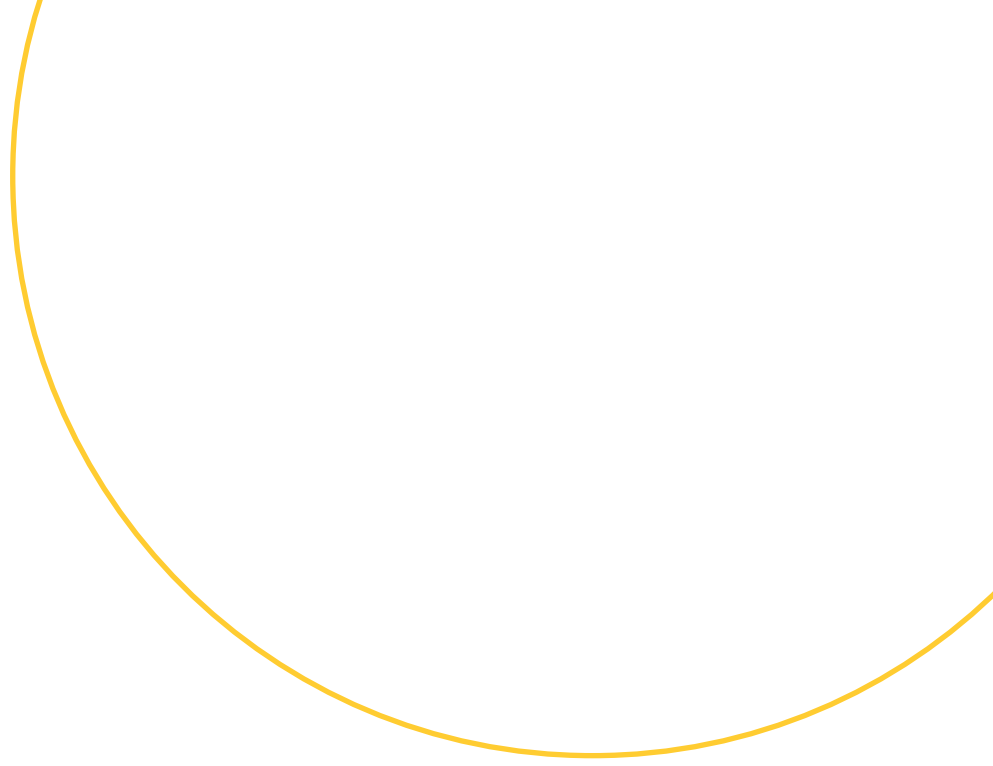# SUCCESSION PLANNING

A CXO'S PERSPECTIVE

Authors

Vivek Tiwari
Founder
Pragyan Advisory

Vivek is the founder of a boutique consulting firm Pragyan Advisory. With over two decades of extensive work experience in management consulting, leadership development, top team alignment, culture cascade, and executive coaching, Vivek is a seasoned leadership development consultant. From spearheading culture transformation initiatives to providing strategic guidance to CXOs in team and leadership areas, he has played a pivotal role in empowering leaders and teams to unlock their full potential and achieve sustainable growth. He has contributed several articles on capability development, sharing his insights and expertise.

He has worked with organizations like PwC, American Express, and HCL, as well as being a founding team member of a technology-based talent startup. His last corporate assignment was as Regional Leader (APJC) for Amazon in their Global Talent Management function.

Dr. Vishal Gupta
Professor IIM
Ahmedabad

Vishal Gupta is a Professor of Organizational Behavior at the Indian Institute of Management Ahmedabad (IIMA). His doctoral research in Human Resource Management from IIM Lucknow (2013) followed a successful career in electrical engineering, designing high-performance ASICs at ST Microelectronics and Infineon Technologies.

His award-winning Ph.D. thesis on public sector R&D leadership garnered recognition from the European Federation for Management Development and the Emerald Group Publishing. Prof. Vishal Gupta has been acknowledged as a leading young scholar by India's People Matters, the National Academy of Psychology, and the National Academy of Sciences India (with Scopus). He also served as the President of the Indian Academy of Management from 2020 to 2022. He has authored/co-authored several books, the latest one being *75 Amazing Indians Who Made a Difference*.

