

AN EXECUTIVE PLAYBOOK

TRANSEARCH

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It's Time to RETHINK SUCCESSION

John O. Burdett



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INTRODUCTION

COVID-19 has cast a lasting shadow on our lives. At no time during the past hundred years has our kind been made to appear so mortal. Yet, this terrible scourge masked a different kind of human drama – one that has not been fully played out – one that has profound implications for our economic well-being.

And at the heart of that muted narrative? The organization that got us here ain't going to get us where we need to be. Not even halfway.

In that beginnings start with endings, we need to first understand how we got here. The 20th century was a hinge in history. It opened with the horse and closed with jet travel. We accumulated more knowledge, gained greater progress and introduced more innovation than at any other period in history. We also did more damage to the planet than all those who had gone before had done collectively.

The engine that moved the developed world from poverty at the beginning of the century to the extraordinary standard of living we currently enjoy was the so-called “modern organization.” Hierarchical, control-dominated and ideally suited to a slowly unfolding world (built to last) it may have been, but it created unprecedented wealth. The dilemma? Breakthrough technology, uncertainty, the increasing speed of change and the redefinition of “work” demand an organization that is a fit for the 21st century (built to change).

We are describing not just a better but a very different kind of way to operate. An organization where disruption, agility and speed of learning dominate the leadership conversation – one that redefines what it means to be a leader – one that demands a more robust process to identify and develop future leaders.

We refer to it as “succession planning.” A better description would be “planning for success.” There are a good many issues that can derail a successful business. None, however, contain the potency for failure as having the wrong leader in the wrong role at the wrong time.

Without talent, mediocrity is a given. And without effective succession planning tomorrow will, at best, be a replay of today. The evidence is that few organizations have a highly effective succession process. There is every reason to believe it's time to rethink succession. The Executive Playbook invites you to assess your current process and, where deemed necessary, align succession with the unprecedented challenge and opportunity this century represents.

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Coming Down the Mountain

“Rendered in oils, most organizations’ approach to succession could be expressed as a rudderless ship caught in a turbulent storm and holed below the water line.”

Some time ago I had lunch with a simply awesome woman. Before long, at my prompting, the conversation moved to her successful ascent of Mount Everest. At that point, I introduced a pretty lame question. “What did you learn from climbing to the top of the world?” Her initial response was a tolerant “that question again” look.

Following a big smile, she then added, “I really didn’t learn anything *climbing* Everest! Everything I learned was as I came *down* the mountain.”





All Learning Starts with a Question

As we come down the COVID mountain it's worth keeping in mind that without reflection there can be no learning. The quality of reflection being shaped by the nature of the questions that we ask. And especially, those we ask ourselves. What follows – although clearly far from exhaustive – represent pretty good initial “Coming Down the Mountain” questions.

1. Do we know (really know, not merely think we know) what tomorrow's customer wants to buy and how they want to buy it? Even if what the customer wants to buy is unlikely to change in the foreseeable future, take it as a given that **how** they want to buy it, will!
2. Are we trapped by a linear approach to strategy? Conversely, is the ability to “take advantage” of uncertainty enabled by well thought through strategic scenarios?
3. Does the way we have designed the organization (structure) support: (i) decision-making as close to the customer as possible; (ii) agility, reinvention and speed of learning; and (iii) the ability to quickly and easily implement the emerging technology?
4. Does the organization culture we have today fully serve *all* of our stakeholders? How will the needs of our stakeholders be different in the future? Do we have the cultural savvy to: (i) measure the culture we have and the culture we need; (ii) work at the level of mindset at the top of the organization; (iii) stimulate innovation and team effectiveness in a work-from-anywhere world; and (iv) make the culture conversation a meaningful and vibrant feature of how the business does business?
5. Recognising that COVID-19 wrought more change than might normally have unfolded over a number of years, do we have the leadership to win in the future? Do we know why our top talent¹ stays ... and are we working hard to do more of it? A lot more of it!

1 Top = **Tested** (as exemplified by past financial results and the ability to overcome the unexpected), **Outstanding** (a clear track record in value creation, building a bridge to the customer, overcoming the unexpected, managing up and displaying resilience), **Performer** (has successfully delivered the strategic, people and societal goals of the organization).



The Succession Imperative

All of the questions outlined above speak to surviving and thriving in a disruptive, turbulent and “subject to unanticipated change” business environment. One issue stands out. One factor that, if it not in place, leads to only one conclusion, “Will the last one to leave please put the lights out.”

If you don’t have the leadership you need, regardless of what else works, you still ain’t got much. As for a crisis, it might not – as has often been suggested – create leaders but it sure lets you know about the capability of the ones you have. Meanwhile, there will be no *new normal*. Only the *new reality*. “Back to the Future” only happens in the movies.

The leadership challenge describes a talent management system with a good many moving parts: the capacity to attract talent; the talent acquisition process; executive integration; performance management; leadership development; building great teams; traditional and tech-enabled teaching/training; coaching/mentoring; and expediting the organization’s diversity and inclusion goals. And at the centre of that system, the straw that stirs the drink? The organization’s approach to succession.

If talent management is the vehicle that supports business longevity, *succession* – an often misconceived, misaligned and misunderstood process – is its engine. It is a critical investment that you cannot afford to get wrong. How important is succession? While the





capital markets took off under Jeff Immelt's watch (2001-2017), GE's stock market value fell by 35%. A year before he took over from Jack Welch, GE was the world's most valuable company. In June 2018, GE was removed from the Dow Jones Industrial Average. By comparison, during his tenure as CEO of Microsoft, Satya Nadella has increased the share price six-fold.

The narrative around succession is, invariably, drawn to big jobs with big companies. The reality is that every poor succession decision destroys value. In family businesses this is especially the case. Unfortunately, the evidence demonstrates that organizations don't exactly excel at succession. Rendered in oils, most organizations' approach to succession could be expressed as a rudderless ship caught in a turbulent storm and holed below the water line.

The evidence? Because it invests more on leadership development than any other country, the US represents a good basis of study. One should also add that the US boasts the highest-rated business schools on the planet, is by far the largest executive search market and has been the source of many of today's management practices. In light of all that, consider the succession implications of the following.

1. At the time of writing there were only three black CEOs running Fortune 500 companies (0.6%).
2. At the time of writing there were only 37 women CEOs running Fortune 500 companies (7.4%).
3. *Succession Planning: Ensuring Continued Excellence* (2018), a research project conducted by the Association for Talent Development, reported that only 35% of those organizations studied had a formalised success planning process. Even more concerning, only 14% thought that their process was highly effective.
4. In 2018, CEO turnover in the world's 2,500 largest organizations was 18% (*PwC Strategy and CEO Success*).
5. It is estimated that the annual leadership development investment in the US is \$166 billion and globally approximately \$366 billion. When we look back on COVID-19, people will demand to know, at a national level at least, "Where did all the leaders go?" Reflecting on the apparent inadequacy of succession, one might ask, "Where does all that money go?"

