

***“A Strategic Approach for Developing and Retaining Human Resource in Organization: Succession Planning and Talent Management”***

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**Abstract**

Retaining employee talent is a core capability for any successful organization. Succession planning is the process of identifying and preparing suitable employees through mentoring and training, to replace key players within an organization as their terms expire. Hence Succession planning is one of the tools to retain the other employees of high potential in the organization. Besides the performance of the employees, leadership qualities are among other factors that need to be considered while selecting the successor. Succession Planning tracks each candidate's development progress. Aligning the Human Resource Planning with the Succession Planning is the best business strategy for the success of the organization. Besides counter the problem of attrition, cost savings aspect is one of the strongest reasons in favor of implementing succession planning. Career Planning is the life- long process a person goes through to learn about himself, about careers and work situations and then make a career choice based on information gathered while developing coping and social skills. Career and succession planning process based on key competences, not job titles, to provide greater flexibility and a more strategic and future focus.

**Key Words:** Succession planning, Business succession planning, Talent review, Skill-gap analysis, *focus* Succession Planning, Career Planning, Career path.

## **Introduction**

In today's economy, attracting, developing and retaining employee talent is a core capability for any successful organization. Leading organizations are paying increasing attention on retaining the employees by keeping a sound Succession Planning. Many organizations are confronted by the imminent retirement of many key personnel and leaders. In addition, there are fewer people to fill many high level or strategic positions. In some professionally managed companies, every key executive is usually asked to identify two or three best juniors who could replace him in his job should the need arise. As a result of these, succession planning has become a higher priority in many organizations. A succession plan clearly sets out the factors to be taken into account and the process to be followed in relation to retaining or replacing the person. Succession Planning also ensures that the organization does not face a major disruption when any of its executives move out of their existing roles due to various reasons. A good succession planning system ensures smooth transition of a new incumbent into the role when the previous role holder moves out of the particular role in an organization. Lack of succession planning at various levels within the organization would necessitate recruiting outside talent which may take time in induction process as well as adjusting to the organizational culture. Developing internal talent is often a preferred option in many organizations.

## **Succession Planning**

Succession planning is the process that is used by manpower planners to convert information about current employees into decisions about future internal job placements that might be caused by promotions, resignations, retirements, etc. Owing to the complexities and time-consuming nature of succession plans, succession planning is usually limited to key employees in middle management and top executive positions and to those employees identified as having long-term potential. By identifying successors to key jobs and high-potential employees, an organization may ensure a steady flow of internal talent to fill important vacancies, whenever they arise (Chhabra 2006).

Succession Planning involves having senior executives periodically review their top executives and those in the next lower level to determine several backups for each senior position. This is important because it often takes years of grooming to develop effective senior managers. There is a critical shortage in companies of middle and top leaders for the next five years. Organizations will need to create pools of candidates with high leadership potential (Wikipedia).

## **Success Criteria**

Succession planning is a proactive activity focused on developing a pool of talent with the skills, attributes and experiences that are required to fill specific and often, senior positions within the organization. To accomplish this, organizations must undertake a comprehensive assessment and planning process to identify and forecast the leadership needs of the future (Halogen Resource Center).

There are several key success factors for a succession planning initiative.

Having visible support from the CEO and top management

- Identifying the leadership skills and competencies required by the organization to succeed
- The ability to find future leaders and motivate them
- Ensuring succession planning is aligned with and supports the corporate culture
- Include employee input.

### **Strategy for Succession Planning**

Preparing the employees for future leadership roles consists of two activities: **Planning** and **Developing**. (Business Performance Pty Ltd).