Anurag Dubey
Consultant
Pragyan Advisory

Anurag is an IIM Ahmedabad Alumnus with 15 years of experience in diverse areas such as Talent & Performance management, Marketing & HR Analytics, Strategy & Management Consulting.

He has worked on projects with different industries like Technology, Health care, Telecom & E-Commerce

He also runs an NGO "Aadya Dreamworld Foundation" which helps to empower under privileged girl child in education & development

Contents

Overview

The world of talent development has evolved significantly over the years. Advancement in technology coupled with reasonable economic growth over the years, ensured a greater degree of talent mobility across organizations and industries. A lot of opportunities opened in many sectors and many sectors or sections within the major sectors were created like Edtech. This led to a huge need for talent across certain industries. Talent management especially succession planning gained importance as some specific sectors were booming and in general the pandemic created a realization that any role can be in a questionable situation within a short period. Succession planning therefore became a growth lever in certain cases and others, a hedging mechanism.

A classic definition of succession planning is an organizational process that involves identifying and developing internal talent to fill key roles within the company. It ensures continuity and stability, particularly in leadership positions, when incumbents retire, leave, or face unforeseen circumstances.

Inadequate or absence of succession planning can lead to disruptions in operations, loss of institutional knowledge, and a leadership vacuum. This can have far-reaching consequences, affecting employee morale, stakeholder confidence, and overall organizational performance.

Organizations vary widely in terms of size, culture, and industry focus. Understanding how different types of organizations approach succession planning is crucial for tailoring strategies to specific contexts. For instance, a large multinational corporation may have a more formalized and structured approach, while a small family-owned business might rely on informal mentoring and coaching and a start-up with round C of funding operating in a high churn environment may decide to deal with succession on an ongoing basis. Examining trends within specific industries layered with a specific context, provides valuable insights into the unique challenges and opportunities that organizations face. For example, industries with rapidly evolving technologies may prioritize succession planning for specialized technical roles, whereas mature service-oriented industries may emphasize leadership and management succession.

To understand the maturity and methodology adopted by organizations in different sectors and arrive at some key insights linked to the current nature of succession planning, Pragyan Advisory conducted a study of 150+ organizations which was further complemented by leveraging available secondary data on this subject and the experience of Pragyan Advisory team in Talent consulting and gathering perspectives from renowned academicians.

Factors influencing succession planning could range from talent development programs to cultural considerations, to external market conditions. Collecting/incorporating and categorizing such data helps to identify patterns and inferences. Some factors may exert a more significant impact on succession planning than others. These could include factors such as talent pipeline development, leadership development programs, mentorship initiatives, and knowledge transfer strategies. Understanding which factors carry the most weight allows organizations to allocate resources effectively.

Even with a robust succession planning framework in place, organizations may encounter obstacles. These challenges could range from a lack of suitable internal candidates to resistance from current leaders. Providing actionable strategies equips organizations with a proactive toolkit to address and mitigate these hurdles.

"Organisations should have a leadership development architecture, closely linked with the talent strategy. Support should be given to leaders to architect leadership development for their teams. For this, the board, HR committees of the board, and HR leadership should jointly work."- *Prof. Biju Varkkey, IIM Ahmedabad*

Purpose and method

Purpose and method

This report delves into the critical aspects of succession planning within organizations, aiming to shed light on its significance and potential ramifications if not properly managed. By examining industry trends, we seek to gain insights into how organizations of diverse sizes, backgrounds, and industry domains are approaching this process.

The analysis involves the classification of the primary data, complementing it with secondary literature and insights emerging from the authors' consulting experience, and incorporating the perspectives of renowned academicians in the discipline.. This enabled the authors to discern the pivotal factors that exert the most significant influence on succession planning within an organization. The report also shares some of the best practices linked to succession planning across industries and sectors and some peculiarities linked to succession planning, within certain sectors.

Literature Review

A literature review was conducted to explore the viewpoints of various authors concerning Succession Planning.

Some highlights worth mentioning are:

- Many companies fail to prioritize leadership pipelines and succession planning, leading to excessive turnover and value destruction.

The amount of market value wiped out by badly managed CEO and C-suite transitions in the S&P 1500 is close to $1 trillion a year.

On the other hand, improved succession planning could significantly enhance corporate performance and investor returns. It has a significant contribution to preparing the next generation of leaders.

