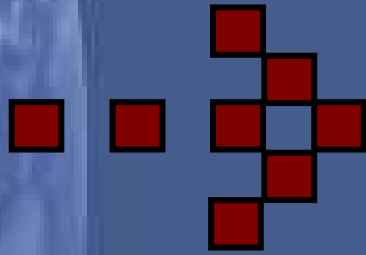


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CEO Club  
Executive Courses



**International  
Institute of  
Management**

Executive Education Courses

**Succession Planning Best Practices  
A Guide to the Board of Directors**

Med Jones



Здравствуйते

こんにちは

سلام

*Howdy*

你好

नमस्ते

Ciao

*Hola*

您好



여보세요

*Hallo*

*Guten Tag*

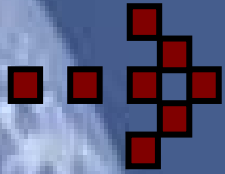
مرحباً

וּלֵה!

*Salut*

Obrigado

Xin chào



# IIM Open Courseware (OCW)

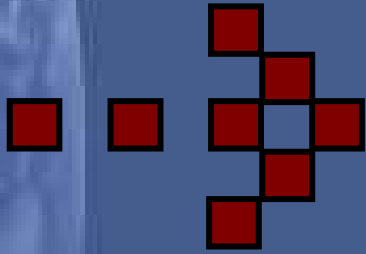
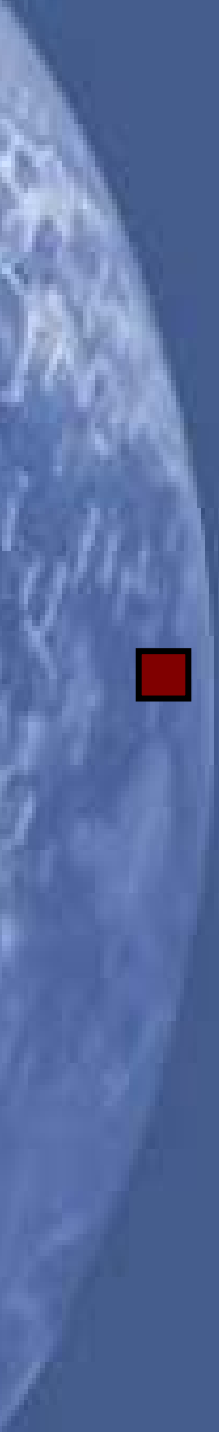
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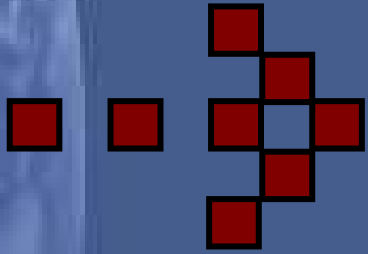
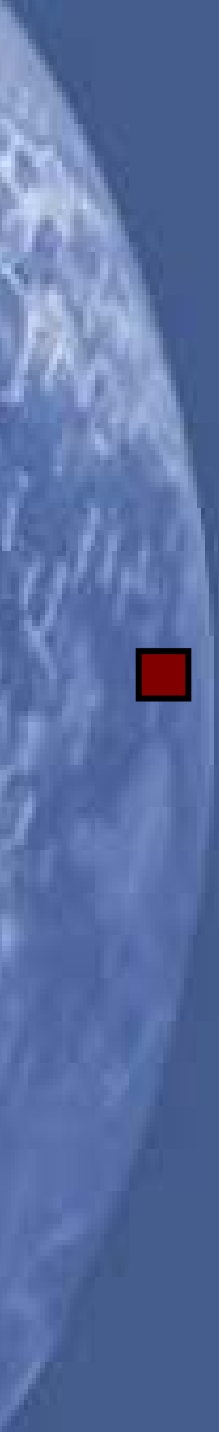
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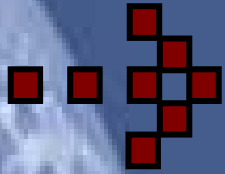


# *Succession Planning Best Practices & Lessons*



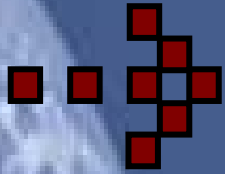
# ***Board of Directors & CEOs Guidelines***

Med Jones



# Discussion Points

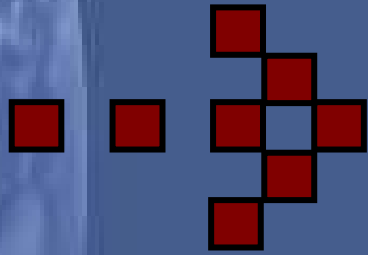
- Why succession planning?
- How do you create the right plan for your company?
- How does a succession plan translate into the performance improvement?



