

Succession Planning An Imperative for Personal Growth

In the past, the term Succession Planning was used primarily to describe the need to replace a retiring business owner wishing to sell a company to a successor. In today's competitive and hi-tech world, Succession Planning has a much broader meaning that is applicable to both public and privately held organizations. Succession Planning now refers to the activities required to groom successors for the entire key leadership team of an organization, and is recognized as a vital link in ensuring any company's long-term survival.

Corporate Integrity

Following the free-wheeling era of the 1990's with the corporate scandals that ensued and the passage of the Sarbanes-Oxley Act of 2002, many Boards of Directors have increased their focus on assuring ethics, discipline and financial integrity rather than merely profits. Corporate boards therefore see succession planning as a means of developing effective, ethical leaders for the organization. As a result we are seeing new disciplines gaining popularity. The terms *Succession Planning*, *Succession Management*, *Talent Management*, and *Leadership Development* are appearing in business periodicals at an increasing rate. It is not just theoreticians and consultants that are promoting these concepts, new posi-

tions are being created by some corporate stalwarts; Duke Energy now has a *Director of Talent Management*, Raytheon has a *V.P. of Executive Leadership Development*, Goldman Sachs has a *Chief Learning Officer*, and Colgate-Palmolive has a *V.P., of Global People Development*.



Brad Zimmerman
Managing Director

The need is no less pressing in privately held organizations. Many privately held organizations are lead by a highly committed, dominant personality that is very difficult, if not impossible to measure up to, let alone duplicate. In organizations where a family member is seen as heir apparent a whole range of issues complicates the already difficult task of succession; the distinction between ownership and governance, the blurring of the "Family" and "Business" relationships, the effect of nepotism on other key employees future opportunities, just to name a few. These hurdles can hamstring an otherwise healthy, nimble organization.

New innovative methods are being tried to address the need. Software makers are promoting HR software that can be used to inventory and track talent to match corporate needs (talent management). Career Paths are being developed that chart the future for promising individuals. Organizations are hiring Executive Coaches and developing internal coaching/mentoring relationships. All of which are viable methods. Yet we, as a corporate community are not yet achieving the desired outcome. So, what's the problem? What are we missing?

Long-term View

The obvious answer is that we all get caught up in short-term thinking driven by the need to produce short-term financial results. We all know that a longer-term view is required, but we still need to produce the financial results or we don't survive into the long term. In fact, most organizations that we engage are so caught-up making money that it has become the primary focus that drives the organization. Most people in business will adamantly declare that the purpose of being in business is to make money! There is a big difference in purpose and necessity. Although making money is a necessity, it

"Two recent cases speak volumes about the failures of CEO succession planning. When Boeing's Phil Condit was forced out, did the company go with a younger, well-groomed candidate to replace him? No, it chose an older board member. And in the case of Motorola, when Chris Galvin was obliged to step down, the board chose to replace him with the long-identified internal candidate, Michael Zafirovski, but instead went for a complete outsider.

All of which suggests that despite the enormous amount of attention devoted to succession planning, little has changed. It's increasingly obvious that there is a dearth of corporate "bench strength".

(From January/February 2004 issue of Chief Executive magazine by Roger Kenny.)

is not the purpose of any organization.

Blasphemous? Maybe not... don't dismiss this as the ranting of a new-age liberal, I assure you it is not. Instead let's look back to the father of capitalism for a clue. Adam Smith in his epic work, "The Wealth of Nations" addresses the nature and origin of money. In it he distinguishes three uses for money: 1) A medium of exchange. 2) A means of storing value. 3) A measure of value.

All three uses can be defined simply; **Money is a scoreboard of value... that indicates how the team is doing at creating value in the world.**

The problem is that we become focused, many times obsessed, with "storing value" for shareholders, producing short-term thinking and team members who are disenfranchised.

Money is the Scoreboard

In sports we use a scoreboard to keep track of the teams performance. Take hockey for example, the primary goal is clear, put the puck in the net. The secondary goal is equally clear, keep the opponent from putting the puck in your net. The goals define the game, and make clear to the players what they need to do. The scoreboard tracks how effective they are at playing the game and if they really love the game, they grow their abilities...It's



Hockey players know the difference between the goal and the scoreboard.

simple.

