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# An examination of succession management in organizations during times of economic crisis

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# AN EXAMINATION OF SUCCESSION MANAGEMENT IN ORGANIZATIONS DURING TIMES OF ECONOMIC CRISIS

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# DEDICATION

This dissertation is dedicated to the professional field of organizational development in which I have had the privilege and opportunity to work and to take a stand in service of learning and teaching that honors creativity and the complete expression of each individual’s gifts and talents.

It is my hope that succession management programs of the future look at the entire organization as an opportunity to provide career development to everyone. This model of operating offers multiple gateways to generate learning and development so that individuals’ talents and strengths can be recognized and expanded upon in order to create new possibilities and collectively achieve greater success.

# ACKNOWLEDGEMENTS

This dissertation is an acknowledgement to the field of education, for without an education, my life would have been very different. Henry David Thoreau once said, “Live the life you have imagined.” The life I imagined was made possible through education, and for that, I am eternally grateful. It is with the deepest regard that I thank my professors at Pepperdine Graduate School of Education and Psychology for the gift of knowledge that they bestowed upon me.

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Lastly, I want to acknowledge my parents, sisters, and friends, who so generously gave me their support and encouragement along this journey and with whom I am looking forward to spending more time now that this chapter of my education is complete. Most of all, I want to be a good role model for my nine nieces and nephews. It is my hope that they will vigorously pursue their own educations as a means to living the life that they have imagined.

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# ABSTRACT

This phenomenological study focused on the succession management actions taken internally by organizations during times of economic crisis. This study's purpose was to understand the specific ways that organizations alter or suspend their succession management efforts during "hard times" when other short-term crises, such as restructuring, lay-offs, and debt accumulation, overshadow the importance of long-term strategic planning. Three research questions were addressed in this study:

1. Are succession management programs subject to decrease or downsizing during times of economic crisis?
2. What can organizations do to keep short-term crises from derailing long-term succession-management efforts?
3. Are well established succession management programs less likely to be cut during an economic crisis?

In order to most effectively answer those questions, a quantitative survey method was employed.

Through this process of data collection, answers to those questions provided new insights into why organizations experienced turmoil, retention issues, and lack of leadership during trying economic times. These data formed the basis for the following conclusions and recommendations:

1. The succession management plan must be tied to business results. The importance of clear and specific outcomes cannot be underestimated since they form the foundation upon which everything else is built.

2. The succession management program will be seen as more successful if there is a visible commitment of sponsorship by executives in the organization.
3. Organizations must build a structured succession management process and a solid plan for administering the program that is not too complex to manage. This process needs to include a consistent application for how decisions will be made, the methods that are used to collect performance data, consistent criterion for performance measurement, and a mechanism for communicating key developmental feedback critical to the success of individuals in the organization.
4. Organizations must design the measures and metrics of the program so that the business value to the organization is clear and supported by a specific budget dedicated to the succession management program.
5. Organizations must include measures in the succession plan that provide significant value but do not add significant cost.

# Chapter 1: Introduction

## Introduction and Background

The first half of 2009 marked a time of extreme domestic pressure and international challenge, including the highest unemployment rate since the Great Depression and a long list of economic, environmental, diplomatic, social, infrastructural, and other enormous challenges. With large-scale operations in Iraq and Afghanistan as well as global antiterrorism efforts, U.S. military spending increased exponentially, global climate change and a string of catastrophic natural disasters worldwide posed dangerous threats to the health and well being of the planet, and the country's healthcare and educational systems were in crisis. More people had lost their homes through foreclosures than at any other time in the nation's history. *The Economist* ("The Can't or Won't Pay Mortgage Debate: The Foreclosure Plan," 2009) described the issue this way: "No part of the financial crisis has received so much attention, with so little show for it, as the tidal wave of home foreclosures sweeping over America. Government programmes have been ineffectual and private efforts not much better" (p. 8).

Within this chaotic context, many U.S. businesses that had been reveling in substantial short-term successes were now fighting to stay solvent, and many were unprepared for the scale of the changes they would be forced to implement and struggled to regain their equilibrium in the face of massive employment layoffs and management turnover, caught without solid management plans in place for replacing key personnel. Lulled into complacency by the good times and blissfully "surfing the bubbles," too many companies neglected to plan for the hard times and found themselves drowning and facing massive layoffs, plant closings, reduced staffing levels, flattened organizations, varying expectations from a multigenerational workforce, and even bankruptcy. For those companies practicing effective succession management programs when the economic crisis hit, it was like the perfect storm and the ultimate challenge, but for many, it was too little too late.

While the 2009 economic crisis was not limited to the United States (Barkley & Davis, 2009), it was clear that unprecedented numbers of American organizations were falling behind in technological advances in science, research, and engineering (Friedman, 2006) and facing urgent generational workforce issues, having outsourced or off-shored countless jobs to India, China, and Mexico to counteract the increasing costs of doing business domestically and the declining value of the dollar. Such global issues have a profound effect on organizations, including declining stock prices and rising employee layoffs, business foreclosures, and bankruptcies. There is a growing sense of urgency to create sustainable solutions for future generations and to jettison the old paradigms that too often led to self-serving solutions that delivered short-term results. President Obama's Secretary of Labor Elaine L. Chao summed up the situation in this way:

> To succeed in the 21st century, our workforce must be able to anticipate and swiftly adapt to changes in our economy—changes in how we work, where we work, and how we balance our professional and family lives. Many of the changes are dramatic. We cannot simply react to these changes; we must anticipate them. (Chao, 2003, p. 1)

As Senge, Kruschwitz, Laur, and Schley (2008) wrote in *The Necessary Revolution*, two guiding ideas stand out as essential for creating a more sustainable future: "There is no viable path forward that does not take into account the needs of future generations. Institutions matter. All real change is grounded in new ways of thinking and perceiving" (pp. 9–10). Organizations must be accountable for their actions and understand that their leadership today affects not just the next fiscal year but also the next generation or even the next century. Times of economic crises highlight the need for sound succession management, but the need is *always* there. As stewards of our planet, our organizations, and our families, leaders bear a great responsibility, but this responsibility brings opportunity as well: the opportunity to learn together and discover new paths. To open ourselves to this challenge, we must engage in deeper, more mindful, and more compassionate dialogue with each other. We can no longer afford a myopic view; we need holistic succession management approaches that enable us to recognize and reaffirm our connections to one another as citizens of a global community. We must not only learn to be leaders, but we must also learn to lead in ways that we may have never before attempted or even considered. The challenge at hand is the need to develop new leadership succession paths that uphold the values of the past yet embrace the discovery process and possibilities for the future by seeing leadership goals and organization missions as a kind of "business plan" for global sustainability and the greater good.

The rest of this chapter summarizes the problem this research addressed, describes the goals and methods used in this study, defines important terms and concepts, and explains the importance and relevance of this study. Chapter 2 presents a review of extant literature in the field and draws upon numerous sources to provide a conceptual framework for this study's findings. Chapter 3 describes the research methods and procedures followed in this study. Chapter 4 reports the findings, which are then discussed in detail in Chapter 5. The study's conclusions as well as suggestions for further research are also included in Chapter 5.

**Statement of Problem**

The challenges of today's business environment, including but unfortunately not limited to layoffs, plant closings, reduced staffing levels, flattened organizations, and varying expectations from a multigenerational workforce, have made it increasingly difficult for organizations to design effective succession management programs that adequately address leadership issues. During times of economic crisis, succession management programs are counted on more heavily to help get the organization through the rough times. Quinn (2000) noted,

> The increased use of technology and the globalization of the economy has increased competitiveness in the marketplace, with increasing demands for quality and added value to products and services to grow market share, forces company leaders to be highly future oriented and flexible in the organizations. (p. 26)

Additionally, Walker's (1998) research highlighted the fact that implementing an effective succession planning program decreases the risk of losing key people, increases employee job satisfaction, and improves the likelihood of matching the most qualified individuals to the most crucial work.

While it is easy for organizations to comprehend intellectually that there is value in implementing succession management plans, most organizations are only doing parts of the task at best and face unprecedented challenges in integrating their succession management efforts across business units or organization-wide, which often makes for a piecemeal approach. Boudreau, Conger, Eckenrod, Lawler, and Schipper (2009) contended that "a deeply troubled global economy, generational changes, shifting talent dynamics in emerging markets, the rise in technology's role, and new workplace demands are reshaping the field [although] certain fundamentals remain more imperative than ever." However, performing the succession management fundamentals at a world-class level so that organizations can emerge from the economic turmoil in a leadership position is an elusive goal.

Research has shown that most organizations still lack a deep and logical understanding of how decisions about human capital, talent, and organizational design and effectiveness connect to business and strategic success (Boudreau & Ramstad, 2007). When organizations lack the tools to analyze and understand these connections, decisions are too often based on fads, fashions, or politics, not sound business strategies that bring desired results.

Research has also revealed that in times of economic turbulence, companies choose the wrong departments as initial targets for cost-cutting efforts (Fleming, Rath, & Conchie, 2008). Often, market research, organizational development, and human resources (HR)—all functional areas that usually own the company's customer and employee measurement budgets as well as its leadership and succession-planning activities—are the first to go. Fleming et al. posited that shutting down these crucial people-management groups may mean that the company is eliminating or ignoring information that could be key to its survival and are, instead, trusting in luck. Many organizations rely too heavily on cost-cutting efforts such as organizational restructuring, lay-offs, and baby boomer retirements and not enough on building their succession management efforts, leaving the company vulnerable and unprepared to lead the organization during times of severe crisis. During times of lay-offs in organizations, employee productivity declines, and employee engagement and motivation are low. In addition, leaders often assume new roles or additional responsibilities left vacant by predecessors for which they lack the necessary skills or may be unprepared. Applying scientific discipline to the company’s hiring and succession-planning processes and monitoring the health of customer and employee relationships are essential, particularly in times of economic uncertainty.

The positive news is that recent research done for the consulting firm Watson Wyatt showed that over the last 5 years, the focus on succession planning has increased dramatically and has become one of the fastest growing service areas in the human capital arena (Wilkerson, 2007). Wilkerson’s research reported that organizations recognize that the skills required to ensure high performance are not easy to acquire or develop. While talent markets have become tighter and internal training provides important foundations, there is a focus on getting critical training from on-the-job experiences. Executive roles have become more complex, and bad hiring practices or unwise succession decisions inevitably ripple through the organization. As a result, organizations are turning to succession management experts to help them get ahead of the curve and avoid disruption. While current practices and measurements are progressing in the succession management field, further research is needed to understand how organizations apply their succession management practices during times of economic crisis and to what extent internal and external economic influences impact critical succession management related efforts.

**Purpose of the Study**

Recent literature has identified several important ways in which succession management is an integral part of an organization’s ability to build a sustainable leadership culture. This phenomenological study focused on the succession management actions taken internally by organizations during times of economic crisis or downturn, with the purpose of understanding the specific ways that organizations alter or suspend their succession management efforts during “hard times” when other short-term crises, such as restructuring, lay-offs, and debt accumulation, overshadow the importance of long-term strategic planning.

**Research Questions**

The overarching question in this phenomenological research study was this: Are succession management programs subject to decrease or downsizing during times of economic crisis? The process of uncovering the answer(s) to that question provided new insights into why organizations experience turmoil, retention issues, and lack of leadership during trying economic times.

In pursuit of answers to the primary question, the study also offered new perspectives on the implications of that reactivity, suggesting the possibility of a secondary research question: What can organizations do to keep short-term crises from derailing long-term succession management efforts? Information gathered while addressing the first question suggested ways that organizations can proactively integrate their succession management efforts into their overall business strategies using a systems/holistic approach over the long-term, rather than reactively in the short term.

In order to gain additional insight into what successful organizations are doing to keep succession management efforts on track, a third research question was considered: Are well established succession management programs less likely to be cut during an economic crisis? Research data provided evidence that organizations which have invested in building well structured succession management programs have a higher success rate of continuing succession management efforts during times of economic crisis.

## Hypothesis

The data gathered from these three questions formulated the researcher’s hypothesis. The data suggested that during times of economic crisis, succession management efforts in organizations are impacted in negative ways, and financial implications affect processes and programs. Additionally, research may prove that companies that have invested in building a solid succession management infrastructure and have tied their succession management program to the long-term strategy of the organization will suffer less decreasing or downsizing of their succession management program, are more likely to continue succession management efforts, and gain the benefits of these efforts during times of economic crisis, when they are most needed.

## Null Hypothesis

The null hypothesis of these three research questions is that the economic conditions created during the 2008 -2009 economic recession have had little or no impact on succession management efforts and programs within organizations residing and operating in the United States.

## Key Terms and Operational Definitions

**Economic crisis.** Economic crises can take many forms, depending on the players involved, precipitating events, and type of crisis. Given the increasing globalization of the business world, this study discusses crises as international phenomena, although some may affect certain countries more than others. Goldsmith (1982) defined *financial crisis* as “a sharp, brief, ultra-cyclical deterioration of all or most of a group of financial indicators—short-term interest rates, asset prices, (stock, real estate, land) prices, commercial insolvencies and failures of financial institutions” (as cited in Summers, 1991, p. 137). Kindleberger (1978) argued against the idea that “the genus ‘crises’ should be divided into species labeled commercial, industrial, banking, fiscal, financial . . . and so on” (as cited in Krugman, 1991, p. 85). Krugman offered a two-part “minimalist typology of international financial crises” (p. 87): (a) currency crisis, which involves a loss of confidence by speculators in a country’s currency, provoking capital flight, and which inevitably involves the country’s central banks, although individual investors may well remain rational, and (b) contagion crisis, which begins with a loss of confidence in real assets (or the equity that those assets back) and may begin domestically but will ripple throughout the global economy. These probably involve acts of omission or commission by central banks but are generally driven by investor irrationality (Krugman, 1991).

**Succession management**. This study used Schmidt’s (2007) definition of *succession management*:

> [Succession management is] a process that focuses on identifying and developing internal talent to fill mission critical positions. It involves creating a talent pool of high-potential candidates who have not only been selected, but are also being developed to move into positions with expanded responsibilities. Succession management is larger in scope than succession planning as it includes both the identification and development of high-potential candidates. In contrast, a succession planning process is defined here as a process that is focused on identifying successors for specific positions. Succession planning is often referred to as replacement planning. It involves the identification, but not the development, of high-potential candidates or successors. Leaving out the development process creates a significant gap. The development process is what ensures that the leaders will be ready for the next job move within the organization. (as cited in Allen, 2007, chapter 16, p. 3)

**Succession planning and career planning.** Building on Schmidt’s (2007) concepts, there is a further need to integrate succession planning programs with career planning programs (Rothwell, Jackson, Knight, & Lindholm, 2005). Rothwell et al. defined the purpose of succession planning programs as helping to ensure the continuity of talent needed to preserve economic growth and organizational viability. They defined *career planning* as programs that help individuals discover their career goals and provide reasons to qualify for advancement or keep skills current; employability in a new economy places more responsibility on individuals to remain competitive in a dynamic labor market. Rothwell et al. added,

> Integrating career planning and succession planning is essential because career plans give individuals goals to develop themselves and methods by which to do so, while succession plans give organizations ways to focus on meeting their talent needs over time and provide direction to development efforts. Both career planning and succession planning share development as a means to an end but approach it from different directions: career planning tends to be bottom up (from individual to organization); succession planning tends to be top down (from leaders to individuals). Career plans give individuals reasons to develop themselves; succession plans shape the efforts of organizational leaders to identify the talent needs of the organization and systematically develop that talent. (p. xiv)

**Competency models.** Competency models should be developed with the best performance in mind since they provide the foundation for all aspects of succession management—including recruitment, selection, performance appraisal, career paths, reward systems, and training and development. Rothwell et al. (2005) contended that there are three levels of competency for describing work: job, performance, and succession competencies.

> ***Job competencies*****.** Behaviors that are commonly demonstrated in performing the job and are demonstrated by all performers of a job. Job competencies are used for selecting, interviewing, evaluating performance, establishing a training program, succession planning, and career planning. An example of some job defined behaviors would be business knowledge, communications, and teamwork. (p. 90)

> ***Performance competencies*.** Behaviors that are critical to the successful performance of a job and are demonstrated by the highest-level of performers in a job, such as creativity, innovation management, and learning agility. (Rothwell et al., 2005, p. 91)
>
> ***Succession competencies*.** Behaviors that are common to all jobs in an organization and are strengthened and expanded through increased learning and leadership experiences. Succession competencies help to link individual job competencies to strategy, performance measures, and succession competencies so employees can recognize what is necessary to progress to higher-level responsibility or higher-level management. (Rothwell et al., 2005, p. 91)

**Importance of the Study**

Among other recent challenges, the global financial crisis has made it clear that widespread lack of effective leadership can have consequences of catastrophic proportions, not only for the health of a single organization but also for the worldwide corporate landscape. Misguided cost-cutting measures in times of economic downturn are a systemic problem in U.S. organizations. As more and more companies jettison the wrong components of their organizations, more and more companies ultimately fail.

If more companies had procedures in place to keep critical competencies functioning when economic pressures force them to cut costs, businesses in the United States would be more robust. This topic has implications not only for business but also for everything that is affected by business in a capitalist society, including housing, education, and poverty. As a result, an in-depth study of the effectiveness of succession management in times of economic downturn has strong implications for the health of the United States and the future of the world economy. U.S. and global organizations can no longer afford narrow definitions of success and short-term goals; profitability depends on sustainability.

**Limitations of the Study**

As stated previously, sound succession management should always be a priority. However, to deal with the concept on a manageable scale, this study concentrated on succession management strategies during times of economic crisis. Using a survey, it measured the effect of the 2008 economic crisis on succession management practices; therefore, the results are specific to the economic conditions present during the particular timeframe in which the economic crisis occurred. Additionally, the principal survey employed in this study focused on organizations in the United States, with a concentration of responses from companies in southern California and the greater Chicago area; therefore, it created a U.S.-centric view rather than a global perspective.

**Assumptions**

This study was undertaken and executed under a number of assumptions—that is, ideas the researcher took for granted for the purpose of the research study. When organizations are in crisis, they spend their time on restructuring, reorganizing, and downsizing efforts and may abandon succession management plans currently in place. Other findings that may be discovered during this research included the following: Leadership efforts that played a significant role in the identification of high-potential players and succession efforts during times of good economic results (using such tools as 360 feedback processes, development plans, and staffing reviews) are put on hold or conducted to a much lesser extent. When leadership efforts are actually needed most and development of the leadership bench strength is most warranted, they actually get less attention because other organizational efforts become a priority. As a result, succession management is treated as a luxury instead of an essential part of an organizational leadership strategy. This research served to test this assumption.

## Study Participants and Data Collection

The information used in this study was gathered through questionnaires, guided interviews, and personal communications with leaders in a number of California-based organizations. These participants were asked to sign letters of informed consent stating that they were providing truthful answers to the best of their ability, that the data could be used for the researcher's stated purpose, and that the information shared with the researcher would not violate any nondisclosure or similar agreements with the respective companies.

**Validity of the data.** The study was designed to eliminate, to the extent possible, any possible biases on the researcher's part, as well as the possibility that participants might tailor their responses to reflect ideals rather than realities or otherwise portray their organizations in ways that are not in alignment with actual practices and procedures.

**Scalability.** Although the study participants were drawn from a higher concentration of southern California and Chicago-based organizations, every possible effort was made to ensure that they were representative of U.S. organizations of the same general type and description so that the overall analyses and conclusions could be reasonably assumed to apply to a larger U.S. sampling.

## Organization of the Study

The study begins with an introductory chapter that includes contextual background, a statement of the problem, research objectives, information on what the study did and did not attempt, the significance of the study, and the reasons it was undertaken. This is followed by a chapter containing a review of relevant literature and a discussion of the ways it informed and guided the design and implementation of the research. The third chapter explains the methodology used for collecting and interpreting the data. A fourth chapter summarizes the results, and the final chapter includes discussion as well as suggestions for further research. References and supporting documents follow.

# Chapter 2: Literature Review

## Introduction

The goal of this phenomenological study was to examine the ways in which organizations alter, suspend, or otherwise defer their succession management programs during times of economic crisis or downturn. Providing a conceptual framework in which to best understand and interpret the findings required a thorough grounding in the extant literature, with particular attention paid to such topics as (a) succession management, (b) sustainable leadership culture, (c) economic crisis response, (d) recruitment and retention of top people, and (e) a systems/holistic approach to integrating succession management into a long-term business strategy. Succession management is the heart of this study, so all the literature consulted examines succession management and planning, including what it means, why it matters, and how to accomplish it. The sources fell into four general focus areas: (a) identifying high potentials, (b) developing tomorrow’s leaders, (c) succession systems and architecture, and (d) economic crises.

## Identifying High Potentials

A key component of succession management is qualified managers and executives prepared or on their way to being prepared to step into positions of increasing responsibility in the succession plan. These individuals within an organization are sometimes referred to as “high potentials.” The sources consulted here examined a range of approaches to identifying them within an organization.

