



SUCCESSION PLANNING FOR 2021 AND BEYOND

PREPARED BY
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"More than one-third of HR leaders report struggling to develop effective senior leaders and 45% struggle to develop effective midlevel leaders" - Gartner Inc

Introduction

Managing succession is a key factor in sustaining any organization. According to a study by Gartner Inc., more than a third of the 2800 HR leaders surveyed struggle to develop effective senior leaders, 45% struggle to develop effective midlevel leaders and only 50% believe they are well-equipped to lead their organization in the future.

Many organizations confuse succession planning with replacement planning. Replacement planning is reactive. It only focuses on filling an immediate need for a specific role. There is limited focus on employee talent development. Even with a focus on employees' development, linkage with succession planning is weak at best. Replacement planning is often a form of risk management. The aim is to limit the chance of catastrophe stemming from the immediate, unplanned loss of key incumbents. With the fast-changing environment and focus only on replacements, leadership bench instability is at an all-time high.

Succession planning, in contrast, is a *"deliberate and systematic effort by a company to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement"* (William J. Rothwell - *Effective Succession Planning*). It is a proactive attempt by an organization to ensure business continuity. It encompasses all levels of an organization and is managed by facilitating internal talent through a planned focus on development. This begins with understanding and reviewing the strategic priorities of the organization, measuring current in-house capabilities, understanding gaps and thereby identifying key developmental activities required to build readiness in individuals to meet the organization's strategic priorities.

Before COVID-19, business and technological forces already necessitated organizations to manage change and make decisions more quickly than ever before. Organizations that were able to respond to this better ended up being more successful. The pandemic has made this even more prominent. Companies of all sizes are under pressure to make their business models fit unprecedented changes across the world and how we work.

Over the past decade, all sectors reported an increase in the adoption of digitization, analytics, and automation. The advent of digital technology in a global market is a massive disruption, but COVID-19 accelerated the adoption of previously sluggish digital transformations, organizational structures, working remotely, adaptive virtual working, and other future-focused initiatives. These changes are not temporary. A recent survey of 800 executives by Mckinsey shows 85 percent of the companies have accelerated digitization and 67 percent of the companies have accelerated automation and artificial intelligence. COVID-19 has changed the way companies look at their future and changed their view on who is considered central to operational success for the organization.

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Now, more than ever, organizations need to review their talent management and succession planning strategies. Organizations that do not respond risk being at a significant disadvantage in the post-pandemic world as well. Organizations have long recognized to varying degrees the importance to have a succession plan for the business-critical C-suite roles. The pandemic has highlighted the criticality of key operational roles as well. As critical as C-suite roles are, investing time and effort to identify future leaders for key operational roles is crucial to keeping the organization's machinery going. Retaining, developing, and nurturing future talent across key operations is essential to maximize results and mitigate talent risk to build antifragile organizations.

What Goes Into A Succession Plan

For succession plans to be robust and sustainable, they must fit the overall business strategy, and understand the direction and pace at which the organization wants to move. A typical roadmap must-have details on:-

- **What** areas of the organization does the plan apply to?
- **Who** are the employees to succeed in leadership roles in these areas?
- **When** will the succession plan be put into action, and where will this plan extend to?
- **Why** have succession decisions been taken? Why have certain qualities been prioritized, and certain individuals been identified as future leaders?
- **How** will these individuals be nurtured, supported, and developed to step up and be ready when the time arises?

The pandemic, on the one hand, has forced quick and reactive changes in several processes. On the other hand, it has caused organizations to redraw their long-held assumptions about what “good” looks like. It has changed the definition of “high potential” leaders and created the need for evolving work policies and a shift in the requirement of skills. Regardless of sector, organizations are having to transform in these areas to keep pace with automation and digitization.

Changes in 2021 That Will Impact Succession Planning

Transforming Jobs and Success Profiles

Technology had already been impacting jobs rapidly over the last decade. Work technologies such as automation, robotics, AI, and such have brought many organizational gains. Better operational efficiency and lower production costs are by themselves a major reason for organizations focusing on these. However, these have also simultaneously shifted jobs in 3 ways: towards extinction, augmentation, or creation.