Ultimately, the true measure of a leader isn't what they achieve while in office – it's what they leave behind. That even after the heaviest storm ... you can still clearly see their footprints in the sand.



Why is succession so often adjudged a failure? Limited strategic awareness is the start of it. Being overwhelmed by the problems of the day is clearly part of it. But, more often than not, lack of practical intelligence is at the heart of it. Two examples of the latter come to mind.

The first is the misguided assumption shared by many executives that, although they have received little or no training in how to interview, repetition bridges any skills gap. The second involves the idea that a do-it-and-forget-it, once-a-year PowerPoint presentation to the Board represents a meaningful succession process. No measurement, little follow up, avoidance of accountability. Why else is succession so often adjudged a failure? Consider the topics that follow.²

Lack of Direction from the Board

The ultimate accountability for succession lies with the HR Committee of the Board, but it is no less a fiduciary responsibility for the CEO and the top team. Indeed, anyone privileged enough to hold down a leadership role has an ongoing responsibility to develop a successor.³ And here lies a hugely impactful dilemma.

Shaped by investor-driven short-termism, Board members are invariably selected based on professional/financial expertise and/or past business experience. The operative word being “past.” Although on the wane, the so-called “old boy network” still plays a role. As does, in parts of the world, past practice and tradition. Meanwhile, the inevitable move to stakeholder capitalism, the need to address racial and gender fairness, the transformative impact of breakthrough technology, the virtual world of work, the absolute need for organizational agility and the primacy of organization culture – all demand an entirely different way to think about what it means for a business to be successful in the 21st century.

2 Having spent a good deal of my life as a corporate human resource executive and the balance as a consultant working internationally, I have witnessed all of these failing first hand.

3 Ideally, someone who will be more successful in the role than they are.



The need? A far more rigorous approach to Board selection.⁴ A periodic assessment of Board “fitness for purpose.” With the changing strategic and cultural imperatives in mind, a regular review of governance provisions. Appointing adjunct Board members with specialised experience and know-how – for example, organization culture, technology, the succession process.

A Broken or Incomplete Process

A flawed process has one defining characteristic – it’s not going to take you where you need to be. Conversely, a meaningful process displays all the attributes of a good map. It allows you to identify where the beginning of the journey is, where you need to get to and the key steps along the way. The TRANSEARCH succession process is outlined in **Figure one**. (A full-size version can be found at the end of the text.)

There are several key points worth emphasising in **Figure one**.

Figure one



4 The TRANSEARCH Board Selection process (Orxestra Inc., © 2021) draws on a library of 60 Board competencies.



- i. Succession is driven from the outside-in. The social, political and economic environment, the competitive landscape, the evolving business model and the organization’s strategic imperatives frame the emerging context. Building succession on what we have historically *been* good at (as is often the case) – rather than what you *need* to become good at – is not only harmful to the organization’s health but, unless addressed in time, likely to be irreversible.⁵
- ii. The factors that shape tomorrow’s success (context) dictate the roles that should be considered mission critical. (See later in the text for a description of a mission-critical role.)
- iii. Identifying succession candidates draws on the talent pool within the organization. It should also involve continuously auditing the market for talent. A myopic focus on in-house talent quickly leads to lowered standards and an unhealthy level of complacency.
- iv. Identifying and assessing succession candidates should embrace the four critical dimensions of fit: (a) culture; (b) performance; (c) role-specific leadership competencies; and (d) team. Constantly playing in the background should be the organization’s values and emerging technology demands. In that the assessment draws on generic leadership competencies, gamified assessment, AI and other techniques using advanced algorithms are more applicable to assessing high potential candidates than they are for succession (role-specific leadership competencies). This assumes that lack of bias in the algorithm can be proven. No matter what technology is employed, legislation and the courts will mandate that there still be a significant “human factor.”
- v. Of particular significance are: (a) the organization’s diversity and inclusion goals; (b) “testing”⁶ succession candidates to validate fit; and (c) ensuring that all of the sub-processes that make up the overall talent management system knit together effectively. Leadership development, coaching, mentoring, cognitive agility (innovation), learning from disruption (resilience) and an overall ethos of learning how to learn are examples of the characteristics of success that need to come together. Also included in that supportive tapestry are talent acquisition, defining and measuring what it means to be a great team and the work that goes on to build bench strength (backfill) for those deemed a successor to a mission-critical role.
- vi. A key succession consideration is working with an external partner to “scout the marketplace.” Embracing, when needed, an international mandate, scouting

5 Note the reference to GE earlier in the text.

6 Although psychological testing and 360° feedback have their place, the testing being referred to is operational and strategic stretch beyond the defined boundaries of the role the succession candidate holds.



should ideally include: (a) an ongoing watchful eye for top talent regardless of the organization’s succession needs; (b) an executive search agenda focusing specially on succession cover for mission-critical roles; and (c) collecting data and reporting back to the client on the branding/market impact of the organization’s hiring value proposition (attraction).

Visual literacy (increasing) and attention span (reducing) – shaped by the unrelenting need for innovation within social media – means that a visitor to your organization’s website will make a decision to stay or leave within the first 10 seconds. This is no small thing. If you can’t attract top talent, you can’t hire top talent. What is the immediate visual image that greets a visitor to your website? The “picture” you need is a visual metaphor that shoots a compelling “story” straight into the visitor’s brain about who you are and what you stand for.⁷

Working with an external provider will likely follow one of two paths: (1) as “an extra pair of hands” – working only as needed and largely at the client’s direction; or (2) a full partner involved in all aspects of the succession process. The latter would include, but not necessarily be limited to, the following: honing the organization’s ability to attract talent; providing the tools and playing a supportive role in measuring the current and needed culture; providing input around the leadership competencies; completing external searches for succession cover; psychological assessment; introducing best-in-class executive integration; and supporting the assessment of internal candidates.⁸ One might also expect the external provider to offer digital training in critical talent management areas such as interviewing, coaching and mentoring.

In the work-from-anywhere⁹ world we are now entering, any such external partner must be able to deliver both thought leadership and genuine global reach. In that it describes an ongoing relationship, drawing the right external partner “fully inside the tent” has distinct strategic advantages. The shared goal? To ensure that talent management generally and succession specifically are a distinct and sustainable competitive advantage.

The need? To challenge the status quo. A rigorous and transparent succession process that moves beyond boxes and charts; one that allows the Board to understand the thinking

7 This concept differs dramatically from many websites where the underlying assumption is that their website is an on-line brochure. Replete with facts and details about what the firm does, the organization’s purpose and values have to be inferred.