Lombardo and Eichinger (2000, 2007) pointed out that certain people fit neatly into the usual definition of *high potentials* in the way in which they excel through their ability to learn quickly and apply knowledge and experience to new situations. They presented the idea first in the journal *Human Resource Management* (2000) but expanded on it in many other later sources, including *FYI for Talent Management* (2007), designed to be used as a talent development handbook. It presented the findings from recent research into the four factors that Eichinger, Lombardo, and Raymond (2007) found to be critical to developing talent within an organization. According to these authors, those four factors separate the best from the rest. They discussed them in combination as “learning agility,” or the ability to adjust, adapt, respond to, and be resourceful in the face of change, or “performing well under first-time conditions” (Eichinger, Lombardo, & Raymond, 2007, p. i). One of the four factors described was the ability to draw meaning from the past and adapt it to fit something new or to changing situations. Much of the research was presented as tips and strategies to help people reach the top 10% in learning agility and proved useful for this study because of its relevance to recruiting and retaining talented leaders, as did the following findings:

- Learning agility is a better predictor than intelligence with respect to organizational level attained or career ladder achievement.
- Learning agility bears a strong correlation to potential; that is, people who rate high in learning agility are also those who are described as having the greatest potential.
- Following promotions or increases in responsibility, people with higher learning agility perform significantly better than those with lower learning agility.

- Learning agility matters for every individual, whether male or female, executive or staff, line worker or manager, or young or old. (Eichinger, Lombardo, & Raymond, 2007)

In fact, one point the book stressed was that the need for and importance of learning agility is undiminished by age since a key component of learning agility and success is knowing how to analyze information in a way that makes use of past work and personal experiences as well as current knowledge and keeping those lessons in a lifelong internal learning portfolio. Eichinger, Lombardo, and Raymond (2007) presented a number of findings useful to this study. Successful executives are more likely to have more active and more numerous learning strategies than less successful ones. They learn faster, not because they are more intelligent but because they have better learning skills and strategies that help them synthesize and improvise in new situations.

Of interest here are the strategies discussed in *FYI for Talent Management* for handling less-than-stellar learning agility: (a) work to improve it, (b) use substitutes, or (c) find workarounds (Eichinger, Lombardo, & Raymond, 2007). For the first, the book outlined a six-prong approach for improving weak learning agility skills in mission-critical areas. By *substitution*, they meant using a strength to compensate for or neutralize a weakness. Finally, using workarounds would entail using other resources to get the same thing done, which requires a great deal of self-knowledge as well as knowledge about the situation, Workarounds can include people workarounds, task workarounds, change workarounds, and self-workarounds. Finally, the authors discussed four things that people with high learning agility do well, which would appear to correspond well with the qualities necessary for developing and implementing a succession management plan and, hence, are important here: (a) They are critical thinkers, (b) they have a high degree of self-knowledge, (c) they like to experiment and are comfortable with change, and (d) they use team building and personal drive to help deliver results (Eichinger, Lombardo, & Raymond, 2007).

Walker and LaRocco (2002) argued that there are several flaws in the popular theory that the best way to outperform competitors is to ensure that the organization places top talent on every level. Their first objection was that they believed potential for a specific job to be difficult to measure and its eventual reality impossible to predict. The second flaw, according to the authors, is that managers may select people who qualify as top talent at that point but who may not be high in “learning agility” (Eichinger, Lombardo, & Raymond, 2007; Lombardo & Eichinger, 2000) and are, thus, unlikely to grow much further. As an alternative, they recommended using talent pools to develop multiple people for a variety of possible roles for maximum organizational flexibility (Walker & LaRocco, 2002).

In *The Talent Management Handbook: Creating Organizational Excellence by Identifying, Developing, and Promoting Your Best People*, Berger and Berger (2004) discussed a system for integrating three HR building blocks: (a) organizational competencies, (b) performance appraisal, and (c) forecasting employee/manager potential. They also listed the six HR conditions necessary for organizational excellence: (a) talent planning; (b) building diversity into succession; (c) coaching, training, and development; (d) using compensation to implement a talent management plan; (e) using information technology to support the talent management system; and (f) enabling high levels of employee satisfaction (Berger & Berger, 2004).

Berger and Berger (2004) explained clearly how to link employee assessment processes to career planning and development, as well as how to identify and maximize high-potential people by developing and promoting them to key positions. They provided easily understood models and techniques for assessing and developing future leaders. Key to this study was the inclusion of best practices from such leading companies and HR experts as AOM Consulting, The Hay Group, Hewitt Associates, Right Management Consulting, Sibson Consulting, and Towers Perrin. The book contained a talent management case study, along with an in-depth view of competencies showing how they create economic value, a history of competency models, descriptions of commonly available models, and an explanation of the ways competency models underpin HR systems and processes—including 360° feedback models. Also discussed were (a) building a reservoir of high-potential women and diverse groups, (b) differentiating leaders throughout an entire organization, (c) distinguishing factors of emotional intelligence, (d) linking competencies to performance and pay, and (e) using long-term incentives to retain top talent. Although the discussions of developing a talent management information strategy and the purposes of talent management information systems were interesting, much of Berger and Berger's book concerned employee coaching, which was not a part of this study. There was no discussion of what happens during times of crisis within an organization.

The next book to provide valuable background for this study was Smart's (2005) *Topgrading: How Leading Companies Win by Hiring, Coaching, and Keeping the Best People*. *Topgrading* was Smart's term for the practice of consistently striving to fill the roster with only the best talent and not settling for mediocrity. Ideally, wrote Smart, 100%

of the “players” on an organization’s team would be drawn from the top 10%—the stars—but he allowed that any organization in which 90% of the people are the best of the best (or have the potential to be) can be called a topgrader. The book asserted that topgrading has become increasingly necessary for organizational survival. The primary reason that companies and managers fail to achieve topgrading, according to Smart, is that they fail to use accurate interviewing methods to assess talent. To remedy this, he presented the topgrading interview as superior to all other methods of assessing candidates for hire and internal talent and cited updated research that showed that most companies mis-hire 75% of external candidates and mis-promote 75% of internal candidates. Case studies showed how internal tandem topgrading interviews and/or a “second-opinion” topgrading interview by a topgrading professional can achieve a success rate of 90% (or greater) in terms of hiring or promoting “A-list” players (Smart, 2005).

With respect to the research for this study, the numerous case studies reflecting all types of organizations and success through various economic cycles were informative, but the book’s overall focus on top grading limited its use, as did its scant discussion of succession management during times of economic crisis (Smart, 2005).

Another book that was interesting and informative but limited in terms of its contributions to this study by its narrow focus was Green’s (1999) *Building Robust Competencies: Linking Human Resource Systems to Organizational Strategies*. As the title suggests, its focus was on competencies, and in that area, it was more than successful. It identified competencies as a core component of a successful succession management program; described how to use behavioral language to build robust core competencies, capabilities, core values, priorities, and skills that described how to guide and link actions at work; and discussed robust competencies and adapting to change through linked human resource systems. One area of discussion that set this book above others written about competencies was that it related the use of the competency model to its ultimate purpose: meeting the needs of customers. Green's unique perspective on competencies pulled readers back from the narrow focus of how an organization looks at the bigger picture, reminding them that the real reason for trying to recruit and retain good people is to satisfy customers. Competencies in service of customers are powerful business tools.

While Green's (1999) book did not discuss behavioral interviewing in hiring practices, it did include helpful tools and guidance for creating robust competency models in an organization. Although it was of limited use to this study since it did not discuss all aspects of succession management or the fate of such programs in a weak economy, it did an excellent job of defining *competencies* and explaining how to effectively use them within organizations. The findings from the book concluded that the best answers to questions about core competencies, capabilities, core values, and priorities come from real experiences in applying them. Green (1999) contended that the big question for the future will be, "How can I link HR systems to my organization's identity?" (p. 165). He found that the most useful answers to this question are those that emphasize (a) a behavioral approach, (b) job relatedness, (c) nimbleness, and (d) open mindedness.

**Developing Tomorrow's Leaders**

*High potentials* are aptly named: they are future leaders, not those who are 100% ready to take on the full responsibilities that might be required of them as successors to current management. Some may be nearly ready, and others may still lack many crucial skills and valuable experience. The following sources examine ways to develop potentials into realities.

A report issued by the American Productivity and Quality Center (APQC, 1999), entitled *Leadership Development: Building Executive Talent*, relayed the results of a benchmark study designed to identify high potentials. Of interest to this study were findings detailed under four general areas of benchmarking: (a) creating a leadership development process (aligning development with business strategy, emphasizing business experience and HR, and balancing internal focus with external awareness); (b) identifying the leadership pool (competencies and developing inside talent); (c) engaging future leaders (linking development to succession planning, balancing technology and human interaction, and action as a leadership goal); and (d) understanding the effect of leadership development (recognizing that leadership is costly but critical, and assessing the results; APQC, 1999). Of particular interest were the findings in category (c) since they related directly to succession management, but all the categories contained useful insights. Unfortunately, these data are a decade old and, therefore, are no longer definitive.

*Grow Your Own Leaders: How to Identify, Develop, and Retain Leadership Talent* (Byham, Smith, & Paese 2002), written by three top-level managers (including CEO Byham) at a high-powered HR consulting firm, proposed a new approach to succession management that sets aside the old “climb the ladder” approach in favor of what they called Acceleration Pools™ in which the company “grows” new leaders from within its ranks. Byham et al. based their work on the assumption that changes in business and industry overall (e.g., faster pace, more competition, advanced technology) have marginalized the traditional rise through the ranks and that the need for highly qualified leaders far outstrips the current supply:

> A majority (76%) of the 252 organizations surveyed by the Corporate Leadership Council (2000) were less than fully confident in their ability to staff leadership positions across the next 5 years. While 64% reported that their CEOs strongly agreed that leadership was a top priority, only 18% felt it was a low priority. (Byham et al., 2002, p. 4)

The key to Byham et al.’s (2002) alternative approach is a concentrated effort by the company to groom the best and the brightest of current employees for leadership roles by throwing them together in a primordial soup of human capital. Employees identified as high-potential pool members are placed on the fast track to management, and their development is “accelerated through stretch jobs and task force assignments that offer the best learning and highest-visibility opportunities” (Byham et al., 2002, p. 351). The goal is to produce a dependable Leadership Pipeline℠ from which to draw to enable companies to continue their long-range plans uninterrupted.

The first two sections of the Byham et al. (2002) book explained how to identify high-potential leaders and start the “acceleration” process. Part three explained how to identify the strengths and weaknesses of pool members using such tools as competency assessment and how to address “derailers,” such as being (a) approval-dependent, (b) risk averse, (c) arrogant, (d) impulsive, (e) perfectionistic, (f) self-promoting, or (g) imperceptive (Byham et al., 2002). Part four discussed the actual strategies for developing leaders; many of these (e.g., developmental assignments, short-term experiences, formal training, and executive coaching) do not require adoption of the Acceleration Pool™ concept to be useful. The final section suggested ways to begin implementing the concept, beginning with the best way to secure support from key stakeholders to ensure the program's success (Byham et al., 2002).

Perhaps not too surprisingly, the consultant authors highly recommend hiring a consultancy firm to implement the program for optimum results. The fact that Byham et al.'s (2002) company, Development Dimensions International (DDI), has trademarked or otherwise protected over 100 words and phrases, many of which are already on their way to being common (e.g., Maximizing Performance®, Interaction®, Taking Action®), was a constant reminder that the book was written by a company with much to gain from its acceptance. Nevertheless, the ideas themselves had merit and great appeal, and Byham et al.'s arguments were supported and strengthened by the frequent inclusion of case studies and by discussions of how organizational culture could contribute to—or compete against—the Acceleration Pool™ concept and program. Many of the ideas, leadership-building tools, and competency assessment techniques discussed were in the public domain and can be adopted and implemented by organizations without having to hire DDI. In all, though, Byham et al. presented a meticulous, comprehensive plan for building a strong succession management plan or strengthening an existing one.

Several areas of information were especially important for establishing a conceptual framework for this study. First, the Byham et al. (2002) book pointed out that businesses today are different from those in even the recent past. Specifically, today's organizations are flatter, with more horizontal career paths and fewer middle managers; rapid change is occurring in every sector; businesses have decentralized; Wall Street's pressures are enormous; and talented individuals expect more for their efforts. Second, the authors gave four main reasons why having some kind of succession management is necessary: (a) Business strategy can be implemented only if appropriately skilled and experienced leadership is in place; (b) decisions about filling positions are more accurate when candidates are from inside the organization; (c) effective succession management systems operate as both talent-growth and talent-retention mechanisms, both of which are central to the system's success; and (d) organizations don't have the time or resources to develop the leadership skills and organizational savvy of all their people. They must concentrate on those who will benefit most (Byham et al., 2002).

Byham et al. (2002) presented a compelling case for organizations to commit to the long-term investment challenges of building a strong "leadership bench" with a succession management strategy and argued that the long-term winners are the organizations that recognize and act as if their business strategy and future viability depend on their current and future talent. They expanded on the benefits of having a well constructed succession management plan in place—one that they can follow even (or especially) when the economy is in a downturn. The authors pointed out that while "correlation does not mean causation," a 1988 study by the Hay Group, the University of Michigan, and the Strategic Planning Institute as well as another study in 1999 by Sibson and Company and McKinsey and Company showed that "organizations with better operating statistics are more likely to have succession management programs" (McKinsey & Company, 1999, as cited in Byham et al., 2002, p. 11; Mitrani, Dalziel, & Fitt, 1992, 1996, as cited in Byham et al., 2002, p. 11; Sibson & Company, 1999, as cited in Byham et al., 2002, p. 11). While correlation is not considered causation, further research is needed to determine if companies that have invested more money in building a solid, structured succession management program will be more successful during times of economic crisis.

Byham et al.'s (2002) complete list of benefits complemented and became an important part of this study: (a) provide a source of in-house replacements for key leadership positions; (b) retain key talent; (c) prepare individuals for future challenges (e.g., growth or implementing new strategies); (d) align executive resources to new organizational directions; (e) increase the organization's human capital; (f) accelerate the development of key individuals; (g) provide challenging, growth-oriented, and rewarding career opportunities; (h) ensure a continuity of management culture, which is difficult to maintain when many executives are brought in from the outside; (i) avoid lost productivity while a new person is learning a job; (j) control cost (Developing internal talent is less expensive than hiring from the outside; e.g., cost of recruitment and relocation, higher starting salary.); (k) make the organization more attractive to job candidates; (l) monitor and help attain diversity goals; (m) increase stock value (Investment analysts are becoming concerned with organization's processes for filling top positions.); and (n) increase chances of survival (The alternative might be decline or collapse; Byham et al., 2002).

While Byham et al. (2002) presented what seem to be supportable, valid reasons for organizations to have succession management programs—reasons in alignment with this research proposal—additional research is needed to explore whether having such a program is enough in times of economic crisis or whether other long-term efforts need to have been accomplished in tandem to ensure the organization's survival.

A more scholarly work, *Career Planning and Succession Management: Developing Your Organization's Talent for Today and Tomorrow* by Rothwell et al. (2005) made the point that career planning and succession planning should be integrated since the former gives individuals development goals and methods and the latter essentially does the same for organizations by providing direction for managing talent and development efforts. The authors presented a systematic approach to that integration after first presenting the case for its necessity: With a steadily aging workforce, many organizations expected to face a wave of retirements that, when the economy was expanding, was roughly equal to the number of new jobs being created, leaving organizations struggling to fill the talent pipeline. According to Rothwell et al., "Without career planning, succession planning is a wish list; without succession planning, career planning can be a roadmap leading to an uncertain destination" (p. xv).

The Rothwell et al. (2005) book was built on credentials that lend validity and credibility to its findings. First, the authors all had proven experience developing and implementing career and succession management plans; second, they examined relevant literature and research from 1995 through 2005; third, they conducted surveys and interviews with 500 HR experts from a wide range of organizations to gather commonalities and assemble strategies; and finally, they conducted in-depth interviews with select succession management gurus to plumb the depths of their knowledge and experiences. Based on their findings, the authors made the point that while organizations have been stepping up efforts to provide career training and development programs for employees and to design programs to ensure management continuity, these efforts have largely occurred in isolation from one another. The authors used case studies, diagnostics, checklists, examples, and exercises to show how organizations could forge a link between succession and career development programs and develop and retain talent from the bottom up and the top down at the same time. The book also covered current theories and practice in both succession management and career planning, touching on such issues as keeping top performers from leaving, hiring from within versus bringing in new perspectives, and dealing with sudden departures such as those precipitated by scandals, an all-too-common concern these days.

The academic rigor and hands-on experience at the foundation of this book made it a standard handbook in many organizations, as well as made it valuable to the research here. Unfortunately, Rothwell et al. (2005) did not address how the programs are affected by economic downturns and financial crises—the focus of this study—although their research is ongoing.

In *Developing Business Leaders for 2010*, Barrett and Beeson (2002) summarized research designed to define the challenges they predicted business leaders would face in 2010 and named some of the roles they believed would be critical at that time for survival (master strategist, change manager, relationship builder or network manager, and talent developer) as well as what they perceived to be the key skills that those managers should possess and have mastered: (a) cognitive ability, (b) analytical skills, (c) strategic thinking, (d) decision making, (e) influence and persuasion, and (f) sensitivity and ability to manage culturally and generationally diverse environments. The report discussed leadership development strategies supported by case studies and examined the risks involved with leadership development. This report's predictions are currently being tested, suggesting that there may be a follow-up study soon. If so, it would be interesting to compare the findings from this study on succession management with one set of findings in the report: When participants were asked to rate their abilities to respond to sudden challenges, only a third rated themselves as *excellent* or *good* (Barrett & Beeson, 2002).

*FYI: For Your Improvement: A Guide for Development and Coaching* by Lombardo and Eichinger (2004) is a worldwide standard—one of the "Bibles" of succession management and leadership development. This guide was written by two of the world's most respected experts on competency-based development as a resource for organizational development professionals, and it served as one of the primary inspirations for this study. Most organizational development professionals working on succession management programs are familiar with and/or are certified in the Lominger competency process. The researcher's personal passion for this topic was prompted by her experience working with Lominger over the years while involved with succession management at her own company, where this book has long been an invaluable resource.

Research-based, the book outlined 67 leadership competencies, 19 career stallers and stoppers, 7 new international focus areas of competencies considered critical for success in global assignments, and 10 performance dimensions to help identify needs. Supporting development content included causes for the need, reasons the skill is important, remedies to help with deficient competencies, and suggested readings for improvement in specific areas. To fully implement all the components of the comprehensive succession plan described in this book, however, requires having copies of all of Lombardo and Eichinger's books.

One of those books, *Broadband Talent Management: Paths to Improvement* (Eichinger, Lombardo, & Stiber, 2007), builds on research by Lombardo (2004) and Zenger and Folkman (2002), which suggested that successful managers achieve their success based on almost any combination of about 4 to 7 key strengths from a larger list of 18 strengths identified as those that differentiate those managers who are extremely successful from those who are unsuccessful. The book discussed how to select the right strategy to address particular needs using what the authors called “broadband talent management” and described some of the things that successful managers have in common: (a) Most successful managers and executives have a handful of mission-critical strengths, no noise within other mission-critical competencies, and no fatal flaws; (b) successful people know themselves better, independently seek more feedback, and act on the feedback they receive; (c) there are far more ways to address an individual performance need than the conventional Individual Development Plan; and (d) successful people use a variety of strategies to improve their performance (Eichinger, Lombardo, & Stiber, 2007).

Among the useful research presented were discussions on the dangers of over-focusing on strengths since, over time, doing so can lead to derailment or burnout or can cause strengths to become weaknesses; thus, Eichinger, Lombardo, and Stiber (2007) suggested, some talents should not be used to excess before reaching the executive level. The primary contribution of this book to the current study was its discussion of competencies, ways to use them in talent management, and the effective components of succession management. Of interest was the authors’ assertion that once leaders are identified they need to be developed—and be accountable for their own development within the larger system. One aspect of the book limiting its usefulness to this research was that the information was presented as a program meant to be practiced within and integrated into the culture of organizations, a process that can be expensive and resource-intensive. Also, no mention was made in the book of what happens during turbulent economic times.

Lombardo and Eichinger's 2002 book *The Leadership Machine: Architecture to Develop Leaders for Any Future* directly informed this study. The authors described four fundamental areas of development that are critical to successful management and leadership programs: (a) the competencies and skills for managing in changing situations, (b) how these abilities can be learned and further developed, (c) which kinds of people can best learn these skills, and (d) what is required to make such learning effective (Lombardo & Eichinger, 2002). The authors recommended strategies and provided implementation plans for each of the four fundamentals.

The main idea behind *The Lessons of Experience: How Successful Executives Develop on-the-job* (M. W. McCall, Lombardo, & Morrison, 1988) was that effective development of executive talent depends on the candidate getting real "on-the job" experience. Knowing how the business works, interacting with senior executives, learning to manage people who were once peers, negotiating with hostile foreign governments, handling tense political situations, firing people—this is what M. W. McCall et al. called the lessons of experience, which they said are critical to developing leaders. Their research showed that the most important lessons are those learned on the firing line by dealing with demanding assignments, good or bad bosses, and mistakes, setbacks, and misfortune. A corollary to that claim is that what people do with those experiences means the difference between learning valuable lessons and wasting time. Much of their research was based on stories from executives' actual experiences and case studies, presented both in amalgam form and as the findings of four separate studies involving 191 successful executives from six major companies who were asked to identify at least three key events from their careers that had made a difference in the way they manage now. The answers yielded descriptions of 616 events and 1,547 corresponding lessons that could be broadly characterized as (a) assignments (e.g., specific jobs they were given to do), (b) relationships or bosses (e.g., other people who had impact in their own right), and (c) hardships (e.g., setbacks and tough times). From the results, the authors created a development theory now in use worldwide: 70% of all development should come from on-the job experience, 20% should come from relationships and hardships, and 10% should come from classroom training and leadership curriculum (M. W. McCall et al., 1988). The drawback with respect to this study is that the research dates to before the 1988 publication date, suggesting that it is at least a decade old and could be outdated.