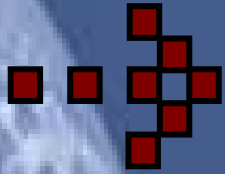
# Key Concepts

- IIM Succession Planning Framework
  - Succession Management Processes
- IIM's Human Capital Management (HCM) Framework
  - Strategic Leadership Selection and Development

# *A Strategic Competitive Advantage*



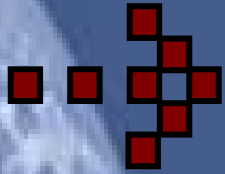
Your business performance  
is as good as your top talent!



# The War for Talent

## Questions:

- When do you expect most of your key executives and key talents to move on to your competitors or retire ?
  - A. In the next 1 to 5 years
  - B. In 6 to 10 years
  - C. My talent is not going anywhere
- If any of your current leaders and top performers left, where would you look for equivalent replacement of your company/department?
  - A. Outside the organization
  - B. Within the organization



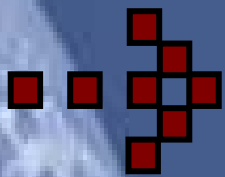
# BOD / CEO Corporate Governance

## Research Data:

- It is estimated that by 2010, 64 million workers or 40% of the nation's public and private workforce, will have reached retirement age.

## Strategic Planning

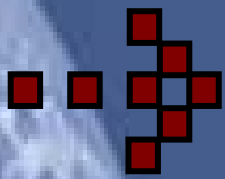
- How will the talent supply/demand impact your performance and costs.
- What does this mean to your organization's ability to compete for talent?



# Corporate Governance

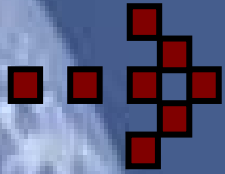
## Risk Management

- What would happen if your CEO or COO suddenly leave the company or get into an accident?
  - What does this mean to your business continuity, performance, and investor's confidence?
- How will the disruption time and the new leadership style affect the performance of the company?
  - The strategy execution; action plans, coordination of activities, performance monitoring and control
  - The horizontal and vertical relationships, information sharing, communication, collaboration across the organization



# Succession Planning

- Managing the transition of key talents is critical to:
  - Ensuring the continuity of operations and minimize disruptions
  - Retention of “institutional knowledge” or “intellectual capital”
  - Maintaining investors’ and stakeholders’ confidence
  - Building talent assets from within
  - Improving talent motivation and performance
  - Providing a competitive advantage, reinforcing the culture and securing the future of the organization



# Succession Planning

- Traditionally, succession planning typically targeted only C-level positions. Today, it includes key talents in a variety of job categories.



# Succession Planning Steps

- Identify long-term goals and short-term objectives
- Determine external workforce/talent trends
- Identify the internal workforce's SWOT
- Identify key positions (scope of succession planning)
- Identify competencies of selected positions
- Identify internal and external talent pools
- Identify star performers (for development, retention and succession)
- Map the succession planning/development paths
- Create and communicate internal and external selection, recruitment, development and retention processes
- Align the HROD functions including training, coaching and mentoring

