

Succession Planning

Long-term measures for succession planning include a robust bottom up hiring strategy focused on campus hiring for fresh management or technical graduates depending on the business. Additionally the organization also systematically hires middle to senior management personnel from competition or from allied sectors. This ensures that managers have enough settling in time before they are ready for critical top management positions. The HR and line leadership need to ensure that the lateral hires are assimilated in the system and become effective hi performing managers.

Job rotation across multiple businesses and functions prepare managers to take on new roles with ease if there is an exit. This is also critical when the organization is rapidly growing. The company needs hi potential stars for their new initiatives and also need to back fill positions vacated by the current incumbents who are moving on. Larger organizations with multiple businesses and multiple geographies have the ability to offer exciting career growth opportunities to their managers and offer them newer challenges to keep them fresh and charged. This is a great retention tool. Globally GE has been a shining example when it comes to succession planning as well as its sheer ability to produce business leaders. ICICI Bank in India has done extremely well on this front in the Indian context.

There are scores of companies big and small, which have floundered on this front due to a combination of factors. The job market that has seen burgeoning growth in the past few years has opened up newer pastures for managers like never before and retaining and attracting talent is a huge challenge.

HDFC Bank lost key business heads in retail and corporate banking and operations in the past 18 months and the bank has now restructured their teams and spliced the roles to accommodate people from within who are seen to be not yet ready for the bigger jobs.

L&T has suffered over the years as the company has bled talent at the middle management levels and their succession plans have gone awry. This has led to significant greying of their senior and top management teams and consequently the retirement ages for some of their key business leaders including their current CEO has been extended.



ITC and HLL have not been great examples when it comes to inducting and assimilating lateral hires. They continue to be old boys clubs where the laterals if at all there are any getting the shorter end of the stick. But both these organizations have robust bottoms up hiring strategy. Off late this has also suffered because these companies no longer get the fancied day 0 or day 1 slots in the best campuses, which now go to consulting firms and Investment banks. Also the companies are beginning to witness significant middle management exits, which will ultimately hit succession plans in the longer term.

When there are sudden significant exits hiring from outside is always an option but could prove to be a costly and time-consuming option. Alternately if there is a reasonably solid team of second line managers, who are yet not ready for the bigger role, then the role itself can be spliced in to two or three parts. The second line can then be made to compete for the bigger role at some point.

Also another innovative retention strategy and succession planning tool is to create a unique operating culture and thrust your young hi potential stars with bigger roles which typically competition is reluctant to offer them. Keep your stars ahead of the market curve and give them bigger roles, which your competition cannot offer!

Another aspect which we have witnessed in recent times is the fungibility of roles at the CXO level. This means, your CFO moves on as the CHRO or vice versa. This can keep your CXO's challenged and motivated and prepare them for larger responsibilities in the future.

At the end of the day, your succession planning and retention strategies, will work only when the organization & the business is growing at a healthy pace and there is enough headroom for professional growth for your hi performing, hi potential and ambitious managers. After all, 'one company' managers are getting scarcer by the day!