Based on the idea that leadership can be learned and that even "born leaders" can benefit from further development, M. W. McCall's (1998) book *High Flyers: Developing the Next Generation of Leaders* argued that the bulk of and the most effective executive learning comes through on-the-job experience. In line with the learning agility model, M. W. McCall's concept was that the most important attribute a leader can possess is the ability to learn from those experiences as well as 360-degree feedback, coaching, and goal setting. Of particular relevance to this study was his recommendation that matching people with their development experiences is an important part of the organizational mechanism of succession planning.

The Corporate Leadership Council (CLC) attracts senior executives committed to the stewardship of enterprise-wide HR management and serves as a resource for services and tools to help HR leaders handle managerial, communications, and decision-making challenges; to identify and close performance gaps; and to minimize risk exposure. One such tool was *The Leadership Imperative: Strategies for Increasing Leadership Bench Strength* (CLC, 2001), a report that used detailed case studies to promote two ways for organizations to fill their leadership pipelines. The first, focusing on the qualities of critical leadership, involved these two strategies: (a) defining necessary leadership skills and attributes and (b) actively driving leadership development agendas. The second, providing a system for efficient delivery of the most effective and highest-impact development, involved these three strategies: (a) giving managers tools for developing their direct reports and holding them accountable for the results, (b) using technology and other resources to develop leadership at every opportunity, and (c) creating development plans that incorporate the organization's critical needs as well as those of individual leaders (CLC, 2001).

Two other valuable reports from the CLC were *Hallmarks of Leadership Success: Strategies for Improving Leadership Quality and Executive Readiness* (2003a) and *High-Impact Succession Management* (2003b). Both reports stated the findings and recommendations from a research study involving 276 organizations worldwide. The former report identified seven critical qualities of top-tier leadership organizations and suggested strategies for achieving them: (a) senior executive commitment to development, (b) organization reinforcement of the commitment to leadership development, (c) organizational cohesion through compatible talent, (d) meticulous monitoring of adherence to performance standards, (e) hands-on experience and full exposure for executives in development, (f) succession planning based on leadership abilities, and (g) identification and development of successors for hard-to-find positions in addition to using labor pools (CLC, 2003a). The latter report identified four risks to organizational successions, supporting them with detailed case studies: (a) vacancy risk, when a critical position goes unfilled or suffers unexpected turnover; (b) readiness risk, when the would-be successors are not yet prepared; (c) transition risk, when the shift in executive talent does not flow smoothly and encounters resistance; and (d) portfolio risk, when talent resources are allocated poorly or inadequately leveraged with respect to business goals (CLC, 2003b). The discussions of these risks contributed valuable insights that helped strengthen the conceptual framework of this study.

**Succession Systems and Architecture**

Succession management is a formal blueprint for business management continuity, but it cannot be effective if created or implemented in a knowledge vacuum. The sources reviewed here were consulted to deepen and broaden the researcher’s understanding of the key issues and trends that affect succession planning and management.

Among other things, Schmidt (2007) discussed the differences between succession planning (e.g., a process focused on identifying successors for specific positions) and succession management (e.g., succession planning plus the identification and development of high-potential candidates). Schmidt discussed the questions that should be answered when designing and implementing an effective succession management process, questions she developed for a division of Nextel University known as the Leadership Institute: (a) How do you get started? (b) Who owns the succession management process? (c) Who manages the succession management process? (d) Should you implement succession planning or succession management? (e) How do you identify high-potential candidates? (f) What are talent review meetings? (g) What do you tell the high-potential candidates? (h) How do you develop high-potential candidates? (i) Do you buy or build a database? (j) What measures can you use to determine success? Schmidt explained that by answering those questions, it is possible to develop a custom succession management process that can help organizations stay competitive through creating leadership continuity, minimizing turnover disruptions, and retaining key leadership talent. She further suggested that a corporate university structure is ideal for effectively managing the process but that as long as all the critical factors are all in place, it does not matter who "owns" the management process, only that all stakeholders fully participate (Schmidt, 2007).

In *The Leadership Pipeline: How to Build the Leadership-powered Company* (2001), Charan, Drotter, and Noel showed how organizations could build their own leaders by understanding the critical passages a leader must navigate. Drawing on their expertise and firsthand experience honed by coaching some of the world's top corporate leaders worldwide, as well as their experience developing effective leadership succession and development programs for leading companies of all sizes, the authors provided a proven method for building a leadership pipeline by defining six critical leadership passages, assessing competence and performance at each passage, and planning leadership development in a way that addresses the unique challenge of each passage:

1. *Passage one: from managing self to managing others*. Skilled individual contributors who succeed when given additional responsibilities are often promoted to first-line manager, where they learn to plan, delegate, motivate, and assess others' work.
2. *Passage two: from managing others to managing managers*. Skilled managers divest themselves of individual tasks, become pure managers, begin to think beyond their own function, and concern themselves with strategic issues that support the overall business.
3. *Passage three: from managing managers to functional manager.* Maturing managers change from being functional members to being functional leaders who adopt broad, long-term perspectives.
4. *Passage four: from functional manager to business manager.* Managers shift from a functional perspective to a profit perspective and hone skills in sensitivity, communication, functional diversity, staff cohesion and cooperation, and learning to trust, accept advice, and receive feedback from all functional managers.
5. *Passage five: from business manager to group manager*. Business managers value the success of their own businesses; group managers value the success of other people's businesses, requiring new proficiencies in strategic resource allocation, recognizing and developing "high potentials," looking beyond

business strategy to multiple-revenue streams and portfolio strategy, and assessing the value and appropriateness of their core capabilities.

6. *Passage six: from group manager to enterprise manager.* Focus shifts from skills to values, to aligning visionary thinking with operating mechanisms that drive quarter-by-quarter performance that is in tune with longer term strategies, and to developing sensitivity to and managing external constituencies (Charan et al., 2001).

Charan et al. (2001) presented their own concept of succession planning, arguing that the concept of talent inventory may drive some succession planning, but it is a flawed concept from a pipeline perspective. They reason that there is an underlying assumption that if an organization has gathered a good group of talent, it will have strong back-ups to replace any departing leaders, but talent inventory advocates mistakenly equate potential with performance. Their research has shown that high-potential people do not necessarily translate into current high-performance. The ultimate task is to prepare these individuals to perform highly in a future role. Charan et al. suggested the following alternative definition for *succession planning*: "Succession planning is perpetuating the enterprise by filling the pipeline with high-performing people to assure that every leadership level has an abundance of these performers to draw from, both now and in the future" (p. 167).

In addition, Charan et al. (2001) stated four rules to follow in keeping with this definition: (a) The focus should be performance (High performance in the present is the admission price for future growth and development.); (b) the pipeline demands a continuous flow (You can't do succession planning for one leadership level—all levels must be included.); (c) the pipeline turns must be fully understood (People need to be working at the right level, and this cannot be determined unless the skills, time, applications, and work values for each level are clearly communicated and assessed.); and (d) short-term and long-term must be considered simultaneously (It is not enough to do succession planning to meet immediate needs, nor is it sufficient to build a reservoir of leaders for the future—both are critical if an organization wants to stay in business today).

Charan et al.'s (2001) test for defining *succession planning* is determined by the answers to the following three questions: (a) Does it help you understand how any employee can move from entry-level positions to CEO? (b) Does it enable you to focus on short-term and long-term performance, including skills, time applications, and values? (c) Does it force you to work at succession continuously (rather than once a year)? Charan et al. used three categories of potential to provide a common target for decision makers, who are often armed with diverse data from within a variety of contexts. The categories provide a way for managers to talk to direct reports about their future and allow for conversations that make clear the requirements at each level and the ways they are viewed in the organization. The three categories are these: (a) turn potential, the ability to do the work at the next level in 3 to 5 years or sooner; (b) growth potential, the ability to do the work of bigger jobs at the same level in the near term; and (c) mastery potential, the ability to do the same kind of work currently being done, only better.

Of particular relevance to this study is the comprehensive five-step plan Charan et al. (2001) outlined to aid the succession planning process within an organization: (a) Tailor the leadership pipeline model to fit your organization's succession needs, (b) translate standards for performance and potential into your own language, (c) document and communicate these standards throughout the organization, (d) evaluate succession candidates through a combined potential-performance matrix, and (e) review the plans and progress of the entire pipeline frequently and seriously.

The potential-performance matrix Charan et al. (2001) referenced is important to all succession management plans. This book outlined the valuable, well known visual mapping tool, which many organizations have adapted. The nine-box matrix, as it is called, is set up in Charan et al.'s book, with one axis identifying low-to-high potential and the other identifying low-to-high performance, creating nine boxes in which are plotted an individual's performance to identify achievements in mastery, growth, and long-term potential.

In all, the Charan et al. (2001) book was highly useful in its contributions to the current study. Overall, the concepts and research discussed were all highly relevant to the succession management process and play a key role in establishing a viable leadership pipeline in organizations. A key point offered in this book is the importance of long-term and constant vigilance in creating an effective succession management plan capable of withstanding downturns in economic cycles.

Based on the findings of a study done in collaboration with the American Productivity & Quality Center, Conger and Fulmer's (2003) "Developing Your Leadership Pipeline" used case studies of companies with thriving succession management plans to identify reasons for their success and to identify five rules for developing a sound succession management system: (a) Strive for a flexible system that is not restricted by just traditional replacement planning; (b) focus on the jobs that are critical to the organization's ongoing success, and tailor the development opportunities and experiences accordingly; (c) maintain open and transparent communications with employees—provide them with input, and listen to feedback from them; (d) monitor the development progress at all times to keep the system robust and focused; and (e) avoid rigidity, and be willing to modify the system in response to feedback or unforeseen changes. This stated relevance was the assertion that succession planning and management should not be relegated solely to the purview of HR but, rather, by a group effort and commitment by all executives, board members, and managers.

As the title suggests, the benefits of *Succession Planning: An Annotated Bibliography and Summary of Commonly Reported Organizational Practices* (Eastman, 1995) were two-fold. First, Eastman provided an annotated bibliography of 56 books directly related to the subject of this study. Second, the author included an essay that described 11 practices common to successful succession management plans: (a) visibly supported by top management, (b) embraced by line managers and support staff, (c) tailored to the specific organization (simple but not generic), (d) flexible and aligned with strategic business plan, (e) the result of thorough HR reviews, (f) based on well developed competencies and objective assessments, (g) incorporating employee input, (h) part of broad management efforts, (i) including development plans, (j) well integrated with larger HR plan, and (k) requiring accountability and follow-up (Eastman, 1995). While this bibliography likely remains valid, it should be noted that it is more than a decade old and, as such, is woefully incomplete and in some cases outdated.

Guenther's (2004) "Is it Time to Replace Your Replacement-planning Strategy?" made the point that replacement planning can be enhanced—essentially transformed into succession management—through five simple practices: (a) Identify the parts of the plan with the highest likelihood of talent loss and develop a strategy to prevent it; (b) don't rely on one-to-one replacement planning but develop people for a variety of possible roles in line with business strategies; (c) fill short-term replacements based on input from multiple sources in addition to the appropriate manager; and (d) ensure that the CEO and not HR drives the talent development and monitors progress, although with input from HR. While Guenther's distinction between replacement planning and succession planning was useful, there was no discussion of how either might be affected by economic downtown.

However, Karaevli and Hall's (2003) "Growing Leaders for Turbulent Times: Is Succession Planning Up to the Challenge?" did include such a discussion. These authors identified and discussed best practices in succession planning in the context of 13 organizations with successful succession planning, talent assessment, and leadership development programs in place. They made recommendations based on common elements for success: (a) Simplify and decentralize succession planning using group reviews and soliciting individual feedback; (b) match the program to the organization's corporate culture, both formal and informal; (c) stress learning and adaptability rather than strict competency models; and (d) provide stretch assignments, coaching, and mentoring (Karaevli & Hall, 2003). The authors identified several trends and general findings, including the recognition that while there may be general agreement on the types of information needed to identify high potentials, there is no one best way to find and develop them. Particularly relevant to this study was their observation of an increased focus on talent pools and a trend away from identifying replacements and their notation of learning agility as a critical skill for leading in tough times (Karaevli & Hall, 2003).

*Effective Succession Planning: Ensuring Leadership Continuity and Building Talent from Within* (Rothwell, 2001), a reference guide with a detailed outline of succession planning and management, informed this study with discussions on a number of pertinent topics: (a) issues and factors affecting the process, (b) competencies, (c) beginning and refining the plan, (d) developing successors, (e) using online and technology-based approaches, and (f) evaluating succession planning and management programs. The author included worksheets, charts, and other useful tools.

An article called "Who's Next?" (Wells, 2003) also listed the key elements of a succession management plan and process, but unlike most of the other sources, this source also noted several common traps. Citing studies that showed that many organizations are unprepared for the baby boomer retirement wave and are failing to develop younger people for leadership roles, Wells presented a strong case for the need to have succession management plans and noted that another study showed that top-performing companies are more likely to have established plans for identifying, developing, and tracking high potentials. Unlike other sources that have presented leadership management and succession planning as driven by the executive level and guided by HR (Guenther, 2004), Wells described HR's role as critical and recommended involving executive and line management; in either case, the experts seem to agree that the two must work in tandem. An interesting discussion of the advisability of informing employees about completed succession plans led to the recommendation of informing employees but making no promises or guarantees. To maintain flexibility, companies often guard the plan closely, but this can lead to top performers leaving the company for a secure position elsewhere (Wells, 2003).

**Economic Crisis**

Writing in the April 23, 2009, edition of the *Wall Street Journal*, Barkley and Davis reported that the International Monetary Fund (IMF) acknowledged for the first time that the 2008-2009 global economic downturn should be called a recession and discussed the IMF's new definition of *recession*. According to the IMF's semi-annual World Economic Outlook, "This downturn represents by far the deepest global recession since the Great Depression," based on these figures:

> Overall, the world economy is now expected to contract 1.3% this year—a sharp reduction from the IMF's January estimate of 0.5% growth for 2009—and then grow just 1.9% in 2010, well below the global growth rate before the economic crisis hit. (Barkley & Davis, 2009, p. A9)

The IMF did not venture an official definition of *recession* and had been informally using the guidelines of global growth as lower than either 3% or 2.5%, but its economists started calling the 2008 downturn a recession based on new sets of measurements: a decline in real per-capita world GDP (gross domestic product), backed up by a look at indicators such as (a) industrial production, (b) trade, (c) capital flows, (d) oil consumption, and (e) unemployment (IMF, 2009, as cited in Barkley & Davis, 2009). The article quoted U.S. Treasury Secretary Timothy Geithner as saying that "only 17 of the 182 economies followed by the IMF are expected to grow faster this year than they did last year. Some 71—including 30 of the world's 34 advanced economies—are expected to shrink" (Barkley & Davis, 2009, p. A9). Overall, these statements suggest that during the 2008 economic downturn, companies with succession management plans in place fared better than those that did not.

The Bureau of Economic Analysis (BEA) as cited by Shenk (2008) defined the term *recession* as a marked slippage in economic activity. While GDP is the broadest measure of economic activity, the often-cited identification of a recession with two consecutive quarters of negative GDP growth is not an official designation. The designation of a recession is the province of a committee of experts at the National Bureau of Economic Research (NBER), a private non-profit research organization that focuses on understanding the economy. According to the NBER, identifying a recession involves taking into account a number of monthly indicators (e.g., employment, personal income, industrial production, and wholesale), retail sales, as well as quarterly GDP growth. Therefore, while negative GDP growth and recession closely track each other, the NBER's consideration of monthly indicators, especially employment, means that the identification of a recession with two consecutive quarters of negative GDP growth does not always hold.

The definition of *recession* is somewhat vague and open to interpretation, leading to the possible reason people tend to prefer the shorthand version, which basically defines a *recession* as any period during which economic activity experiences a prolonged and widespread decline. This fact is precisely why the NBER committee is in charge of determining the exact dates of such a period. Since knowledge of the current state of the economy is limited to volatile and frequently revised statistics, even the experts have a difficult time defining a period of recession. Shenk (2008) reported that when determining whether or not a recession has occurred, the NBER places significant weight on BEA's estimates of GDP, since GDP is considered to be the best measure of aggregate economic activity. Ironically, GDP numbers are revised substantially for years after their first release, and their initial values must be considered provisional.

Another problem with using only GDP to determine a recession is that it is released quarterly, but the NBER dating committee pinpoints the onset of recessions to a single month. Because of these problems with GDP data, the NBER looks at four main monthly indicators: (a) personal income less transfer payments in real terms, (b) employment, (c) industrial production, and (d) real manufacturing and wholesale-retail sales, with the first two being of particular importance. The dating committee may consider other indicators as well, and it does look at monthly estimates of GDP, taking into consideration their volatility and probable revision.

In review of the NBER Business Cycle Dating Committee report (2008), the committee determined that a peak in economic activity occurred in the U.S. economy in December 2007. The peak marked the end of the expansion that began in November 2001 and the beginning of the recession. The expansion lasted 73 months; the previous expansion of the 1990s lasted 120 months. The committee determined that the decline in economic activity in 2008 met the standard for a recession. All evidence other than the ambiguous movements of the quarterly product-side measurement of domestic production confirmed that conclusion. Many of these indicators, including monthly data on the largest component of GDP, consumption, have declined sharply in recent months. The committee identified December 2007 as the peak month, after determining that the subsequent decline in economic activity was large enough to qualify as a recession. Committee members who participated in the decision were Robert Hall, Stanford University (chair); Martin Feldstein, Harvard University and NBER President Emeritus;

Jeffrey Frankel, Harvard University; Robert Gordon, Northwestern University; James Porterba, MIT and NBER President; David Romer, University of California, Berkeley; and Victor Zarnowitz, the Conference Board.

The Economic Forecasting Survey for April 2009, published in the *Wall Street Journal*, had reported that unemployment in the United States was projected to reach 9.5% by December 2009, with approximately 2.6 million lost jobs over the following 12 months. Additionally, "recession economists expected consumer prices to decline 1.3% by June 2009 before rising 1.1% in December of 2009. Crude oil forecasts for June 2009 were raised for the first time in 10 months, to nearly $50" ("Economic Forecasting Survey," 2009). Again, these numbers suggested that companies that had not already developed succession management plans were in danger of failing.

In October 1989, a number of economists gathered at a conference on The Risk of Economic Crisis; the results were later published in a book by the same name and edited by Martin Feldstein (1991), George F. Baker Professor of Economics at Harvard and President Emeritus of the NBER, the conference sponsor. The 15 papers were arranged in three sections: (a) The Risks of Financial Crisis, (b) International Aspects of Financial Crises, and (c) Macroeconomic Consequences of Financial Crises. While a number of interesting views on causes and corrections of economic crises were presented, including useful definitions and concepts, they focused heavily on banking and finance, and any discussions on planning were geared toward large-scale planning to avert economic crises rather than corporate succession planning and management.

*McKinsey Quarterly* ("Economic conditions snapshot," 2009) reported in its economic snapshot that executives forecasted ongoing economic gloom, but for the second survey in a row, the percentage of the respondents who thought the situation was getting worse had not increased. Many said their corporate-management team was doing a good job in the crisis. Overall, executives were confident in how their companies were managing the crisis, though 53% expected profits to drop in the first half of 2009, and the number expecting to lay-off workers had jumped 8 percentage points in 6 weeks. Companies that executives described as well managed were likelier than others to be reducing operating costs and capital spending. The survey also solicited executives' views on some topics of intense public debate. Respondents reported that "bad banks" were a good idea, disagreed on whether CEOs were paid too much, and overwhelmingly said the public trusts business less than it did before the 2008 economic crisis—and lay the blame at the doors of financial firms. As Soros (2008) contended in his super bubble hypothesis,

> We are in the midst of a financial crisis the likes of which has not been seen since the Great Depression of the 1930's. To be sure, it is not the prelude to another Great Depression. History does not repeat itself. The banking system will not be allowed to collapse as it did in 1932 exactly because its collapse then caused the Great Depression. At the same time, the 2008 economic crisis is not comparable to the periodic crises which have afflicted particular segments of the financial system since the 1980's—the international banking crisis of 1982, the savings and loan crisis of 1986, the portfolio insurance debacle of 1987, the failure of Kidder Peabody in 1994, the emerging market crisis of 1997, the failure of Long-term Capital Management in 1998, the technology bubble of 2000. The economic crisis which began in 2008 is not confined to a particular firm or a particular segment of the financial system; it has brought the entire system to the brink of a breakdown, and it is being contained only with the greatest difficulty. This will have far-reaching consequences. It is not business as usual but the end of an era. (p. 81)

Krugman (2009), the Nobel Prize recipient in economics in 2008, further reinforced Soros' (2008) view that the economy is not in an actual depression, despite the magnitude of the 2008-2009 crisis. Krugman contended that while the depression itself has not returned, depression economics have. He defined *depression economics* as the kinds of problems that characterized much of the world economy in the 1930s. Krugman's research posited that for the first time in two generations, failures on the demand side of the economy—insufficient private spending to make use of the available productive capacity—have become the clear and present limitation on prosperity for a large part of the world. Krugman recommended that this danger be dealt with by getting policymakers around the world to do two things: (a) get credit flowing again and (b) prop up spending. In addition to the credit squeeze, there is pervasive lack of trust in financial institutions and a lack of willingness to deal with anyone unless they have substantial capital to back up their promises. Krugman suggested that the obvious solution is to put in more capital, since the 2008-2009 efforts by the government did not work because the stimulus package was too small, accounting for only about 1% of the GDP. Secondly, most of the money in the first package took the form of tax rebates, many of which were saved rather than spent.