Source: The High Cost of Poor Succession Planning: A better way to find your next CEO HBR, Authors- Claudio Fernández-Aráoz, Gregory Nagel, and Carrie Green

- Today's workforce consists of multiple generations spanning over 60 years and there is a need for HR to understand and manage generational differences to shape organizational culture effectively. There is a need to address age-based values and attitudes in the workplace and the succession planning process.

Source: Succession Planning and Generational Stereotypes: Should HR Consider Age-Based Values and Attitudes a Relevant Factor or a Passing Fad? Authors- Martha Crumpacker and Jill M. Crumpacker

- The formal process for identifying, developing, and retaining high-potential individuals within the organization is critical. The involvement and commitment of HR managers, line managers, and senior management are crucial for successful succession planning. However, succession planning often takes a back seat compared to other functions in talent management. Integrating succession planning with other functions is essential for its effectiveness and long-term impact. The two broad categories of challenges in succession planning are process-related and technology-related.

Source: Succession Planning Practices and Challenges: Study of Indian Organisations Authors- Suruchi Pandey and Deepesh Sharma

Current Practices in Succession Planning

A series of questions were asked from entrepreneurs and business leaders /HR leaders of different organizations and some renowned academicians to understand the industry-wide current succession planning processes. The questions revolved around the current practices and how the entire process is being handled at various levels in the organization. The questions were asked to gather some broader themes such as the organization's approach to succession planning, identification of current and future critical roles, the existence of a formal succession planning process, accountability for the process, discussion of succession in leadership meetings, infrastructure for development, and challenges faced.

Findings

Top three findings:

1

A futuristic approach towards succession planning that requires linking it with a longer time horizon and business direction, and a method to define forward-looking roles and capabilities, is an area that is acknowledged as a work in progress by several evolved organizations

2

In most organizations, the primary audience for succession planning is top or at best in some cases middle-level leadership

3

Organizations in general need to work on baking in and measuring succession planning as part of the leadership role, which can then cascade, as leaders start investing adequate time in this process

a) Volatile/Dynamic environment

c) Lack of real buy-in and appreciation of leadership

Major Challenges in Executing Succession Planning

b) Lack/Inadequate integration of talent management

d) Goal focus and limited/no clarity on the role

Major challenges in executing succession planning are:

a) Due to the highly integrated and dynamic nature of today's economies and technologies, the ability to think of the future from a long-term standpoint and be able to stick and commit to it while the short-term turbulence in the market environment can force one to either rethink or at times abandon and recast the future direction is a major factor that limits succession planning to short term and at times activity level. Uncertainty about the future is cited as a reason by leaders to operate within shorter time- spans. The mega hiring drives and then a series of lay-offs in some sectors with a period of 24 months, indicates this phenomenon

"Looking at succession keeping the future state in mind, is challenging in a market like India"- *Manish Sinha, CHRO Mahindra Finance*

"Changing nature of the job and constantly renegotiated business strategy of firms. Succession is now a moving dart to capture"- *Prof. Anamika Sinha, Goa Institute of Management*

b) In some organizations, HR processes operate in a siloed manner and therefore one is not able to create a comprehensive picture of talent management specifically succession planning. Succession planning is joined on the hip with retention and development, and if these parts are disjointed then the business will not be able to realize much value from the overall exercise. If an organization does not have a strong development infrastructure and orientation and is operating in a high-

growth sector then a manager in this organization can easily lose a high-potential talent to another competitor. In such a case, the organization must rely on external talent acquisition to keep itself afloat.

c) Organizations that have attained a certain size, intellectually understand the value of designing and implementing processes in all the critical areas, as this ensures predictability and consistency. Appreciation at an intellectual level often does not translate into reality, as this requires skills, and comfort with moving away from heuristics and investing time in engaging and documenting process requirements. This is a lot of work and may result in some people-linked decisions that are contrary to popular belief. It may also induce a sense of loss of power or control. It is a big change management exercise that requires a lot of time and effort in aligning top leadership and publicizing their commitment to ensuring consistent role modeling. This piece of work is often ignored or not done in an adequate manner which eventually results in dilution of the overall succession planning process.

d) The focus on goals that usually have a yearly time horizon gets confused with the requirements of the role. Many times, successful delivery on the yearly goal front is taken as an adequate measure of success especially when the organizational leadership is favoring short-termism. The KRAs that link to capacity and capability building which at mid to senior levels usually have a 12-month+ time horizon, may not get adequate attention thereby impacting the serious execution of the succession planning process. Leaders and managers across levels are consumed in the short-term delivery of output/targets and get rewarded for the same. Building the future where aspects like succession planning play an important role, get ignored, or at best get done superficially to meet the process requirements. This results in employees having mixed feelings about the value of the process and its contribution to the organization.

