

GROWING YOUR COMPANY'S LEADERS

How Great Organizations Use Succession Management To Sustain Competitive Advantage

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MAIN IDEA

Due to the fact it is now commonplace for executives to change from one organization to another during their careers, succession management has moved from the background into headline status. What was once an issue of interest only to the human resources department is now a potential source of competitive advantage for organizations large and small. Quite simply whoever can win the war for executive talent stands the best chance of prospering in the future.

The seven key elements of a robust succession management system are:



1. Why the renewed interest in succession management? Page 2

There are several reasons why succession management has moved to the top of the agenda again:

1. Leadership is a scarce and therefore valuable resource.
2. Leaders no longer stay with one company for their careers.
3. It's important to give future leaders the right challenges.
4. It's very easy for leaders to find new opportunities.
5. Executive recruiters have become very good.
6. The marketplace is changing and leadership is needed.

Therefore, organizations which develop great succession management systems have a strong competitive advantage over those which do not.

2. The seven key elements of succession management Pages 3 - 7

① Corporate strategy

Every organization must have a marketplace strategy and a talent strategy which serves as the foundation of its succession management system. Taken together, these two strategies must answer the question of why succession management is worth worrying about.

② Sponsors and owners

Unless the succession management system has earned the sponsorship and support of top management, it just won't get anywhere. Similarly, ownership needs to be shared amongst the heads of business units for the succession system to work.

③ Talent identification

Good succession systems identify outstanding talent early based on past performance, the individual's potential and the set of organizational and leadership competencies valued by the organization. Identifying promising talent early is important.

④ Development linkages

An effective succession system needs strong linkages between positions and the experiences which will prepare a person to serve. There has to be a logical sequence of stretch assignments which will prepare a person for a position.

⑤ Assessors

Assessors, in a succession management system, determine who has high potential and decide who gets promoted. They need a cross-functional perspective and the ability to bring together the various elements and activities.

⑥ Tracking system

Tracking in a succession management system means to monitor progress and results. A good tracking system will involve both quantitative and qualitative measures and will highlight the successes and shortfalls of the overall system.

⑦ Success metrics

To tell whether a succession management system is working, individual metrics and system metrics are required. These will allow the effectiveness of the system to be evaluated over time, which will lead to ongoing changes and enhancements.

3. The future of succession management Page 8

The future of succession management looks very bright. The mindset that talent is king or, in other words, that talent directly impacts the performance of an organization, is more widely accepted today than at any previous time. Succession management is well positioned to move to center stage as the way in which companies can gain and sustain a significant competitive advantage in the marketplace.

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