In a review of research, Kuttner (2008) argued that former Treasury Secretary Henry Paulson's policy of ad hoc financial bailouts needed to be turned into a more systematic program, with explicit principles of prudential regulation, in order to deal with the economic challenges. Paulson insisted that the recapitalization of America's damaged financial system must continue on an expanded scale. Kuttner asserted that President Obama needed to work with Congress on a much more robust housing and mortgage rescue program and a dramatic expansion of public spending.

In the *Economic Report of the President to the Congress of the United States* (Council of Economic Advisers [CEA], 2009), the White House reported the past year's economic growth had ceased, as several forces which developed over many years during the credit housing markets converged. The combination of these factors, coupled with a sustained period of rising energy prices, was sufficient to threaten the entire financial system and generated a shock so large that the effects have been felt throughout the global economy. The White House professed that under the extraordinary circumstances created by the financial crisis, the potential damage to American households and businesses was so severe that a systemic, aggressive, and unprecedented government response was the only responsible policy option (CEA, 2009).

The report reiterated that the actions taken by the Obama administration in response to the 2008 financial crisis would lay the groundwork for a return to economic growth, job creation, and stability in the financial system. It addressed that financial regulations must be modernized to reflect the realities of the 21st century by insuring the protection of consumers and investors without restricting the flexibility required for innovations to come to the market. In addition, there would be severe long-term financial impact to such programs as Social Security, Medicare, and Medicaid, and increasing concerns over healthcare. Furthermore, the report addressed the importance of being competitive in the global marketplace and opening international trade agreements with more countries which would benefit the United States. The report maintained that Congress needs to reauthorize and reform trade adjustment assistance so that it can help those workers whose jobs were displaced by skills training and job placement. The report concluded with the importance of investing in the education of our children, highlighting the need for science, engineering, and research capability; the creation of job training initiatives to ensure the workforce has the required skills of the 21st century in order to be competitive as a nation; and finally, a focused environmental approach to reducing reliance on foreign oil and green house gas production and to bringing major economies together to discuss a common approach to a global climate agreement (CEA, 2009).

**Conclusion**

In terms of providing a conceptual framework for this study, the various studies reviewed above were most useful when they directly addressed challenges to succession management plans in general and during economic challenges in particular. All contributed to a broader and deeper understanding of corporate leadership development and a conceptual understanding of the economic crisis which began in early 2008. In addition, the numerous case studies support a range of findings and informed the analysis and interpretation of the results upon which this research is based.

# Chapter 3: Methods and Procedures

## Overview

This chapter outlines the research methodology that was used in this quantitative survey study. The problem is restated, the nature of the study is addressed, and the research design and rationale are presented. The chapter then discusses the study setting, sample, participants, data collection, and instrumentation. Finally, the analytical techniques, including those for data reduction and analysis, are discussed.

## Restatement of Problem

Today's economic environment forces company leaders to be even more future-oriented and flexible than they have had to be in the past (Quinn, 2000). Also, most organizations are only doing parts of the task, at best, and face unprecedented issues in integrating their succession management efforts across business units or organization-wide, which often makes for a piecemeal approach (Boudreau et al., 2009). Therefore, performing the succession management fundamentals at a world-class level is an elusive goal but one that can enhance the risk of successfully emerging from a time of economic stress. The challenges of today's business environment have made it increasingly difficult for organizations to design effective succession management programs that adequately address leadership issues; during times of economic crisis, such programs tend to be more reactive than proactive.

Additionally, organizations still lack a deep and logical understanding of how decisions about human capital, talent, and organizational design and effectiveness connect to business and strategic success (Boudreau & Ramstad, 2007). In times of economic turbulence, companies tend to choose the wrong departments as initial targets for cost-cutting efforts (i.e., market research, organizational development, and HR), thereby eliminating or ignoring information that could be key to its survival and, instead, trusting in luck (Fleming et al., 2008). There also tends to be an overreliance on cost-cutting during times of economic hardship, leaving the organization vulnerable to a number of issues, such as leadership capability and employee morale and engagement.

However, the good news is that over the last 5 years, the focus on succession planning has increased dramatically, and it has become one of the fastest-growing service areas in the human capital arena (Wilkerson, 2007). As a result, organizations are turning to succession management experts to help them get ahead of the curve and minimize business disruption. While current practices and measurements are progressing in the succession management field, further research is still needed to understand how organizations apply their succession management practices during times of economic crisis and to what extent internal and external economic influences impact critical succession management efforts.

**Nature of the Study**

The goal of this quantitative study was to understand the current succession management practices and the impact of economic influences on related efforts at a variety of companies across industries and of various sizes. This understanding helped explain what happens to succession management programs during times of economic crisis and provided inferences as to what organizations can do to prevent short-term crises from derailing long-term succession management goals. The study used a survey instrument consisting of a variety of forced choice items and an open-ended written response from HR leaders and others responsible for the succession management process in their organizations.

**Research Design and Rationale**

A quantitative survey research method was used for a number of reasons. First, a number of studies highlight "best practices" for succession management (e.g., Rothwell et al., 2005). A few have described the variation of practices across organizations (Eastman, 1995), but no studies have captured the variation of practices in the 2008-2009 economic climate. Since the extent of the recession of 2008-2009 is likely to be one that has not been seen since that of the Great Depression (Kliesen, 2009), this study provided a description of two organizational attributes: (a) how succession management practices currently vary across organizations and (b) how recent economic and other influences have changed succession management efforts.

By using a survey design, this research attempted to generalize from a sample to a population of U.S.-based companies in order to make inferences about organizational behavior as it pertains to succession management (Babbie, 1990). A further goal of this research was to rate the effectiveness of the current succession components as well as the factors which have the greatest influence on driving changes to succession practices. This sort of statistical data can best be obtained through a forced-choice survey questionnaire (Creswell, 2003).

The study participants' responses represent an objective categorization and synthesis of (a) the current state of succession practices within organizations, (b) the effectiveness of their practices, (c) any changes recently made or "to be" made in the future, (d) the reasons such changes are necessary, and (e) the impact such changes will have on the organization. With these objectives in mind, obtaining quantitative data through a survey was the most productive way of pursuing this topic; however, meaningful conclusions could only result if the data were appropriately collected, analyzed, and interpreted.

## Sample and Participants

**Description of the sample.** The study was conducted by surveying HR professionals who are members of Organizational Development in Los Angeles (ODLA), Organizational Development in Orange County (ODOC), and the Human Resources Management Association of Chicago (HRMAC). Organizational development and HR professionals were chosen for the target of the study for several reasons. First, succession management practices almost always involve a company's organizational development and/or HR function, whether as owners of the system or expert facilitators and advisors of the process. Because of the extensive involvement of these professionals, they possess the best perspective, insight, objectivity, and ability to most accurately categorize current practices, the reasons they may change, the ways they may change, and the impact the changes may have.

In addition, researchers must be sensitive to the audiences to whom they report their research (Creswell, 2003). The HR community expects studies to include experienced peers with expertise about the topic of study. Organizational development and HR professionals often are educated in succession management and receive ongoing training to continuously develop deeper and broader expertise.

The associations within which the survey was conducted consist of a mix of tenured and often senior-level organizational development and HR professionals from a variety of companies of varying industries and sizes. Each association exists to provide education, learning, social, and networking opportunities for members. Membership for a fee is required for active participation in the groups' events and other offerings. Current membership is estimated to be approximately 200 for ODLA from companies with a presence in the greater Los Angeles area, 100 for ODOC from companies with a presence in Southern California's Orange County, and 350 for HRMAC from companies with a presence in the greater Chicago area.

When identifying the population of a study, "questions of access [can] arise here, and the researcher might refer to availability of sampling frames—mail or published lists—of potential respondents in the population" (Creswell, 2003, p.156). The researcher chose the aforementioned associations as the population sample based on the accessibility of published lists. Access to the membership lists for these organizations is granted to members only. The researcher is a member of ODLA and ODOC and has a colleague who is a member of HRMAC. Members also tend to help other members, which positively impacted the participation rate of the survey.

**Sampling methods**. A single-stage procedure is advised when the researcher has access to names in the population and can sample the people directly (Babbie, 2001). Given the relatively small size of the available sample ($N$=650), all were invited to participate in the survey. As is the case with most quantitative research, study participants were purposefully selected based on their characteristics and ability to provide insight regarding the issue at hand (Creswell, 2003; Richards & Morse, 2007). In order to determine who has experience with the topic of the survey, the researcher used a criterion screening process and determined the suitability of study participants based on inclusion criteria (Creswell, 2007).

The researcher only engaged survey respondents based on their ability to meet certain criteria. Potential survey respondents were screened in or out of the survey with upfront self-report items. The inclusion criteria used were the following:

1. A tenure of 6 months or greater at an organization that has a succession management system.
2. Currently responsible for, involved with, and/or knowledgeable about the company's succession management processes and tools.

By definition, a majority of respondents from functional associations that represent organizational development and HR professionals are likely to have sufficient experience and knowledge of succession management within their organizations. In addition, the researcher made every effort to either include a mix or weigh the results to reflect a mix of participants from organizations within different industries and of different sizes based on employees or revenue. Ultimately, however, the main requirement was that all participants "have experience in the phenomenon being studied" (Creswell, 2007, p. 128). Given the aforementioned inclusion criteria used, the researcher estimated that, of the targeted population of 650 potential respondents, about 33% would meet the criteria, for an adjusted total population of 214. It was this adjusted population from which the desired completion rate was determined.

**Sample size.** The purpose of a survey design is to generalize from a sample to a population so that inferences can be made about some characteristic, attitude, or behavior (Babbie, 1990). However, the practical issue is identifying how many participants are necessary to allow the researcher to accurately make generalizations. For survey research, this question is best answered by determining the level of error and level of confidence that is acceptable to the researcher and/or intended audiences (Hamburg, 1996). The margin of error is simply a measure of how “precise” the data are (Triola, 2001). More specifically, margin of error lets the researcher know how precisely the results of the sample reflect true attitudes, feelings, or behaviors of the entire population. As margin of error decreases, trust and accuracy in the data increase. According to Hamburg, the standard level of acceptable error for social science research is 5%.

A confidence interval represents the extent to which an assumption or number is true (Aczel, 1995). According to C. H. McCall (2002), a confidence interval indicates how certain the researcher can be that the study results did not happen due to chance alone. In social science research, the most commonly used and accepted confidence interval is 95% (Hamburg, 1996). This 95% confidence level refers to the probability that the margin of error around the surveyed percentage includes the “true” percentage.

The researcher attempted to obtain a response rate which provided data that met the margin of error of 5%. If the population were considered to be the total of 650 available professionals, a 5% margin of error would require a minimum of 242 completed surveys. However, if the population were considered to be the adjusted total population of 214 professionals, a 5% margin of error would only require a minimum of 138 completed surveys. Even with approximately a 50% response rate or 100 completed surveys, the attained results would have an error term of 7% at the 95th confidence interval, which is still considered valid (Hamburg, 1996).

Though the collected data accurately reflected the behaviors of the identified sample, there were potential limitations to note. First, data were mainly from professionals at organizations with a presence in the greater Los Angeles and Chicago areas. Therefore, results may or may not be representative of the range of different organizations across the United States. Analysis of organizational demographics and attributes of the companies which the study participants represent were compared to what is known about the make-up of companies across the United States. This helped determine how representative the results were. However, as the number of survey participants increased, the representativeness of the data also increased (Hamburg, 1996). Therefore, it was important to employ data collection procedures that would result in a response rate of 50% or higher to minimize concerns about data generalizability.

## Data Collection

**Procedures.** The researcher sent a 14-item survey questionnaire to each member of the sample. In order to ensure a high response rate, a four-phase administration process suggested by Salant and Dillman (1994) was used. First, a short advance-notice email was sent to all members of the sample. A second email was sent about 1 week after the initial advance-notice email and contained the link to the actual survey questionnaire on Survey Monkey. Both the initial and reminder emails briefly outlined the nature of the study, described the topic of interest, and invited interested parties to complete the confidential survey via the online Survey Monkey link. The third email, consisting of a follow-up reminder message, was sent to all members of the sample about 4 to 8 days after the second email. A fourth and final email containing a second reminder was sent to non-respondents about 4 to 8 days after the third email. If the response rate were not near the desired level, a fifth and sixth email with reminder messages would have been utilized. If the response rate were still low, reminders could have been sent weekly until desired levels were achieved. The back-up strategies to address woeful non-response were intended to increase the target population by sending the survey to members of other online HR networking groups within LinkedIn, Facebook, or other social media. Total and adjusted population estimates would be modified accordingly if additional sample were needed.

As an additional measure to increase the response rate of participation in the survey, an offer was made for those who completed the survey to receive a free copy of the executive briefing which will be an overview of the summary report from the survey data collected.

For the ODLA and ODOC lists, it was possible to track respondents and send reminders only to non-respondents. Given the HRMAC list is accessible through a LinkedIn group, tracking respondents is difficult, so reminders were sent via a blanket mailing to all.

The researcher screened out study participants using a purposeful sampling strategy. “This means that the inquirer selects individuals for study . . . because they can purposefully inform an understanding of the research problem and central phenomenon” (Creswell, 2007, p. 125). With that in mind, the researcher used the first several items of the questionnaire to select out any respondents who either had worked at their current employer for less than 6 months, worked at a company with no succession management process, or did not have any succession management responsibility, involvement, or knowledge at their current employer.

**Survey questionnaire**. A 14-item questionnaire was the primary instrument of this organizational behavior study and the primary means by which data were collected. The questionnaire was developed from a number of studies documenting common and/or best practices in succession management. As a result, the questionnaire was designed to allow the researcher to understand the following four areas regarding common/best practices in succession management: (a) overall attributes and effectiveness, (b) current components and practices, (c) recent changes and reasons for them, and (d) future changes and reasons for them.

Since the ultimate interest of the survey was to understand what happens to succession management practices during times of economic crisis and what organizations can do to avoid short-term crisis from derailing long-term succession efforts and associated benefits, a predetermined list of forced-choice questions may not adequately provide access to all potential avenues of study. As a result, four open-ended questions were used to add some contextual detail that quantitative data tend to lack (Miles & Huberman, 1994). A copy of the survey questionnaire is included in Appendix A.

The questions that were used in the survey were finalized in September 2009, with input from an advisory panel with experience or expertise in survey design. The panel was comprised of colleagues from outside the Pepperdine University faculty and included leaders and experienced practitioners in the field of organizational development and leadership. Background information on the advisory panel is found in Appendix B.

Recommendations were received from Joe Kaplan, who was involved with the review and development of the survey questionnaire after the researcher presented the first draft of the instrument in May 2009. He assisted with the following:

1. Refining the wording and response scales of each of the items.
2. Determining the meaningful demographics to include for analysis.
3. Writing screener items in order to get the desired respondents.
4. Adding question 12 to assess the frequency and criticality of succession grooming and development activities in organizations.

Additional panel advice was received from Dr. Shreyas Gandhi, who revised one survey question in section 2. His recommendation was to change the question to gauge the level of familiarity with succession planning processes so that when the survey responses were reviewed, there would be a better indication of whether the respondents were experts, involved with, or merely familiar with the succession planning processes in their respective companies. The third advisory panel member, Dr. Raquel Maderazo, reviewed the survey and research questions and made no additional changes.

**Analytical techniques**. The research questions of interest for this study guided the development of a questionnaire with several types of items. Some of the items used a rating scale, while others used a dichotomous or multiple-response scale. Open-ends are those requiring the respondent to provide a written answer. They are used to capture “other” response choices within the forced choice questions and act as a final “catch all” item at the end of the survey. The open-ended questions in this survey asked about anticipated succession management trends in the future as a result of the current economic crisis. The type of questions being asked guided the most appropriate type of statistical analysis.

**Interval data.** A rating scale question requires a person to rate a construct along a well-defined, evenly spaced continuum; such scales are often used to measure the direction and intensity of attitudes, opinions or behaviors (McCall, 2002). A sample of an item on the research questionnaire that uses a rating scale is the following: How would you rate the effectiveness of your succession management program? Is it (5) extremely effective, (4) very effective, (3) somewhat effective, (2) minimally effective, or (1) not at all effective?

For analysis it can be argued that data from a rating scale may be treated as either ordinal or interval data (Triola, 2001). When handled as ordinal data, rating scale responses can be collated into bar charts, central tendency summarized by the median or the mode, dispersion summarized by the range across quartiles, or analyzed using non-parametric tests (e.g., Chi-square test and Mann-Whitney test) to detect significant differences between two or more groups (Aczel, 1995).

Rating scales handled as interval data can be collated into central tendency summarized by the mean and dispersion summarized by standard deviation or analyzed using parametric tests of significant differences, such as t-test and analysis of variance (Aczel, 1995). Items treated as interval data using the same rating scale may be summed together to create a single index score for a group of items (Triola, 2001). An overall index score is a more reliable and valid measure of a construct than any one of the individual items of the scale by itself (Alreck & Settle, 2004).

Items 4, 6, 7, and 13 of the survey in Appendix A are rating scale items that were treated as interval data. As such, results for these individual questions were summarized with an item mean and standard deviation. Since these items represented overall ratings of succession management within an organization and utilized the same response scale, an overall succession management effectiveness index was created by summing together and averaging the item means.

An index provides for a useful and practical means by which data can be subdivided for analysis of differences across the other items of the survey questionnaire (Alreck & Settle, 2004). For this research, the survey data were grouped per the index score as *high*, *moderate*, or *low* succession management effectiveness. The groups were based on the distribution of responses, where *high* represents the distribution's top third of scores, *moderate* is the middle third, and *low* is the bottom third. Questions explored included the following:

- Do more effective succession management systems look different than less effective systems?
- If more effective systems have different attributes, then what might organizations do to keep short-term issues from derailing long-term succession management impact?
- Are less effective succession management systems more likely to be changed or modified, especially during times of economic crisis?

Using parametric tests such as the t-test and analysis of variance, a comparison of survey responses by *high*, *middle*, and *low* overall succession management effectiveness indicated significant independent variables and practical differences in succession management practices as well as recent and intended future changes. Analysis of these differences provided insights to answer these research questions: (a) What happened to succession management practices during times of economic crisis? and (b) How may organizations limit short-term crisis from derailing the long-term impact of succession management efforts?

**Ordinal data.** The dichotomous question is generally a “yes/no” question (Triola, 2001). An example of the dichotomous question in this study’s questionnaire is, “Does your organization currently operate a succession management program?”

Dichotomous scales are typically handled as *ordinal data*, which is defined as data that can be placed into categories that are mutually exclusive and often exhaustive (i.e., yes or no, gender, or age groups). As such, responses to these items were collated into bar charts, central tendency summarized by the median or the mode, dispersion summarized by the range across quartiles, and where applicable, analyzed using non-parametric tests of difference. Items on the questionnaire in Appendix A that provided ordinal data were questions 1, 2, 9, 10, 15, 19, and 20. Responses to these items were segmented by the groups represented and analyzed for differences using the Chi-square, a non-parametric test. These comparisons allowed the researcher to see if and how organizational characteristics may impact what happens to succession management practices during times of economic crisis and if organizational characteristics affect perceived options for keeping short-term crisis from derailing long-term succession management efforts.

**Multiple-response data.** The multiple-response question consists of three or more exhaustive, but not always mutually exclusive, categories. Multiple-response questions can ask for single or often multiple answers (Alreck & Settle, 2004). An example item from the research survey is the following: Who in the organization is the succession planning champion/sponsor (select all that apply)? Is it senior executives, OD executives, learning executives, talent management executives, HR executives, HR directors/managers/supervisors, or other (please specify)?

This item (question 8) as well as questions 5 and 11A-I from the survey in Appendix A asked respondents to select all that apply. Results for the multiple-response items were analyzed by looking at the percentage and number of respondents who selected each choice. These items provided a descriptive summary of the current and future characteristics of the succession management system practices across the participating companies. Such a summary of present and future practices provided insights on how succession management practices are most likely changed during times of economic crisis.

It is important to keep in mind that analysis of multiple-response items consists of the frequency of total respondents who select each available choice. Because, by definition, respondents may select more than one choice, the sum of responses for an item is typically greater than the total number of participants in the survey itself and must be noted appropriately (C. H. McCall, 2002).

**Cross-tabulations.** Where appropriate, cross-tabulations were also used for analysis. A cross tabulation (often abbreviated as *cross tabs*) displays the joint distribution of two or more variables (Aczel, 1995). Cross tabs indicate the frequency of each category as well as appropriate percentages and proportions (C. H. McCall, 2002). For example, in this research, it was interesting to note how the complexity or ease of use of the succession management program (i.e., question 7) related to overall ratings of effectiveness (i.e., question 6). If a proportionately high number of participants indicated their organization's program is complex to use, did they also rate the overall effectiveness as low? Information like this provides additional inferences and insights as to whether changes to the succession management program may have been made for reasons other than the current economic environment, a key question of this research. Respectively, differences were tested using previously referenced parametric or non-parametric tests, depending on whether the cross-tabbed items were interval or ordinal data.