**Planning** includes the following activities:

- identifying employees who show potential for assuming greater responsibility
- assessing those individuals against some kind of leadership model to understand their strengths and development needs
- developing leadership model – or set of models – that describe the elements of leadership critical to the organization
- identifying the kinds of roles that will need to be filled
- ensuring a flow of succession opportunities – even if it means removing current leaders that are performing adequately in their role

**Developing** future leaders goes beyond the classroom. In fact, successful leaders cite other factors besides training when asked to describe their best source of preparation:

- stretch experiences
- a formative mentor
- dealing with hardship and conflict

A progressive view of leadership development will emphasize all of these strategies over a training-heavy approach. However, often an element of “divine intervention” by a development-minded CEO is needed to execute some of the riskier strategies:

- putting an employee in charge of key negotiations with a competitor, vendor, or union
- tapping an employee to turn around a struggling division or function
- tasking an employee to build out a new capability, develop a new product, or enter a new market

### **Importance of Succession Planning**

Following are the important factors which influence the Succession Planning (Business & Economy News Bureau).

- Once the term of a leader expires, there has to be someone to take his place in the organization and lead the organization later. This is truly difficult as one has to ensure that the employee groomed is fit for the post.
- Depending on one man alone can often be dangerous and thus a backup is required. This is where succession planning comes to the rescue for it ensures that the organization does not come to a standstill and there is always someone to take it forward.
- Succession planning is an on going process and senior executives review the performance of their top executives and those in the next lower level on a regular basis to have a look at their work and decide on who the right person would be.
- Clearly succession planning is an important cog in the wheels of the future from an organization's point of view.

### **Business Succession Planning**

Business succession planning involves planning for the smooth continuation and success of a business which depends greatly on the availability of competent people. Be it profit or non-profit organization, one of the concerns is there may be no successor to drive it once the leader or key person leaves – either by choice or by circumstances. Whatever the case may turn out to be, the situation can be dire for the organization. Profit may be lost. Business can become untenable to continue. In the case of the unplanned death of an owner, the remaining co-owners and the heirs may be embroiled in a relationship crisis that threatens to wreck the business.

With so much at stake, business succession planning has to be a priority and should be part of every business planning. There are two main options available to business succession planning, which are:

- 1. Retention Planning:** Retention of the business within the family circle; and
- 2. Buy-sell Planning:** Selling of the establishment to other business owners or key employees or interested outsiders.

### **Effective succession plan**

Succession planning has to ensure that the right people with the right skills are in the right place at the right time. It can be done in three ways: role-based, individual-based and team-based. The first is about identifying key positions, the second focuses upon key people and the last involves replacing a section of people or resources (Express Computer-a).

### **Talent review**

One of the challenges in all organizations is planning for HR needs. It is essential to adopt a disciplined approach to match HR resources with the anticipated needs of an organization. This includes aligning the succession planning process with business strategy.

“The purpose of the talent review is to figure out the talent required to implement the business strategy and constantly strengthen the talent pool. The talent review and planning process helps us identify talent for emerging roles in the organization,” says Bijay Sahoo, Vice President (Talent Engagement and Development) and Head of HR, Wipro Technologies. Commitment from the top management is another key factor for ensuring the success of succession planning. Sahoo reveals that in Wipro, the Chairman (Azim Premji) and Vice Chairman and CEO (Vivek Paul) give enormous importance and their personal time for talent review and planning and personally supervise the development and implementation of the talent plan for key roles.

### **The training difference**

Training plays a key role in succession planning. It is imperative to strategize, design and implement programmes to train future leaders.

Wipro has its lifecycle leadership development programmes, which are synchronized with the roles employees play at different stages of their corporate life. These include the New Leaders Programme, Wipro Leaders Programme, Business Leaders Programme and Strategic Leaders Programme for different leadership positions that an employee will assume in the organization.

“Most organizations do skill-gap analysis of the selected candidates. A schedule is drawn for the prospective individual to acquire the knowledge, skills and competencies within a time-frame,” says Sunder Rajan, General Manager, HR & Administration, ICS. He adds that the training could be through internal programmes or on-the-job (local as well as global) to gain cross-functional or cross-geographical exposure for better maturity of the expertise that would enhance the confidence level of the person.

