



Integrated Succession Management: A Necessity for Business Continuity

INTRODUCTION

Succession Management is now recognized as an integral part of Business Continuity Planning (BCP). BCP has often been associated with systems and data and even interchangeably with Disaster Recovery. Thought leaders on the subject beg to differ.

Business Continuity Planning is nothing but a peer mentoring methodology used to recover and restore interrupted critical functions within a set time after the occurrence of the disaster. It is usually carried out by creating an authorized and practiced logistical plan for the recovery.

In the context of Human Capital Management, when employees holding key positions leave or retire, the disruption caused represents a discontinuity. While remedial choices may abound, replacement with minimal business impact is often a challenge. Research shows that management intervention is time critical in nature—that is, an integrated framework of strategy, event management, and competitive intelligence alone can ensure the necessary continuity.

Strategy in Succession Plans: The scope of the organization lies in its portfolio of products and services and the geo-markets that it addresses, while the scale lies in the numbers, the associated infrastructure, and people. In order to achieve resilience in scope, leadership continuity is a must. Agility in size can be achieved by implementing a structured process to ensure the right kind of succession. A good continuity strategy should be able to lead the organization through the choices of handling any Succession Management problem through:

- Internal succession
- Hiring a freelancer/franchise/partner (as opposed to strategies in vertical integration of yesterday) or
- Hiring from the global market

Not surprisingly, recent studies suggest that in the next few years, over 30% of all HCM activities would be centered on Succession Management (Planning). Talent markets have gotten tighter over the years; baby boomers (they played a valuable role in their respective organizations) are retiring; and burgeoning opportunities are always luring productive employees away.

Some recent trends:

- Succession plan is now viewed as an ongoing process and is executed for positions reaching into the middle and lower rungs of management. (Compare this to the Disaster Recovery Approach that is conventional).
- The Planning process itself has two distinct forks. One enables identification of people for immediate needs. Apart from being fit for the position, the choice to recruit or find an internal successor is based on cost and/or cultural considerations. The other approach would be to take a long term view and create talent pools that can be trained/ groomed into leadership positions for the future.
- Plans are backed by solid data (candidate profiling is alluded to here).

- The plans are part of an integrated strategy for managing talent rather than being a stand-alone program.

Competitive Intelligence: Business leaders are always looking to spot winning trends and industry practices. It is very common for businesses to study and implement best practices from successful business models. In this context, it is important for businesses and HR to know how core and non-core positions are being handled and sometimes even be the first mover of a trend in order to gain potential advantages.

Researcher and practitioners have suggested that companies that have the resilience for sustained success, have some characteristics in common; one of them being a Human Resources Department which is strategic, responsive and creative and can assist in the design and implementation of a plan for leadership continuity i.e. a succession plan.

So how should HR Managers work with the business? Here's a point of view.

A Point of View

From the process shown in figure 1, HR Managers, in working with business (on leadership continuity), should be able to help in creating

- 1) global talent pools, and
- 2) succession plans for specific positions.