It is equally simple in business, except we get confused and think the goals that define the game are numbers or scoreboards, which is like skating down the ice looking at

the scoreboard, a sure way to get your clock cleaned!

Great hockey players and teams are very clear about their purpose, and are passionately committed to it. Likewise with great business institutions. To build a winning organization your purpose must be compelling, and evoke passion from you and your team. Passion for a purpose that gives meaning to life is essential. **It is only through ex-**

important the purpose, the more passionate people will be about it. If you are thinking that your business is just not that compelling, you are selling yourself short.

2.) Accountability: You must insist on accountability as a mandatory building block. The trick is to use accountability to support people in living up to their potential, not as a hammer.

3.) Coaching: Create a culture

Most leaders see the need to develop people as a long-term goal... Separate from the short-term need to produce financial results, which frequently eclipses it.

In a personal growth culture developing people becomes the way that profits are produced.

panding personal performance that corporate performance is enhanced.

People will seek to grow in order to fulfill a compelling purpose that they see as their own. Your job as a leader is to ensure that people are committed to the purpose of the organization and that they are growing. You are in the people development business. When you are really effective at developing people, and have them focused on the core purpose of the organization, the scoreboard will show it, you will naturally produce financial results for your shareholders.

Beyond the To-Do List

Effective Succession Planning is not an item on the to-do list, or something that can be done with a piece of software, it requires a cultural shift. Shifting from a culture that is focused on the scoreboard to one focused on developing people is not easy, but necessary for the continuing success of your organization.

Although there are a myriad of actions that could be undertaken to create this shift, lets simplify the job by examining three broad distinctions, that if implemented effectively, will produce the desired culture.

1.) Leadership: Make sure that your people feel their work is "making a difference". The more

where people are open to one another's ideas. The arguments about who is right are replaced with genuine listening to one another for what they can learn...even when they don't agree.

If you are trying to get your people to grow, take on a project yourself that causes you to grow. Lead by example. If you are wondering what that project might be, consider this: I have met great leaders, I have met great managers, I've even met great coaches. On occasion, I meet people that are proficient at two out of the three. There are, very few who are skilled at all three. Proficiency in all three takes conscious and consistent effort. So, stop and think for a moment, take inventory. Are people around you inspired, excited about their work (Leadership)? Do they promise stretch goals and deliver consistently (Management)? Are they (and you) masterful at listening and understanding others' perspectives (Coaching)?

Take-on a personal project to master these skills and you will be on your way to creating an organization that will be successful well into the future.

"The signs of outstanding leadership appear primarily among the followers."

Max DePree
Leadership is an Art
Dell Publishing

We invite you to use the following questions to explore your leadership strengths and challenges. If you really want to learn from it, ask several of your people for their opinion (ask for their coaching).

I have set a tone of accountability for results throughout the organization to support people's success.

Seldom ___ Occasionally ___ Frequently ___ Consistently ___

I encourage people to break old patterns to increase their effectiveness.

Seldom ___ Occasionally ___ Frequently ___ Consistently ___

When I am not producing desired results, I seek other peoples' input.

Seldom ___ Occasionally ___ Frequently ___ Consistently ___

I employ "stretch goals" to increase our capabilities.

Seldom ___ Occasionally ___ Frequently ___ Consistently ___

EXTRA

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"PMP has served as a leadership consultant, trainer, and coach for me and members of my executive cabinet and senior leadership team. In my nearly 30 years of executive leadership I have encountered scores of management consultants, though none in PMP's league. They are very smart, insightful, and truly committed to the success of their customer. I have found their work to be of enormous benefit to both the organization and to me personally."

**David Guth, CEO,
Centersone of America**

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If you are faced with the daunting task of reducing costs, increasing productivity, improving quality of service; while keeping staff motivated and included, we can help. Call or write Brad Zimmerman; (248)647-9290 bzimmerman@pmpcoach.com.

"Projects with specific outcomes that impact the bottom line build the business case for engaging PMP. All of us have hired consultants that got everyone excited and then we went back to the office and fell back into the same old patterns. The involvement of Brad since the retreat truly holds us accountable to change.

If you find yourself in a situation similar to ours and are truly committed to change, engage PMP. I highly recommend them, but only, if you are committed to break through thinking and operating."

**Marn G. Myers, President & CEO
The Judson Center**

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