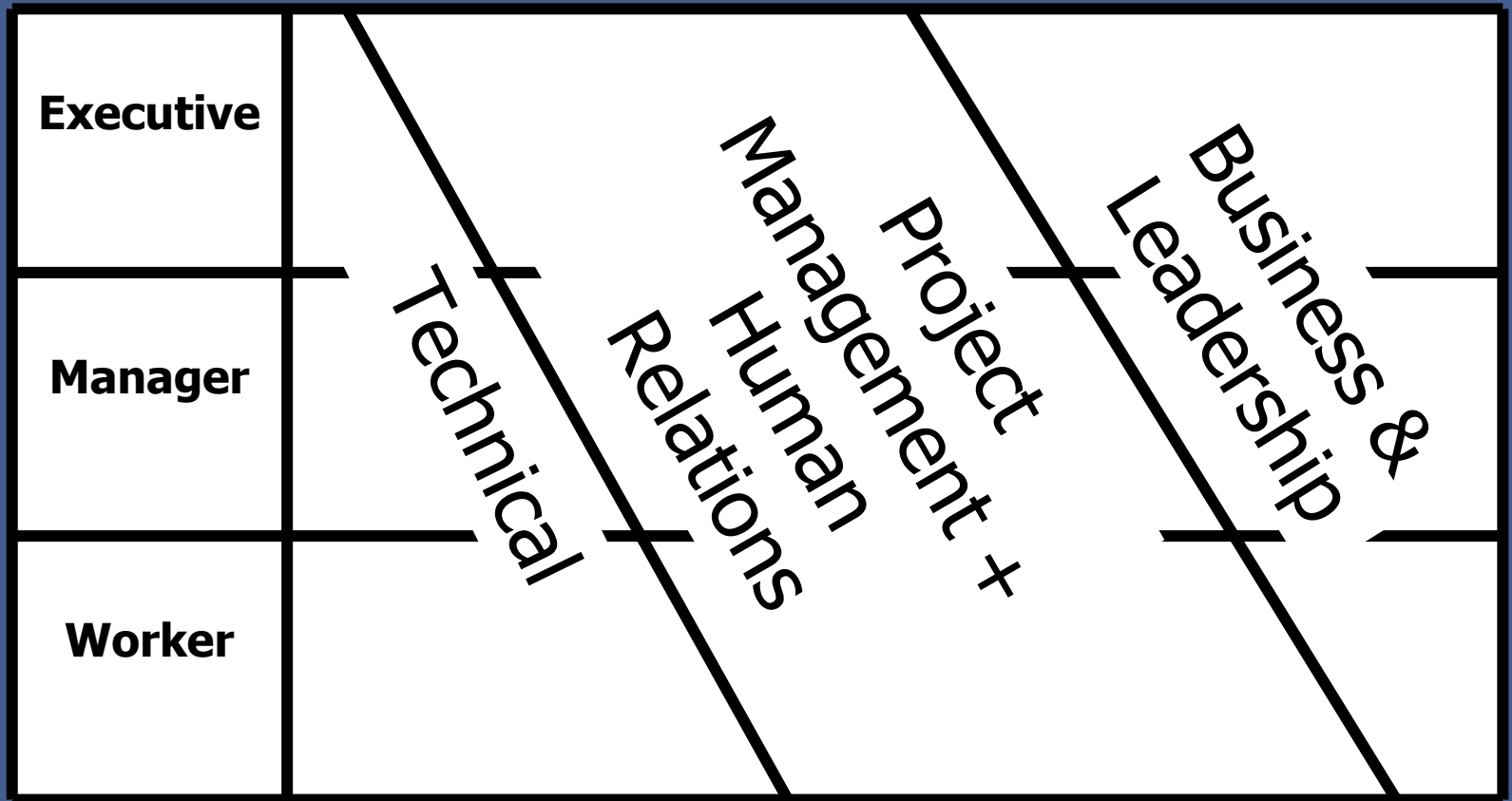


# Succession Planning Best Practices

- An annual plan aligned with the strategy
- Leadership pipeline (internal and external)
- Measurement, analysis, benchmarking, and performance metrics for monitoring ?
- Knowledge management (learning, communication, and documentation)
- Human capital development focus
- Sustainability of the organization
- Adapting to changes in markets, technologies, processes
- Competitive
- Balanced vs. Focused



# Competencies: What & Where to Invest?



## IIM Organizational Development Framework



# Critical Framework Questions

- Do your performance management, training and development subjects/areas match the IIM Development Framework?
- Do your training and development investment/budget ratios match the allocation of IIM Framework?
- What happens if one of your top executives lacks in technical knowledge?
  - You will be surprised to know that there are public companies that have CEOs with no industry, business, or even leadership training. No wonder the performance of the company is suffering
- What happens if your organization lacks in human relations competency?
  - Dysfunctional organizations have a highly political environment, ineffective and inefficient management silos, de-motivated teams and poor performance



# Executive Leadership Survey

- IIM research paper: Survey 80 CEO and 291 executives 58 HR managers
- Leadership Competencies (Importance 1-10)
  - Human relations skills (10)
  - Strategic planning (9)
  - General business knowledge (9)
  - Problem-solving skills (8)
  - Industry knowledge/ experience (7)
  - Coaching the team (6)
  - Project management (6)
  - Organizational/Operational knowledge (4)
  - Technical knowledge (3)



# Insight: Leaders made of...

IIM Research: What makes successful leaders

- Survey: 47 CEOs + 211 Executives
- IIM identified 9 common traits and 2 organizational factors that contribute to the leadership success

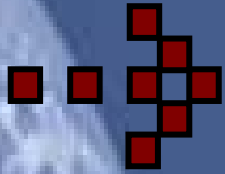
Successful Leaders =

1. Smart +
2. Strong drive/motivation +
3. Positive attitude +
4. Willing to take risks +
5. Relationship management skills +
6. Ability to handle pressure +
7. Persistence +
8. Ability to focus +
9. Loyalty to the company +
10. Early challenging assignments +
11. Support of a strong coach/mentor

## Question:

How many of your promoted leaders failed due to the lack of one of these traits?