The pandemic's impact on technology and jobs, as stated before, is unprecedented and here to stay. HR faces the challenge of putting in place dynamic succession planning processes around this change.

Evolving Work Policies & Practices

The need for social distancing during the pandemic forced companies to adopt new work policies such as work from home and rotational schedules that were previously being experimented only by a few progressive organizations.

Organizations and managers who were used to “seeing” performance found it hard to evaluate performance. Unlike office working with frequent personal contact, performance frameworks need to be re-evaluated to accommodate virtual work. This means that if past performance evaluations are a part of an organization's criteria for succession planning, measuring this in the “new normal” for work is the need of the hour. Also, fostering performance is tougher. Unless employees are 100% intrinsically motivated, it's harder to generate enthusiasm about your company's offering due to lower social engagement.

That said, talent availability has become easier due to global availability. Virtual work teams mean limitations such as geography can be let go of as long as productivity is maintained. This widens the HR pool of available successors to a role.

Changes in 2021 That Will Impact Succession Planning

Shortening Skills Shelf Life

Innovation will make skills obsolete faster. Organizations that thrived on “specialist for life” would find this to be a major threat. As jobs go extinct, augment, or are created faster than ever before, organizations perennially find themselves needing employees with newer skills. This means even the most high-performing employees may start becoming obsolete unless organizations help them to focus on the right areas of development to mitigate skill gaps. The change for HR will be building succession planning pipelines that now have to be based on skills of the future, with non-traditional benchmarks. Current estimates put the half-life of a professional skill at just 5 years, and this will only get shorter.

Estimates put the half-life of a professional skill at just five years – in five years that valuable skill you gained in school or in the workplace is half as valuable as it was when you acquired it. - Adobe

Build Future-Ready Organizations

Fluid Succession Planning

Succession planning can no longer be an ad-hoc, one-time, one-size-fits-all static practice of selecting key talents and developing them over a fixed period of over a year. It has to become a fluid process – continuous, running throughout the organization, and changing in sync with the business.

Succession Planning needs to be:

a. Continuous

Succession planning must now become an on-going process, with continuous, refreshed talent data. Succession planning needs to facilitate HR with live and updated information on talent. This will let HR move talent according to need and cut downtime that a role is vacant.

b. Throughout the organization

Traditional succession planning is reserved only for certain parts of the business, or just the top management. However, doing this leaves the majority of the organization vulnerable to business risk due to vacant positions. Today, Succession planning needs to include all levels and functions of the organization. This allows positions at all levels to be filled quickly, and also builds an organization's bench-strength readiness to improve business continuity.

c. In sync with business needs

With the rise in ambiguity in business and fast-changing environments, business strategy reviews and directional changes are more frequent. When such a shift happens, HR needs to be ready to move fast and provide the right talent to support this business change. A rigid succession planning process hinders this. It doesn't provide a way for HR to pivot mid-way through the process to meet the changing need, or becomes too expensive due to significant investment in a long-term plan.

Thus, HR needs a process that can adapt to the business's agile talent demands. A fluid succession process helps to create more agile leadership pipelines which can keep up with the demands of complex business environments.

24/7 Talent Availability

The mere availability of external candidates available doesn't translate into "required" talent availability. There may be skills gaps or cultural gaps vis-à-vis the organization's requirements. Organizations relying mainly on external hiring also face heavy recruitment costs. Thus, HR Teams today need to adopt a talent marketplace to facilitate the development of internal talent and create a robust succession pipeline. As Josh Bersin said in his article *Talent Marketplace Platforms Explode into View* "Companies have been restructuring at lightning speed (driven by the Pandemic) and now, more than ever, they need an intelligent way to move the right people into the right role".

Talent marketplace allows opportunities to be posted for open positions, gigs, projects, and any other need within the organization for employees to apply. Using technologies like AI and algorithms, the Talent Marketplace then matches the best talent for an opening and vice versa allowing the organization to discover untapped potential and abilities of its employees truly optimizing internal recruitment. This helps employees to have experiences that are crucial to their development, and fill skill gaps, that would be much harder, if not impossible in just their regular roles.