### **Just-in-time succession**

“Succession planning is not an issue of a position; you can plan for two or three years, but by that time the to-be-successor may have already left the organization; consequently it is not relevant. Instead of looking at a job to fill, organizations should profile it in terms of competencies, go to the data bank and find whose competency profile matches the job,” advises Stephen Martin, President of ITAP Europe. The key to this is competency development across the organization; ITAP has done succession planning for many global organizations through competency development.

### **Succession planning saves cost**

The following discussion speaks about how a successful succession planning strategy can be cost-effective for an organization (Express Computer- b).

A successful succession planning programme is one of the greatest achievements for any HR department. The best answer to counter the problem of attrition, the cost savings aspects is one of the strongest reasons in favor of implementing a succession planning strategy. The truth however remains that the process of identifying and grooming the right talent to ably take over the leadership responsibility, is an achievement which few organizations can boast of.

One of the biggest advantages of succession planning is the savings factor, which actually adds up to a sizable amount if one takes into account the cost of hiring an outsider, his training and the time lost in bringing him up to the same level of productivity. “Succession planning not only saves on hiring costs, but also on the opportunity cost that is involved in hiring and training the new incumbent,” says Hamsaz Vasunia, Associate Director, Emmay HR Services. While calculating these costs, Vasunia believes that one should take into consideration not just the cost of the hiring medium (recruitment partners, advertisements, etc), but also consider the man-hours deployed by the management team in the hiring process.

### **Calculating the cost**

Just the cost of searching for and hiring a replacement is not the only expense, several other aspects add to the total amount. J P Santhanam, Director, Secure Synergy points out, “Time of management and senior managers will not be diverted to this requirement and business opportunities will not be hit, due to uncertainty and slack that may creep into the system which would result in loss of opportunity and business.”

“We can calculate what we have saved by succession planning by taking in consideration the potential recruitment cost, training cost, average opportunity and productivity loss,” states Geeta A Sundrani, Director, Oasis, an Executive Search and Management Consultancy., adding that while there is no benchmark for calculating cost differentiate, it may vary from organization to organization. The calculation might not be accurate; but it is an indicator. The process of developing people for key positions has its own way of ensuring return on investment. “While people are being developed in the organization, the most important developmental activity is job assignment or work experience, so they spend considerable time balancing the organization’s need to fill vacant positions with assignments that will help key people grow and develop their potential,” says Sundrani. The other variety of developmental activities including mentoring, coaching, job rotation, educational programmes etc. The returns while they are being developed are also enormous as there is increase in productivity.

### **Hiring of outsiders**

K Madhava Rao, Vice President, Global HR, Systime, explains why are internal people often overlooked for senior positions and outsiders hired: Despite the fact that succession planning creates a

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positive culture, it does not solve all the problems. Rao feels that it can also lead to a degenerative effect, similar to genetic disorders that creep into marriages among close siblings because of the in-breeding process. “We need to give way to fresh blood and newer perspectives that come from hiring someone external to the organization, which ultimately fructifies into sustained growth,” he asserts.

### **Succession planning: Pros and cons**

#### **Advantages**

- There are huge costs involved in hiring an external back-up. Succession planning is a cost effective tool
- Today, there is a clear talent crunch in certain leadership positions in the labor market. So hiring from outside is not only cost consuming but also very difficult for certain functions or industries
- A lot of multinationals today are looking to buy out the notice period of their prospective employees. Thus if one lose an employee, there is a very good possibility that he may not serve his entire notice period. Having succession planning in place will save the opportunity loss created from a vacant position
- A successor is usually a known devil

#### **Disadvantages**

- Have come across a lot of candidates who quit their jobs because his/her peer is now his/her boss
- If succession planning is not done well, it could land up promoting an incompetent person to a role and in the bargain run the risk of losing other team members
- Sometimes it helps to get fresh blood from outside the company in the role. A successor more or less will have the same ideas and approach as the predecessor and this may not always be good

*Source: Emmay HR Services*

Succession can be from within or from outside the organization. Complete dependence on internal sources may however cause conflicts and stagnation in the organization. Similarly, complete dependence on outside talent may cause stagnation in the careers of present employees which may in turn lead to a sense of frustration and job dissatisfaction (Chhabra, 2006).