To protect the anonymity of the study participants, the questionnaire did not ask respondents to provide self-identifying information. A few questions were used to screen out those who do not fit the criteria. The only demographics that were asked pertain to the respondents' level of expertise in succession management, the length of time with their present employer, and whether their organization currently operates a succession management program. The distribution of responses across these demographic variables cannot identify respondents but helped the researcher assess potentially interesting and important behavioral differences among the groupings. Also, the demographic information helped gauge how representative the respondents' organizations were to the population of companies in the United States as a whole.

For the open-ended responses, relevant and unique statements were identified, recorded, and listed. Moustakas (1994) described these non-repetitive statements as the "invariant horizons or meaning units of the experience" (p. 122). After the meaning units were identified, they were arranged into themes using verbatim examples and synthesized (coded) to construct a "textual-structural description of the meaning and essence of the experience" (Moustakas, 1994, p. 122). Ultimately, the essence of these experiences was consolidated to create a composite that accurately represents the collective experience of the entire group of respondents.  It is important to note that this is an inductive, rather than deductive, process (Seidman, 2006), and the researcher came to the transcripts with an open attitude.

The information gathered is presented in Chapter 4 of this study. Verbatim transcripts of participant comments were used to develop common themes, descriptions of the invariant meaning units, and ultimately, a presentation of the essence of the organizational behavior under consideration. Direct quotations from the verbatim transcripts were used to illustrate important points.

**Summary**

This chapter presented the methods that the researcher used to conduct this study. It began with a restatement of the problem and an overview of the quantitative nature of the study. This was followed by a specific outline of the study design, the means by which data were collected and analyzed, and the ways the sample were engaged and managed. Chapter 4 presents the findings of the study.

## Chapter 4: Research Findings

### Introduction

This chapter presents the data collected, the survey results, and the data analysis for this research study as described in Chapter 3. This phenomenological study focused on the succession management actions taken internally by organizations during times of economic crisis or downturn for the purpose of understanding the specific ways that organizations alter or suspend their succession management efforts during "hard times" when other short-term crises, such as restructuring, lay-offs, and debt accumulation, overshadow the importance of long-term strategic planning.

Research question one asked, "Are succession management programs subject to decrease or downsize during times of economic crisis?" This question was answered with the data presented in Tables 1-3. Research question two asked, "What can organizations do to keep short-term crisis from derailing long-term succession management efforts?" This question was answered with the data presented in Tables 4 and 5. Research question three asked, "Are well established succession management programs less likely to be cut during an economic crisis?" This question was answered with the data presented in Tables 6-12. Additional findings can be found in Table 13.

A total of 95 respondents participated in this study, out of a total population of 250 that were invited to participate online through professional organizational development and HR networks. The survey population turned out to be smaller than originally intended, as HRMAC only allowed the survey to be posted for a 1-week period and ODOC had less members online than originally estimated. There were 129 survey respondents, but 34 of them were disqualified through the screening questions for reasons such as (a) length of time with their organizations, (b) lack of a succession management program in their organization, or (c) not a high enough level of expertise in the succession management process.

The majority of respondents (62%) rated themselves as advanced experts in the succession management process, and 32% rated themselves as intermediate; therefore, respondents collectively offered in-depth experience in the area of succession management. All respondents worked in organizations across the United States. The researcher administered the survey via an online survey service provided through Survey Monkey.

The survey was launched in mid November 2009 and closed in mid January 2010. This timing was not ideal, as launching the survey during the holidays may have contributed to a slower response rate. As an additional measure to increase the response rate, an offer was made to those who completed the survey to receive a free copy of the executive briefing which consisted of an overview of the summary report. Of the survey respondents, 63 replied that they would like a copy of the executive briefing e-mailed to them.

**Research Question One**

Research question one was addressed by the quantitative data gathered from survey questions 4, 6, 9, 10, 13, and 15 and qualitative data gathered from survey question 14. The data analysis is presented in Tables 1, 2 and 3. Research question one asked, “Are succession management programs subject to decrease or downsize during times of economic crisis?” Results pertaining to research question one are presented in Table 1.

Table 1

*Frequency Counts for Selected Variables Pertaining to Decreases or Downsizing During Times of Economic Crisis*

| Variable | Category | *n* | % |
|---|---|---|---|
| 4. How has the current economic crisis affected your organization? | | | |
| | In a severely negative way | 7 | 7.4 |
| | In a moderately negatively way | 26 | 27.4 |
| | In a somewhat negative way | 40 | 42.1 |
| | Not at all | 14 | 14.7 |
| | Positively | 8 | 8.4 |
| 9. Since the start of this most recent 2008-2009 recession, has your organization experienced changes to your succession management program as a result of the downturn in the economy? | | | |
| | Yes | 29 | 30.5 |
| | No | 66 | 69.5 |
| 10. Which option best describes the changes to your succession management program? (*n*=29) | | | |
| | Cutbacks | 19 | 65.5 |
| | Enhancements | 10 | 34.5 |

(*continued*)

| Variable | Category | *n* | % |
|---|---|---|---|
| 13. How would you rate the impact of the succession management changes to the organization as a result of the economic crisis? (*n*=29) | | | |
| | Extremely negative | 0 | 0.0 |
| | Mostly negative | 8 | 27.6 |
| | Somewhat positive and negative | 14 | 48.3 |
| | Very positive | 6 | 20.7 |
| | Extremely positive | 1 | 3.4 |
| 15. Will these changes to the succession management process be permanent or changed back when business improves? (*n*=29) | | | |
| | Permanent changes | 14 | 48.3 |
| | Changed back | 15 | 51.7 |

Question 4 gathered the frequency counts for the selected variables pertaining to decreases or downsizing during times of economic crisis. Respondents rated how the current economic crisis affected their organization from a severely negative way to a positive way. Of the 95 respondents, 76.9% said their organization was affected in a somewhat negative to a severely negative way, while only 8.4% said they were affected positively.

In question 9, nearly one third of respondents (30.5%) reported that since the start of the 2008 to 2009 recession, their organization had experienced changes to its succession management program as a result of the downturn of the economy. No changes were reported by 69.5% of respondents.

Question 10 reported changes made to the succession management program in the form of either cutbacks or enhancements. For the 29 respondents who reported changes, the highest number resulted in cutbacks to the succession management program (65.5%), and 34.5% of changes were reported as enhancements.

Question 13 rated the impact of the succession management changes as a result of the economic crisis from extremely negative to extremely positive. For the 29 respondents who reported changes, most significant was that nearly half of them (48.3%) reported impact as somewhat positive and negative, with similar numbers of respondents believing that the impact was either positive (24.1%) or negative (27.6%). The 29 respondents who reported changes via question 15 reported that nearly half (48.3%) of the organizations that made changes to the succession management process said that the changes would be permanent, and the other half (51.7%) said the process would be changed back when business improves.

Table 2 displays a summary of the qualitative results from open-ended question 14. Table 2 summarizes the main themes from the comments that were generated for question 14 on the impact that the succession management changes had on respondents' organizations as a result of the economic crisis.

Table 2

*Frequency Counts for Selected Themes, Impact of the Succession Management Changes on the Organization as a Result of the Economic Crisis*

| Theme | *n* |
|---|---|
| Streamlined succession management program or put off until economic crisis is over | 8 |
| Increased value placed on the importance of the succession management process | 6 |
| Loss of internal talent and promotional opportunities due to economic crisis | 5 |
| Resources and funding not available to support the succession management program | 5 |

*Note*. *N*=29. Ratings were based on qualitative comment themes that appear 5 times or greater; therefore, the total percentage equals less than 100%.

The most commonly noted themes were (a) streamlining succession management programs or putting them off until the economic crisis is over (*n*=8), (b) increased value placed on the importance of the succession management process (*n*=6), (c) loss of internal talent and promotional opportunities due to the economic crisis (*n*=5), and (d) resources and funding not available to support the succession management program (*n*=5). Data from the verbatim comments are available in Appendix DD.

**Null hypothesis one.** Null hypothesis one predicted that “the economic conditions created during the 2008-2009 economic recession were not related to any of the research question one survey items.” To test this hypothesis, Table 3 displays the Pearson product-moment correlations for the respondents’ rating of how the current economic crisis affected their organization, the effectiveness of their succession plan, and selected quantitative variables related to research question one.

Table 3

*Correlations for Crisis Impact and Plan Effectiveness with Selected Research Question One Variables*

| Variable | Impact [a] | | Effectiveness [b] |
|---|---|---|---|
| q4 How has the current economic crisis affected your organization? [a] | 1.00 | | |
| q6 How would you rate the overall effectiveness of your succession management program? [b] | 0.06 | | 1.00 |
| q9 Since the start of this most recent 2008-2009 recession, has your organization experienced changes to your succession management program as a result of the downturn in the economy? [c] | 0.49 | **** | 0.10 |
| q10 Which option best describes the changes to your succession management program? [d, e] | 0.25 | | -0.10 |
| q13 How would you rate the impact of the succession management changes to the organization as a result of the economic crisis ? [e, f] | 0.40 | * | 0.00 |
| q15 Will these changes to the succession management process be permanent or changed back when business improves? [e, g] | -0.01 | | 0.26 |

*Note*: $N$=95.
* $p < .05$. ** $p < .01$. *** $p < .005$. **** $p < .001$.
[a] Impact: 1 = *Severely Negative* to 5 = *Positively*.
[b] Effectiveness: 1 = *Not Effective* to 5 = *Extremely Effective*.
[c] Coding: 1 = *Yes*, 2 = *No*.
[d] Coding: 1 = *Cutbacks*, 2 = *Enhancements.*
[e] Correlation based on the 29 respondents who experienced changes to their succession as a result of the downturn in the economy.
[f] Coding: 1 = *Very Negative* to 5 = *Extremely Positive*.
[g] Coding: 1 = *Permanent Changes* 2 = *Changed Back.*

A more favorable economic impact rating was related to disagreeing with item 9: “Since the start of this most recent 2008-2009 recession, has your organization experienced changes to your succession management program as a result of the downturn in the economy?" ($r$ = .49, $p$ < .001). It was also related to answering item 13, "How would you rate the impact of the succession management changes to the organization as a result of the economic crisis?" in a favorable manner ($r$ = .40, $p$ < .05). No other correlation in Table 3 was significant at the $p$ < .05 level. Given these findings, this null hypothesis was rejected.

**Research Question Two**

Research question two was addressed by the qualitative data gathered from open ended survey questions 12, 21, and 22. Research question two asked, "What can organizations do to keep short-term crisis from derailing long-term succession management efforts?" The data analysis is presented in Tables 4 and 5. Table 4 summarizes the qualitative results from open-ended question 21 for research question two and the main themes from the comments that were generated for question 21: "What one or two trends in succession management do you see emerging as a result of the 2008-2009 economic recession?"

Table 4

*Frequency Counts for Selected Themes, Trends in Succession Management*

| Theme | *n* |
|---|---|
| Increased focus on stretch assignments and internal skill development | 21 |
| Streamline and simplify succession management processes | 7 |
| Greater external talent available | 7 |
| Baby boomers' retirements have been delayed | 6 |
| Greater focus on retaining key talent | 6 |

(*continued*)

| Theme | *n* |
|---|---|
| Increased focus on diverse candidates and hi-potentials | 5 |
| Raising the bar: greater expectations of internal talent | 5 |

*Note*. Ratings were based on qualitative comment themes that appeared 5 times or greater; therefore, the percentage equals less than 100%; *N*=77.

The most commonly noted themes were (a) increased focus on stretch assignments and internal skill development (*n*=21), (b) streamline and simplify succession management processes (*n*=7), (c) greater external talent available (*n*=7), (d) baby boomers' retirements have been delayed (*n*=6), (e) greater focus on retaining key talent (*n*=6), (f) increased focus on diverse candidates and hi-potentials (*n*=5), and (g) raising the bar/greater expectations of internal talent (*n*=5). Data from the verbatim comments are available in Appendix E.

Table 5 summarizes the qualitative results from open-ended question 22 for research question two and summarizes the main themes from the comments that were generated for question 22: "What should your organization do differently to protect or support succession management efforts the next time there is a major economic crisis?"

Table 5

*Frequency Counts for Selected Themes, Things to do Differently in the Future to Protect the Succession Management Program*

| Theme | *n* |
|---|---|
| Increased succession management budget and funding | 9 |
| Build robust internal rotational program for development | 7 |
| Greater internal investment in hi-potentials and diverse candidates | 7 |

(*continued*)

| Theme | *n* |
|---|---|
| Increase communication and transparency of succession management program | 6 |
| Conduct succession management more than once a year and consistently across business areas | 6 |
| Increase strategic agility and planning to address change | 5 |
| Hire external talent when the market is down | 5 |

*Note*. Ratings were based on qualitative comment themes that appeared 5 times or greater; therefore, the percentage equals less than 100%; *N*=66.

The most commonly noted themes regarding protection of the succession management program in the future were (a) increased succession management budget and funding (*n*=9), (b) build robust internal rotational programs for development (*n*=7), (c) greater internal investment in hi-potentials and diverse candidates (*n*=7), (d) increase communication and transparency of succession management program (*n*=6), and (e) conduct succession management more than once a year and consistently across business areas. Data from the verbatim comments are available in Appendix F.

The qualitative results from open-ended question 12 for research question two, “If changes were made for other reasons, describe the impact of the U.S. economic downturn on succession management efforts within your organization,” are given in Appendix D. This question did not generate enough of a response from participants to be significant. Data from verbatim comments for question 12 are available in Appendix D.

**Research Question Three**

Research question three was addressed by the quantitative data gathered from survey questions 3, 5 A-I, 6, 7, 8, 11, 16, 17, 18, 19, and 20, plus qualitative data gathered from survey question 5J. Research question three asked, “Are well established succession management programs less likely to be cut during an economic crisis?” This question was answered by the data analysis presented in Tables 6 through 12. Table 6 displays the variables or indicators pertaining to the likelihood of cuts during times of economic crisis.

Table 6

*Frequency Counts for Selected Variables Pertaining to the Likelihood of Cuts During Times of Economic Crisis*

| Variable | Category | *n* | % |
|---|---|---|---|
| 3. What is your level of expertise with your company's succession management process? | | | |
| | Advanced/expert | 59 | 62.1 |
| | Intermediate | 36 | 37.9 |
| 6. How would you rate the overall effectiveness of your succession management program? | | | |
| | Minimally effective | 9 | 9.5 |
| | Somewhat effective | 64 | 67.4 |
| | Very effective | 20 | 21.1 |
| | Extremely effective | 2 | 2.1 |
| 7. How would you rate the complexity/ease of your organization's succession management program? | | | |
| | Not easy/simple | 11 | 11.6 |
| | Minimally easy/simple | 19 | 20.0 |
| | Somewhat easy/simple | 53 | 55.8 |
| | Very easy/simple | 11 | 11.6 |
| | Extremely easy/simple | 1 | 1.1 |

*Note*. *N*=95.

Question 3 was to establish the respondents' expertise level in regard to the succession management process. Of respondents, 62.1% rated themselves as being advanced/experts, and 37.9% rated themselves as at an intermediate level. Question 6 rated overall effectiveness of the succession management program from a range of minimally effective to extremely effective. Of the 95 respondents, 67.4% rated their succession management program as being somewhat effective, and 23.2% rated their program as being either very or extremely effective. Question 7 rated the complexity or ease of the organization's succession management program from not easy/simple to extremely easy/simple. Over half (55.8%) of the 95 respondents rated their organization's succession management program as being somewhat easy/simple, with 31.6% rating it as either minimally easy or not easy, and 12.7% rated it as very easy or extremely easy.

Table 7, reflecting responses to questions 5a-i, displays the reasons for establishing a succession program sorted by highest frequency to lowest (*N*=95).

Table 7

*Reasons for Establishing a Succession Program Sorted by Highest Endorsed Frequency*

| Reason | *n* | % |
|---|---|---|
| q5e. Increase the talent pool and opportunities for "high-potential" and promotable employees | 81 | 85.3 |
| q5f. Identify "replacement needs" as a means of targeting necessary training, employee education, and employee development | 75 | 78.9 |
| q5a. Contribute to implementing the organization's strategic business plans | 74 | 77.9 |
| q5b. Help individuals realize their career plans within the organization | 67 | 70.5 |

(*continued*)

| Reason | *n* | % |
|---|---|---|
| q5g. Encourage the advancement of diversity within the organization such as the development of minorities and women for future leadership roles within the organization | 48 | 50.5 |
| q5h. Identify potential for intellectual capital in the organization | 43 | 45.3 |
| q5i. Gain competitive advantage in the war for talent | 42 | 44.2 |
| q5d. Improve employees' ability to respond to changing environmental demands | 26 | 27.4 |
| q5c. Improve employee morale | 24 | 25.3 |

*Note*. Respondents gave multiple responses, so percentages equal more than 100%; *N*=95.

The most frequently endorsed reasons were question 5e, "increase the talent pool and opportunities for 'high-potential' and promotable employees" (85.3%), question 5f, "Identify 'replacement needs' as a means of targeting necessary training, employee education, and employee development" (78.9%), and question 5a, "contribute to implementing the organization's strategic business plans" (77.9%).

Lowest levels of endorsement were for question 5d, "improve employee's ability to respond to changing environmental demands" (27.4%), and question 5c, "improve employee morale" (25.3%). The qualitative results for open-ended question 5J, "reasons why decision makers established a succession management program," are given verbatim in Appendix B.

Table 8 displays the results from questions 8a-g, the organizational sponsors/champions of the succession management plan sorted by highest endorsed frequency (*N*=95).

Table 8

*Organizational Sponsor for the Succession Plan Sorted by Highest Endorsed Frequency*

| Sponsor | *n* | % |
|---|---|---|
| q8a. Senior-level Executives (CEO, President, CFO) | 73 | 76.8 |
| q8e. HR Executives | 61 | 64.2 |
| q8f. HR Directors/Managers/Supervisors | 46 | 48.4 |
| q8b. Organizational Development Executives | 39 | 41.1 |
| q8c. Talent Management Executives | 34 | 35.8 |
| q8d. Learning Executives | 12 | 12.6 |

*Note*. Respondents gave multiple responses, so percentages equal more than 100%; *N*=95.

The highest level of sponsorship was at the senior executive level, such as CEO, president, or CFO (76.8%), and second highest was HR executives (64.2%). The third highest were HR directors, managers, or supervisors (48.4%). Organizational development executives were ranked fourth (41.1%). Talent management executives were ranked fifth (36.8%). Learning executives were ranked last (12.6%). The qualitative results from open-ended question 8g, “Other personnel who champions/sponsors the succession management program,” are given verbatim in Appendix C.

Table 9 displays the factors that contributed to changes in or cutbacks to the succession plan as a result of the recent recession. They are sorted by highest endorsed frequency. Responses represent only organizations that changed their plan (*n*=29).

Table 9

*Factors Involved in Changing the Succession Plan Sorted by Highest Endorsed Frequency*

| Factor | *n* | % |
|---|---|---|
| q11c. Lack of resources and staffing to manage the plan | 18 | 62.1 |
| q11g. Other more important priorities took over such as workforce reorganizations, and/or lay-offs | 16 | 55.2 |
| q11d. Lack of budget to fund the succession plan | 11 | 37.9 |
| q11a. The planning process itself | 9 | 31.0 |
| q11f. The succession plan did not have a strategy that produced results | 5 | 17.2 |
| q11h. Lack of an information technology system to support the process across business groups | 5 | 17.2 |
| q11e. The succession plan is not tied to business results | 4 | 13.8 |
| q11b. Succession plan was too complicated | 3 | 10.3 |

*Note*. Respondents gave multiple responses, so percentages equal more than 100%.

The highest rankings were related to resources or economic reasons; 62.1% of respondents reported that changes to the succession management plan were due to lack of resources and staffing to manage the plan. In addition, 55.2% of respondents reported that other, more important priorities took over, such as workforce reorganizations and/or lay-offs. Third, 37.9% of respondents reported the changes were due to a lack of budget to fund the succession plan.

In terms of process/technology-related reasons, almost a third of respondents (31.0%) reported that changes were due to the planning process itself, and 10.3% of respondents reported that the changes made to the succession plan were because the plan was too complicated. Another 17.2% of respondents reported that the changes made were due to the lack of an information technology system to support the process across business groups. In terms of strategic reasons, 17.2% of respondents reported that the changes made were because the succession plan did not have a strategy that produced results. Additionally, 13.8% of respondents reported the changes were due to the fact that the succession plan was not tied to business results.

Table 10 displays the criticality ratings for selected aspects of succession grooming or development activities for the succession management process, as sorted by highest rating (*N*=95). These ratings were given using a three point metric: 1=*Not Critical* to 3=*Very Critical*. The highest level of criticality was for question 17: "Planned on-the-job training (*M*=2.60)." The lowest level of critically was for question 19: "Planned mentoring programs (*M*=1.80)."

Table 10

*Criticality Ratings for Selected Aspects of a Succession Plan Sorted by Highest Rating*

| Aspect | *M* | *SD* |
|---|---|---|
| q17. Planned on-the-job Training | 2.60 | 0.57 |
| q16. Formal Training | 2.28 | 0.61 |
| q18. Unplanned on-the-job Training | 2.24 | 0.66 |
| q20. Unplanned Mentoring Programs | 1.92 | 0.71 |
| q19. Planned Mentoring Programs | 1.80 | 0.74 |

*Note*. *N*=95.