Having an internal talent marketplace that connects can benefit your organization by:

- Maximizing internal recruitment
- Reducing external recruitment cost
- Optimizing talent utilization
- Reducing attrition

Future Looking Career Pathing

In 2020, the pandemic forced organizations to empower employees and make them self-accountable for their work. The next step as we enter 2021, is to empower employees further and allow them to be self-accountable for their careers. As careers are no longer linear, employees need to be able to visualize potential career paths and create customized development plans for their identified paths. Empowering employees for this will help HR on the Organization's journey of Succession Planning.

A major focus of HR is to help organizations navigate an increasingly VUCA (Volatile, Uncertain, Complex, Ambiguous) environment. The rise of "Career nomads" adds to the difficulty. These are high-performing talents who have no qualms about switching jobs, organizations, and careers. As they are expensive to replace, HR needs to find processes that boost both retention and engagement, and career pathing helps with both.

1. Career Pathing and Retention

Lack of career opportunities and job not being the "right fit" is among the top reasons for employees choosing to leave an organization. Organizations that offer learning and development have a competitive advantage. Career pathing gives people valuable insights into today's non-linear careers, alternate career paths that are available to them in the organization, and how to build readiness for potential next roles on these paths. This can be a game-changer for reducing turnover.

2. Career Pathing and Engagement

With all the change in workspaces, ways of working, digital transformation, and overall disruption, Engaging employees is even more challenging. Organizations cannot succeed without an engaged and motivated workforce that is willing to put in discretionary effort. Career pathing allows employees to not just understand alternate career moves, they gain valuable insights on their skills and competencies, and the resources they can use to fill personal gaps to make potential moves for various alternate career paths. Employees value these developmental opportunities and seeing a long-term career in organizations – both of which are crucial elements for higher engagement.

87% of human resources leaders have placed their employee retention attempts as a #1 priority for the next few years - Kronos

Summary

The scale of workforce transformation set off by the pandemic increases the urgency for organizations to quickly adapt to the changes. This will require redesigned business processes and a shift in focus towards building talent for future critical positions.

Organizations need to embrace a mindset shift and change from the traditional ways of work activity allocation and workforce composition. Organizations need to prioritize agile ways of working and cross-functional collaboration, designed for stability and dynamism. It is crucial to improve efficiencies by unbundling & re-bundling of work and adapting to the changing workforce composition. To meet these evolving needs organizations need to have fluid succession planning that is a coherent and systematic effort to ensure continuity of talent in key positions, accelerate development, and improved retention of key individuals.

To build resilient workforce business leaders and HR need to focus on talent capability development, instilling a culture of continuous learning throughout the organization, and develop organizational capabilities to nurture non-linear, modern careers.

About Accendo

Why We Exist

We exist because companies struggle to align talent with business strategy and need a completely new approach to managing talent. The need for a new approach stems from two critical realizations about business in today's world – first, constant disruption is the new norm, putting relentless pressure on growth and profits. And second, prioritizing the talent agenda is the solution to driving organizational performance, not the roadblock.

We aim to align business and talent and we do this by giving equal attention to the needs of the organization and that of the individual.

Our Perspective On Talent

We believe that talent management practices are outdated, broken, and completely ill-suited in today's disruptive business environment. Organizations have spent millions of dollars on HRMS solutions, but these are just not serving the needs of business, and largely serving as systems of record.

Business users and leaders lack the hands-on tools they need to properly address issues on how to effectively manage their talent, with the agility that is needed. Employees are largely left out of talent decisions. They lack transparency and involvement, whereas the need of the hour is a true partnership between organizations and employees.

The Value We Deliver

We enable decisions and conversations around talent to be based on data. We all know that the best decisions are taken when we have access to relevant, updated and comprehensive data that talks to each other. Why should it be any different when taking decisions on talent, where unfortunately, many decisions are still taken on subjective grounds, or with incomplete data.

Would we do the same in other aspects of the business? Unfortunately, the same analysis rigour is lacking when talent decisions come into play, because the data and analytical tools needed are simply not available in most organizations.



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