8 It might be thought that this is a dramatic shift from what executive search groups are assumed to be able to deliver ... quite the contrary. In the best executive search firms the activities described are already integral to a “full-value” search.

9 One of the real benefits of “virtual employment” is that it opens up the job market to an all-too-often overlooked group – the thousands of very talented people with disabilities whose only limitation is lack of mobility.



and methodology *behind* “the names on the charts.” An approach to succession that is holistic, continuously moving forward, easily understood, regularly audited and, as a result, is open to critical examination by the Board. A succession process that delivers a distinct and sustainable competitive advantage.

Confusing Succession with Replacement

Succession and replacement planning build on very different assumptions. Replacement is essentially tactical. A contingency plan to put into effect should a mission-critical role unexpectedly become open (e.g., accident, sickness, a key executive moves on and/or acquisition/merger means stripping talent from the acquiring business).

Succession is strategic. It’s about tomorrow’s leadership. How far into the future should the plan reach? It depends on the clock speed of the industry. Three to five years is a typical benchmark. The succession conversation should explore the following questions.

- i. What are the future demands of each mission-critical role?
- ii. Is the current incumbent capable of delivering success in this role as it will exist three to five years out? *This is the killer question that organizations don’t ask.*





Because the incumbent is successful today should not lead to the assumption that they will succeed (in that role) in future.

- iii. Who in our talent pipeline – both within and outside of the organization – is capable of meeting all of the future requirements of the mission-critical role:¹⁰ (a) now; (b) at some point in the “identified” future? For organizations with an aggressive acquisition strategy, the “ready for a succession role now” is an important consideration. Not a few organizations have had to step back from potentially lucrative deals because they lacked the talent to support the commercial and strategic needs of the targeted acquisition.
- iv. As we envision what the mission-critical role is to be three to five years from now, what training, development, coaching, mentoring or stretch within the succession candidate’s current role would enable the candidate to move into the succession role without breaking stride?
- v. Is the information we are basing succession decisions on reliable? The performance management process, especially the element that utilises a grid to determine potential, is notoriously unreliable. Generic 360° reviews (as opposed to an organization-specific process) also have the potential to reinforce leadership capability that may not be essential while overlooking behaviour that is.
- vi. Are we looking for succession candidates in places where we haven’t looked before? Now more than ever!

Both replacement and succession conversations are essential. It’s my experience, however, that a good many processes described as “succession” amount to little more than a replacement exercise under the guise of succession. In a world marked by an unprecedented speed of change, reinforcing the status quo ... steady as we go ... becoming more of what you have always been ... is an obscenely expensive form of “planned obsolescence.”

The need? Recognise the inherent value of both replacement and succession but don’t confuse the two. Leaving a mission-critical role unfilled for an extended period of time can be horrendously expensive. It may even put the very future of the business at risk. For “unfilled” read “making the wrong choice.”

¹⁰ The three to five years suggested is but a benchmark. If the CEO is going to retire in two years’ time then “succession fit” would be adjudged against that timeframe.



Casting Too Wide a Net

The shorthand for focus is “less is more.” This is especially the case when it comes to succession. The challenge? To identify mission-critical roles. A mission-critical role meets at least one, in most cases two, of the criteria outlined below.

- i. A role where the decisions made have a strategic impact on the whole of the organization.
- ii. A role that would be difficult to find in the outside market. That is to say, unacceptable recruitment lag. With the problem of finding top talent growing ever more problematic, it can be assumed that most mission-critical roles will be difficult to source in the marketplace. Even were that not the case, assessing the *incumbent* against the future needs of the role is still essential.
- iii. A role that acts as a “guardian” of what it is that makes the organization special. Co-designer of the iMac, iPod, iPhone and iPad, Johnny Ive, the British-born, former Chief Design Officer at Apple Inc., comes to mind.





- iv. A role that embodies everything that the organization stands for. A “symbol” position that is so much on display that, in many people’s minds, the incumbent is the organization. The White House press secretary. A key account position supporting “must not lose customers.” The interface with major investors (e.g., private equity). The role central to uncovering new funding. What makes these roles mission critical is that if poorly handled the shockwaves ripple across the whole organization.

“A role where the decisions made have a strategic impact on the organization” is worthy of further explanation. A mission-critical role would clearly imply a major contribution to the organization’s strategy. Beyond that, one might expect that the position would also have a great deal of influence on how the business does business – a role that would demand an incumbent whose behaviour was the very embodiment of the organization’s purpose and values.

Many of the decisions made within an organization have little to do with the reporting relationships described by the organization chart. Indeed, if decision-making were limited to the formal structure everything would, literally, come to a grinding stop within hours. In organizations that have a turbulent industrial relations environment, are pursuing a non-union strategy or are growing very quickly, a mission-critical role might thus be a position that has a great deal of influence with the informal organization.

Although virtually impossible to replace, there is yet one more mission-critical role worth mentioning. It is “mission critical” because of the individual in the role. An often-quoted proverb states, “It takes a village to raise a child.” The modern equivalent? “It takes a community to create a customer.” And a community needs heroes¹¹ – story bearers whose very presence is an expression of the organization’s DNA. Scratch the surface of any great company and you will find that their heroes helped light the way. Because they are all but irreplaceable, to fulfill their succession mandate organizations need to do all that they can to retain their heroes. When Steve Wozniak left Apple, part of what made Apple “Apple” left with him.

The need? Restrict the work on succession at the top of the organization to mission-critical roles – the roles that really matter, the roles that can sink the ship. In a large, domestic-based organization, if you have identified more than 20 mission-critical roles you probably have too many. For a true multinational, the country manager role, for larger operations at least, may well be mission critical. Commission secondary or subordinate succession processes, but don’t let *the important* get in the way of *the essential*. Don’t focus on *being good*, at the expense of *becoming great!*

11 “Heroes,” as used here, is gender neutral.



Confusing High Performance with High Potential

Like riding a rocking horse, not everyone who “rocks” is going places. It’s a mistake to assume that outstanding performance translates into high potential. Being a wonderful first violinist doesn’t mean you have the potential to become even an average conductor. Nikola Tesla was a bona fide technical genius but an abject failure at anything that didn’t draw on his specialised knowledge. The late Diego Maradona was a one-of-a-kind soccer player but failed miserably as a manager.

Confusing performance and potential is especially problematic in areas like sales and/or IT. Putting your best sales executive on a high potential, fast track might sound like a good idea, but if the end product is that the organization loses one of its highest performers while inheriting a mediocre leader, everyone loses. Technology also demands a special kind of “park your ego on the side” leader. A new manager who, of necessity, now works *for* the team, shortly after moving into a leadership role, is likely to find that they are falling behind the rest of the team’s day-to-day, technical know-how.