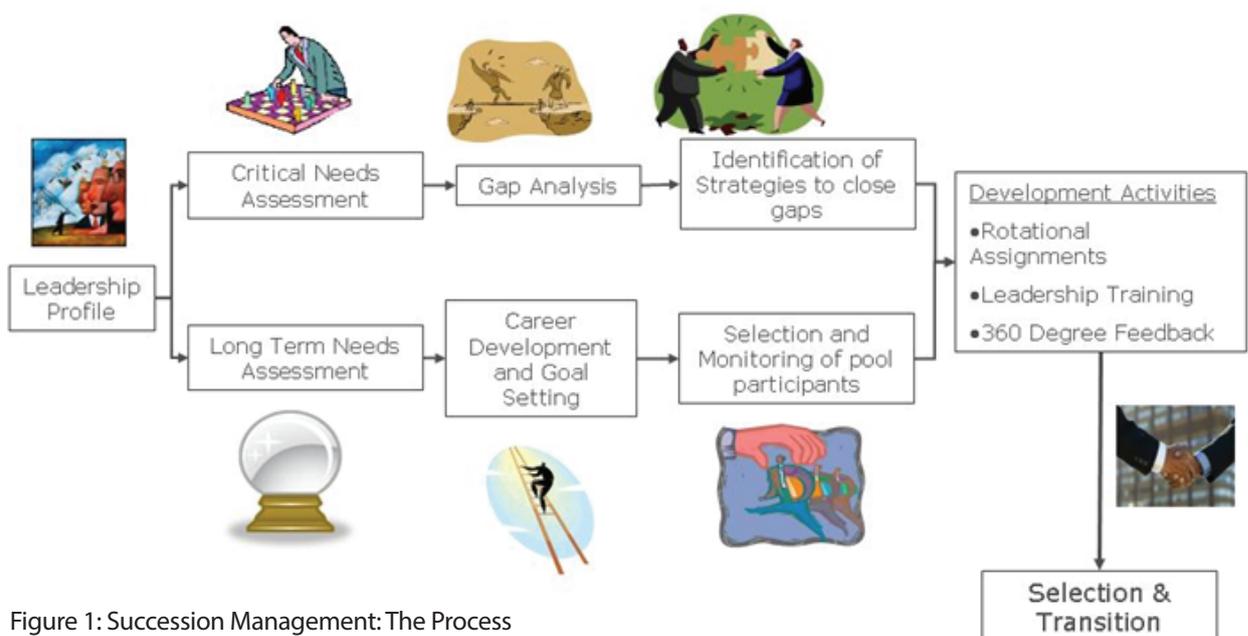


Figure 1: Succession Management: The Process

Each of these talent pools represent cohorts of employees with specific destinations (possibly 2 or 3 of them) and like-wise, succession plans are against named positions or are intended (future) replacements of incumbents.

While this approach would result in efficient results, how does one ensure efficacy? The efficacy, in our view, lies in detailing and providing the choice of the manner of succession to the businesses.

There are two singular steps in achieving this efficacy. First, recognize issues and solutions that lie in four distinct levels and secondly, recognize that the business is the customer and thus lead them through an experience of their choice. This will make for a compelling process that the business cannot refuse.

The Four Levels...

Let us begin by identifying the four levels. Consider the figure above. There are four singular steps that planners and businesses have to go through in creating the global employee profile and a named destination for the same.

At a very basic level, HR Managers can profile candidates based on their education, work experience, and competencies. Basic HR Systems, employee service records, and data from recruitment agencies can help in the profiling. Analytics applications should be able to "package" the information and match against specific positions or create cohorts of employees who can be groomed for future positions (usually by a career plan and a corresponding learning path).

This is a very basic step and almost all organizations do this in some way or other. According to research, a structured approach is still lacking and sometimes, there is no formal process in place to achieve the desired results.

Resources today are globally available. There are legal issues and these need to be adhered to. Work visas, relocation (lead-time and feasibility), norms for compensation etc. come into play while profiling candidates located internationally. The process has to be tailored to lead HR Managers/Businesses through the process of profiling, based on the candidate's current work location. This is a necessary, and yet, insufficient step in the path to creating global profiling. Police certification also falls under this category (this is required especially in Banking, Process Units that deal with a principle's data etc.).

Industry-level measures and certification also go into the profiling. As the position criticality increases, industry-specific details (in the profile) become more important. Resumes carry this information, but they need to be verified. The Aviation industry for instance, tracks pilot certifications, the IT industry tracks professional certifications, while many training institutes and Software OEMs publish certification data on their website.

Lastly, at the organizational level, there are some complex issues. At a simplistic level, there is the question of the extant business conditions and the availability of talent pools.



Figure 2: A Globe of Challenges

Analytics can help judge the adequacy. There is a need however, to establish a strong link between business volumes and headcount that goes beyond productivity per employee. Older HR techniques such as Job Costing are still in practice. The issue is whether this information is linked to the process of planning.

The other and probably bigger issue is the organization’s culture. Fortune 500 companies are known to acquire smaller, agile organizations in the hope that such qualities would be imbibed by their own successful but lackadaisical units. They have even gone to the extent of creating data models to bring in the necessary objectivity. Once again, the issue is, does the business want to try this and if so, is this process tied into leadership continuity plans? If behavioral training is acceptable, culture seeding should be acceptable too.

It should be said that apart from websites that publish information, there are a plethora of service providers and data sources with which collaboration is possible. This is essential in bolstering the process. As mentioned before, technology can help automate this to a great extent.

Creating an Experience

Having discussed the four levels and the issues and solutions in the same, here’s how we feel HR Managers should help the business.

