

EFFECTIVE SUCCESSION MANAGEMENT 17 JANUARY 2023



RESEARCH OVERVIEW
WITH MOLLY BOLDING



MOLLY BOLDING is responsible for adapting and developing new resources for CRF's research team, for use in short and long-form content across the website and member communications. Prior to joining CRF, Molly spent three years as a freelance education journalist, inclusion consultant and online educator.

EMAIL

CRF's Molly Bolding shared highlights from the research – what effective succession management is, where it came from, and what we can learn from current practices.

WHY SUCCESSION MANAGEMENT?

An ever-changing external environment, the strong need for governance and a growing recognition that people want and need more from work all make succession management as relevant today as ever. However, only around half of CRF survey respondents said they have formal succession management processes in their organisation.

Why this hesitancy? Some see succession management as an outdated technique. Others may not want to create a succession plan which will likely need to be changed in the future, or are resistant to invest in people who may leave the organisation. However, when done well, succession management has benefits for all areas of the business: longer manager tenure, increased employee satisfaction, and reduced turnover.

SUCCESSION MANAGEMENT DEFINITION

CRF defines Succession Management as a holistic system to identify and develop internal talent at all levels. It uses strategies such as role-based or talent pool succession to accelerate those aligned with business-critical roles.

DECIDING ON PURPOSE

Organisations should first decide the *purpose* of their succession management. Risk management? Governance? Development? Deciding on the purpose will help organisations determine the right approach(es) to succession planning.

Succession management can be either a continuity process to ensure your business strategy isn't hampered by staff turnover, or a process of change to prepare your business for the future. In practice, organisations will likely require a combination of the two, which will vary at different times and levels of the business.



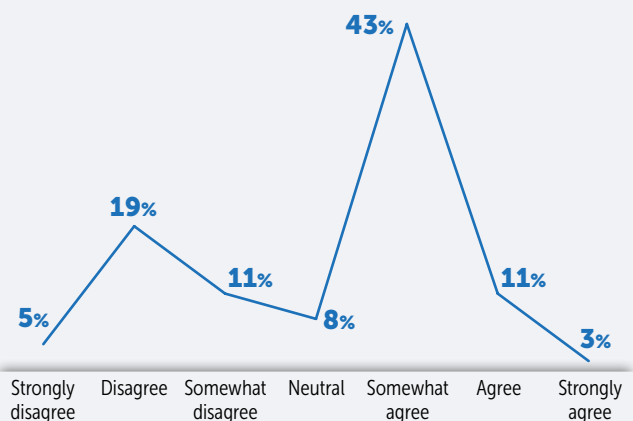
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EFFECTIVE SUCCESSION MANAGEMENT



SUCCESSION MANAGEMENT IS...
ALIGNED TO BUSINESS AND
SUPPORTED BY CULTURE

Business strategy and succession management priorities should be clearly connected. However, around 35% of CRF survey respondents said this was not the case within their companies. Organisations should consider what their business strategy means for skills and leadership qualities and make sure these are reflected in tools such as selection criteria and skills gap assessments. Extending the business planning horizon – to as much as ten years for senior roles – can also be helpful for developing longer-term plans to address skills gaps.

My organisation uses succession planning to support and execute key long-term elements of company strategy



Source: CRF Effective Succession Management Member Survey 2022



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SUCCESSION MANAGEMENT IS... AN INTEGRATED TALENT MANAGEMENT PROCESS

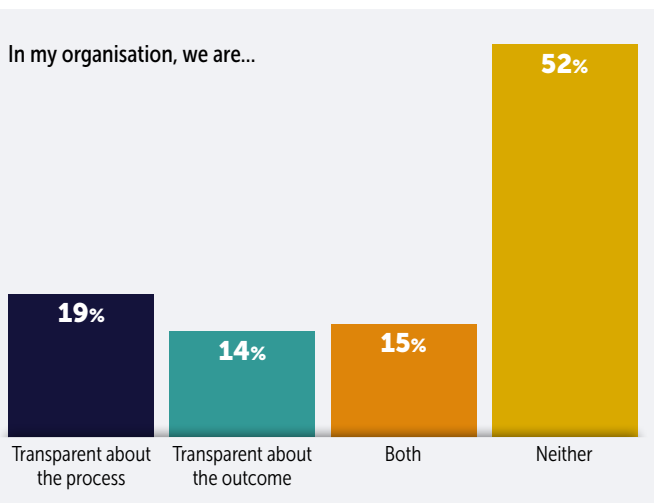
Organisations should have a clear talent and succession philosophy, supported by senior management. There should be agreement on terminology related to succession management processes, creating a common language throughout the organisation.