Table 11 displays the results of the chi-square comparison for the effectiveness of the succession plan (question 6) with the complexity/ease of administrating the plan (question 7).

The chi-square test was significant ($p$ = .001) which suggested an association existed between the two variables. Inspection of this cross tabulation found a generally increasing positive pattern where minimally effective plans were often perceived as "not easy" while "very effective" plans were generally "somewhat easy" to "very easy" to administer.

Table 11

*Chi-Square Test for Effectiveness and Complexity/Ease of the Administration of the Organization's Succession Management Program*

| Level of Complexity | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | *Not easy* | | *Minimally* | | *Somewhat* | | *Very* | | *Extremely* | |
| | *n* | % | *n* | % | *n* | % | *n* | % | *n* | % |
| Minimally | 2 | 18.2 | 3 | 15.8 | 3 | 5.7 | 1 | 9.1 | 0 | 0.0 |
| Somewhat | 8 | 72.7 | 14 | 73.7 | 37 | 69.8 | 5 | 45.5 | 0 | 0.0 |
| Very | 1 | 9.1 | 1 | 5.3 | 13 | 24.5 | 5 | 45.5 | 0 | 0.0 |
| Extremely | 0 | 0.0 | 1 | 5.3 | 0 | 0.0 | 0 | 0.0 | 1 | 100.0 |

Chi-Square Test: $\chi^2$ (12, $N$=95) = 58.88, $p$ = .001. Cramer's $V$ = .46.

It should also be noted that in Table 11, 14 of 20 cells contained less than five respondents, which tends to invalidate the use of chi-square (Black, 1999). As an alternative/supplemental analysis, a Spearman rank-ordered correlation was performed between the two variables. The correlation was positive and statistically significant between the two variables ($r_s$ = .29, $p$ = .005), suggesting higher effectiveness corresponded to an easier administration process.

**Null hypothesis two.** Null hypothesis two predicted that "the economic conditions created during the 2008-2009 economic recession were not related to any of the research question one survey items." To test this hypothesis, Table 12 displays the

Pearson product-moment correlations for the respondents' rating of the ways the current economic crisis affected their organization, the effectiveness of their succession plan, and selected quantitative variables related to research question three. A more favorable economic impact rating was significantly related to having talent management executives (item 8c) act as the champion/sponsor of the succession plan ($r$ = .23, $p$ < .05).

The succession plan effectiveness rating was significantly related to five of the variables in Table 12. Specifically, the plan was considered to be more effective when (a) it was easier/simpler to administer (item 7; $r$ = .29, $p$ < .005), (b) senior-level executives championed/sponsored the plan (item 8a; $r$ = .23, $p$ < .05), (c) the succession plan was tied to business results (item 11e; $r$ = -.44, $p$ < .05), (d) planned on-the-job training (item 17) was considered to be critical ($r$ = .25, $p$ < .05), and (e) planned mentoring programs (item 19) were considered to be critical ($r$ = .26, $p$ < .01). No other correlation in Table 12 was significant at the $p$ < .05 level. Given the findings in Table 12, this null hypothesis was rejected**.**

Table 12

*Correlations for Crisis Impact and Plan Effectiveness with Selected Research Question Three Variables*

| Variable | Impact [a] | Effectiveness [b] |
|---|---|---|
| q3. What is your level of expertise with your company's succession management process? [c] | -.05 | -.13 |
| q5a. Contribute to implementing the organization's strategic business plans [d] | -.04 | .06 |
| q5b. Help individuals realize their career plans within the organization d | -.04 | .05 |

(*continued*)

| Variable | Impact [a] | | Effectiveness [b] | |
|---|---|---|---|---|
| q5c. Improve employee morale [d] | -.01 | | .09 | |
| q5d. Improve employees' ability to respond to changing environmental demands [d] | -.14 | | .15 | |
| q5e. Increase the talent pool and opportunities for "high-potential" and promotable employees [d] | -.04 | | -.09 | |
| q5f. Identify "replacement needs" as a means of targeting necessary training, employee education, and employee development [d] | .02 | | -.08 | |
| q5g. Encourage the advancement of diversity within the organization such as the development of minorities and women for future leadership roles within the organization [d] | .06 | | .05 | |
| q5h. Identify potential for intellectual capital in the organization [d] | .14 | | .18 | |
| q5i. Gain competitive advantage in the war for talent [d] | .15 | | .12 | |
| q7. How would you rate the complexity/ease of your organization's succession management program? [e] | .18 | | .29 | *** |
| q8a. Senior-level Executives (CEO, President, CFO) [d] | -.06 | | .23 | |
| q8b. Organizational Development Executives [d] | .19 | | .07 | |
| q8c. Talent Management Executives [d] | .23 | * | .06 | |
| q8d. Learning Executives [d] | -.08 | | .01 | |
| q8e. HR Executives [d] | -.08 | | .01 | |
| q8f. HR Directors/Managers/Supervisors [d] | .16 | | -.01 | |
| q11a. The planning process itself [d, f] | .07 | | .20 | |
| q11b. Succession plan was too complicated [d, f] | .09 | | -.04 | |

(*continued*)

| Variable | Impact [a] | Effectiveness [b] | |
|---|---|---|---|
| q11c. Lack of resources and staffing to manage the plan [d, f] | -.23 | .10 | |
| q11d. Lack of budget to fund the succession plan [d, f] | -.05 | .03 | |
| q11e. The succession plan is not tied to business results. [d, f] | -.20 | -.44 | * |
| q11f. The succession plan did not have a strategy that produced results [d, f] | -.20 | -.24 | |
| q11g. Other more important priorities took over such as workforce reorganizations and/or lay-offs [d, f] | -.29 | .12 | |
| q11h. Lack of an information technology system to support the process across business groups [d, f] | .04 | .11 | |
| q16. How critical is “Formal Training” such as college degree programs, certifications, executive education? [g] | .10 | .11 | |
| q17. How critical is “Planned on-the-job Training” such as job rotations, visible projects, high profile assignments? [g] | .02 | .25 | * |
| q18. How critical is “Unplanned on-the-job Training” such as job rotations, visible projects, high profile assignments? [g] | -.02 | .14 | |
| q19. How critical are “Planned Mentoring Programs”? [g] | .06 | .26 | ** |
| q20. How critical are “Unplanned Mentoring Programs”? [g] | -.06 | .15 | |

*Note*. $N$=95.
[a] Impact: 1 = *Severely Negative Way* to 5 = *Positively*.
[b] Effectiveness: 1 = *Not Effective* to 5 = *Extremely Effective*.
[d] Coding: 0 = *Blank* 1 = *Endorsed*.
[e] Coding: 1 = *Not Easy/Simple* to 5 = *Extremely Easy/Simple.*
[f] Correlation based on the 29 respondents who experienced changes to their succession as a result of the downturn in the economy.
[g] Coding: 1 = *Not Critical* to 3 = *Very Critical.*
* $p < .05$. ** $p < .01$. *** $p < .005$. **** $p < .001$.

**Additional Findings**

Table 13 displays the results of the backward elimination regression model predicting the effectiveness of the succession plan. A total of 24 candidate variables were used. The final five-variable model was significant ($p$ = .001) and accounted for 23.5% of the variance in the effectiveness of the succession plan.

Table 13

*Prediction of Succession Plan Effectiveness Based on Selected Variables*

| Variable | $B$ | $SE$ | β | $p$ |
|---|---|---|---|---|
| Intercept | 1.62 | 0.32 | | .001 |
| q5h. Identify potential for intellectual capital in the organization [a] | 0.25 | 0.11 | .20 | .03 |
| q7. How would you rate the complexity/ease of your organization’s succession management program? [b] | 0.19 | 0.07 | .27 | .005 |
| q8a. Senior-level executives (CEO, President, CFO) [a] | 0.26 | 0.13 | .18 | .05 |
| q18. How critical is “Unplanned on-the-job Training” such as job rotations, visible projects, and high profile assignments? [c] | 0.20 | 0.09 | .21 | .03 |
| q19. How critical are “Planned Mentoring Programs”? [c] | 0.15 | 0.08 | .18 | .07 |

Final Model: $F$ (5, 89) = 5.48, $p$ = .001. $R^2$ = .235. Candidate variables = 24.
[a] Coding: 0 = *Blank* 1 = *Endorsed*.
[b] Coding: 1 = *Not Easy/Simple* to 5 = *Extremely Easy/Simple.*
[c] Coding: 1 = *Not Critical* to 3 = *Very Critical.*

Inspection of the beta weights found the effectiveness of the succession plan to be higher when (a) it was established to identify potential intellectual capital in the organization (item 5h;  β = .20, $p$ = .03); (b) it was easier/simpler to administer (item 7; β = .27, $p$ = .005); (c) senior-level executives championed/sponsored the plan (item 8a, β = .18, $p$ = .05); (d) unplanned on-the-job training (item 18) was considered to be critical (β

= .21, *p* = .03); and (e) planned mentoring programs (item 19) were considered to be critical (β = .18, *p* = .07).

**Summary**

This chapter offered a review of the key research questions that the researcher was attempting to answer through the research findings. Details of the survey administration were provided. The research data were presented in Tables 1 through 12, with additional findings presented in Table 13 and a brief narrative of the data analysis given for each table. All verbatim comments from the open-ended questions can be found in the appendixes. Chapter 5 discusses the researchers' conclusions, significant findings, and recommendation and provides suggestions for further research.

# Chapter 5: Discussion and Conclusions

## Introduction

This chapter presents a brief summary of key research findings presented in Chapter 4. It presents a discussion centered upon answering the research questions based on the significant findings for each of the three research questions from the analysis of the data. Additionally, the discussion supports findings from the literature review presented in Chapter 2, specifically where there is alignment with the research findings. Implications, observations, and recommendations for improving succession management practices within organizations in the United States are suggested. Finally, the chapter ends with a summary and then provides recommendation for future research and methodological enhancements pertaining to this study.

## Summary of Research Study

The purpose of this research study was to focus on succession management actions taken internally by organizations during times of economic crisis or downturn, with the objective of understanding the specific ways that organizations alter or suspend their succession management efforts during "hard times" when other short-term crises, such as restructuring, lay-offs, and debt accumulation, overshadow the importance of long-term strategic planning. Recent literature discussed in Chapter 2 identified several important ways in which succession management plays an integral part of an organization's ability to build a sustainable leadership culture; those areas that are aligned with research results are highlighted. This final chapter serves to share the relevant data gathered from experts in the field of succession management and to offer the researchers' conclusions and recommendations as a result of these findings.

## Key Findings

**Research question one**. The overarching question to help identify the extent to which the reviewed literature was applicable to this research study was this: Are succession management programs subject to decrease or downsize during times of economic crisis?

In addressing this research question, it was important to examine the results from Table 1, question 4, which asked, “How has the current economic crisis affected your organization?” In an overwhelming response, 77% of the organizations represented in this study reported that their succession management programs were affected during the 2008-2009 economic crisis in a range of severe to somewhat negative ways, supporting the researcher’s premise that during times of economic crisis, succession management efforts in organizations are affected in negative ways.

Of the organizations that were part of the study, 31% reported some kind of “changes” to their succession management program as a result of the downturn in the economy, and of those organizations that reported changes, 66% were cutbacks to their succession management programs. The reasons reported in Table 2, question 14, for making changes or cutbacks to the succession management program consistently showed themes tied to financial implications. Of the reasons cited for making changes to their programs, the majority reported either streamlining their succession management program or putting it off until the economic crisis was over. Other themes reported were (a) an increased value placed on the importance of the succession management process, (b) loss of internal talent and promotional opportunities due to the economic crisis, and (c) resources and funding not available to support the succession management program.

In Table 1, question 10, two-thirds (66%) of the organizations described their changes as cutbacks to their succession management program, but interestingly, one third of the organizations (35%) actually reported making enhancements. These enhancements could be the result of changing organizational needs during difficult economic times and would be a good topic for future research study to determine what constitutes a perceived enhancement; if it is related to the process, funding, or structure of the program; and what perceived value the enhancement provides to the organization. One respondent reported both positive change and negative impact: “The layoff process caused a renewed focus on the importance of performance management practices (i.e., direct, specific feedback, realistic assessments). Negative—Some of the momentum that had been generated in the prior couple of years was lost” (see Appendix E).

The statistics in Table 3 suggest that “effectiveness” has nothing to do with whether a succession management program is changed. Changes to a succession management program are more a function of the economy. The worse the impact of the economy on an organization, the more likely the succession management program will face changes during bad economic times.

Additionally, the more negative the impact of the economy, then the more negative the impact of succession management changes to the organization. However, some potential good news is that if a succession management program is “effective,” there may be a small chance that the changes will be reversed when business improves. This is not a statistically significant finding but, rather, a trend or indication based on a correlation coefficient of .26 that came up significant for other correlations. This begs the question of what makes for an effective succession management program, especially if odds are improved that it will go back to what it once was if it needed to be changed because of hard economic times. Table 12 provides some additional hints of this, discussed further in research question 3.

**Research question two.** Information gathered while addressing the first question offered trends and insight into the secondary research question: What can organizations do to keep short-term crises from derailing long-term succession management efforts?

Question 21 asked, “What one or two trends in succession management do you see emerging as a result of the 2008 to 2009 economic recession?” The most noted trend was that the economic recession had caused an increased focus on stretch assignments and internal skill development. This supports the literature from M. W. McCall et al. (1988), which recommended the importance of skill development through rotational and stretch assignments and contended that the most leveraging learning comes from on-the-job experiences.

Given the budget strains on most companies as a result of the 2008-2009 recession, it is not surprising that “cost” was strongly associated with this theme and was mentioned 3 times more than any other (*n*=21 vs. 7 or less for other comments). This trend reflects a focus on lower cost learning methods, such as stretch assignment and on-the-job learning, which have changed the way organizations are delivering development. An increasing number of organizations are looking internally to their leaders to deliver leader-led learning to provide a series of small doses of just-in-time skills to use immediately on-the-job and reinforce culture change in the day-to-day operations.

The second highest future trends reported were to streamline and simplify succession management processes. These comments supported the researcher’s notion that the succession management program is more effective when it is easy to administer and the process is less complex. The same number of responses (*N*=7) reported that there was greater external talent available, perhaps suggesting more competition for the internal talent, who can now be replaced more easily with available external talent that, in the past, was not as accessible.

Another trend reported was a delay in the retirement of baby boomers who have continued to stay in their current jobs due to economic conditions. This creates an interesting dilemma for succession management from a workforce planning standpoint: Because organizations have been planning on these long tenured employees to retire in order to open up key roles for high potentials in the succession process, a delay in baby boomer retirement creates blockages within the system. Without these key open positions and with a lack of organizational growth during times of economic crises, there is little upward movement in terms of succession planning. As a result, it is even more important to find key rotational and on-the-job experiences to increase skills and capability in the organization.

Organizations reported having a greater focus on retaining key talent, which is especially important when economic turbulence is occurring in the organization. Lay-offs or reorganizations can create gaps in organizations, causing more of the burden to be placed upon key talent. Key talent is expected to help pull the organization through the tough times and is depended on for producing business results.

Additionally, reported in the data as a result of the 2008-2009 economic crisis was an increased focus on diverse candidates and high potentials. Organizations are paying more attention to adding diverse candidates to their succession plans, especially women and minorities, and when funds are limited, they are focusing their efforts on developing high potentials and diverse candidates.

As organizations have become leaner due to the economic crisis, they have needed to do more with less. As a result, organizations reported that they were raising the bar on performance and that expectations of internal talent were significantly greater than in the past. When times are tough and lay-offs are happening, organizations look to keep key talent, while non-performers are usually first on the list to be laid-off. In addition, after layoffs happen, there is a greater expectation that the ones who survived will take on increased duties and responsibilities, with greater expectations for results.

Question 22 asked respondents, “What should your organization do differently to protect or support succession management efforts the next time there is a major economic crisis?” The number one trend reported was to increase succession management budget and funding. This is especially important if organizations want to achieve long-term strategic results from their succession management efforts. When succession management is not treated as a core process that is fundamental to the future success of the organization, there is a disconnect between developing talent for future sustainability of the organization and being caught off-guard by a sudden economic crisis that may force the derailment of the succession management plan in organizations and create workforce gaps when layoffs occur. These survey results showed succession management is taken seriously through being sponsored and championed at the highest levels of organizations; therefore, the influence senior executives have on the overall strategy, budget, and funding of the succession management program should be leveraged to make it a high priority in the organization and to find ways to link it to tangible results. The respondents generated many comments in regard to thinking about the future of succession management, such as "We have actually invested more into this process by further accelerating Leadership Development, coaching and more analysis and identification of diverse candidates within our plan to groom for future growth" (see Appendix G). Another respondent recommended "more strategic planning ahead of time to anticipate the changes to business needs" (see Appendix G). A final snapshot of these comments that support the findings in this research was this: Keep skills and experiences current, ensure that you have leaders that are able to change, able to deal with ambiguity, focused on continuous learning, always raising the bar each year on expectations and ensure that their people have broad skills that enable them to contribute in multiple areas (see Appendix G).

Survey respondents additionally reported several strategies that they would execute differently to support succession management efforts during an economic crisis. All of these items represent ways to increase the impact of succession management programs and are recommended by the researcher as best practices during times of economic recession;

1. Building a robust internal rotational program for development of employees.
2. Making a greater investment in high potentials and diverse candidates.
3. Increasing communication and transparency of the succession management program.
4. Conducting succession management more than once a year and consistently across business areas.
5. Increasing strategic agility and planning to address change.

6. Hiring external talent when the market is down.

This list of best practices supports much of what Byham et al. (2002) recommended in their research, which was cited in Chapter 2 in the literature review.

**Research question three.** As a means of understanding what successful organizations are doing to keep succession management efforts on track, a third research question asked this: Are well established succession management programs less likely to be cut during an economic crisis?

To begin the discussion of research question 3, it is important to note that the respondent pool was very specialized in the field of succession management and had strategic influence and high level support or sponsorship for succession management by senior-level executives, such as CEO, President and CFO (77%) and HR executives (64%), indicating a majority of the organizations surveyed have support at the right levels. The data reported that 62% of the survey respondents were advanced experts in the area of succession management, and 32% had intermediate expertise. Any respondents with less than intermediate experience were disqualified from participating since the researcher felt strongly that respondents must have in-depth experience in order to understand the complexities of succession management adequately. Additionally, there was a time requirement in order to have respondents participate who had a longer standing history within the organization. Most respondents held internal positions within organizations across the United States and, therefore, had direct experience working on succession management programs.

In order to understand whether well established succession management programs are less likely to be cut during an economic crisis, the researcher examined the reasons that respondents cited for establishing a succession management program in the first place. The top four reasons appear to be related to ensuring the continuity of business through strategic succession-related actions, such as (a) increasing the talent pools and opportunities for high potentials, (b) targeting replacement and development needs, and (c) contributing to the implementation of the organization's strategic business plans. All of these things are foundational to having a well established succession management program; however, during a recession, they often become at risk. These reasons need to be addressed within the organization when facing future retirements of baby boomers, especially if organizations do not have the funds to replace this talent, as headcount often remains flat or decreases during a recession and leaves gaps where there has not been adequate knowledge transfer from the baby boomers to those who will remain in the organization.

In addition, identification of replacement needs as a means of targeting necessary training, employee education, and employee development tends to suffer during down times due to increased internal competition for funding any sort of programs that are perceived to be developmental in nature and could be deemed unnecessary when money gets tight during an economic recession. The fact that one of the top reasons for establishing a succession management program was to contribute to implementing the organizations' strategic plans is significant to this discussion because in doing so, succession management brings value to the organization and is seen as a leveraging force for delivering business results. Without the establishment of a succession management program, key foundational elements of the business system are missing.

The next three reasons cited are related to attracting, retaining, and including employees through encouraging the advancement of diversity and leadership development for women and minorities for future leadership roles, identifying potential for intellectual capital, and gaining competitive advantage in finding talent. In terms of career development, 70.5% reported that the succession management program was established in order to help individuals realize their career plans within the organization. Over half of the respondents (50.5%) reported establishing a succession program to encourage the advancement of diversity. Without continuous development of these elements of human capital, the organizations' succession management programs would have little reason to exist. One respondent summed it up nicely by stating, "Seek a more widespread assessment of folks beyond just a few layers down in the organization. Give more opportunities to women and diverse candidates and have more continuous dialogue about the development of future leaders in the organization" (see Appendix G).

The final two themes are related to employee performance and engagement and improvement of employee morale. In this category, over a quarter of respondents (27%) said that one of the reasons they established a succession management program was to improve employees' ability to respond to changing environmental demands. This interesting fact lends credibility to the importance of building a skill set in the organization that is agile and skilled in adapting to change in the environment. This requires employees to be resourceful, innovative, and responsive to change, all of which are required during an economic crisis. Having these types of change skills already developed in employees as a result of a well established succession program becomes evidence that the program adds value to the organization and makes good business sense.

In relation to the third research question, an analysis of the factors involved in the changes that were reported to the succession management program during times of economic crisis is relevant. The majority of the reasons reported were strategic and monetary factors that reasonably supported the researcher's theory that the succession management program must be tied to the long-term strategy of the organization through a well established succession management program. Specifically, of the 32% of organizations that reported changes made to their succession plan during the 2008-2009 economic crises, 62% of them cited making changes due to lack of resources and staffing to manage the plan, and 55% cited that other, more important priorities took over, such as workforce reorganizations and/or lay-offs. It is important to note that more than a third of the respondents (38%) reported a lack of budget to fund the succession plan, which is not surprising during hard economic times but which points out the necessity of being prepared for a long-term succession approach in a proactive manner, rather than having to be reactive when the economic crisis hits.