“Deal with the problem or work on a plan in a manner that the business deems fit”.

Shown in the display below (Table 1) are some distinct views that a business could take and how HR managers can present those views. Businesses could be looking for (1) an early warning system (who’s retiring or who is likely to quit etc.), (2) a historical precedence to help determine how to act, or (3) arrive at a view based on how the competition is approaching their plan.

We argue that practices associated with leadership continuity should be backed by executable, role-driven processes that help gather the necessary data for generating analytics. It is important to interview businesses and ensure that the “Decision” entities are mutually exclusive and conditionally exhaustive.

With this step put behind, businesses are ready to plan. What are they concerned about?

The display below (Table 2) shows typical concerns and how HR Managers can help businesses form a view, once the planning is underway. The vertical to be chosen is the vertical deemed important by the business. Once again, it is important for the vertical to be mutually exclusive and conditionally exhaustive.

| | | | |
|--------------------------------|---|---|---|
| Decisions | Early Warning | Decision by Precedence | Competitive Intelligence |
| Analytics (Information) | Employee Movements | History of Succession & the success there of | Industry Personnel & their Careers, Industry Practices |
| Data | Years of Service, HR Policies, Attrition, Promotions Due, Transfers etc. Business Events leading to attrition in the past | Incumbency & Succession | Agency Data, Intelligence from Previous Interviews (this is very rarely captured in a database and can be quite useful if made accessible) etc. |
| Process | Employee Service Records | Succession Planning, Employee Records Maintenance | Consulting, Networking, Subscription to Web Services |
| Practice | Leadership Continuity | | |

Table 1: Data Analytics in Various Views

BPEL & Web 2.0

The process doesn't end here. There is the question of technologies such as BPEL and "Mash-ups" and harnessing them. Verification of information (certifications discussed above) can be a BPEL process. The automatic execution (usually based on business rules), can verify someone's claim to fame from designated sites or pick up intelligence on immigration laws.

Content Mash-ups would be the next step along the way. The candidate's profile is available as a document. Web 2.0 technologies can help "mash" this information with other documents such as certification, immigration, etc.

Cultural Constructs: An Opportunity to Co-create

The problem cannot be solved by these elements alone. At the level of the organization, and as a fundamental to the process, Succession Managers and Business Heads should brainstorm on the best way to fit a position. That is, systems today can show the fit, cost and value in selecting a candidate for a named position. This alone seldom cracks the problem as the debate on internal succession vs. external hire transcends standard data structures into issues such as culture and the practicability of plans.

It is recognized that not 100% of practicality and cultural issues are systematic, that one may enhance process capabilities and standardize the approach. Current Succession Planning Processes can be extended to deal with such issues if data types can be identified in the context of the requirements of the organization.

Here is where concepts such as co-creation and process reconfiguration can help. In this scenario, planners work closely with IT solution providers in defining data types and business rules around HCM concepts such as culture and the organization's people semantics (in the context of a plan).

This would enable solution providers to provide for the necessary software artifacts. It would still be a set of finite choices, but the planner would have co-created an experience and reconfigured the extant process to suit the needs.

Conclusion

Almost every piece of research published in recent times, highlights the importance of leadership continuity – either as a pillar in BCP or as an integral part of the Talent Management process. It is important for HR Managers to take a global view of issues and harness globally available supports to create the experience of choice for business leaders.

| Decisions | Plan Fit | Recruitment Logistics | Cultural Fit |
|-------------|---|--|--|
| Information | Fit-Cost-Value | Dates Available, Training Required | Mentorship, Comfort with the organization's approach |
| Parameters | 1. Competency 2. Cost to Recruit and CTC 3. Targets and probability of achieving those targets | Current Employment Contract & Hire Date Criticality, Legal Formalities etc | Culture Surveys and Mentorship Data with Performance Track Records |
| Documents | Internal Candidates, Resumes (both freelancers and recruits), Physiological Information, Legal Issues (Visas), Certificates, Reference Checks, Industry/Sector Experience, Mentorship Records, References, Culture Surveys etc. | | |
| Process | Succession Plan | | |
| Practice | Leadership Continuity | | |

Table 2: Decisions on Plans

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ERP | SCM | HCM | EAM | CRM | Financials | APS | Process Control | Analytics | Aviation | BFSI | Energy & Utilities | Government | Logistics | Manufacturing | Services