Here a word of caution. Involve the incumbent but don’t rely too heavily on their input. When, after a hugely successful career, Sir Alex Ferguson stepped down as manager of Manchester United, he was asked to play a key role in identifying his successor. Sir Alex, it should be noted, is a dour Scot with a broad Glaswegian accent. He joined United when he was 45. With literally the world to choose from, his replacement, David Moyes – surprise, surprise – turned out to be a 50-year-old, dour Scot with a broad Glaswegian accent. Moyes didn’t complete the first year of his six-year contract.

The need? Define the specific competencies that describe *future* success in both a mission-critical role and the generic competencies that capture what it means to be “high potential.” Find ways to test/stretch those so identified – be they a succession candidate or deemed high potential – in areas outside of their regular responsibilities, e.g., special projects. Expand their current role to include coaching and mentoring of others. Have them deputise, whenever possible, for their leader one-level-up. Leadership is like swimming. It’s a participative sport. You don’t learn what you really need to learn by sitting on the side watching.

Selection isn’t an exercise in abstract thinking. Make both succession decisions and identifying high potential candidates evidence based. When assessing potential, throw in leadership traits like the ability to stand back and see the big picture (helicopter thinking), authenticity, comfort with ambiguity, empathy and listening. Mix in the real need for international experience, explore cognitive agility, track resilience, learn how people learn (leaders are readers who love sharing what they learn) – and you are on the right track.

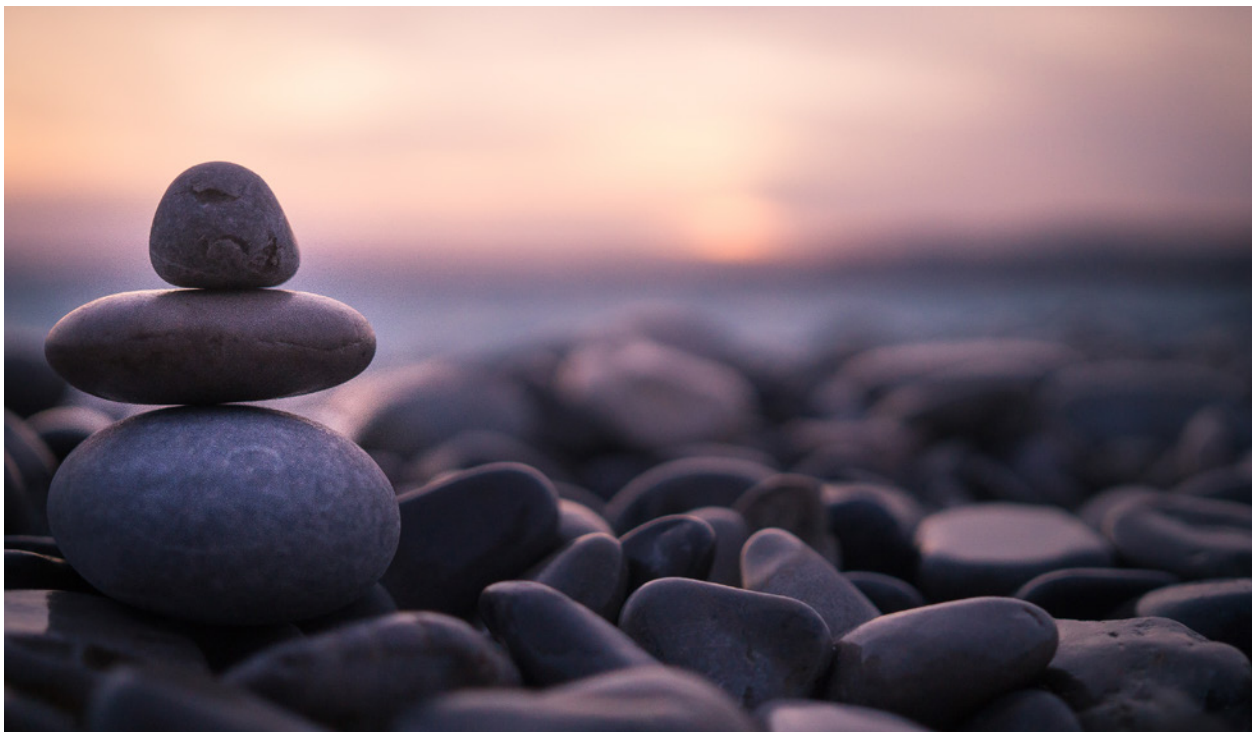


Inappropriate Leadership Competencies

In identifying and selecting succession candidates there are four critical elements of fit: (1) culture; (2) the strategic scorecard; (3) role-specific leadership competencies; and (4) leading, developing and being part of a great team.

A leadership competency describes *future* success in the role. It also captures the behaviours that separate an outstanding performer from one who is merely middle of the road. There are three common pitfalls in developing leadership competencies in support of succession.

- i. Falling back on generic leadership competencies. Generic competencies describe, in general terms, what it means to be a *future* leader within the organization. Invaluable for identifying high potential candidates, designing leadership development interventions, web-based learning and building the organization's hiring brand, generic competencies lack the performance focus needed for succession work.
- ii. A myopic focus. That is to say, developing competencies in a vacuum, building on success criteria drawn exclusively from experience within the business. To counter this, an invaluable external resource is a provider who: (1) works with leadership





competencies in different organizations as part of their day-to-day activity; (2) can introduce an up-to-date, thought leadership based, library of leadership competencies; and/or (3) contributes an international perspective.

- iii. Relying too heavily on the manager in the role to capture the characteristic that defines future success. From personal experience, I can attest to the problem this creates. All too often, the qualities suggested represent a perfect profile of how they themselves behave.

To avoid the “we need someone just like me” syndrome described earlier, it’s important to emphasise the need for “leadership balance.” In considering a balanced approach to leadership there are four leadership domains.¹²

- i. *The Head.* A clear sense of direction – where are we heading? How will the business environment evolve? A deep understanding of how technology will change the business. Can visualise and articulate what tomorrow’s success will look, sound and feel like. Will exploit (reinvent when needed) the organization’s unique point of differentiation. Knows how to win tomorrow’s customer. *Cognitive intelligence.*
- ii. *The Hand.* Brings the discipline of delivery – a cadence, a rhythm, a regular and continuing pattern of behaviour where the agreed outcomes and feedback regarding those outcomes are always in sharp focus. Customer-centric. Develops an organization that, by way of design, is agile enough to support tomorrow’s needed speed of delivery. In performance terms, lets everyone on the team know where they stand. Goes out of their way to “catch people doing it right.” Comfortable delivering the tough conversation. *Practical intelligence.*
- iii. *The Heart.* Creates a rich learning environment – engagement, mentoring, coaching, stretch, building the team, a focus on learning how to learn. Masterful listener. Keeps people informed. Manages up. Builds meaningful relationships with other key stakeholders. Provides team members with currency in the job market (retention).¹³ *Interpersonal intelligence.*
- iv. *The Spirit.* The leader in question is someone who everyone on the team respects and who exudes and builds trust – consistent, authentic, affirming, empathetic, displays humility, keeps people informed, is tough-minded when they need to be and, regardless of the circumstances, true to who they are. *Intrapersonal intelligence.*

¹² TRANSEARCH has conducted thousands of successful C-suite searches, in all parts of the world, using the Head, Hand, Heart and Spirit framework.

