

## Executive Summary

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### Research Question

How are companies taking an innovative approach to succession planning? What are best practices? More specifically, what types of innovative methods can be utilized when succession planning for middle and first level managers, while also taking diversity metrics into consideration.

### Background

Proper succession planning is the process of building the right quantity and quality of candidates to fill future vacancies. To do this, the organization must have a firm understanding of the knowledge, skills, and abilities of current employees, future roles that will have vacancies, and organizational gaps in talent that may prevent the firm from reaching its goals. The role of human resources is to understand the knowledge and skills necessary to execute short-term business strategies, as well as gaps in talent required to fulfill long-term business goals.

### Best Practices

While succession-planning methodology varies across organizations, the following principles are widely accepted as foundational groundwork for successful succession planning:

1. Clear understanding of organization's **strategic direction**
2. Assessment of **future talent needs**
3. Establishment of a **transparent and uniform** system of performance management
4. Maintenance of **accurate and meaningful** data about employees
5. Cultivating an environment where **emerging leaders have the tools** they need to succeed<sup>2</sup>

Recommendations for corporate succession planning include<sup>3</sup>:

- **Changing the name of succession planning to “succession development”**
  - Spend less time on the planning process, and more time on the development process.
- **Measure outcomes, not processes**
  - The establishment of metrics such as percentage of executive level vacancies filled via internal promotion vs. external hire, or vacancies filled with diverse vs. non-diverse candidates are examples.
- **Keeping it simple**
  - Some companies add sophisticated assessment criteria to succession planning, which can be too complex for average line managers to fully understand.

### Innovative Approaches (Technology/ Gamification)

There are a variety of technological platforms offered by third party vendors to assist companies in managing employee data. Understanding the employee population is crucial to making the preparations necessary at all levels.<sup>4</sup> Workday simplifies the tasks of understanding, aligning, and developing the workforce, making data easily accessible.<sup>5</sup> Possessing the capability to review employee performance, employee diversity metrics, and organizational talent gaps are invaluable when developing and identifying employees to fill future vacancies and organizational gaps. These are valuable in ensuring the process aligns with the previously mentioned best practices, such as assessing future talent needs and maintaining meaningful data about employees.

**IBM Watson**, for example, is trying to transform traditional talent management into “cognitive talent management.” The idea of this new process is to implement AI technologies that can “understand, reason, and continuously learn”<sup>6</sup> from interactions with employees and Big Data. An example of a tool that is currently being developed is Myca, which stands for My Career Advisor. This bot provides individualized career coaching on employee handheld device via a phone application. Employees have access to a personalized ‘Ask Myca’ chat service, which allows employees to ask and answer questions on the go. It also provides employees with data on job movements of ‘other people like me.’ While this is a huge undertaking for firms without the technical expertise IBM has, it shows how data can be used to give employees a personalized experience, empowering them to take charge of their growth and development too.<sup>7</sup>

### Diversity

Recently, companies have focused on the lack of diversity within leadership positions. A leading company that has proactively addressed this is Google. In April 2016, they launched an unconscious bias training initiative. The firm had its roughly 60,000 employees complete the training to address subconscious stereotyping (positive and negative).<sup>8</sup> Unconscious bias training has been useful in pointing out to managers the existence automatic mental shortcuts that are made. For example, for productivity purpose, a manager might be more prone to mentoring someone who is from the same university or have the same background as them. This could cause the firm to lose out on great ideas, undermine individual potential, and create a less than ideal work experience for their colleagues.” There is scientific evidence that demonstrates the negative effects of unconscious bias.<sup>9</sup> Using this training can be helpful by potentially preventing a diverse candidate from being overlooked when assessing future talent needs.

### Challenges

In conducting this research, a challenge that has made itself apparent is the implementation of longstanding best practices in an innovative way. Each company has a degree of variance and idiosyncrasy that causes difficulties to arise.

For large and global firms, there are always issues regarding scale and of data accuracy, data security and data privacy. The amount and type of data collected and utilized could pose legal issues, especially overseas.

### Recommendations

Companies should ensure that best practices are a part of the current succession planning process in order to establish a strong pipeline. Once industry best practices are in place, organizational skills should be identified. Employees should then be identified as having the skills necessary to become future leaders of the firm, or be given development opportunities. The concepts of acquired vs. inherent diversity should also be held at the forefront of talent management.<sup>10</sup>

Firms must have a sound methodology for 1) collecting reliable data on organizational needs, 2) a reliable assessment of employee competency as it pertains to organizational needs, and 3) a well-defined employee development plans to fill skill gaps possessed by the identified employees.

Utilizing 3<sup>rd</sup> party workforce management platforms can be helpful with cost savings, as well as more effective implementation and execution.

## Citations

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## Additional Resources

Kevan Hall. "Acquired and Inherent Diversity - Which is Most Valuable to You?" Global-integration.com. September 7, 2015. Accessed October 8, 2017. <http://www.global-integration.com/blog/acquired-inherent-diversity-valuable/>.

<https://neuroleadership.com/> (Provider of unconscious bias training)

## Appendix 1