For example, at WD40, there is an explicit link between succession specifically and talent generally. In the words of their CHRO, *"the premise is that not everyone will be CEO. But, how awesome would it be for our business if more people could think about the entire enterprise the way a CEO has to?"* To achieve this, they ensure that there is clear communication between Learning and Development and talent's succession priorities.

SUCCESSION MANAGEMENT IS... THOUGHTFULLY TRANSPARENT

Deciding how much to tell people about succession processes is a major consideration and our survey research showed that practitioners are evenly split on this issue. We also conducted a short poll of members present at the event, finding that over 50% were not transparent at all about their succession management outcomes and processes.

CRF has created a new term – **'Thoughtful Transparency'** – as a framework of decisions to help decide how much to share. This involves weighing the benefits of transparency around the process of succession or the outcomes for individual roles against potential drawbacks, with a focus on your own business circumstances.



Source: Poll at event CRF Effective Succession Management

SUCCESSION MANAGEMENT IS... EVIDENCE-BASED

This could include adopting a multi-trait, multi-method approach to assessing succession candidates, or supplementing line manager judgements with more objective methods. One possibility is implementing a new assessment framework: Swiss Re offered executive succession candidates personality assessments where they could identify skills gaps and establish individual development plans. They now plan to roll out this approach at lower levels of the organisation.

SUCCESSION MANAGEMENT IS... PARTICIPATIVE AND EMPLOYEE-CENTRED

Participative processes allow people to be directly involved in policies that affect their lives, and puts the tools for career progression in the hands of individuals. Employee-centred processes trust employees to make decisions about their own readiness, performance, and willingness to move. TfL is a great example of an organisation transitioning towards more participative practices, with further detail available in their [case study](#).

IN SUMMARY:

- Identify the key purpose of your succession management, then consider the features that will complement that approach.
- Consider extending your business planning horizon: setting up effective practices, and developing successors for complex roles, takes time, so commit to making the changes even as the role you're planning evolves.
- Commit to discussing development actions continuously and in talent reviews, focusing on what skills a person could develop in the future if supported in the right way.



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BOARD LEVEL SUCCESSION MANAGEMENT WITH JESSICA FOSTER



JESSICA FOSTER has deep roots at RHR International, having led Assessment and Development prior to standing up Executive Bench, and her vision and expertise serve as the guiding hand shaping the practice's future. Executive Bench is a service that empowers companies to create compelling and robust leadership pipelines through unbiased, data-driven insights. The core mission of the practice is to help organisations become better stewards of their talent by reshaping succession conversations, redefining potential, and modernising their models of leadership.

✉ EMAIL

Jessica comes from a background in academia, having worked as a Professor of Industrial and Organizational Psychology at Purdue University before transitioning to consulting.



WATCH THE BOARD LEVEL SESSION EFFECTIVE SUCCESSION MANAGEMENT



CONTEXT: THE EXPANDING ROLE OF THE BOARD

The role Executive Boards play in Succession Management is expanding in different ways:

- **Expanding time categories**, as they become involved in succession management at earlier stages.
- **Expanding role**, due to risk mitigation, regulation requirements and their own interests in the future of the company.
- **Expanding breath**, as they also consider C-suite succession planning and the company's overall talent management strategy.
- **Expanding topics**, with increasing interest paid to ESG and D&I issues.



WHAT DOES 'GOOD' LOOK LIKE?

- Set boundaries, roles, and responsibilities for the Board in Succession and consider what is the role that only the Board can play. For example, they could provide high-level accountability and a strategic lens.
- Strong engagement between Management and the Board concerning the strategic direction of the company, and leadership's role in getting them there. Any lack of alignment will emerge quickly and will hamper succession activities.
- Transparency is important. The successful candidate will ultimately manage the Board, so transparency helps them to be prepared with knowledge of how to engage with them.
- Succession management requires a certain level of predictability, continuity, and repeatability. Awareness around when these processes (such as board meetings to discuss candidates) occur is helpful.