¹³ When, with the marketplace in mind, people feel that erosion of their level of skill and/or know-how is starting to impact their long-term financial security, there is a strong incentive to move elsewhere. This is especially the case in tech-based occupations. If you are not in the technology you are not in the game.



Overlaying the above is a fifth dimension of intelligence – *ecological intelligence*. The footprint we leave on the planet. What to our forebears and today’s indigenous people believe(ed) to be sacred we have, sadly, chosen to ignore.

Transforming purpose into strategy, a consistent and compelling performance ethos, day-to-day focus, an engaged workforce, growing that talent pipeline, and a sense of belonging – all draw heavily on the four leadership domains outlined above. Competencies that fail to recognise leadership balance – behaviour skewed towards one of the above to the detriment of the others – and future possibility, responsiveness, innovation and a sense of community become a lost cause. The result? A flawed succession agenda.

The need? A comprehensive, up-to-date library of future-looking, thought-leadership-based, context-oriented, role-specific leadership competencies that embrace leadership balance.

The Future Culture Is a “Best Guess”

Today is the fastest things have ever been ... and the slowest they will ever be. If it can be digitalised, it will be digitalised. The potential competitor you should be most concerned with is a business that isn’t currently on your radar screen. Add exponential growth in technology-based solutions, AI, 3D printing, advanced robotics, blockchain, big data and a plethora of new materials to the mix, and fiction is becoming fact before your eyes. Put more succinctly, it is highly unlikely that what worked in the past has much validity in the future. Tomorrow *will* be different!

Your culture is your brand. If tomorrow’s culture is based on conjecture, opinion or sweeping assumptions (lacking a pragmatic, business-based measurement), sound decision-making focusing on any aspect of tomorrow’s talent agenda, of necessity, defaults into a process that amounts to little more than “aspirational possibilities.” Succession based on wishful thinking is to place a blind bet on the future without any understanding of what you are actually betting on and without appreciating the damage you are doing to the brand.

Culture is a system and, like any system, is only as strong as its weakest element. It’s a mistake to work on one part of the culture (e.g., the assumption that engagement data is a measure of culture overall) without considering the rest of the system. Partial, incomplete or fractured cultural interventions will, over the longer term, result in unintended consequences. Failure to recognise that it’s part of a wider system goes a long way to explain why much of the investment in succession fails to create value.

Power moves into a vacuum. If you’re not managing your culture someone else is – a predatory supplier, a major investor, a group of senior executives who, because they created the organization as it is, would prefer things stay the way they are, middle managers who



have been disenfranchised, a competitor with whom you are constantly playing catch up or the constant drip, drip of acquiescing to militant trade union demands.¹⁴ If there is no coordinated approach to manage (by implication “measure”) culture, do not be surprised if the succession process gets hijacked by one or more powerful interest groups within the organization.

Our own research and that of others shows that only 20% of organizations can be said to “manage their culture.” The rest are caught up in, what is perhaps best described as, “culture drift” – the assumption that if we continue to do what we have always done we will eventually get to where we need to be. There is a reason why, in many organizations, succession amounts to little more than an exercise in political expediency.

Organizations that manage culture have significantly better results than those that don’t. In the widest research study of its kind ever pursued, the evidence demonstrates that CEOs who insist on rigorously measuring and managing all cultural elements that drive performance more than double the odds that their strategies will be executed. And over the



¹⁴ I spent a decade managing industrial relations in the auto sector on both sides of the Atlantic. That the organization’s culture was being usurped by the perceived need to placate various militant unions was all too apparent.



long term, they deliver triple the total return to shareholders that other companies deliver.¹⁵

What you don't measure, you can't manage. Measuring (mapping) culture isn't simply a matter of one-size-fits-all. We have found it necessary to develop different measures for different audiences. The Board, top team, a wide canvas of the organization, each warrants its own, bespoke approach. What's essential is to know – really know – (1) where your organization culture is today and (2) where your culture needs to be to compete successfully in the future.¹⁶

Responsibility for culture lies directly with the top team. Indeed, from my own experience, if culture is viewed as an HR project – essential though the HR team are in steering culture change – the CEO is putting their career at risk. The role of the top team in culture is being mandated by legislation. In the UK, corporations quoted on the London Stock Exchange must now report both “culture” and “the employee voice.” Australia is following a similar track. Legislation in other jurisdictions is unlikely to be far behind.

The need? Succession work has suffered in the past because it has, all too often, been an onerous, bureaucratic requirement, held firmly within the domain of HR, replete with an array of graphs and charts, drawing on judgement and opinion but offering little by way of measurement and valid assessment. You can't manage what you don't measure!¹⁷ The major reason an executive moving into a new role stumbles is lack of culture fit. It's tough to assess someone against, prepare for or support a newly appointed successor if “culture” remains a vague, hit or miss determinate of success.

Coaching Is “Something We Need to Get To”

You can't grow the organization unless you grow the people in the organization. At the heart of “growing” people lies coaching. Coaching isn't a sometime skill. It's a systemic way to think about what it means to be a leader. Leadership is a privilege that has to be earned every day. Earning the right to lead is ultimately about showing that you care ... every day in every way. In today's business environment, if you can't coach, you can't lead.

The most meaningful way to assess a succession candidate is to look for evidence of the future behaviour demanded. The paradox being that to manage risk, you have to take risk. Coaching is thus brought to life by providing “stretch” opportunities for the identified

15 Carolyn Dewar, Martin Hirt, and Scott Keller. *The Mindsets and Practices of Excellent CEOs* (October 2019).

16 This should not be aspiration. Not, what you would like to be! The culture **you need** will enable the organization to successfully deliver what tomorrow's customer wants to buy – and how they want to buy it. And to do so (1) at a price point that provides a meaningful return on investment; (2) as fast as the most successful potential competitor; (3) while supporting the investment needed to find, attract and develop tomorrow's leaders.