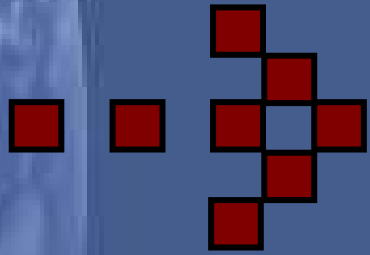
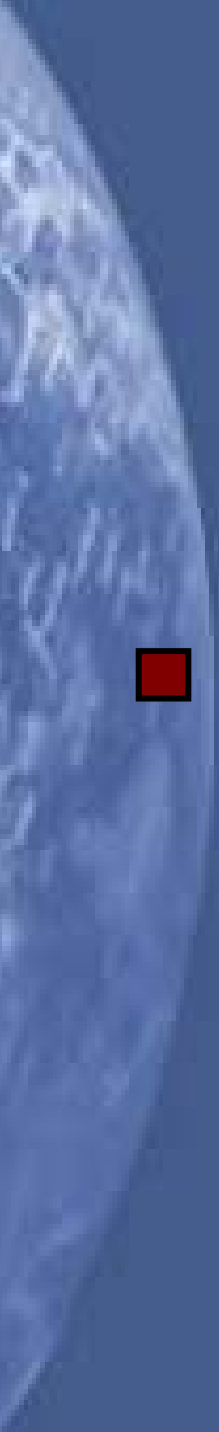
This is your new leadership selection, development, and promotion criteria!



“We put good people in big jobs before they are ready.” — *Pepsi Co.*

Do it early, do it often.

This is the best test and filter of the right leadership talent



# *Succession Planning Insights*



# Succession Planning Insights

- A continuous supply of high performance executive talent is probably the only sustainable competitive advantage in today's global marketplace
- Companies that fall short on managing leadership succession and development end up facing performance challenges due to market changes and talent attrition. Those firms will be forced to hire untested external talent or promote internal staff with an inadequate skill set
- Since the leadership team can be the firm's most valuable asset or its worst liability, leadership development should be a core business management process sponsored by the CEO, overseen by the Board of Directors, and facilitated by the HR department.




# Common Leadership Investment Pitfalls

- Select, develop and promote only those whose attitude and capabilities are a good fit for the company's mission. Do not waste the company's development resources, time, and money on those with personal agendas that do not match yours, or those who have the wrong personalities.
- I've seen many organizations who promoted the smartest or the star performers to see them leave shortly after that to their competition or de-motivate the organization with their negative personalities.



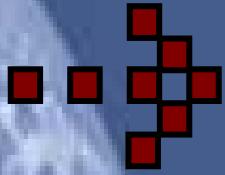
# Leadership Succession Lessons

- When you select and promote your leadership team, remember the following:
  - Invest in those who invest in you
  - You can teach everything except attitude (this is especially true in the organizational context)
  - One bad apple spoils the bunch. Get rid of the bad apple as fast as you can
  - Emotional maturity and leadership skills are more important and more valuable than technical skills.



# Leadership Succession: Judgment Vs. Experience

- Experience does not matter as much! The worst strategic decisions were made by the most experienced people. The political and corporate worlds are full of experienced leadership who failed in their missions.
  - The global economic crisis (how many Economists, CEOs and boards were blind-sighted and lost their shareholder's investments)?
  - US Election 2008 (the experienced politicians vs. Obama's campaign)
- The most important factor for the leadership success is the ability to take the right decisions. Experience helps but is not the determining factor
- Lesson: When selecting your leadership, look for "critical-thinking" skills. Those who can see things clearly and articulate a winning case.



# Succession Planning Insights

- There is a need for succession planning and performance development of the management talent pipeline at all managerial levels, not only at the CEO level



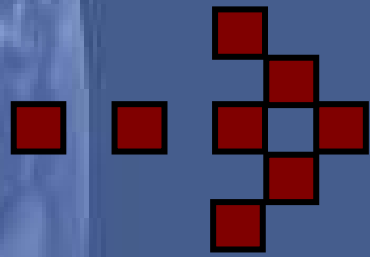
# How to do it?

## Succession Planning

- Knowledge Assets
- People
- Process
- Tools
- Budget
- Timeline

Assessment:

Competitive? Strategic? Tactical? Defined? Aligned? Reviewed?



## *IIM Succession Planning Toolkit*

Business Case. Strategy. Action Plans. Assessment Forms.  
Feedback Templates. Communication Scripts. Checklists.  
Recommendations. Executive Presentations. Contracts.  
Insights. Best Practices. Pitfalls. Tables. Scorecards.



Спасибо

*Gracias*

*Grazie*

متشكراً

ありがとう  
ございます

धन्यवाद

**See You Next Time!**

*Merci*

*Danke*

**For More Information  
You Can Visit**

谢谢

너를 감사하십시요

[www.iim-edu.org](http://www.iim-edu.org)

*Howdy*

*Thank you*

謝謝 شُكْرًا

אנא בדוק האם המלה

Cảm ơn