

Management educators can bring awareness to the need to plan for succession

Jolene A. Lampton
Park University

Abstract

Management educators can pick up on consultants' trends as related to succession planning in the real world. An opportunity exists for management educators to clarify some subjects in management curricula and solidify issues that are happening with groups of practitioners. Younger practitioners may need to be taught and supported differently than the culture supporting previous generations. Communication practices and mentoring techniques need to be more pronounced as related to succession planning.

Keywords: management education, succession planning, sustainability

Introduction

Management personnel should give greater attention to succession planning. Almost half of family-owned small businesses do not plan for succession (PWC, 2008). Consultants and accounting firms have said this over and over again making lots of money doing succession planning consulting engagements (Reeb, 2009).

Given the situation that has occurred at the culmination of the baby-boom generation, why is it that succession planning in management curricula is not more prevalent? Why are we still hearing from practitioners in the field that succession planning is not being performed in organizations? This may be a wake-up call for management educators.

That is the state of affairs in 2010 as I experienced with a group of mid-level administrators from colleges and universities. Similar trends seem to have been drawn from the 2008 PriceWaterhouseCoopers Global Survey of mid-sized family-owned businesses (PWC, 2008). In light of these comparable statistics and states of affairs, one has to question the full extent of management curricula that practitioners encounter as they enter the world of work. Is succession planning covered in management curricula adequately? Or, is the cause in the learning styles of younger generations?

Management educators are in a position to educate others to transfer knowledge to the next generation of leaders. For the sustainability of leadership in organizations, management educators teach succession planning principles. Everyone needs to educate others in how to do their jobs, which is an underlying premise for succession planning.

Succession planning can get distorted in the terminology because some people consider succession planning to be leadership training while others call it human resource training. Such misconceptions seemed to be the case with the group of management practitioners that were surveyed (addressed throughout this paper). The assumption by some respondents was that leadership training would be the venue for teaching succession principles. When the same group was asked who should be responsible for teaching principles of succession, the reply was “the Human Resources Department.”

Research Study

In preparation for this paper, I conducted a survey of professional higher education administrators responsible for student financial service functions. These professionals attended a voluntary session on succession that I presented at a conference. The methodology for the survey was to send an e-mail link to the 23 attendees at the conference requesting their completion of a survey. Seven attendees responded to the survey, with a 30 percent return rate. The purpose of this paper is to report on the results of the survey and to make observations from feedback received during the presentation at the conference. The title of the conference presentation was “Succession Planning is ‘Planning for Succession’”.

The survey consisted of 30 standard questions about succession planning. The responders to the survey obtained essential theoretical knowledge about succession planning from attending the session on succession. All of the responders responded affirmatively regarding the performance of succession planning. It was in the detailed nuances of open-ended survey questions where meaningful information came forward that might be useful to management educators. Eleven of the survey questions were open-ended questions that requested more qualitative data in the form of explanations, descriptions, reasons, etc. Rich data emerged from the open-ended questions that are the purpose and basis for this paper.

Analysis of Results

Overall, the mid-level administrators experienced mixed results at best in attempting to plan for succession in their departments. All of the respondents claimed to have planned for succession in their departments; but they had little or no support from their supervisors or other leaders in regard to planning for succession. Several respondents went so far as to speculate that the higher education sector did not plan for succession.

At the higher education conference where mid-level professionals attended, the overwhelming majority of responding professionals did not perform a full range of succession planning activities. Activities performed by all of the responders included cross-training of standard job functions. One responder described her strategy to “grow staff to be the next leaders in the organization.” However, a later comment from this same responder was that “a formal curriculum for this purpose was currently being developed.” Little was done in the areas of succession mentoring, cross-integration of duties, flexible scheduling for employees, reward systems, etc. Given that society seems to continue to produce professionals who are not fully aware of the power of succession planning, one has to make the implication from the survey referenced above that younger professionals may not be fully aware of the importance of planning for succession.

The group to whom I spoke seemed to be slightly better than the industry average regarding succession planning. The group was enthusiastic about what could be accomplished with succession planning. One individual informed me that she works to “train others to do her job.” A red flag resonated when responders explained that they had no time for succession planning, which all responders stated.