It is thought provoking to consider why 31% of the respondents reported that one of the factors involved in making the changes was actually the planning process itself and 17% reported a lack of information technology system to support the process across business groups. To determine if these responses were from organizations that had less established succession management programs is an area for further research.

Furthermore, 17% reported that the succession plan did not have a strategy that produced results, 13% reported that their succession plan was not tied to business results, and 10% reported that the succession plan was too complicated. The implications of these findings coincide with the notion that companies that invested in the creation of a solid succession management infrastructure and that tied results to the strategic plan were more likely to continue succession management efforts and gain the benefits of these efforts when they are most needed: during times of economic crisis. As mentioned in Chapter 2, research has shown that most organizations still lack a deep and logical understanding of how decisions about human capital, talent, and organizational design and effectiveness connect to business and strategic success (Boudreau & Ramstad, 2007). When organizations lack the tools to analyze and understand these connections, decisions are often based on short-term needs or emergent economic changes, not sound business strategies that can bring the desired results over the long term.

The researcher was intrigued by Table 10, which shows the criticality ratings for selected aspects of a succession plan (questions 16-20). Respondents rated planned on-the-job training as very critical, but planned mentoring programs were rated much lower, possibly indicating that mentoring does not appear to be as large or as important a part of succession management as training.

In a comparison of the data for the effectiveness of the succession plan in regard to the complexity or ease of administrating it, there was a positive, statistically significant correlation between the two variables, suggesting higher effectiveness corresponds to an easier administration process. The researcher’s interpretation of these results is that if a program is too easy, it is not perceived as effective, but if a program is too complex, it is also not perceived as effective. However, if it is somewhat easy, it is seen as at least somewhat effective. In sum, a degree of sophistication needs to be present in order for a program to be perceived as effective. Further research is needed to determine how these factors influence the overall effectiveness of succession management programs over the long-term.

In Table 12, the statistics showed a succession program is effective if it is neither too simple nor too complex. It has to be moderately complex to be respected or trusted but easy enough to use or apply for the majority. Also, the greater the involvement of senior-level executives, the more effective the program will be perceived. Senior executive involvement may be an indication the program is tied to the business. If succession planning is tied to business results, then the program is viewed as more effective. Finally, programs that emphasize planned on-the-job training and mentoring tend to be viewed more favorably.

A curious finding relates to the fact that if an organization had an adequately staffed and resourced succession management program led by a talent management executive, then the organization was less impacted by the 2008-2009 recession. Does effective talent management buffer an organization to better survive, if not thrive, during a recession? This would be an interesting follow-up question to study.

**Additional Findings**

The data analysis presented in Table 13 reinforced many of the correlations in Table 12. An effective succession program is one that has the following elements: (a) balanced ease and complexity, (b) senior executive involvement, and (c) planned mentoring and on-the-job training.

A couple of additional unique insights are that, for example, programs may be more effective if they are started to “identify potential for intellectual capital” in the organization. This makes sense, as it is a generally accepted fact that the United States is largely a service economy where knowledge or intellectual capital is the key to competitive advantage and business growth. Growing and finding intellectual capital is a key for business continuity and longevity. Succession programs that emphasize this mining and cultivating of knowledge workers should and would be seen as important and tied to the business strategy.

Another unique insight from Table 13 is that unplanned on-the-job training may predict the effectiveness of a succession program. Other correlations showed planned on-the-job training as key to impacting perceptions of effectiveness. There may need to be a balance or blend of both planned and unplanned on-the-job training to attain maximum effectiveness. Perhaps the most effective programs are those with planned on-the-job training but enough flexibility for leaders to offer experiences to high potentials when an opportunity arises.

**Researcher’s Conclusions and Implications**

As a result of this research study, the researcher would like to emphasize why these data are important and how these findings impact the professional practice of succession management during times of economic crisis. Certain insights stood out among study results and formed the basis for the following recommendations.

First, succession management programs must be tied to business results. The importance of clear and specific outcomes cannot be underestimated since they form the foundation upon which everything else is built. The program needs to clearly describe and identify outcomes that the organization can stand behind in order to enlist executive sponsorship in the first place. In addition, the researcher highly recommends that managers be held accountable for the results and success of an organization's succession management program.

Second, the succession management program will be seen as more successful if there is a visible commitment of sponsorship by executives in the organization. Having an executive champion who supports the program through good times and bad signals to the company that career development is happening as a result of having a succession management program and that building future leaders contributes to the long-term success of the company. These executive sponsors must engage the entire management team to do whatever it takes to contribute to the success of the program. This includes putting key HR professionals in place who are experts in succession and talent management and who will work closely within the organization to provide development opportunities at all levels, not just for high potentials. Additionally, executive sponsors must find ways to help leaders see that succession management is vital to the company's success and that the organizational culture supports it as a core value.

Third, organizations must build a structured succession management process and a solid plan for administering the program that is not too complex to manage. This process needs to include a consistent application for (a) how decisions will be made, (b) what methods will be used to collect performance data, (c) how performance will be measured, and (d) how key developmental feedback critical to the success of individuals in the organization will be communicated. Organizations must use technology to help simplify the process and organize information but not expect technology to be a substitute for robust dialogue and planned discussions on a consistent basis. A rigorous effort must be made to continuously improve the overall quality of the program and its processes in order to reap the rewards.

Fourth, organizations must design the measures and metrics of the program so that the business value to the organization is clear and is supported by a specific budget dedicated to the succession management program so that, during times of crisis when it is needed most, the program remains intact. This includes improving the cost effectiveness of the succession management program and aligning it with business results and long-term strategy.

Finally, organizations must include measures in the succession plan that provide significant value but do not add significant cost. Examples were reported in this research such as (a) mentoring, (b) on-the-job developmental experiences, (c) utilization of online technology (e.g., webcasts and online learning for training purposes rather than traditional classroom-based training), (d) raising the bar on performance expectations, and (e) placing a higher value on innovation.

This study contributed to the overall body of research regarding succession management practices because, prior to this research, very little was written specifically about how succession practices are impacted during an economic crisis, leading the researcher to believe that organizations should operate with a high sense of urgency by paying critical attention to succession management practices at all times, not just during a crisis. The reasons for this conclusion is that, regardless of what we call the economic conditions at the time, global competition is increasing and an environment is being created in which only the fittest survive. Organizations face enormous challenges and are constantly being forced to cut costs, which seriously strains their resources when it comes to succession management. As a result, it becomes even more crucial that organizations have a solid but cost effective succession management program in place which is able to provide both value and measurable results through the effective engagement and development of individuals at all levels of the organization.

**Researcher's Final Summary**

A new era in leadership, succession management, and adaptation to change is here. It is clear that organizations cannot simply go back to what they were doing before the 2008-2009 economic crises occurred. More is required of leaders if they are to be successful in taking their businesses to the next level. Strategic agility, collaboration, adaptive thinking, and technical innovation are critical. The competition is moving faster, and the bar has been raised for keeping up with changing conditions and technology. Unstable markets and poorly designed laws and governance structures have failed to provide economic stability, and organizations can no longer count on past business performance results to determine future success. Many factors seem unpredictable, unknown, or unimportant when crises hits, and too often, the best laid plans are thrown to the wayside.

This research study pointed out how unprepared most of the participating organizations were to deal with the impact of the 2008-2009 economic crises. The fact that 77% of the organizations surveyed said their succession management programs were impacted in a somewhat negative to a severely negative way shows a clear need to change the way organizations approach their succession management plans. Of the respondents, 51% rated themselves as having advanced expertise in the succession management process, and when asked if the changes made to their succession management process would be permanent or changed back when business improves, a surprising 53% said the process would be changed back when business improves; 47% said the changes they made would be permanent. For the 53% who said things will be changed back when business improves, this approach seems naïve, as business rarely works that way. As human beings, we want to cling to what is “known,” but during tough economic times, there is often no turning back, things do not return to normal, and processes and approaches need to constantly be evolving and progressing, or the organization becomes extinct.

So what should organizations be doing? Developing employees’ capabilities and skill sets is one of the most important things an organization can do to prepare for an emergency, such as an economic crisis. Organizations can do this in many ways, and doing so does not mean only having a whole team of available bench strength (e.g., talent pools) waiting in the wings. It means getting the entire organization ready through increasing capability and skills to fight for the survival of the organization. Succession management is no longer about the chosen few high potentials. The new brand of succession management means upgrading the skills and changing the mindset of the entire organization, from the mailroom all the way up to the CEO. It takes the collective consciousness, communication, and efforts of everyone, not just the “high potentials,” which is where organizations use to spend the majority of their development budget and succession funds. When the going gets tough and there is a crisis or a lay-off, those funds often disappear without a back-up strategy. Organizations cannot count on those few high-potentials to move the organization to safety once a crisis occurs. Many of them are highly compensated and get laid off or transferred to more critical areas during tough times, many leave when their development programs are cut due to funding deficiencies, and others get recruited by other organizations that are not being impacted by the economic conditions. The old way of operating a succession program based on the top 15% of high potentials or the top talent pool is a flawed and archaic way of thinking in today's economic environment. It leaves the potential for a major leadership gap to occur when business results fall apart as a result of an economic crisis.

This is not to say that specific people with high capability should not be groomed to take on bigger, more challenging roles; of course, that needs to continue. However, the point is to develop a succession management plan that encompasses far more than the top high potentials with a much greater emphasis on diversity and female candidates as well as widespread engagement in skill and capability efforts. It is about creating engagement and learning at every level. It must be a succession plan that teaches people to share information, tools, and technology as a means of building organizational capability and capacity. There is no room for ivory tower egos, control for the sake of power, the hoarding of information in service of political agendas, or operating businesses in silos. Every role in the organization needs to add value and contribute to the business results. These days, the organizations that survive are the ones that can collectively adapt through interdependence, rather than individual heroics, in the face of an economic crisis.

Building an adaptable succession management plan takes a culture of innovation in which the entire system is taught to pay attention to the details, knows how the financials work, and understands and communicates the gaps. Creating a learning environment in which people are taught to succeed is not a privilege; it is a necessity for survival. Everyone needs to know where the company is leaking energy, money, and time and what the competition is doing. It means sharing knowledge and technology, transferring wisdom, and developing organizational skills in order to create the ability to think and act strategically every day, in every situation, not just during emergencies. Unless organizations are investing in the development and education of all employees as potential future leaders who are expected to make a valid contribution, they will continue to struggle to keep up with global competition and will be unable to adapt to the unforeseen circumstances that will continue to challenge them in ways not yet known.

**Recommendations for Future Research**

The researcher suggests the following recommendations for further research on succession management programs. First, this research consisted of a sample of organizations across the United States; participants were primarily succession management experts working internally in U.S.-based organizations. Further research with succession management experts from other geographic locations, in particular global organizations, for data comparison of international trends should be undertaken.

Second, further qualitative research, such as interviews with top executives and succession management sponsors, is recommended. In this research study, it was reported that 77% of the succession management sponsors or champions were senior-level executives (e.g., CEO, president, CFO); therefore, interviewing those executives to gain a deeper understanding of their best practices, long-term business objectives in relation to their succession management programs, and insight on succession management regarding the current impact and future trends would be of benefit.

Third, further research should be conducted that includes industry demographics in order to find out if certain industries' succession management programs are impacted more than others. Industries that are doing financially well during times of economic crisis, such as the defense industry, should be researched to see if they are impacted less and if they increase their succession management efforts more during those growth periods. In contrast, researching industries that were negatively impacted, such as finance, housing, retail, and tourism, to understand the overall impact to their succession management efforts would be beneficial.

Fourth, observational research would be valuable as a means of obtaining a firsthand view of the succession management process in different organizations and then chronicling the process over a minimum period of 2 years to have more consistent data over a longer period of time than just 1 year.

Fifth, follow-up research studies that have been done on this topic should be identified, especially one by Barrett and Beeson (2002) that recognized the challenges that business leaders would face in 2010. It would be interesting to find out if the data have changed and how leaders currently rate their ability to respond to sudden challenges, when only one third of respondents rated themselves as excellent or good. Additional research should ask organizations if their succession plans are robust enough to handle multiple changes in leadership situations, diminishing budgets, and fewer resources.

Sixth, while this study focused on succession management programs during times of economic crisis, it would be interesting to find out more about the specific criteria that organizations use to define their succession management programs' effectiveness and to learn how and if those data helped the organization make better succession decisions in addition to streamlining their approach. The three questions that were suggested by Charan et al. (2001) would be a good starting point:

> Does the succession plan help you understand how any employee can move from entry-level positions to CEO? Does it enable you to focus on short-term and long-term performance, including skills, time applications and values? Does it force you to work at succession continuously rather than once a year? (p. 168)

Seventh, an important consideration to research further is the importance placed on investing in the education of Generation X and Y employees entering the workforce. Research is needed to understand what kind of leadership, technology, and overall technical skills are being taught to ensure not only a robust succession plan but also workforce skills necessary for organizations to remain competitive in the United States and globally.

Finally, a recommendation for future research would be to investigate what kind of budget and funding organizations are spending on their succession management programs and how the 2008-2009 economic crisis affected the way they will plan for and fund their succession management programs in the future.

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# APPENDIX A

## Succession Management during Times of Economic Crisis: Survey Questionnaire

Section 1

As you answer these questions, you will see the term *succession management*, which is meant to refer to the following: “a process that is focused on identifying AND developing internal talent to fill mission critical positions. It involves creating a talent pool of high-potential candidates who have not only been selected but are also being developed to move into positions with expanded responsibilities.”

Please answer the following questions about you and your organization:

**1.** Have you been with your present employer for more than 6 months?

☐ Yes
☐ No (Terminate: Indicate we are looking a different type of respondent and thank for participation)

**2.** Does your organization presently operate a succession management program?

☐ Yes
☐ No (Terminate: Indicate we are looking a different type of respondent and thank for participation)

**3.** What is your level of expertise with your company’s succession management process?

☐ Advanced/Expert
☐ Intermediate
☐ Beginner (Terminate: Indicate we are looking a different type of respondent and thank for participation)
☐ No (Terminate: Indicate we are looking a different type of respondent and thank for participation)

**4.** How has the current economic crisis affected your organization?

☐ In a severely negative way
☐ In a moderately negative way
☐ In a somewhat negative way
☐ Not at all
☐ Positively

Section 2

**5.** From the following reasons, please identify why the decision makers in your company established a succession management program in your organization. ***(Select all that apply)***

☐ A. Contribute to implementing the organization’s strategic business plans.
☐ B. Help individuals realize their career plans within the organization.
☐ C. Improve employee morale.
☐ D. Improve employees’ ability to respond to changing environmental demands.
☐ E. Increase the talent pool and opportunities for “high-potential” and promotable employees.
☐ F. Identify “replacement needs” as a means of targeting necessary training, employee education, and employee development.
☐ G. Encourage the advancement of diversity within the organization, such as the development of minorities and women for future leadership roles within the organization.
☐ H. Identify potential for intellectual capital in the organization.
☐ I. Gain competitive advantage in the war for talent.
☐ J. Other (please specify). ______________________________________________

**6.** How would you rate the overall effectiveness of your succession management program?

☐ Not effective
☐ Minimally effective
☐ Somewhat effective
☐ Very effective
☐ Extremely effective

**7.** How would you rate the complexity/ease of your organization’s succession management program?

☐ Not easy/simple
☐ Minimally easy/simple
☐ Somewhat easy/simple
☐ Very easy/simple
☐ Extremely easy/simple

**8**. Who in the organization is the succession management champion/sponsor? (***Select all that apply):***

☐ A. Senior-level executives (CEO, President, CFO)
☐ B. Organizational development executives
☐ C. Talent management executives
☐ D. Learning executives
☐ E. HR executives
☐ F. HR directors/managers/supervisors
☐ G. Other (please specify) ___________________________________________

Section 3

**9**. Since the start of this most recent recession, has your organization experienced changes to your succession management program as a result of the downturn in the economy?

☐ Yes
☐ No (***If answer is no, skip questions 10 through 14.)***

**10**. Which option best describes the changes to your succession management program?

☐ Cutbacks
☐ Enhancements

**11**. If you did make changes or cutbacks to your succession plan during the recent recession, did any of the following factors play a role in the decision to make changes to your plan? ***(Select all that apply)***

☐ A. The planning process itself.
☐ B. Succession plan was too complicated.
☐ C. Lack of resources and staffing to manage the succession plan.
☐ D. Lack of budget to fund the succession plan.
☐ E. The succession plan is not tied to business results.
☐ F. The succession plan did not have a strategy that produced results.
☐ G. Other more important priorities took over such as workforce reorganizations and/or lay-offs.
☐ H. Lack of an information technology system to support the process across business groups.
☐ I. Other (please specify) ___________________________________________

**12.** If changes were made for other reasons, briefly describe the impact of the U.S. economic downturn on succession management efforts within your organization.

______________________________________________________________

______________________________________________________________

______________________________________________________________

**13**. How would you rate the impact of the succession management changes to the organization as a result of the economic crisis?

☐ Very negative
☐ Mostly negative
☐ Somewhat positive and negative
☐ Very positive
☐ Extremely positive

**14**. Please explain your answer to the previous question

______________________________________________________________

______________________________________________________________

______________________________________________________________

**15**. Will these changes to the succession management process be permanent or changed back when business improves?

☐ Permanent changes

☐ Changed back

Section 4

For each of the following succession grooming or development activities, please indicate how critical it is to your organization or succession management process:

**16**. How critical is “Formal Training,” such as college degree programs, certifications, and executive education?

☐ Not critical
☐ Somewhat critical
☐ Very critical

**17**. How critical is “Planned on-the-job Training,” such as job rotations, visible projects, and high profile assignments?

☐ Not critical
☐ Somewhat critical
☐ Very critical

**18**. How critical is “Unplanned on-the-job Training,” such as job rotations, visible projects, and high profile assignments?

☐ Not critical
☐ Somewhat critical
☐ Very critical

**19**. How critical are “Planned Mentoring Programs”?

☐ Not critical
☐ Somewhat critical
☐ Very critical

**20**. How critical are “Unplanned Mentoring Programs”?

☐ Not critical
☐ Somewhat critical
☐ Very critical

**21**. What one or two trends in succession management do you see emerging as a result of the 2008 to 2009 economic recession?

________________________________________________

________________________________________________

________________________________________________

**22.** What should your organization do differently to protect or support succession management efforts the next time there is a major economic crisis?