Industry Specific Findings:

Finance

Some of the areas that need major focus are leaders' need to invest time in the succession process, robust efforts, and mechanisms to retain and develop employees. Organizations that are chasing very high growth ambition in this sector, at times tend to rely too heavily on outcomes, follow-up, and target check-ins with no/minimal developmental support and minimal/no time investment by the managers in building the talent pipeline. Identifying critical roles linked to the future direction is also an area that needs greater attention. In listed companies at top/senior levels, the succession process is taken quite seriously, one of the reasons being the compliance dimension.
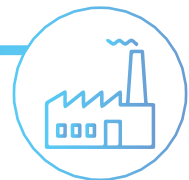
Manufacturing & Chemicals

Areas that need focus are methods to map futuristic roles, and leaders owning the succession process. Some organizations highlighted an absence or inadequate succession process. Smaller units do not see the value or at times consider it as cost with little/no return. Organizations operating in a dynamic environment find it difficult to predict future needs and talent associated with it. Some organizations are unable to deal with the requirement of specialized talent (especially in chemicals).

Consultancy

Strong focus on revenue generation roles. With the advent of AI and machine learning, questions are raised around the typical pyramid model of talent, some initial indications of a need for a greater number of professionals at senior levels are being expressed and are being considered by a few leading organizations, however, one also needs to factor in the need and maturity of the clients being served. With an eye on the future, organizations still find nailing the method to map futuristic roles an uphill task.

IT Firms

The evolving nature of the industry where several offerings are undergoing a rapid change due to the next generation of tools and technologies, therefore succession concerning future context and capabilities is being taken seriously. Due to significant reliance on manpower to create immediate value, succession planning is viewed as integral to the organization's success. Many organizations have established formal processes, with executive leaders taking accountability. Challenges include attrition, talent retention, and the need to balance day-to-day operations with long-term planning. Job rotation and enrichment are recognized as strategies to address backup challenges. Some organizations have a global presence, emphasizing the need for succession planning on a broader scale.

Specific Industry Findings:

Services

In a lot of organizations, specific leaders are accountable for the succession process. The growth of this sector has been at a rapid pace, not all organizations are growing evenly, therefore a big challenge for mature/ established organizations is to help High Potential employees to develop patience and value for real development, instead of jumping ships quickly, whenever the next big external opportunity comes their way.

Tech Organisations

A good number of tech/internet product organizations that have emerged because of the tech boom, good mobile connectivity and bandwidth, and a deluge of economical smartphones, need to focus on the people processes systematically. A significant number of such firms, do not have a succession planning process, they find it challenging to hold managers/leaders accountable for the execution of such processes. In some organizations there is too much focus on the short term therefore there does not seem to be a burning platform for looking at succession from a real futuristic standpoint. The global organizations in this sector implement most of the people processes, especially succession planning and career planning very systematically.

Pharma

Evolved organizations that have plans to move up the value chain or are already in that journey, mention linking succession planning to long-term business direction and the ability to map critical futuristic roles and capabilities, as an important challenge. Another area that needs attention is providing adequate career experiences to a demanding and well-informed employee and executing the process with the right spirit. At a generic industry level, talent retention and getting the right skill set for the role, are the issues that got highlighted that were seen as impacting the succession process.

Promoter-driven organizations:

Organizations where promoter(s) are closely involved in the operations as well as strategy decisions. A good number need to work on creating a formal succession planning process. Some of them rely on development methods which are observation and experience-based especially for senior roles, like an apprenticeship model. The thrust of succession is more towards the top or a few critical positions. Work needs to be done in creating development infrastructure to support succession planning. Usually, the human judgment of experienced leaders is given importance while deciding succession candidates.