SIX COMMON PITFALLS:

- 1. Too much caution at the board level.** Boards have a tendency towards protectionism and caution, and often apply this to their engagement with succession management. However, a tendency to stick to a 'safe' or 'known' path can obstruct the need to sometimes take a different route.
- 2. A lack of honesty about viability of internal talent.** Succession candidates may remain in the pool of candidates long after it is clear that they are not a viable candidate. This loses time in looking for the right candidate. Instead, the Board, should be curious and challenging, and ask the tough questions.
- 3. Over-reliance on one successor.** There is a risk that the favoured candidate will leave, leaving the company with no candidates. This is particularly risky in the current climate, with tenures shortening.
- 4. Extreme changes in approach.** When things aren't going so well, a company may swing in the opposite direction of their outgoing CEO and pick someone entirely different. However, it's important to also acknowledge what has been done well and should be continued.
- 5. Not addressing a lack of alignment.** Boards often favour a harmonious approach and only meet a few times a year, meaning that poor alignment is often hard to spot. It's better if strategic tension is brought to the surface earlier.
- 6. Failure to prioritise the most important characteristics of future leaders.** Companies often create a long list of ideal characteristics and struggle to decide between candidates. Decision making is made clearer by first picking a small number of mission critical characteristics, then focusing on finding a candidate with these.



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SUCCESSION MANAGEMENT AT HALMA IN CONVERSATION WITH CINDY DAVIES



CINDY DAVIES is Director, Talent & Culture at Halma plc, a FTSE 100 business. In that capacity she facilitates the development and succession planning of the group's top 350 leaders. Prior to Halma, Cindy held a variety of leadership roles in Talent & business transformation at Thomson Reuters, Pladis and Henderson Global Investors.



JOHN WHELAN is formerly UK HR Director of BAE Systems, the FTSE 100 defence, security, and aerospace company, whose experience and strengths lie in business and HR Transformation, Organisation Development and Employee Relations. Prior to joining BAE, he held a variety of HR roles in Engineering, Technology and Manufacturing businesses across the Telecommunications and semi-conductor industries including Matra-Marconi Space where he was HR Director for the UK and, latterly, Group HRD.

EMAIL



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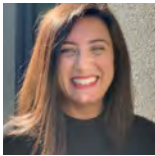


- Q Context is everything in HR. Can you give us a little background to Halma and their interesting structure?**
- A** *Halma is a portfolio of around 50 companies and is unique in that the centre of gravity is at the company level. Each company is led by a MD, who, along with their Board, have huge discretion in setting and executing against their strategy. The MDs report into 9 Divisional Chief Executives who coach and influence their MDs.*
- Q Can you tell us more about how your organisational model and leadership inform your talent strategy?**
- A** *We have a federated operating model of small businesses who operate with great autonomy. This has clear implications for how we think about succession and talent. Customer engagement and profit is focused on the companies led by Divisional Chief Executives and Operating Company MDs, so this is where our succession management is focused.*
- Q Given your autonomous business structure, how do you ensure the future supply and succession across this group?**
- A** *We look for three things for candidates in succession planning: intellectual strength, learning agility, and a good cultural fit to the key values of our operating model. We also like to promote from within, which involves growing people and being aware of people's ambitions. However, we tend towards external recruitment of Operating Company MDs, to bring a fresh perspective. Our businesses are also small and the jump up to MD level can be very large.*
- Q Halma is currently in the middle of CEO succession – how have you handled this process?**
- A** *We recently announced a managed CEO transition with an internal candidate, who will assume the role in April 2023. Our outgoing CEO has been in the role since 2005. We decided to look internally as we wanted to find someone already steeped in the Halma culture and aware of what makes us successful. This made the process simpler. We selected three internal candidates (but did not communicate this with the shortlisted candidates) and ultimately selected one. The challenge is now deciding what will happen to the unsuccessful candidates – we are still figuring this out.*
- Q Your CEO was recognised as an advocate for women in business, and over 50% of your Board and senior management are women. How does diversity feature in your succession process?**
- A** *At the graduate level, we attract a 50/50 intake through promising candidates fast growth. At more senior levels, we have flexibility in the background of candidates that we bring in, which helps to open up the talent pool. However, we still need to do more at our MD level, where around one third are women.*



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APPROACH TO SUCCESSION MANAGEMENT TfL CASE STUDY



ERICA MOSES-NEACY is the Strategic Workforce Planning Specialist at Transport for London. She has spent most of her career at TfL in roles in resourcing, project management and communications with a few years spent in Strategic Planning in the Higher Education Sector. Erica is responsible for supporting the business to ensure they have a handle on the skills needed now and in the future to enable the successful delivery of their Business Strategy.