17 There are four characteristics that define a meaningful measure of culture. One: it measures what it purports to measure. Two: it captures where you are and where you need to be. Three: it uses business terms. Four: the most important input comes from key leaders within the business.



successor within their current role. Stretch is about growing/developing the succession candidate. It is also about validating their suitability for the mission-critical role they have been “penciled in” against.

Stretch describes learning that moves the candidate to the very edge of their comfort zone. It’s about uncovering whether the candidate has what best-selling author Tom Wolfe, in his book bearing the same title, called “The Right Stuff.” In pushing the succession candidate into deep water you don’t want them to “drown.” No less important, you shouldn’t come to the rescue too early, either. A candidate who isn’t open to being coached is making it clear that they are not a suitable succession candidate.

Recognising that 80% of all meaningful development takes place on the job, coaching sits at the centre of a constellation of learning strategies. Shaping successful succession scenarios is enabled when the actions noted below are present.

- Everyone on the top team models masterful coaching.
- We make sure that succession candidates regularly get in front of the Board. No less important, we provide opportunity for succession candidates to meet with Board members informally.
- Mentoring, especially to support a successor who has just moved into a new role, is perfunctory.





- The identified successor's manager one-level-up is assessed in terms of their coaching capability. Additional training and development are provided if the level of coaching is found wanting.
- Whenever possible, we provide international experience early in a high-potential employee's career.
- Wherever we can, we go out of our way to provide opportunities for the identified successor to deputise for the individual currently in the role.
- Cross-functional development is high on our list of "must-have" experience.
- Affirmation and "catching them doing it right" are indelible aspects of our culture.
- The most common learning limitation to any and all learning strategies is lack of follow-up and honest feedback. We recognise that, where necessary, tough feedback is essential.
- We use 360° feedback to great effect. We believe this is too important a learning contribution for it to rest on the vagaries of a generic, web-based methodology. Our approach is skewed heavily to the use of an external coach who conducts face-to-face (virtual) interviews.
- Web-based learning, the use of an external coach, attendance at top business schools and self-directed learning fill in any knowledge/skill/behaviour gaps.

The need? As the business environment evolves, new knowledge, skills and capability are demanded. Without coaching, succession is an engine of future performance that is not firing on all cylinders. Meanwhile, led by HR, there is often a concerted effort to make coaching a systemic leadership skill. If those at the top aren't striving to become masterful in the art of coaching, it's not going to happen.¹⁸

What It Means to Be a Team

In looking to the future, there are contingencies that lie over the horizon we can't know. The biggest surprises, however, are likely to be those things that we think we know that, as things unfold, prove not to be so. In thinking through the impact of "the team" on succession, the following examples are, nevertheless, a good place to start.

- i. There is a demand from employees to continue to work from home. Others find the stress, blurring of work and personal life and the sheer loneliness of it all carries

¹⁸ Members of the top team often see coaching as a signal that they are not up to the job. I worked closely with the late Sergio Marchionne for over a decade. To overcome that particular stigma, when he was CEO of Lonza Group, Sergio asked me to coach him with his team sitting round in a circle. Ninety minutes later he announced that it was "the hardest work he could ever remember doing." Marchionne went on to become the CEO of Fiat and Chrysler.



an emotional burden that they want to put behind them. A third group would like a blended work experience – part of the time in a traditional work environment and the balance operating from home.

- ii. Continued work from home puts a premium on “leadership at a distance.” This means: (a) re-establishing the meaning that lies behind the organization’s purpose; (b) reinforcing the organization’s values in everything the team does; (c) total clarity regarding goals and expectations; (d) communication excellence – especially listening; (e) finding new ways to unlock the team’s creativity; (f) a degree of transparency that hitherto leaders have been uncomfortable with; and (g) changing the patterns of play – making what can quickly become a repetitious, daily Zoom existence interesting and, when appropriate, fun.
- iii. The growth/expansion of contingency and Gig employment. Welcome to the Shamrock Organization: (1) full-time employment, working in traditional, face-to-face teams; (2) employees working remotely either part of the time or all of the time; and (3) contingency employees who, whether it be remotely or not, are only





called up for a special project, work part time or are engaged only during times when the demand from customers or clients makes it necessary.

- iv. Expanding the virtual workforce has three not insignificant implications.
 - a. It expands the recruitment (and succession) pool to include not only remote parts of the home country but offshore too.
 - b. Organizations benefit from significantly reduced wage and benefit costs, especially if a large number of administrative roles can be moved offshore.
 - c. Remote work is far easier to monitor which, in turn, makes tracking productivity and delivery of key outcomes easier to follow. By separating roles that are strategic from those that are largely supportive/administrative, the number of those working in full-time, traditional, face-to-face positions can be trimmed to an absolute minimum.

It is little short of managerial incompetence to enter into the succession conversation without the key decision-makers stepping back to assess the future nature, needs and norms that shape the behaviour of the team(s) involved. And it matters ... because tomorrow's organization will be a team of teams.

The need? The makeup and working approach of “tomorrow's team” will, of necessity, be different! In many cases, very different. Factoring that fact into the succession conversation becomes a business imperative. As does uncovering meaningful ways to assess the team as a team. When the “how” trumps the “what,” a finger in the wind approach to evaluating team success – or even an approach based on performance metrics – offers little when identifying and assessing succession candidates.

Succession Candidates Are Poorly Integrated into the New Role

Research suggests that somewhere between a third and half of those moving into a new role stumble, disappoint or fail. Derailment, no matter what form it takes, destroys value. At a senior level, the right support cuts the statistic outlined in half. Google found that with front-line employees, when the manager had an appropriate conversation on the first day, new hires were 25% faster getting up to speed. That is, if: (1) the manager was “nudged” by email the night before; and (2) the discussion with the new employee covered off five critical issues:

- ✓ Role and responsibilities
- ✓ Matching the new hire with a peer buddy
- ✓ Helping the new hire build a social network



- ✓ Setting up regular onboarding check-ins
- ✓ Encouraging open dialogue

There is strong evidence to support that, at least initially, internal candidates are more successful than someone brought in from the outside. That said, what appears to be plain sailing can quickly become a storm-tossed sea. The appearance of early success can quickly become a succession trap. It's not just a matter of fulfilling all of the requirements of the new role. The challenge is to do so as quickly as possible. As much time and resources should thus be allocated to internal candidates as would be the case with an external hire.

If they don't land, they won't stay. More problematic than a mis-hire is to bring in a potentially outstanding leader, only to find that they leave the organization within months. What is needed moves well beyond an enriched induction program. Nor is it just an academic framework spiced with interesting anecdotes. What is demanded is a





comprehensive executive integration process that will enable the new leader to manage their own integration. After all, isn't that what *leadership* is all about?