"In promoter-driven organizations, people have the psychological bond with the owner, organizations usually don't follow process-based succession, a successor is decided basis the bond with promoter or gut feeling" - Arkadeb Chakraborty, Director Customer Success, Darwinbox

Hiring the right people with the right skill sets and giving them the right responsibilities is my succession model" - *Jaspreet Rai, CEO/Founder, Sanrai International*

"If you are not able to prepare successor internally then buying out talent in a promoter-driven organization is a challenge" - *Dr. Sanjeev Kumarr Dixit, CHRO, Jindal Shadeed Iron and Steel*

"Internal promotions are done based on culture fitment, there is a big push to promote internal candidates" - *Aashish Aggarwal, CEO JBM- EMB*

> **"Before going for a leadership position like Business Head or Global position, one has to experience 6-7 SBUs"** - *Chandan Singh, Co-CEO, Jubilant Ingrevia*

> **"Global organizations have a mandate for succession planning, Bosch GCC always has 15-20 top leaders in the pipeline for getting prepared for the next roles"** - *Raghavendra Rao Krishnamurthy, COO & Head of Strategy, Bosch Global Software Technologies*

Promoter/Family-owned, run by professionals :

Organizations where the promoter or the family has hired a professional team of leaders/managers who are empowered to make critical decisions. In most cases, there is a process that is duly followed, the process accountability is set and is known within the system. In a lot of cases, the respective leaders/managers down the line are held accountable for implementing the process. The discussion around succession happens in leadership/board meetings. In listed companies, there are certain committees (like NRC- Nomination & Remuneration Committee) that delve deeper into the succession agenda.

MNCs:

Most organizations have a well-defined succession process and development infrastructure. The leaders/managers participate in the process and see value in it. The organizations have focus or line of sight on the critical roles that are linked to the future state of the organization, however, some of the organizations point out the need to create a method/mechanism to map the evolution of critical roles that are linked to organization's future success/survival.

Academicians' perspectives:

Most of the academicians highlighted the importance of documenting a policy around succession planning that lays down the roles and responsibilities of leaders who need to play an important role in owning and executing the process. The idea of succession being linked to the vision and overall business strategy through an integrated talent strategy was another common suggestion shared by the academicians. Few called out the usage and importance of leveraging technology like platforms and ERPs to drive the process smoothly and efficiently.

> "Succession planning policy document can lay out the roles and responsibilities of leadership in the succession planning and the same be reviewed on a bi-annually to assess the extent to which these responsibilities are delivered."- *Prof. Gordhan Saini, TISS Mumbai*

The challenging aspect of succession planning as per the academicians is creating accountability amongst the leaders and leadership team. While some suggested injecting accountability in the day-to-day processes, many seem to rely on the policy creation and linking it in some way with the overall performance, reward & recognition, or monetary aspect. Another challenge linked to succession planning was the identification of the right talent from skills (technical, functional, and leadership) and values standpoint.

Transferring tacit knowledge, especially in senior/critical roles that one has gathered over the years, managing D&I (Diversity & Inclusion) goals, not getting biased, and balancing the readiness of successors with the need for a seamless transition were a few other challenges listed by the academicians.

> "The leadership team should have strategic competencies i.e. the ability to see where their organization is after some time. To be at that level, you need to worry about what type of leadership is crucial. Some competencies required may be tacit. Hence, it is crucial to debate where we want to be, how we want to be there, and which type of person is suitable for that as an agenda point. It brings accountability."
> *Prof. Shushanta Kumar Mishra, IIM Bangalore*

While mapping critical roles, it is important to define clearly the meaning of critical roles in line with the business reality, few factors are worth considering like ease/challenge of replaceability, differentiated and unique competencies and experiences required, the capability of middle/next-level talent to upgrade, impact on the business if that role is not filled. The mapping of critical roles and their linkage with peripheral roles is a mechanism that helps the organization visualize the cumulative impact of succession or the lack of it.