________________________________________________

________________________________________________

________________________________________________

**23.** Would you like a summary of the studies e-mailed to you?

☐ No, thank you
☐ Yes

If yes, please provide your e-mail address. ________________________________

# APPENDIX B

## Verbatim Responses for Question 5j-Other Reasons Why Decision Makers Established a Succession Management Program

| Respondent | Reason Given |
|---|---|
| 1 | Retention strategy of top talent, identify skill gaps in our leadership that are a result of a lean structure. |
| 2 | Previously part of GM for 70 yrs. Talent was “injected” into the organization when needed. Now WE need to own that process and be mindful of the depth of our talent pool and how it will support long-term stability/growth as a stand-alone company. Our program is only 12 months old, so there is evidence that it works, but its not a long track record (yet) of success. |
| 3 | Clearly identify leadership competencies and develop a common language. Ensure that long tenured employees develop the skills needed to support future needs (versus skills needed/valued in the past). |
| 4 | Identify future leaders based on performance, leadership behaviors, and competencies. |
| 5 | To develop a deeper bench for future leadership positions—diminish need for extensive external hiring. |

# APPENDIX C

## Verbatim Responses for Question 8g—Other Personnel Who Champions/Sponsors the Succession Management Program

| Respondent | Champion/Sponsor |
|---|---|
| 1 | Operations Executives |
| 2 | Line Management, in all functions |
| 3 | Board of Directors |
| 4 | Managers requiring succession plans |
| 5 | All managers with direct reports |
| 6 | Business Leads |
| 7 | Everyone’s responsibility |
| 8 | Third party consultant/vendor |
| 9 | Executives below the CEO level |
| 10 | Senior Business Leaders |
| 11 | All Executive Management |

# APPENDIX D

## Verbatim Responses for Question 12—Impact of the U.S. Economic Downturn on Succession Management Efforts

| Respondent | Impact |
|---|---|
| 1 | Caused us to focus more on the succession plan because we have to make sure we are developing today’s and tomorrow’s leaders. |
| 2 | Change in CEO/internal strategic direction. |
| 3 | Ambiguity and uncertainty of business requirements and approaches, resulting in uncertainty of future leadership requirements. |
| 4 | We have a very immature succession planning process within our org, so the recent downturn highlighted the need to focus more on creating a talent pool vs. a “fill in the box” succession exercise. We are still refining what that looks like so haven’t been yet implemented it fully nor been able to track results. |

# APPENDIX E

## Verbatim Responses for Question 14—Impact of the Succession Management Changes to the Organization as a Result of the Economic Crisis

| Respondent | Impact |
|---|---|
| 1 | Somewhat negative due to reactive mode, but adjusted solid plan in place. |
| 2 | It has received the attention of our COO, and its being driven from the top. In addition, we are streamlining the program to be enterprise-wide instead of in departments or divisions. |
| 3 | It has caused us to get serious about the process but also to take a lean approach to it and not make it burdensome. |
| 4 | The economic crisis played as an incentive to gain competitive advantage. Succession management feeds into it. |
| 5 | We now have fewer candidates to select from for internal promotions and development. |
| 6 | Too early to tell, but we have started executive mentoring of high potentials, and there is realization that we have a succession mgt plan. That alone has sparked some positive impressions regarding growth/career potential. |
| 7 | Talented employees left the organization because they felt that career advancement or development opportunities were limited. |
| 8 | Because our program is new, changes really weren't noticed outside of HR. |
| 9 | Enhancements simplified the process for our leaders, shortening the amount of time on paperwork compared to previous years. In addition, we introduced concepts on how to align performance with potential to tell the story about an employee being presented and discussed in the process. |
| 10 | We rolled it out and employees were excited—now it is halted. |

(continued)

| Respondent | Impact |
|---|---|
| 11 | Cutbacks in travel for Acceleration Pool meetings. |
| 12 | Resources not as available to support. |
| 13 | More urgency to tie the process to recognizable results/output. |
| 14 | We put selection of new pool members off until the future. Some development activities were curtailed. |
| 15 | Sent a message of what is important and what is not—an unbalanced approach to business needs and stakeholder interests. |
| 16 | Too early to tell. Impact is minimal at this point. Simply reinforces that budget is cut and company is facing major challenges. |
| 17 | Not as many promotional opportunities. |
| 18 | We moved the person responsible for this process to a generalist role, and the VP over LD is now responsible for the generalists in one division, too. There is no one person truly dedicated to not just owning the program but ensuring we then have developmental plans for those on the list! The positive thing is that even with incredibly limited resources, we still had the succession planning meetings, 9 box discussions, etc. It’s just acting on those meetings that was disappointing. |
| 19 | Some talent recognized the need to move on to other divisions and organizations. |
| 20 | Downsizing the company didn’t lend itself to succession management. |
| 21 | In some areas economic crisis has resulted in greater passion and energy around the need for succession management. |
| 22 | Money, cost issues. |
| 23 | It was not first priority, but it was still an important initiative. |

(continued)

| Respondent | Impact |
|---|---|
| 24 | Employee morale has suffered. Upper and middle level individuals are leaving the organization due to lack of meaningful opportunities. |
| 25 | Our Directors are dealing with competing priorities and don't often value succession planning efforts. They find the meetings to discuss talent helpful, but there is little follow up on their part (without prompting from HR). We are working on making this a more ingrained process with ownership from the senior levels outside of HR. |
| 26 | Positive—The layoff process caused a renewed focus on the importance of performance management practices (i.e., direct, specific feedback; realistic assessments). Negative—Some of the momentum that had been generated in the prior couple years was lost. |
| 27 | The increased dependency on the process for identifying talent to fill key roles has led to the process being more accepted and integrated into talent decisions. |
| 28 | Few positions remain mission critical, and therefore, getting the attention of leaders to implement succession but most others are being ignored and no longer a priority to develop because leaders in those areas are too busy staying above water and keeping current employees working and dealing with reductions in some cases. |
| 29 | It has had too many changes since introduction to be able to say concretely if the economic crisis alone has had an impact. Succession management requires some bit of stability in the organization for results to be determined. |

# APPENDIX F

Verbatim Responses for Question 21—Trends in Succession Management

| Respondent | Trend |
|---|---|
| 1 | I hope to see more emphasis on it, given the recession should have underscored the importance of great leadership to survive and thrive through the hard times. |
| 2 | Planned budgets, improved focus on succession mgmt efforts. |
| 3 | More involvement from 3rd party Succession Mgt consultants. More practices, more often. |
| 4 | Overall less movement both internally and externally. |
| 5 | Changes to our 9-box grid and the definition of performance and potential to respond to our new paradigm. |
| 6 | Streamlining and simplifying the process because of the lack of resources and time due to layoffs and downsizings. |
| 7 | 1) Greater focus on fewer but critical strategic imperatives. 2) Greater focus on talent that fits the company culture and strategy; higher focus on defining the right competencies and talent that own those competencies. |
| 8 | More talent available; organization raised the bar on expectations. |
| 9 | Higher demand placed on technical and diverse candidates. |
| 10 | Broader applicability to roles and identification of cross functional development. |
| 11 | 1) Organizations that reduced spending/resources in these efforts will see more talent leave as a result once it picks up. 2) Employees are more risk-adverse to taking on new opportunities. |
| 12 | Splitting position job tasks between employees vs. having an employee do that one position. |

(continued)

| Respondent | Trend |
|---|---|
| 13 | We don’t really follow a good program. Several changes have occurred within the organization, and the replacements or new adds are coming form outside the organization. |
| 14 | The talent available is very high. We are able to attract and recruit higher caliber employees than in the past. |
| 15 | More emphasis on ensuring high performers are recognized and compensated. Addressing below expectations performance more aggressively. |
| 16 | Employees must have track record of getting results and being a team player. Annual Reviews must reflect achievement of SMART goals and objectives. |
| 17 | The economic recession has not affected the succession planning of my organization. |
| 18 | 1. Shorter Talent Management process cycle. 2. Increased automation for organizing and disseminating information throughout the organization |
| 19 | Remaining headcount neutral which “forces” the development of existing staff. Reduced development budget, so need to do more development work in-house. |
| 20 | Focus on retention—specifically for individuals identified as hi potentials. War for talent may be just beginning. |
| 21 | Aligning resources to the critical few; clear development talent pools. |
| 22 | Pool of external candidates is more robust, perhaps de-emphasizing focus on internal succession planning somewhat. |
| 23 | None. |
| 24 | Emphasis on low cost development to keep morale up and retain employees; less expense spent on outside seminars and more creative learning options being offered. |

(continued)

| Respondent | Trend |
|---|---|
| 25 | Flexibility (willingness to take on assignments outside comfort zone or primary job responsibility) is key. |
| 26 | More on-the-job training;  less conferences—education. |
| 27 | The key with a great succession program is one that provides objective data on performance and clear tools for decision making and one that is simple to execute. Companies need easier solutions to talent management (ones that help them make good decisions about their best talent and require accountable decision making on their less talented people). Tough decisions about keeping people will be made in the years to come. I worry that the subjective nurture of succession planning in most companies does not ensure you are keeping and promoting the right talent for your future. Individual Talent and the Teams they lead all come into play. Style in the way they get things done is often more part of the discussion than the outcomes they get . . . . |
| 28 | Developing more programs that do not cost as much (i.e., rely more on internal resources such as senior executives mentoring high potential employees). |
| 29 | (1) Preparing for the delayed departures of baby boomers and disengaged employees that are currently "staying put." (2) Doing more with less and identifying those that can take on more. |
| 30 | It's important to us from a retention standpoint. We want to ensure we don't lose key talent when the market improves. |
| 31 | More successors that are external to Raytheon. |
| 32 | Fewer linkages from the company to build commitment bonds to employees. |
| 33 | Closer ties between future strategic challenges and intentional development and selection. |
| 34 | None. |

(continued)

| Respondent | Trend |
|---|---|
| 35 | More OTJ/experiential learning vs. classroom or executive leadership training (cost savings) More selectivity when determining how resources are to be distributed among potential future leaders. |
| 36 | More emphasis on internal (rather than external) succession planning & networking |
| 37 | Less focus on talent acquisition and more focus on talent management; this is in spite of the fact that talent is more available. Also a stronger focus on deep reach talent to remedy the bathtub. |
| 38 | Looking for more “Unplanned Mentoring” opportunities versus formal training/development activities. Leveraging what you already have. |
| 39 | 1. Availability of external talent to fill voids in succession plans for key critical talent—i.e., Low Observable Engineers, Random and Composite Engineers. 2. Broader base of successors to select from with more requisite experience to truly have a seamless rotation. |
| 40 | Baby boomers are staying an extra 2-3 years because it’s not financially feasible for them to retire. |
| 41 | Early identification of succession pipeline talent and identifying challenging assignments for retaining succession talent. |
| 42 | More on-the-job development versus going to training sessions. |
| 43 | People who are on expat assignments have nothing to come back to. They are some of our strongest talent, and we don’t have a position for them to repatriate to! (We are a multinational org.) |
| 44 | More refined career pathing for key talent. |
| 45 | Mentoring is more critical then ever from a learning and cost perspective. |
| 46 | Need to be much more flexible in identifying talent inside and outside of the organization. |

(continued)

| Respondent | Trend |
|---|---|
| 47 | Increased willingness to spend more time on assessment of potential and performance. |
| 48 | More on-the-job experience. |
| 49 | Concern over retiring baby boomers. |
| 50 | More focus on which positions are key (both for immediate replacement and longer-term succession). Need to broaden experience as talent pools in individual groups have gotten smaller. |
| 51 | It is giving executive management a broader look at the whole organization's talent. It has also forced management to focus on development of our talent and its importance. |
| 52 | The need for broader skills enabling more utility players. |
| 53 | More attention to developing internal bench-strength via more formal programs and status-checks on the impact and effectiveness of them. |
| 54 | Coaching Rotations. |
| 55 | Since we do not rely on formal leadership development programs, but 100% on internal job experience, we are not seeing any change to our succession planning at this point. |
| 56 | Focus on developmental activities and lateral "broadening" moves has become more of the focus as vertical or upward opportunities have dried up. |
| 57 | More selective as to who we spend development funding/resources on—focus is on hi potentials. |
| 58 | Employees remain in positions who may have left/retired in better times. We need to find ways to continue to grow and develop our employees through means other than promotion into an existing slot, as these are often "blocked." |

(continued)

| Respondent | Trend |
|---|---|
| 59 | Less planning for replacement and more planning for strategic placement of future leaders. |
| 60 | Stronger talent base as employees are less likely to leave stable employers. |
| 61 | Focus on “directed talent development”—ensuring talent development activities connect to a business need versus employee need. |
| 62 | (1) More planned on-the-job training using job rotations, projects and lateral moves. As more people postpone their retirements, key positions are opening up less frequently thereby reducing the number of moves into key developmental positions. (2) The reduction of developmental assignments/positions. As employers tighten their budgets and reduce head count, key developmental jobs and opportunities may disappear. |
| 63 | Organizations will take significant time to make a meaningful investment in succession efforts. |
| 64 | Development cycles are tighter. Internal bench is developed to save costs and limit cultural adaptation issues. |
| 65 | In orgs where layoffs have occurred, trust is very low; succession planning is one of those low-cost initiatives that demonstrates the business is still looking out for one’s career, but only a few progressive orgs will recognize this; more likely, we will see companies abandoning this process in the next year as senior leadership is more focused on short-term financial results. (This, of course, will contribute to a higher than average attrition once the economy bounces back as employee.) |
| 66 | The focus on creating talent pools vs. fill in the box exercises. Creating specific criteria for HIPOs to meet before moving to another role. |
| 67 | Employees—see the need to be highly flexibly qualified for roles-less of an entitlement attitude. Employer—opportunity to high grade as downsizing happens (where hard edged performance conversations may previously have been missing). Opportunity for employers to pick the best talent from outside as well as inside—i.e., cast net wider. |

(continued)

| Respondent | Trend |
|---|---|
| 68 | 1. Increasing recognition of the importance of replacement (immediate successor) planning. 2. Limited resources will allow less experienced, but high potential, managers to take on broader roles earlier in their careers. |
| 69 | Need for ”emergency replacements,” generational change strategies. |
| 70 | It is like insurance. You do not know when you need it until you need it. Companies are realizing there may not be immediate benefits, and some tend to think of it as building a “bench” for attrition. However, it also provides insight into the agility within the organization for temporary or permanent role changes when the organization has to respond to changes in business conditions. The second trend is the alternative. Companies do not see the benefit of succession management when they have too many people. |
| 71 | More rotational assignments, less promotions, more attention being paid to strategy and having people in jobs with the skills and capabilities to deliver results and make money for the enterprise. |
| 72 | More of a willingness on the part of employees to participate, which may be due to lack of other employment opportunities. |
| 73 | I would be interested in results—I know for a fact cheaper and cost effective would be high priority and also simple. |
| 74 | Connecting with and improving relationships with lower level echelon. Allowing diversity in the partnership process. |
| 75 | More emphasis on promoting women to more and higher leadership positions. |
| 76 | An increase in “non-cost” development activities and a closer focus on the most key positions and the talent to fill them. |
| 77 | More of a focus on it and focus to retain key talent. |

# APPENDIX G

## Verbatim Responses for Question 22-Things to Do Differently in the Future to Protect the Succession Management Program

| Respondent | Different Things in the Future |
|---|---|
| 1 | Our organization needs a formal mentoring program for good and bad times as we don't have one now. |
| 2 | Align succession efforts with revenue results. |
| 3 | Have a budget in place for these efforts. |
| 4 | Just keep doing what we are doing, only better. |
| 5 | Use the downsizing to eliminate the poor performers. |
| 6 | Needs to be an on-going conversation and part of the total performance management cycle rather than an exercise that happens annually. It should be referred to for all promotions, new positions, and RIF considerations. |
| 7 | We should be treating the process seriously every year and not just when we feel like our employees have been demotivated. |
| 8 | Anticipate change; maintain organizational agility; maintain environmental flexibility; embrace change. |
| 9 | NA, we didn't change. |
| 10 | Revisit in a shorter time frame (currently 1/year). |
| 11 | We have actually invested more into this process by further accelerating Leadership Development, coaching, and more analysis and identification of diverse candidates within our plan to groom for future growth. |
| 12 | Cross-training/Systems approach for job tasks in case a headcount reduction is needed. Increase "State of business" communication to ensure all employees know the current economic position. You don't want your talent to leave for what they believe is more stable ground. |

(continued)

| Respondent | Different Things in the Future |
|---|---|
| 13 | Need to continue to value training and to actually utilize and follow succession plans. This has been a negative mark on the organization. |
| 14 | Look outside for additional talent. |
| 15 | Use the process in place in all areas of the organization. Currently more developed in some areas, these areas have not seen as much impact with recession. |
| 16 | I've seen for many years where we put much effort into developing succession planning considering only the members of the team at that point in time. Many times when the need to replace comes we bring in someone from outside the group. Very few times did we consider that external option during the planning stages—a bit of a paradox. |
| 17 | Have more visibility of the planning to all employees. Currently, mostly an HR initiative and fairly invisible to all but upper management. |
| 18 | 1. Greater integration of succession planning with overall talent management process 2. Improve ability to identify high potential leadership talent earlier in career evolution. |
| 19 | Don't wait for a crisis to groom talent! When there is a crisis, use that as a means to grab new talent. Use that as a means to deepen your bench and shape your future capabilities. |
| 20 | Get more input from those on the front-line. Most succession management efforts are top-down versus bottom-up. |
| 21 | Think more deeply about the long-term consequences of a reduced development budget. Slow down "hiring fever" in good times, to reduce likelihood of need for layoffs in lean times. |
| 22 | Think about how to better reward/incent our high potentials. Be more proactive in targeted development planning activities—invest in our best. |
| 23 | Not sure; believe we are doing more right today . . . will need to keep doing same. |

(continued)

| Respondent | Different Things in the Future |
|---|---|
| 24 | Maintain rigor in the process. |
| 25 | Be prepared to do what it takes to hire external talent. |
| 26 | Nothing. |
| 27 | Funding. |
| 28 | Have more internal resource-driven programs in place. |
| 29 | More communication with employees on challenges, company responses, how they relate to employees, what they can expect in the future. |
| 30 | None—the crisis didn’t have a material impact on our efforts. |
| 31 | Ensure meaningful assignments for top talent. |
| 32 | Significant support for succession management and talent development remains. Recent and additional resources were just committed to extending the development of high potential leaders to deeper organization levels. Talent Management professions must continue to lean out our processes and ensure resources are being applied to the areas of greatest leverage/strategic importance. |
| 33 | Workforce planning which can delineate how to use talent investment dollars more proactively; gives the opportunity to know where to cut and where to invest. |
| 34 | Institutionalize mentoring program, rotational assignments without a cost to performance evaluations. There is always a risk in moving employees too frequently in terms of getting good performance evaluations. |
| 35 | 1. Proactively work internal programs—rotations, and developmental assignments—to keep those critical to the organization. 2. Better, more robust, and executable talent development plans. |
| 36 | Educate employees on various financial planning options to be more prepared. |

(continued)

| Respondent | Different Things in the Future |
|---|---|
| 37 | Identify core business strategies and recruit/develop critical talent to drive results. |
| 38 | Nothing. |
| 39 | Hire back our Talent Development Director to oversee the program and ensure action is taken with our HiPos. |
| 40 | Treat employees like we want to keep them all of the time! |
| 41 | Realize the benefits out weigh the costs in the long-term. Proctor and Gamble is a an excellent example: http://money.cnn.com/2009/11/19/news/companies/procter_gamble_lafley.fortune/index.htm |
| 42 | More strategic planning ahead of time to anticipate the changes to business needs. |
| 43 | Have a more developed program in place which is driven by business requirements which results in the program being flexible (but still in place) when the business requirements change. |
| 44 | More leadership/skills building. |
| 45 | Stay true to the original plan. |
| 46 | Be more prepared with the succession strategy. |
| 47 | I'm not sure if there is anything I would suggest they do different. It needs to be a continued focus. |
| 48 | Keeping skills and experiences current, ensure that you have leaders that are able to adapt to change, able to deal with ambiguity, focused on continuous learning, always raising the bar each year on expectations and ensure that their people have broad skills that enable them to contribute in multiple areas. |
| 49 | We will continue to bring in outside talent to refresh the organization even in downturns. |

(continued)

| Respondent | Different Things in the Future |
|---|---|
| 50 | Nothing that occurs to me. |
| 51 | Ensure we have a robust integrated talent management system to ease the administrative burden of identifying and tracking internal talent. |
| 52 | Ensure we are always looking for/creating new ways to develop employees outside of the traditional ones, i.e., standard rotation, expensive/bureaucratic learning programs, etc. |
| 53 | Be more thoughtful about the challenge to relocate talent. |
| 54 | Communicate and engage with more identified successors. |
| 55 | Ensure there is more planned on-the-job training included in the plans to continue to grow and develop key employees while they are waiting for the next job to open up. |
| 56 | Set aside specific budgetary funds, that are untouchable no matter what happens in economy, and invest in the future of individuals. |
| 57 | Better internal communication of the program. |
| 58 | More support—make it “bigger.” |
| 59 | Continue our efforts to move this forward. The economic crises did prohibit us from making more progress in this area because our resources were tied up with reduction planning efforts. Now that is behind us, we can focus more on making our processes more robust. That should bode well for us if we have another crisis to deal with. |
| 60 | Have an external watch list. I believe all employers need to watch out for a phase of “company hopping” as the recession lifts and people feel the need to take control back of their lives. |
| 61 | Ensure resources are in place. We got caught with already limited resources when the recession hit hardest. |

(continued)

| Respondent | Different Things in the Future |
| --- | --- |
| 62 | Be more flexible in moving top people to parts of the business in which they are needed. |
| 63 | Continue to refine the process and build depth in the process so it can be leveraged when needed. |
| 64 | Seek a more widespread assessment of folks beyond just a few layers down in the organization. Give more opportunities to women and diverse candidates and have more continuous dialogue about the development of future leaders in the organization. |
| 65 | Say what we do and do what we say—make it part of performance objectives and each department's goals - not just an HR responsibility—everyone needs to take ownership and responsibility including the employees. |
| 66 | Retain and reward tenured employees and partners in order to transfer experience and knowledge of industry practices. |
| 67 | Quality vs. quantity. |
| 68 | Attain some stability in the organization in order for the efforts to produce results. |
| 69 | Nothing, keep focused on a strong process and the economy won't have a major impact. |

# APPENDIX H

## Advisory Panel

**Joseph Kaplan**, Managing Director of Performance Point, LLC

An accomplished consultant, trainer, coach and survey researcher, Joe Kaplan is currently the Managing Director of Consulting at Performancepoint, LLC, where he works with clients to increase company revenue and profits through how they strategically select, develop, align, and engage key employees.

He has over 19 years of applied, practical experience in many aspects of human resources, organizational effectiveness, talent management, training, communications, change management and leadership development in a variety of industries, including technology, financial services, banking, insurance, aerospace, manufacturing, retail, natural resources, food and beverage, professional services, telecommunications, government, education, and healthcare. Over the course of his career, Kaplan has had the opportunity to provide human performance solutions to companies such as AOL, Abbott, Best Buy, Boeing, BP, Chevron, Chiron, Fireman's Fund Insurance, First Citizens Bank, First Data Corporation, Flexsys, Genentech, Hanesbrands, Henry Ford Health System, HP, Lockheed Martin, Manhasset School District, PepsiCo, Pfizer, Phelps Dodge Mining, Sears, State Farm Insurance, Tyson Foods, and Xcel Energy,

Prior to joining Performancepoint, Kaplan was a consultant with Gallup, Accenture, and Novations, where he helped organizations increase the effectiveness of their people. Additional responsibilities included the development of new business, new solutions, and thought leadership. Some of Kaplan's writings and work have been featured in *The Boston Globe*, *HR Executive*, *ESSENCE*, and other printed and online media.

Kaplan earned a bachelor's degree in psychology and a master's degree in applied social (organizational) psychology from Loyola University Chicago. He is a member of the Human Resources Management Association of Chicago (HRMAC) and former director of the Marquee Theatre Company in Evanston, IL.

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