



The Cambridge Perspective

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Leadership Succession: Are You Creating Your Own Crisis?



If yours is one of the many Canadian organizations facing the very scary, but very real threat of a crisis in leadership succession due to an aging demographic profile, there's still time to avoid it!

As a leader, succession planning and talent management are your most important responsibilities. Not preparing for the inevitable loss of current leadership puts your organization at risk in the future, and "parachuting in" an outsider to take over the leadership of an organization at the last moment is a poor succession strategy.

The cost cutting, downsizing and outsourcing frenzy of the past decade has forced leaders to focus almost exclusively on immediate profits and short-term gains to appease demanding shareholders, while overlooking many of the critical processes that contribute to an organization's long-term survival, such as succession planning. This flattening of management structures has led to a huge abyss between current and future leadership.

The only way to be certain your organization's long-term health is secure is to create a well-entrenched succession planning process that will guarantee the continuing development of future leaders.

Promoting leaders from within allows candidates time to get to know the company's culture, policies and procedures, and build internal alliances to assist them in achieving their objectives. There is, however, a danger of "inbreeding" when too much focus is put on internal hiring.

External hiring, on the other hand, can enhance your organization by introducing fresh perspectives and new ideas, as well as knowledge of alternative philosophies and processes to expand your existing team's capability and competitiveness.

The best strategy is to aim for a blend of internal promotion and external hires, to create a healthy balance between continuity and change within the organization. The goal is to ensure that, at all times, the best candidates are being identified and considered for the role - whether internal or external.

Identify Leaders Early

Once you've made the commitment to create (or re-create) your succession plan, the first step is to review your current talent pool and find out where you stand right now. Are there any clear leadership candidates for consideration, or conversely, any obvious "holes" in leadership that you need to fill?

Keep in mind that leadership surveys and assessments analyze past performance, but they are not always reliable in forecasting whether someone will actually achieve their potential. Nor are there any specific skill sets or competencies that can accurately predict

leadership success; despite this, MBAs and college degrees are invariably cited as requirements for CEO positions, even though over 30% of North American CEOs don't have them!

There are, however, some personal characteristics that DO have a correlation with leadership capability, which can help you narrow the field to the most likely candidates. Leaders will have already demonstrated some or all of the following characteristics in their



careers:

- Mentoring (formal or informal)
- Problem Solving
- Organizing/Planning
- Ability to Learn/Adapt Quickly
- Top Performance
- Early Adoption of Technology

Before finalizing your list of potential leaders, ask yourself if you may have overlooked a potential "sleeper"; someone who is not an obvious choice, but whose performance has been impressive. Many excellent candidates, and very often, women, minorities and disabled individuals are overlooked, simply because they aren't cast "in the same mould" as the existing leader.

With a little extra attention and coaching, these individuals are often more motivated to

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prove themselves and "go the extra distance" than traditional candidates, when given the opportunity.

Provide Opportunity for Development

Once you have identified a list of potential leaders, the only appropriate way to verify their ability is to test them using "stretch assignments", and to provide ongoing support and feedback.

One caveat: Avoid the temptation to advance individuals beyond their capability, or sometimes, at all. Great salespeople don't necessarily make great sales managers, so be sure that you're developing individuals based on leadership capability, not just job performance.

The goal is to develop pools of candidates with complementary skills, to allow you to match up talent with the emerging needs of the organization, and test leadership capability while addressing real organizational issues at the same time.

If you're one of the many organizations - or industries - facing a limited supply of successors, there are a number of options you may wish to consider:

- 1) Candidates from a similar or related industry (requiring equivalent technical or academic qualifications) who can be moved laterally and/or retrained.
- 2) Interim managers/consultants who may wish to fulfill the role on a contract basis until you have a permanent successor.
- 3) Many candidates, newly arrived to the country, are often over-qualified, but their credentials are not recognized in Canada.

These individuals could be in a "jump-start" position to move into a leadership role

- with support and coaching from senior management or a professional mentor - in a very short time.

Reward Success

Finally, there's no point in investing in leaders if you can't keep them, so embrace creative and flexible compensation and reward programs, such as employee share ownership, which establishes a personal interest in the organization's success. Deferred compensation, bonuses and stock options can also help keep individuals from straying, but only for a limited time. Everyone is motivated by something different, so find out what motivates your employees and attempt to provide the rewards that matter the most to them personally.

Don't wait until a crisis is imminent! By encouraging quality hiring practices at all levels, and providing opportunity for advancement, you can reduce training costs, achieve buy-in from all areas, and develop a reputation as a challenging and stimulating place to work.

Our senior partners can help you review your current human resources situation, identify high potential candidates from within the organization, provide objective comparisons with external candidates in and out of your industry, and locate and attract top quality talent who will fit your organization's distinct culture.

Our experienced coaches and mentors can work directly with your candidates to develop the skills needed to be successful in leadership roles, or assist your senior management in developing the mentoring skills to coach leadership candidates in-house.

Call one of our partners at 416-484-8408 to find out how Cambridge can help your

management team create a comprehensive succession plan that will position your organization for long-term success. •

Executive Coaching: Everyone Wins!

Executive coaching does more for an organization than just assist the coached individual to perform better; the well-developed leader shares their knowledge, and inspires everyone around them to perform better as well.

Cambridge can help your organization develop its senior executives in specific, targeted areas, or provide general leadership coaching. We can also work with your management team to identify internal leadership candidates, and create customized programs for general and targeted leadership skills development.

To discuss your organization's needs, call Terry Wray at 416-484-8408 x 202.

Cambridge Management Planning Inc. has been providing executive search and human resources consulting across Canada and internationally since 1976. Working in partnership with our clients, we add value, achieve performance improvement objectives and improve profitability. Cambridge offers a full suite of services including Executive Search, Board Search, Interim Management, Career Transition and Training & Development services.

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*Management is doing things right;
leadership is doing the right things.*

- Peter Drucker