### **Focus Succession Planning & Talent Management**

Some jobs are the lifeblood of the organization. They are just too critical to be vacant or filled by any but the most qualified persons. To ensure continuity for these positions, use **focus Succession Planning**. **focus** ranks candidates based on fit with job requirements and give a ready access to in-depth information on each candidate including on-line resumes of candidates, job preferences, development plans, past results. Job performance reviews and more. Identifying potential back-ups is not

enough. *focus* has extensive employee development functionality. Employees can create detailed development plans; identify action plans, training resources, success measures and more. Succession Planning tracks each candidate's development progress.

### **Typical Steps to Implement *focus* Succession Planning**

1. Identify staffing needed to implement organization strategy. Develop succession planning metrics.
2. Select critical jobs. Decide on optimal replacement chart and pool structure.
3. Assess candidates.
4. Select back-ups.
5. Implement development plans.
6. Track progress against metrics for individual candidates and the program overall.

### **Career Planning**

A career is the work a person does. Another definition of a career is the sequence of jobs that an individual has held throughout his or her working life. Career Planning is the life-long process a person goes through to learn about himself (his purpose, personality, interests, skills and talents) develop a self-concept, learn about careers and work situations and then make a career choice based on information gathered while developing coping and social skills. It also includes the skills a person employs in finding and keeping the job that is right for him or her. The major focus of Career Planning should be on matching personal goals and opportunities that are realistically available. A term worth defining is "Career Path". A Career path is a flexible line of movement through which an employee may move during employment with an organization. One can think of career planning as building bridges from one's current job/career to next job/career. Without the bridge, one may easily stumble or lose direction, but with the bridge there is safety and direction (Rao).

### **Career Planning: A Four Step Process**

The career planning process is comprised of four steps (Dawn Rosenberg McKay).

#### **1. Self**

Gather information about yourself (self assessment)

- Interests
- Values
- Roles
- Skills/Aptitudes
- Preferred Environments
- Developmental Needs
- Your realities



## **2. Options**

- Explore the occupations in which you are interested
- Research the industries in which you would like to work
- Research the Labor Market

Get more specific information after you narrow down your options by:

- Job shadowing
- Part time work, internships, or volunteer opportunities
- Written materials
- Informational interviews

## **3. Match**

During this phase of the process, you will:

- Identify possible occupations
- Evaluate these occupations
- Explore alternatives
- Choose both a short term and a long term option

## **4. Action**

You will develop the steps you need to take in order to reach your goal, for example:

- Investigating sources of additional training and education, if needed
- Developing a job search strategy
- Writing your resume
- Gathering company information
- Composing cover letters
- Preparing for job interviews

## **Career Planning Tips**

Following are the nine career planning tips (W3Schools).

### **1. Never Stop Learning**

The world is constantly changing and everybody is looking for new ways of doing business. If you have decided that your current skills are good enough, you have also decided that your current job is good enough. But if you want a career in the future, you should add regular updates to your skills and knowledge.

## **2. Ask, Listen and Learn**

Listen to your co-workers, your boss and your superiors. You can learn a lot from their experience. Ask about issues that interest you and listen to what they say. Let them tell you about how things work and what you could have done better. Most people will love to be your free tutor.

## **3. Fulfill Your Current Job**

It is often very little that separates successful people from the average. But nothing comes free. If you do your job well and fulfill your responsibilities, this is often the best way to start a new career. Talk to your supervisor about things you can do. Suggest improvements. Offer your help when help is needed. In return ask for help to build a better career. It is often possible - right inside your own organization - especially if you have proved to be a valued employee.