Of the survey respondents, 71 percent implemented succession strategies in varying degrees with mixed results. Respondents, however, did not feel they had the full support of supervisory staff and the leadership of their organizations. While the respondents saw succession as something beneficial that should be done, they were disappointed in feeling their efforts were not supported by the executive level of their organizations. When some of the more innovative succession activities were discussed, practitioners seldom performed such activities resulting in a weaker application of succession planning. The power and benefits of succession planning were not felt by most respondents even though they individually felt that succession planning should be done. Respondents to the survey which I conducted were yearning for more executive-level support and were seeking more of an endorsement for succession planning from the highest echelons.

All respondents to my survey said they planned for succession in their departments; however in using succession planning, 43 percent reported no encouragement from their supervisors or leadership at their institutions. Fifty-seven percent of the respondents said succession planning was not a priority at their institutions. Fourteen percent went on to say that “higher education entities did not plan for succession.”

Survey results continued to send warnings when 67 percent of respondents reported that succession planning was not recommended by the top executive team in their organizations. This was consistent with another question that sought input from respondents in which some respondents said that succession planning needed to be a top priority for the top executive-level of the organization.

In conclusion, the open-ended questions of my survey produced questions and results that said more should be done with succession planning. This situation sounds alarms and may jeopardize the long-term investment for succession planning in organizations. This situation, as reported by consultants and accounting firms, seems to be continuing especially in younger populations.

Key components of succession planning

Succession planning is “passing the torch” to the next generation of leaders (employees or other groups). With the aging of the baby-boom generation, that passage often occurs as young incumbent employees assume responsibilities. This leaves offices vulnerable because the predecessor often may not have “passed the torch” to successors as intended. With the passage of the torch comes a great deal of preparation (knowledge and experience) for the succession to be successful. Also in organizations that commonly plan for succession comes a support system that develops and nurtures future leaders thereby enabling them to more readily assume the responsibilities (Reeb, 2009).

Visionary companies that have become part of the culture of the baby-boom generation include companies like Disney Corporation. The motto of that organization was to make people happy, and it continues to this day at Disney theme parks and organizations. Walt Elias Disney was a master at succession planning. On his death bed, he was thinking out loud how to best develop Disney World in Florida. Walt may have died, but his ability to make people happy continues to live on to this day in 2010 (Collins, 2004).

Disney followed good management practices that were outstanding succession activities. While it is unknown if Disney called his practices “succession planning,” the practices did produce a company that lives on. In the 1920’s, Disney paid his creative staff more than he paid himself. This was because Disney recognized and valued creative talent. In the 1930’s he began using storyboards and other animation technologies culminating later into a bonus system to reward good talent on his creative staff. In the 1950’s, Disney established a “You Create Happiness” training program for Disney employees, and in the 1960’s, he established Disney University. What actually occurred was that Disney created an institution bigger than himself

that still creates happiness long after Disney has died. Such a model exemplifies that succession planning resulted in the perpetuation of a company that touts happiness to children at its theme parks around the world long after the passage of the torch from Disney himself. The infrastructure to make this happen is deep in the culture of the organization (Collins, 2004). Succession strategies developed to the magnitude that Disney had utilized were very well integrated as part of the organization.

Another company that illustrates outstanding succession is General Electric, also a visionary company according to Jim Collins in Built to Last (Collins, p. 3). General Electric is a company with a string of savvy leaders including Jack Welch. Nine years before Welch's retirement, Welch said that one of his most important decisions was to choose his successor; he went on to say that it "occupies a considerable amount of every day." Imagine working on a succession transfer for nine years and doing it as a major task to consume a large part of every day! How many of today's leaders do this? Have leaders forgotten a major piece that may be needed to create a sustainable organization? Is this the reason that sustainability of organizations has emerged as a prominent topic for management studies? Is sustainability the new word replacing succession planning? Are management educators aware of this trend?

Continued cry for succession planning activities and support

As leaders of departments and functions, mid-level managers have lots to do in the area of succession planning. All employees in the department need to be groomed for succession. A supervisory duty means that every person supervised needs succession planning strategies. Then, supervisors need to implement a practice that documents the workflow of the jobs for each person in the department. That means supervisors need to implement a plan that cross trains staff so essential functions are covered during periods of vacations and other absences. That also means that supervisors need to be sure each person has a succession strategy in the department to ensure the long-term continuation of the entity.

Other types of succession activities under the auspices of succession planning include succession mentoring – to develop relationships and to nurture relationships that sustain or propel one in a career. It does become clear that a lesson for all managers is that succession planning activities need to be strengthened. This will drive succession planning deeper into the organization and gain visibility into the broader talent pool of successors. Succession planning should be more than an annual exercise; it should be done to effectively prepare for critical openings and to better align organizational goals with compensation plans and succession requirements as executive compensation plans continue to come under attack.