Since succession planning is associated with filling the critical positions in the organization, with the set of people, who largely will be responsible for managing larger groups of individuals, they must understand what the organization believes in, what it stands for, and where it wants to reach. If their hiring is aligned with the firm's vision, there are high chance that they will strengthen the cultural foundation of the organization, which is very much essential to let the ideas, initiatives, and work trickle down to lower levels in the organization.- *Prof. Anjali Bansal, IIM Lucknow*

"Recognize and reward leaders who actively contribute to succession planning. Acknowledge their efforts in identifying and developing future leaders, promoting a culture of accountability, and achieving succession planning goals. Publicly recognize their contributions and tie succession planning outcomes to performance-based rewards and incentives."- *Prof. Agrata Pandey, IIM Rohtak*

Best practices:

- **Early Identification of Potential Leaders**

- **Clear Succession Criteria and Competencies**

- **Tailored Development Plans**

- **Succession Pipeline Reviews**

- **Cross-Functional Experiences**

- **Scenario Planning**

- **Leadership Development Programs**

- **Feedback Loops with Stakeholders**

Early Identification of Potential Leaders:

Look for individuals who demonstrate leadership traits, problem-solving abilities, adaptability, and a willingness to take on additional responsibilities. Early identification allows for long-term development and preparation for future leadership roles.

Organizations can invest in their long-term development. This means they have more time to cultivate the skills, knowledge, and experiences needed for leadership roles. It allows for a gradual and comprehensive approach to grooming future leaders. Once identified, potential leaders can be provided with tailored training and growth opportunities. This could involve participation in leadership development programs, mentorship, specialized projects, and additional responsibilities. These experiences are designed to build specific competencies required for leadership positions.

Clear Succession Criteria and Competencies:

Establish specific criteria and competencies that potential successors should possess for each critical role. This provides a clear framework for evaluating candidates objectively. It may include skills, knowledge, experience, and behavioral attributes necessary for success in a particular role.

Instead of relying on subjective judgments or personal preferences, the criteria and competencies act as standardized benchmarks. This ensures fairness and reduces biases in the selection process. The established criteria should align with the organization's strategic objectives. This means that potential successors are not only assessed based on their capabilities but also on how well they fit into the broader vision and mission of the company.

Tailored Development Plans:

Create individualized development plans for identified high-potential employees. These plans should be customized based on the strengths, weaknesses, and career aspirations of everyone. Tailored plans ensure that employees receive the necessary training, experiences, and mentorship to prepare them for future leadership roles.

This way, organizations can ensure that employees receive training and experiences that align with their unique strengths, weaknesses, and career aspirations. This targeted approach maximizes the effectiveness of development efforts. Tailored plans identify and address specific areas where an individual may need additional training or experience. This ensures that potential successors are well-rounded and possess the diverse skill set required for leadership roles. It also demonstrates a commitment to their growth and career advancement. This can lead to higher levels of job satisfaction, engagement, and loyalty, reducing the likelihood of turnover.

"Decision-making is the crucial part of leader development, one must understand how a decision can have bigger ramifications" - *Raghavendra Rao Krishnamurthy, COO & Head of Strategy, Bosch Global Software Technologies*

"My philosophy of leadership and development is that culture and values along with a strong personal belief, need to be demonstrated by employees who aspire to grow and contribute" - *Ankit Agarwal, MD, Sterlite Technologies Ltd*

Succession Pipeline Reviews:

Regularly review and update the succession pipeline. This involves assessing the readiness and availability of potential successors for critical positions. It ensures that the pipeline remains aligned with the organization's strategic goals and can adapt to changing business needs.

Regular reviews allow organizations to identify areas where there might be a shortage of potential successors or, conversely, an excess of qualified candidates. This information is critical for making informed decisions about recruitment, development, and talent mobility. By regularly assessing the readiness of potential successors, organizations can proactively address any gaps in leadership talent. This reduces the risk associated with sudden vacancies in critical roles, such as due to retirements or unexpected departures.

> "At Airtel, the Board frequently meets with top leadership profiles to understand their aspirations every 6 months, also checks the preference for the roles they are interested to accept, as the leaders become tenured in a specific role" - *Ashish Chandra, CEO & MD, Airtel Srilanka*

> "Cross-functional exposure is the best developmental process for succession" - *Aryaman Dhawan, CHRO, ARCIL*

Cross-functional experiences:

Provide opportunities for potential successors to work in different departments or functions within the organization. This exposure allows them to gain a broader understanding of the business, develop a diverse skill set, and build relationships across the organization.