Change invariably takes place at the edge – on that strip of sand where the land (today) and the ocean (tomorrow) meet, where science and technology blend with art, where ideas and analysis come together, where concept and content combine, where success is defined in individual terms but also recognises that the team is the basic building block of organizational life, where objectivity is the focus but alternative viewpoints are introduced, where the underlying questions explore not only what is but what's possible. Our own work on executive integration¹⁹ builds on the following steps:

- ✓ Before you land
- ✓ Leadership of self
- ✓ Landing and letting go
- ✓ Building a constituency
- ✓ Culture fit
- ✓ Building a scorecard
- ✓ Are you the leader they need?
- ✓ Moving into the team
- ✓ Suggestions for the hiring manager
- ✓ The role of HR

The need? A comprehensive executive induction process supported by both an internal mentor and an external coach. Assessment tools, access to supportive materials and the full support of both the hiring manager and HR are clearly essential. We have also found that to pull everything together, as a way to provoke, summarise and reflect, a well designed, beautifully illustrated and easy to access workbook is invaluable. The digital version enables the new executive to, in essence, create their own “bespoke” workbook. Conversely, for the new CEO, self-reflection and, with it, the need to provide assurance regarding absolute confidentiality can mean that a more traditional workbook is the best approach.

¹⁹ *Without Breaking Stride* is an executive workbook that takes the new executive through each critical stage of executive integration. The digital version enables the newly hired or promoted executive to create their own “bespoke” workbook. The workbook is supported by a wide range of proprietary assessment tools, reference sourcing, relevant reading and videos.

Conclusion



Setting aside the spear and working with fire, possibly our greatest achievement as a species is the large-scale organization. Without it, the world as we know it simply wouldn't exist. The problem? It's tough to let go of something that works so well. But let go we must. The organization that served us so well in the last century is a poor fit for the challenges of this one.

Stability, hierarchy and control shaped our past. Innovation, agility and speed of learning will dictate our future. *Built to last* was who we were. *Built to change* is who we must become. *Shareholder* meet *stakeholder*. *Service* meet *servicing*. *Structure* meet *self-organizing network*. *Persuasion* meet *purpose*. *Dictate* meet *data*. *Transaction* meet *partnership*. *Tribe* meet *community*.

There is a fundamental difference between “tribe” and “community.” A tribe is a group of people who share a common purpose. The social glue that holds them together lies in that which is common – language, gender, education, background, experience, skills, family, history. Tribes view the world from the inside-out (exclusive). They are slow to adapt (not invented here).

A community is a group of people who share a common purpose. What binds the community together are the things that are different. A cultural container that thrives on diversity: ideas, generational difference, gender, ethnic origin, skills, knowledge, background and/or experience. A community interprets the world from the outside-in (inclusive). They readily embrace new ways to be.

Ultimately, it's all about mindset. A not untypical scenario is attempting to parachute a forward looking succession process into a tribal culture (common background x exclusion). If the needs of the organization as a community (diversity x inclusion) are to be met, succession must have the full weight, overt support and emotional commitment from **everyone** on the top team (not just HR). Jamming 21st century thinking and solutions into a 20th century organization is like being handed the keys to a new Ferrari and then having to drive it with the brakes on. For more on mindset see Appendix one – *Succession: Creating Tomorrow's Leadership, Today* – at the end of this section.



Any one of the following scenarios indicates that it's time to rethink succession.

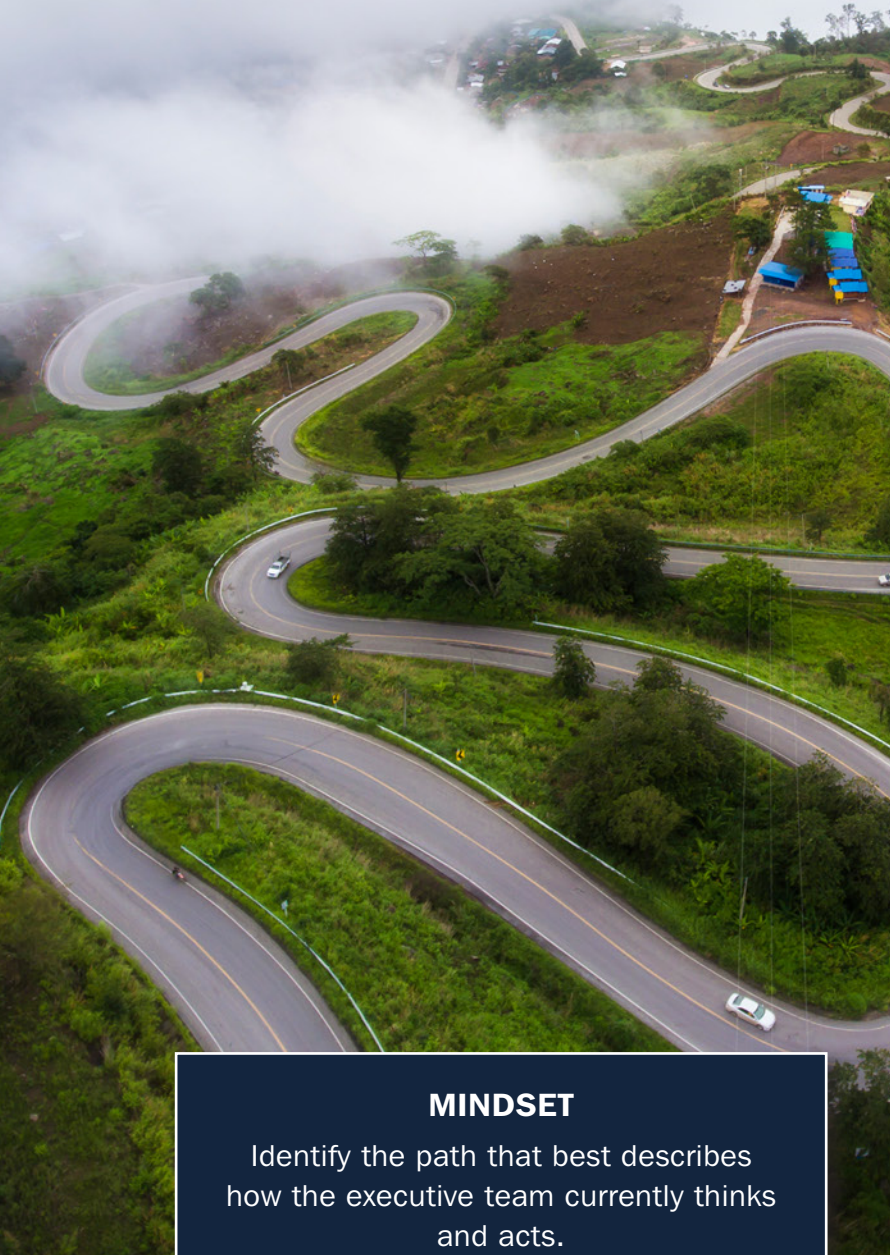
- The Board is a relatively passive party in the annual succession review. Evidence of this is found in: (1) being overly dependent upon the CEO/CHRO's input; and/or (2) accepting, at face value, that the underlying assumptions, methodology, process and assessment tools are forward looking, relevant and valid.
- A succession process that lacks focus, exemplified by one or more of the following: (1) moving beyond mission-critical roles; (2) confusing replacement with succession; (3) limited to the internal talent pool.
- Work on moving the organization's culture in a new direction that fails to make succession a centerpiece.
- Not taking advantage of the emerging technology to support the succession process.
- A process that is: (1) managed by a relatively inexperienced HR executive; and/or (2) lacking best-in-class, external support, e.g. talent scouting.
- As you look around the top team it is either dominated by: (1) team members who have been with the organization for at least five years; or (2) by individuals who have been with the business for less than two years.
- Little exposure of succession candidates to the Board.
- Lack of measurement (current and future) in areas such as culture.
- Leaders reluctant to give up talent.
- Merger or acquisition put on hold because the talent pool has been drained.
- Being rushed into making a succession decision for a mission-critical role.
- Forced to leave a mission-critical role open for a protracted period.
- Looking for talent in the same old places.
- Diversity goals are not going to be realised any time soon.