## **4. Build Your Network**

If you have a good contact network, it is also a good place to discover future careers, to explore new trends and to learn about new opportunities. Spend some time building new contacts and do not forget to maintain the ones you already have. One of the best ways to get serious information from your network is to regularly ask your contacts how they are, what they do and what is new about their careers.

## **5. Identify Your Current Job**

Make sure you do not work with tasks you assume are important. This is waste of time and talent. When you start in a new job, talk to your superior about your priorities. If you are not sure about what is most important, then ask him. And ask him again. Often you will be surprised about the differences between what you assume and what is really important.

## **6. Identify Your Next Job**

Before you start planning your future career, be sure you have identified your dream job. In your dream job, you will be doing all the things you enjoy and none of the things you don't enjoy. Do you like or dislike having responsibility for other employees. Do you like to work with technology or with people? Do you want to run your own business? Do you want to be an artist, a designer or a skilled engineer? A manager? Before building your future career your goal must be identified.

## **7. Prepare Yourself**

Don't wait a second. Update your CV now and continue to update it regularly. Tomorrow your dream job may show up right before your nose. Prepare for it with a professional CV and be ready to describe yourself as a valuable object to anyone that will try to recruit you. If you don't know how to write a CV, or how to describe yourself, start learning it now.

## **8. Pick the Right Tools**

You can build your future career using a lot of different tools. Taking a full master degree is more complicated. You can add a lot to your career by studying books and tutorials. Doing short time courses with certification tests might add valuable weight to your CV. And don't forget: Your current job is often the most valuable source of building new skills. Don't pick a tool that is too heavy for you to handle!

## **9. Realize Your Dreams**

Don't let a busy job kill your dreams. If you have higher goals, put them into action now. If you have plans about taking more education, getting a better job, starting your own company or something else, you should not use your daily job as a "waiting station". Your daily job will get more and more busy, you will be caught up in the rat race, and you will burn up your energy. If you have this energy, you should use it now, to realize your dreams.

## **Career Planning and Succession Planning**

Career planning and Succession planning appear to be similar but not synonymous. Career planning covers all levels of employees whereas succession planning is done for higher level executives. Generally, career planning is based on a succession plan for the higher level executives. A succession plan involves identification of vacancies that are likely to occur in the higher levels and locating the probable successors. Succession planning facilitates continuity of the organization. Career planning may consists of charts showing the career paths of different categories of employees showing how they can advance up in the organization. But succession plan consists of runner up chart or succession chart for a particular position such as General Manager (Rao ).

## **Conclusion**

Individual career plans must be matched with organizational career management systems in order to address issues ranging from retention to employee satisfaction and performance management. The succession planning system must be integrated with the organizational career management system to ensure that second line employees can move into higher roles. This would contribute to satisfying their career aspirations while fulfilling organizational talent requirements. TVRLS (T.V. Rao Learning Systems) recommends a career and succession planning process based on key competences, not job titles, to provide greater flexibility and a more strategic and future focus. Organizations should identify the required competencies for the various roles in the organizational hierarchy. The use of a competency based approach provides information to aspiring employees for developing relevant competencies and fulfills their career aspirations. Evaluation methods such as Assessment and Development Centers (ADCs), 360 DF help to identify and develop individuals with the desired skills and talents to lead organizations into the future. Moreover through special assignments, job rotation and other forms of development techniques, internal candidates may be prepared to accept greater responsibilities of future job openings. All this results in greater continuity of organization's operations, better qualified incumbents and more unified corporate culture. However, succession planning may be limited only in

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large organizations where the opportunities like cross-training are evidently more. In smaller companies staff turns over only when the person in the next role retires or takes a new position. It is the responsibility of any organization to promote internal talent and the inability to do so is a reflection of its failure in HR processes.

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