EMAIL



MOLLIE JARRETT is Organisational Development & Leadership Specialist at Transport for London, focusing in particular on Talent Management. Following completion of her HR CIPD Level 5 Apprenticeship at TfL, Mollie has helped design & embed TfL's new Talent Strategy to build an inclusive workplace where everyone feels safe, valued and able to improve and develop. Mollie also sits as Student Engagement Lead for CIPD Surrey and North Hampshire Branch.

EMAIL



WATCH THE TfL CASE STUDY

EFFECTIVE SUCCESSION MANAGEMENT



THE CONTEXT

Transport for London (TfL) is a public-sector organisation with 28,000 colleagues, responsible for London's transport network. At TfL, succession management is closely linked to the overall talent strategy. Coming out of the Covid-19 pandemic, TfL decided to implement a new talent strategy underpinned by inclusivity and the idea that everyone is talent. This strategy empowers individuals to deliver their best work and forge their own unique learning paths.

IMPORTANCE OF SUCCESSION MANAGEMENT

- Mitigates corporate risk around attraction and retention.
- Organisation has a changing age profile, with many staff in engineering and technical roles retiring and not being replaced by younger staff.
- TfL wants to take a more proactive role in resourcing.
- Talent Management and succession planning are included in new 5-year business plan, giving the topic weight and leadership buy-in.

A FORWARD-LOOKING APPROACH

- Anticipates and constantly reviews what its critical roles will be in the future.
- Implemented indicators for what critical roles should look like, focusing on the roles that will have an immediate impact on their ability to deliver their strategy if not filled.
- Expect there to be 200-250 critical roles in total across the organisation.
- Colleagues are made aware of critical roles, with an emphasis on the role and skills, rather than the individual incumbent.

4 PRINCIPLES FOR SUCCESSION MANAGEMENT

- 1. Employee-led:** employees feel heard and people leaders know employee aspirations, which can be aligned with succession planning.
- 2. Data-driven:** using data through the Data-Strategic Workforce Planning Dashboard to see who is ready to move (laterally or vertically), and to identify people who may need support.
- 3. Development Action-based:** ensure there are clear development actions in place and individuals are clear on this.
- 4. Value-based:** transparency with potential successors and wider colleagues. Managers are supported to be transparent by receiving coaching in holding difficult conversations.



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TfL TALENT STRATEGY



As part of their new talent strategy, TfL launched:

- **A new Readiness Model.** Colleagues can choose three states of readiness: **Strengthen** (grow in their current role), **Stretch** (take on a broader challenge while learning in their current role), and **Move** (ready to move to the next step, whether through promotional or natural moves). This helps colleagues identify the right development for them.
- **New performance ratings**, based on evidence-based delivery against value and objectives, as well as regular feedback. Supported this by creating a new tech system – myJourney.

SPOTLIGHT: MYJOURNEY

- One stop shop for all things people development. Both colleagues and Line Managers can record live information around performance.
- Everyone is encouraged to input their career aspirations, strengths and capabilities, over which Line Managers have visibility.
- Functionality to record who is a flight risk, which helps succession planning.
- Reporting team use this data to help HR and Team Managers make more evidence-based decisions.

SUMMARY OF Q&A

- Q** When assessing people, how do you look at the objective results of a person's actual performance, without being clouded by the broader context of the business?
A Align your goal-setting at the beginning of the year with the current market situation (and be mindful that this may evolve throughout the year). In long-term projects, it may be difficult to see results every year and you might need to slow down your assessment cycle to give people a chance to deliver in their role.
- Q** How do you balance succession planning for the long-term with your business' current needs?
A It can be difficult to have these conversations around strategic, long-term planning when you are focused on urgent, short-term challenges. First, it's important to make sure that you actually have a clear strategy to align with! Also, remember that whilst succession planning for a particular role may take several years, there will likely not be much activity required in a lot of those years. The timeframes for succession planning will also depend on your overall business purpose and needs.
- Q** How do we ensure that succession is as evidence-based and as free from bias as possible?
A Potential actions could include:
 - Consider whether performance is sustained over a longer period, rather than just a one-off
 - Using the right type of employee data (e.g. self-identified gaps, career ambitions) to mitigate against data-free discussions
 - Adopt a portfolio approach, increasing accuracy by using more indicators (e.g. looking at a future business simulation, several years of performance)
 - Be mindful that you are using the right kind of criteria, and measuring the right things
- Q** How much transparency in succession management do you recommend?
A The importance of transparency in processes is highly important. However, transparency of outcomes requires more flexibility and will depend on your business needs. It's particularly difficult to decide the level of transparency at executive level; there are clear drawbacks to too many gaps in the narrative, but give people too much information and they may form alliances. However, lower down the organisation, transparency is clearly more beneficial as it gives power back into people's hands. It's also helpful for new starters, who may not know how things are done at the organisation.