Exposure to different departments helps potential successors gain a holistic view of the organization. They understand how various functions interconnect and contribute to the overall success of the business. This broad perspective is invaluable for making informed decisions as leaders. Working in different areas exposes individuals to a range of challenges and problem-solving scenarios. This diverse experience hones their ability to approach issues from multiple angles and develop creative solutions.

Scenario Planning:

Develop contingency plans for unexpected events, such as sudden leadership vacancies or major industry disruptions. Scenario planning helps the organization prepare for various situations and ensures that there are suitable successors ready to step in if needed By envisioning various scenarios, including sudden leadership vacancies, companies can develop strategies to mitigate these risks. Major industry disruptions, economic downturns, or unforeseen events like a global pandemic can significantly impact business operations. Scenario planning allows organizations to anticipate such disruptions and have contingency plans in place, including identifying and preparing potential successors.

Leadership Development Programs:

Implement formal programs designed to nurture and prepare potential successors for future leadership roles. These programs may include training workshops, mentoring, coaching, and participation in special projects. They focus on building specific leadership competencies.

These programs provide a structured path for high-potential employees to develop the skills, knowledge, and experiences required for leadership roles. They often encompass a variety of activities, including workshops, seminars, on-the-job training, and educational opportunities. Leadership development programs focus on specific leadership competencies, such as communication skills, strategic thinking, decision-making, and conflict resolution. This targeted approach ensures that potential successors acquire the necessary skills to excel in leadership positions.

"Excellent education should be followed up by shop floor experience" - *Sunil Goyal, Dy. CEO, Sopra Steria India*

Feedback Loops with Stakeholders:

Seek input and feedback from various stakeholders, including customers, partners, and board members. Understand the qualities and attributes they value in leaders. This information helps align succession planning efforts with external expectations and ensures that future leaders meet stakeholder needs.

Gathering feedback from customers helps identify the qualities and behaviors that are most valued by those who interact with the organization. This insight ensures that future leaders are equipped to lead with a customer-centric mindset. Understanding the expectations and preferences of partners or collaborators enables the organization to select successors who can effectively navigate and nurture these critical relationships. Board members often have a strategic perspective on leadership requirements. Soliciting their feedback ensures that succession planning aligns with the long-term vision and goals set by the board. External stakeholders, including customers and partners, can provide valuable insights into industry trends and emerging challenges. This information helps in preparing successors who are equipped to address evolving market dynamics.

"Building second and third-line leadership is important equally important is communication and marketing because storytelling matters"- *Nidhi Bhasin CEO, NASSCOM Foundation*

Insights

Insights

This study is based on extensive one-on-one interviews with 35 CXOs, including inputs from 150+ CXOs, across industries, leveraging consulting experience and incorporating inputs from renowned academicians in the specific discipline. The CXO input was organized into overarching themes that were prevalent across various organizations. These identified themes, along with their corresponding implications, have been visually represented in a matrix format. Pragyan Advisory has created a succession planning framework incorporating 4 factors.

This framework can serve as a valuable tool for organizations to enhance their succession planning processes, as it is informed by real-world insights and experiences from Business and HR leaders. It can help organizations make more informed decisions and take proactive steps to ensure a smooth transition of leadership, which is crucial for long-term success.

Strategic Orientation

Refers to the outlook towards succession planning, is it about planning and getting the successors ready considering the context of today or is it about also designing the succession planning process by including futuristic considerations, some aspects that are linked to this factor are, designing the process in line with the next 3+years of business strategy, creating a method to map futuristic roles and capabilities. The absence of this factor can impact the future readiness of an organization from a people leader's perspective. If the context suddenly changes and the organization's succession planning is designed for today then the only way to bridge the gap is to hire from outside. It is also linked to the clarity around the organization's future direction.