A key succession decision can, and often does, amount to betting the business, especially when the position is in the top team. Think of the challenge not as *succession planning* but as *planning for success*. Think slow ... and then act fast. Most of all, give yourself the opportunity to think slow and act fast.

*"If you **fail** to **plan**, you are **planning to fail!**" – Benjamin Franklin.*

Appendix one

SUCCESSION: Creating Tomorrow's Leadership, Today.



MINDSET

Identify the path that best describes how the executive team currently thinks and acts.

With tomorrow's organization in mind, identify the path you believe the executive team needs to follow.

*Succession is more than a process.
It's a way to think.*

It's all about mindset. What path does your executive team follow?

a. The strategist path – win by finding a better way, innovative, committed to build sustainable competitive advantage, create opportunity. Driving force – leave a legacy.

b. The warrior path – win through perceived strength, everything secondary to results, culture an afterthought, people are either winners or losers. Driving force – shareholder capital.

c. The collaborator path – win through trust, build rapport, establish respect, are true to their values, deliver on the “promise,” embrace diversity, take people with them, create value. Driving force – stakeholder value.

d. The politician path – win through smart moves, play the angles, driven by short-term goals, always have a fallback position, create alliances. Driving force – survival, personal gain.

e. The follower path – win based on buoyancy of the marketplace, a tactical orientation, lets others take the lead, comfortable being the runner up, wedded to the transaction. Driving force – being better at what we have always done.



SUCCESSION

Shaping tomorrow's leadership success, today

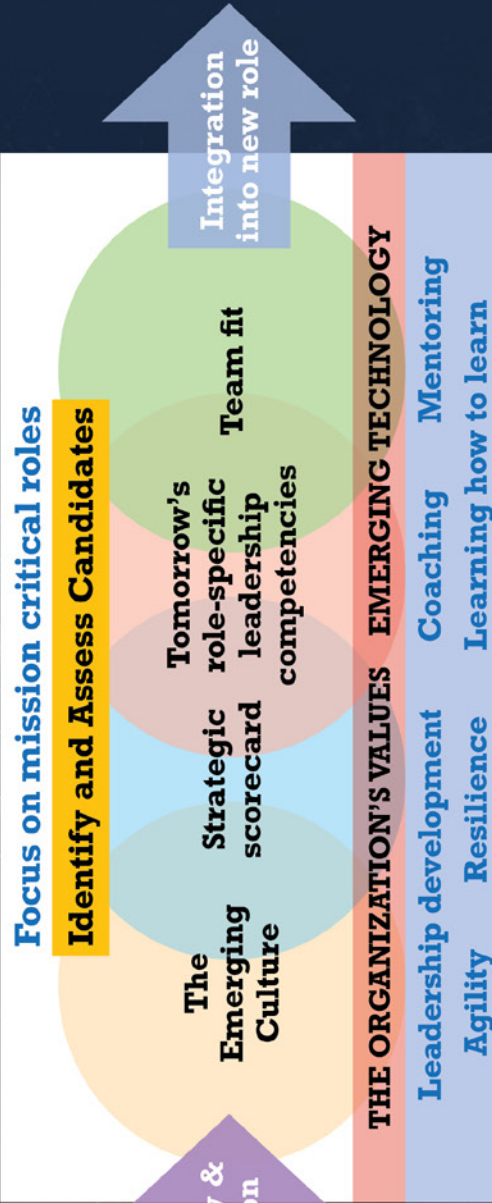
- Social, political and economic realities
 - The competitive landscape
- What do tomorrow's customers want to buy and **how** do they want to buy it?

The firm's strategic assumptions

Talent scouting:

It's a mistake to populate the succession process with internal candidates only.

Talent scouting (1) builds intelligence regarding the job market; (2) by having replacement options and/or successors available on the outside, reduces, often very costly, lag time; and (3) is an opportunity to build diversity.



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John O. Burdett

Think **SLOW**, act **FAST**

Figure one



John Burdett has worked in over 40 countries as an executive and as a consultant for businesses that are household names. He continues to work on leadership development and organization culture for some of the world's largest corporations. In 2019, his work with ABB's top 240 executives received a major international award for the most innovative leadership development initiative of that year. His ongoing partnership with TRANSEARCH International means that his proprietary work on talent acquisition, in any one year, successfully supports many hundreds of top leadership appointments on six continents.

He has written extensively on executive coaching and was awarded international coach of the year by the Finnish Institute of International Trade. Business graduates at the University of Texas indicated that his material on coaching was the single most valuable learning source they took away from their undergraduate degree. He has also coached numerous executive teams around the world in how to coach. He currently coaches a select group of CEOs. Apart from a range of corporate leadership workshops, he has taught at business schools on both sides of the Atlantic. His work on the MBA program at the University of Toronto received a teaching excellence award.

John holds a doctorate in management development and is a Fellow of the Chartered Institute of Personnel and Development. In addition to numerous business articles and twice being awarded article of the year by MCB publications, he has published 15 books on leadership, talent management, coaching and organization culture. A number of them bestsellers. His Talent Trilogy was completed in 2016. *The A-Z of Organization Culture* came out in 2017. *Tomorrow Will Be Different – Will You?* was published in 2020. In addition to the publications outlined, his five-part Leadership Beyond Crisis Series came out in 2021. He has just completed his *Executive Playbook – It's Time to Rethink Succession*.