Perhaps management personnel should better communicate succession efforts to make others more aware of the benefits of succession planning. The goal of succession is with every level of the organization. "Everyone should have as part of their job duties to develop their replacement so that they do not leave a void behind. This allows their energy to be on learning to becoming competent in their new role enabling the 'torch to be passed,'" as stated by Bill Reeb, President of the Succession Institute, LLC, a consulting firm in Austin, Texas (Reeb, 2009).

Additional succession activities that can be done in the current economy are to keep workers motivated so as to retain employees. Employees need to feel valued and that requires additional work by managers. Little things like thanking employees for working extra in this economic downturn can make the difference for employees to stay with the organization. Other things like granting time off or taking an employee to breakfast exhibits gratitude in a special way. Thinking outside of the money box may be an innovative approach needed in this economy. Other strategies are to create an entrepreneurial environment whereby employees can choose to work nights or weekends or work remotely.

Individuals need to think of their personal plans for succession as well. Individuals need to think of their own professional development plans to ensure the continuity of their own careers. Succession mentoring, as expressed in NACUBO's Business Officer magazine, means "institutions that are actively engaged in succession planning are the ones most likely to have a culture built around the creation of broad intellectual capital, which is an essential component for developing strong future leaders and managers" (Jones, p. 11). Consequently to make this kind of succession happen, succession planning has to be deep into the culture of the organization.

The implications for management educators are clear. Succession planning is not getting through to practitioners in many career areas as is evidenced in the percent who do not thoroughly plan for succession. Because of the need for a succession culture to bring about an environment that nurtures leaders and managers for the next generation, it is very important that succession planning receives more emphasis in management curricula. Practitioners continue to feel the need for greater emphasis on the power that succession planning can provide.

Reasons that people do not plan for succession are just as varied as human behavior. In the group of administrators surveyed in the above research study, all said they do not have time to plan for succession. Secondly, 57 percent said that succession planning was not a priority in their organizations. Probably most disturbing was the frequency of such comments – 43 percent said they had no encouragement from superiors or leadership in their organizations. Seventy-one percent said their organization did not make the long-term investment in succession planning, and respondents felt succession planning should be a priority strategic plan for their organizations. Many respondents to my survey said "succession planning needs to be a priority at the top level" in organizations.

Another disturbing signal was mentioned in an article in the Wall Street Journal in which it was stated that 40 percent of directors in companies were dissatisfied with succession efforts in their companies (Lublin, p. B4). Coupling this recent fact with the 2008 PriceWaterhouseCoopers Global Survey which said that 60 percent of companies founded in the last 20 years had no succession plans. The recent trend of not planning for succession seems to be emerging in younger populations. Management educators need to be a driving force in turning around this disturbing trend in younger groups.

Executive-level groups in all organizations need to do more in the area of succession planning. By endorsing the need for succession planning, executive-levels can emphasize the need before it becomes evident throughout the organization. Eighty-five percent of respondents

did not know if succession planning was done in replacing their CEO's, which sends another warning sign.

Lessons for management educators

Management educators can make a difference in changing misconceptions related to trends felt by practitioners and consultants by elevating succession planning in management curricula. Management educators should consciously and deliberately teach planning for succession. That means cross training of jobs among employees, departments, other entities, taking the view of interchangeability of skills for the long-term good of organizations. That means aligning organizational goals with compensation plans. That also means conveying to students that they have an obligation to prepare future generations to assume leadership of their organizations – that is, with an “educator’s role” being incumbent upon each management professional. To ensure sustainability in organizations, such lessons are crucial. Management educators need to implement the responsibility that future generations of managers need to be better trained to use succession activities in their succession planning strategies. Management educators should be mindful that younger generations learn differently and are in need of the essential skills for succession planning. Younger generations of workers also may be in need of better counseling and mentoring by executive-levels in organizations.

References

Collins, Jim and Jerry I. Porras (2004). Built to Last: Successful Habits of Visionary Companies. New York: Harper Collins Publishers Inc.

Jones, Bronte (2009, December). Susan Aldridge on Succession Mentoring. Business Officer, p. 11.

Lublin, Joann S. (2010, February 22). Opening Up Succession Plans. Wall Street Journal, page B4.

PriceWaterhouseCoopers Global Family Business Survey 2007/2008. Retrieved from <http://www.pwc.com>.

Reeb, William L., 2009. Retrieved from www.successioninstitute.com.