

Why Would Anyone Need Succession Planning?

By Emmanuel Agbor



There is high turnover in the leadership of many small businesses and nonprofit organizations today. Over 50% of family businesses and nonprofit organizations expect the leadership of their organizations to change by 2013 (<http://www.familybusinessinstitute.com/succession-planning/ownership-succession-planning-for-family-busin.html>)

Even though all organizations need to be able to find people with the right skills to fill key and top leadership jobs, many organizations, especially small family owned companies and nonprofit organizations face the issues of leadership replacement. Change of leadership is one of the most crucial events in the life of an organization; consequently, this situation calls for better succession planning.

Business succession management involves planning for the smooth continuation and success of an organization, which depends greatly on the availability of competent people. Organizational leaders need to prepare for this time by introducing succession planning in their organization. Many organizations are reluctant to discuss succession planning because of fear of offending or upsetting people. However eventually, organizations are forced to face this issue because they realize that their leaders will not live forever.

One of the benefits of succession planning is that it works towards the effectiveness and survival of the organization. Organizational leaders are realizing how important succession planning is in the life of the organization. They also realize that succession planning can be a moment of great vulnerability as well as great opportunity for transformative change in the organizations. Therefore, organization must discuss succession planning as an ongoing part of organizational development.¹

What is Succession Planning?

Joyce. E. Johnson, et al defined succession planning and management as an organized method of identifying and developing talented individuals in an organization and providing them with opportunities for promotion and advancement. Succession planning is more than a selection system for leaders; rather it is a way to ensure continuity of leadership that involves all levels of the organization.ⁱⁱ Succession Planning is also any effort designed to ensure the continued effective performance of an organization by making provision for the development, replacement, and management of key people in the organization.ⁱⁱⁱ Rollins^{iv} asserts that the most comprehensive plan of succession is one that is largely inclusive and focused on assessing and developing an extensive array of leadership talents from within the organization. Rothwell,^v further describes succession planning as a process of developing talent to meet the needs of the organization now and in the future. This would mean that the organization identifies and prepares suitable employees through mentoring, training and job rotation, to replace key people.

Benefits of Succession Planning

When a key leader leaves an organization without succession planning in place, many things can go wrong. First, there could be either no able successor or one who is unprepared to handle effectively the responsibilities placed upon him or her. At this time, there could be loss of profit that can lead to failure of the business. If an able successor cannot be found, a temporary replacement is often the only choice left. However, this situation can result in the downfall of the organization. In other words, without succession planning, a business that has become successful can very easily fail. This is because the experienced and motivated leadership of an organization is usually the reason for the growth and success of the organization. Without proper succession planning, the organization leaves its future success to chance.

Hence, a succession planning and management program can provide the framework and resources for ensuring the development and retention of leadership talent within the organization. This is because succession planning helps improve the talent pool of promotable employees by formalizing the process of advancing employees and therefore help promote better retention in the organization. Many organizations look outside their ranks for qualified people to replace their leadership or sometimes they place qualified employees in positions that do not match their skills or career goals. Many times this works against the organization.^{vi}

However, succession management programs can help organizations avoid these pitfalls by providing a comprehensive analysis of the skills, talents and personality of employees and match these findings to the organization's current and future leadership needs.^{vii} This leads to a sense of purpose and

direction in the functioning of the organization by clearly defining the personnel policies and procedures and job descriptions. This benefits the employees as well as the organization.^{viii}

Furthermore, organizations that want to introduce diversity as part of their strategy benefit from succession planning and management. Diversity management enhances work force and customer satisfaction, improves communication among members of the workforce, and improves organizational performance.^{ix} Seventy- five percent of the 50 largest companies in the U.S. now have diversity directors.^x These organizations see real benefits of diversity in the increase efficiency, improved staff morale, and better access to new market segments through the application of knowledge that comes from the management of diversity in their organizations.^{xi} Succession planning gives organizations the chance to reassess what competencies they want from their leaders. For example, some organizations include a special review of high-potential women and minorities as part of the succession planning process. These companies reward managers for identifying, grooming, and promoting different races as well as encourage them to create teams on which the personalities are diverse.^{xii}

Furthermore, succession planning helps in the implementation of the organization's strategic plan. According to Rothwell, an organization's strategic plan helps the organization to compete and survive in the market place. Consequently, succession planning and management focuses on identifying and training critically important leadership talents. This is because leadership and leadership identification is crucial to the successful implementation of an organization's strategy.^{xiii} Organizations require leaders to drive and control deliberate changes in structure, culture and process in order to transform the organizations and make them effective.^{xiv} According to Rothwell,^{xv} the continued survival of the organization depends on having the right people in the right place, at the right time to do the right things. Hence, organizations can no longer leave the development of these right people to chance.

Overall, succession planning helps organizations provide the framework and resources for developing and retaining leadership talent within the organization; provides a comprehensive analysis and matching the skills, talents and personalities of employees of the organization's current and future leadership needs; and helps organizations to introduce diversity as part of their strategic plan. Therefore, in the contemporary organizational environment, any organization that does not take succession planning seriously stands the chance of not reaching its full potential or even failing.

ⁱ Lubar, M, Price Succession Planning and Sustainability in Nonprofit Organizations, retrieved May 28 2008. <http://epic.cuir.uwm.edu/NONPROFIT/transitions/DFWSuccession2.pdf>

ⁱⁱ Joyce E Johnson, et al. Nursing Management. Chicago: Jun 1994. Vol. 25, Iss. 6; p. 50-56

ⁱⁱⁱ Rothwell, W. (2005). Effective succession planning: Ensuring leadership continuity and

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- building talent from within. New York: AMACOM.
- ^{iv} Rollins (2003)
- ^v Rothwell (2005)
- ^{vi} Khurana, R. (2002). searching for a corporate savior: The irrational quest for charismatic CEOs. Princeton, NJ: Princeton.
- ^{vii} Joyce E Johnson, et al, p.50-56
- ^{viii} *ibid*
- ^{ix} Dansky, K., Weech-Maldonado, R., De Souza, G., & Dreachslin, J. (2003). Organizational strategy and diversity management: Diversity-sensitive orientation as a moderating influence. *Health Care Management Review*, 28(3), 243-253. Retrieved, from ABI/INFORM Global database.
- ^x Economist, 1995.
- ^{xi} Thomas and Elyas, as cited in Lauring & Ross, 2004.
- ^{xii} Leibman, Michael S, Bruer, Ruth A. Where there's a will there's a way. *The Journal of Business Strategy*. Boston: Mar/Apr 1994. Vol. 15, Iss. 2; pg. 26, 6 pgs
- ^{xiii} Rothwell (2005)
- ^{xiv} Ashkenas, R., Ulrich, D., Jick, T., & Kerr, S. (2002). *The boundaryless organization: Breaking the chains of organizational structure*. San Francisco, CA: Jossey-Bass
- ^{xv} Rothwell (2005)

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