Three recent consulting experiences have heightened my interest and reflection on this important leadership topic and resulted in three different outcomes.

SUCCESSION PLANNING

1. The **first** consultation involved assisting a client firm's nominating committee in identifying top candidates for the next president and CEO.

Outside candidates were considered, but several strong internal candidates received the most attention.

Results allowed the board to act in a timely way on internal candidate selection, coaching and preparation for the upcoming transition.

2. The **second** consultation had a **different result**: The firm's nominating committee found their internal candidates needed supplementation with outside candidates, which required a diligent search and careful vetting.

We found several strong external candidates, and the board chose one of those as most appropriate to lead the firm through the challenges they faced (both internal and external).

Both of these firms are succeeding in these very difficult times, and performance thus far demonstrates that their boards and nominating committees chose well.

3. Our **third** client had been advised by another consultant that he should soon do **succession planning** for his major division and make the results known to all. Our client wasn't so sure that would be appropriate or timely.

As we discussed his situation, we identified the following concerns with succession planning for him at this time:

- There'd be at least 4 to 6 years until his actual transition.
- A successor designated too early on might fail to measure up over time.
- Other potential successor(s) could become discouraged and leave.
- Likely results could include alliances, politicking, and related dysfunctions.

A **better alternative** for his situation is one we've used for many years with clients. It's actually an important component of senior leadership development: **Benchstrength Planning ...**

BENCHSTRENGTH PLANNING

Here's how it works ...

- The senior leader of the firm or division gathers **his/her direct reports** (5 to 15 people typically).
- It's often helpful to use a **facilitator**, who could be a consultant, a staff member, or an internal resource.
- Using a larger version of the organization chart, identify all **key leadership positions**.
- In an open and honest discussion, the group identifies all **internal candidates** for those positions. Look at one position at a time.
- Those candidates should be discussed in terms of **their readiness**, using a **key** like this:
 - R** ... Immediately in an emergency (ready now)
 - D** ... Ready in a year or two, with development
 - L** ... Longer-term and with some development
- The last important step is to have the group identify **needed development activities** for all the "D" candidates! Determine who'll be responsible for coaching them.

It's important to know that some of the best development activities are **on-the-job assignments** in addition to courses, committees, workshops, self-study and so on.

Current CEO's of a number of client firms are the result of benchstrength planning and development work done as far back as 15-20 years ago by the then leadership teams.

WORTH NOTING

In his most recent research and book, ***How The Mighty Fall***, Jim Collins offers several nuggets on what he calls "problematic successions of power" ...

- Poorly done leadership transitions often set the organization on a rocky path for years, resulting in long-term problems. Even cameo companies can make mistakes.
- Typical pitfalls include: poor or no planning, failure to groom/develop leaders, politics and turmoil, and un-wise selections.
- Other causes: leaders wait too long, successor candidates leave or die or fail to perform well over time.

Benchstrength planning also helps avoid problems like these!



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