Robust succession planning process

This includes the creation, communication, and socialization of a process that is linked to other relevant talent processes (learning, career pathing) as well enabled by technology to reduce any kind of errors or biases. It is a part of the overall talent strategy and is documented as well as audited as per the agreed requirements and compliances. The absence of a process or a loosely designed process will not support when the organization scales up in people numbers, also it can be a recipe for too much human interpretation and judgment, leading to bias and malpractices

> "Dialoguing with employees is the key to reducing complexity in the succession planning process"- *Bhawna Kirpal Mital, CHRO, Hero Future Energies*

> "Enabling technology is important for succession planning for the future state"- *Prasun Kumar, New Businesses, Magicbricks*

> "Identified individuals to be communicated that they are in the running for future leadership positions to ensure they remain engaged."- *Professor Poornima Gupta, Director, PGDM Great Lakes Institute of Management*

Assessment & development Infrastructure and Skills

Linked to point number two is the creation of effective learning and development infrastructure which also includes thorough assessment, coaching and mentoring, virtual and blended learning, and several tracks and avenues to build leadership, managerial, and techno-functional skills. It can involve partnering with academic institutions, other developmental/ government bodies, consortiums, and any other way that develops or enhances learning/skills. It is also about building skills that facilitate the succession planning process like skills of conducting an effective career conversation. Foundation of this factor lies in creation and usage of a robust and futuristic competency framework. The absence of this factor can be best understood through an analogy of holding a nice gun with no bullets to fire.

> "For an unbiased and successful process, people should be aware that they are part of succession and should be aware that they will be assessed on their capabilities" - *KS Cheema, Chairman & MD, KS Cheema Group of Companies*

> "Delivery of immediate targets is not the only or critical criteria to assess when looking for succession for next-level roles, for senior level roles we must check whether this person is implementing the right process or not" - Sanjiv Navangul, MD & CEO, Bharat Serums and Vaccines Ltd
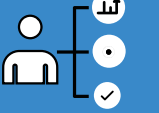
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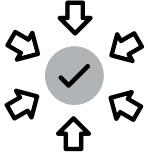
This is about holding functions and/or leaders/managers accountable to adopt and execute the requirements of the process as well as partnering with HR to ensure that the process is run fairly and can evolve as per the needs of the business and market. This may take the form of joint ownership of business and HR or some business leader donning the mantle of chairperson of a talent committee etc. The main idea is to hold someone or a group of senior leaders accountable for the role of being a champion of succession planning within the organization, in simple words, 'the buck stops with someone.' The absence of this factor can lead to a gradual decadence or dilution of the process as every process requires an owner who not only runs it but also takes upon himself/herself the role of checking whether it is being implemented in the right spirit, and is it evolving as per the business needs.

> "Board frequently meets and understands the aspirations and also progress (quarterly) with critical talents"- *Tarun Girdhar, COO, Mercer Mettl*

> "The board has to play a very important role in succession planning, the board should come to N-2 level and also talk to the CEO" -*Amit Malik, President, WadzPay*

Pragyan Advisory's four-factor succession planning framework

Implication	Strategic Orientation	Robust Succession Planning Process	Assessment & Development Infrastructure & Skills	Accountability
Questionable future readiness	✕	✓	✓	✓
Scaling up and standardization issues	✓	✕	✓	✓
External reliance or underdeveloped role holders	✓	✓	✕	✓
Importance dilution over time	✓	✓	✓	✕

Summary

The importance of succession planning is on the rise primarily because talent is acknowledged as one of the key strategic differentiators and high performing as well as high potential talent are therefore in high demand. The impact of losing a critical talent and not being able to fill it with a competent professional is a big loss both from business and people standpoint.

Different sectors and types of businesses have adopted and customized succession planning as per their own requirements and maturity curves. Ranging from completely here and now, relying on only human judgment and intuition to a well-designed, implemented, and cascaded succession planning process linked and supported by other talent processes. In the process of evolution, organizations want their talent strategy to complement their business strategy, and therefore succession planning in evolved organizations aims to be future-ready, however, in the current context of economic and market volatility, some of the businesses at times are not too sure about their long-term future direction which limits the scope of succession planning to the present.

This paper highlights four factors strategic orientation, robust process, assessment and development infrastructure & skills, and accountability required to embed and institutionalize succession planning that then has the possibility of unlocking value from a talent standpoint for the organization. If any of these factors is missing it has serious implications in embedding and sustaining succession planning within the organizations.

Acknowledgements

Our Services

Integrated Leadership Discovery

Creating a coaching ecosystem

Leadership capability building

Building healthy high performing teams

Culture, Values & Purpose

Organizational capability transformation