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Q Most of us understand the benefits and want to be more transparent – what are the greatest barriers to this?

A The fear of potential drawbacks tends to be stronger than the reality (evidence suggests that individuals on succession plans are in fact less likely to leave). Leadership are often scared of telling candidates too much, as they are worried that they may leave if they know they have been flagged for promotion, or may see flaws in the succession planning processes. However, in the absence of transparency, people will likely write their own narratives.

FURTHER READING

Session [slides](#) available upon request.

APS. 2023. **HR's Biggest Challenges: Succession Planning.** <https://www.advancedpeoplestrategies.co.uk/archive/hr-s-biggest-challenge-succession-planning>

APS. 2023. **The Politics of Potential.** <https://www.advancedpeoplestrategies.co.uk/archive/the-politics-of-potential>

APS. 2022. **Potential, Performance and Promises.** <https://www.advancedpeoplestrategies.co.uk/archive/potential-performance-and-promises>

CRF. 2023. **Effective Succession Management.** CRF Research Report. <https://www.crforum.co.uk/research-and-resources/research-effective-succession-management>

CRF. 2020. **Talent: Careers, Development and Succession in a Changing Landscape.** CRF Research Report. <https://www.crforum.co.uk/research-and-resources/talent-careers-development-and-succession-in-a-changing-landscape>

CRF. 2016. **Assessing Potential.** Research Report. <https://www.crforum.co.uk/research-and-resources/assessing-potential>

CRF. 2016. **Rethinking Talent Management.** CRF Research Report. <https://www.crforum.co.uk/research-and-resources/rethinking-talent-management>

RHR International 2022. **CEO Succession: Getting it Right.** <https://rhrinternationalconsultants.uk/ceo-succession-getting-it-right>

RHR International. 2018. **Leverage Your Company's Pivotal Talent to Maximize the Impact on Results.** <https://rhrinternationalconsultants.uk/blog/solutions-assessment/leverage-your-companys-pivotal-talent-to-maximize-the-impact-on-results>

RHR International. 2023. **The Perils and Pitfalls of Succession Planning.** <https://rhrinternationalconsultants.uk/wp-content/uploads/2021/07/The-Perils-and-Pitfalls-of-Succession-Planning.pdf>

crf UPCOMING EVENTS

IN-PERSON TWO-DAY RESIDENTIAL AND ONLINE:
[Mastering Difficult Conversations: Dismantling Workplace Conflict](#)

27-28th February, 9.00 GMT, Hertfordshire
 28th February, 15.30 GMT, Online

Register →

IN-PERSON AND ONLINE:
[Better Decisions: Making Sense of Complexity](#)

14th March, 9.00 GMT, London
 23rd March, 12.00 GMT, Online

Register →

crf learning

OPEN PROGRAMME: [Integrated Talent Management](#)

20-21 November 2023, and 9 February 2024

Covid has exposed needs which will leave a permanent mark on how we attract, retain and get the best out of talent in a hybrid working world. Talent continues to be vital to current and future business performance. Yet research and experience consistently suggests that our talent management approaches are not delivering the business outcomes we want, in the timescales we need, and at a cost we can afford. Build your capability to design, refine and deliver impactful talent management strategies and develop the personal skills set for effective implementation with this open programme.

ON DEMAND: [Integrated Talent Management: The Essentials](#)

Course completed at your own pace, in your own space
Modernise your talent management strategies and discover how to design effective approaches in line with the latest talent trends. Discover our integrated talent management framework and learn how to enhance your organisation's talent management ROI with this interactive, online course.