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SUCCESSION PLANNING WILL BE AFFECTED BY NEW GENERATIONAL THINKERS

By Terrance M. Booyesen (Director: CGF) and peer reviewed by Heleen Wright (Business Services Director: WTS Business Services)

Organisational succession planning, and the associated management and implementation of such plans, has traditionally been viewed as a long-term, deliberate and well-thought-out process. This thinking shouldn't change in the context of modern organisations. However, the advent and continuation of the Fourth Industrial Revolution has meant that the process of succession planning and management can no longer afford to be reactive or relegated to the backburner. Indeed, succession planning is now affected by the influx of 'Millennials' and their 'Generation Z' co-workers in the workplace, the rapid increase in the pace of business, the fluid business boundaries of what constitutes the 'modern organisation', and the agility with which Boards need to act and react to keep their businesses viable and sustainable in the long term.

Traditional succession planning and management

Historically, succession planning has been identified as a process of determining a successor for an organisation's Chairman, Board members, Chief Executive Officer and key senior executives, as well as any individuals with specialist knowledge relevant to the organisation. It has been acknowledged as a process that should ideally be initiated months or even years before the time comes to replace the individual in question, and should be monitored on an ongoing basis.

Succession planning is to be distinguished from succession management, which is the continuous implementation and assessment of the identified organisational succession plan and ensures the long-term sustainability of the organisation, especially in light of a rapidly changing business environment.

Traditionally, succession management has sought to establish a culture of continuous leadership development, maintaining a finger on the pulse of where the organisation is placed at any given time. This approach included a fairly narrow view of the likely successors for key positions, such where potential candidates were mainly selected to match the organisation's existing culture, including its strategic and operational practices.

The process of succession management included the consensus to build a pool of executive leadership talent to create a match between the organisation's future needs and the aspirations of individuals.

"The key to creating an innovative, agile company is to encourage managers to develop their teams. Creating incentives for executives to mentor and develop their people is one of the best ways to create a collaborative culture. The best companies avoid roadblocks by creating new positions, collaborative opportunities and challenging projects so current and future leaders have room to grow. Succession planning must become part of the culture."

M Pawlak, Forbes Coaches Council

The Fourth Industrial Revolution has changed the face of organisational succession planning

The Fourth Industrial Revolution has changed every aspect of business, not least of all the manner in which succession planning and management must be dealt with in the organisational context. The nature of business itself is no longer static, with 'seamless borders' between work and home, whether it be in one country or the next, employees no longer want to be bound by the same traditional rigid rules that restrict their movement, thoughts, behavior and actions. Considering the possibility that by the year 2020, over half the global workforce will comprise a combination of Millennials and Generation Z co-workers, both who are motivated quite differently, it is not surprising that the nature of employees themselves is no longer static.

While the more traditional motivations for succession planning and management remain relevant in the context of today's business environment, the execution of these critical functions must be adapted to keep pace with the changing demands of the global economy, the organisation and indeed -- most importantly -- the new generational leaders. Undoubtedly, for the organisation to remain sustainable, and relevant, it will be forced to understand, align and balance the goals and requirements of the organisation against those of their future leaders' aspirations which are clearly very different to the previous, more traditional approaches.

From a succession planning point of view, it is no longer *only* top executives and Board members who should be considered; the talent workforce as segmented by the organisation's talent mapping tools should *also* be factored since their tendency to hold long-term employment positions has changed, leaving organisations vulnerable to unexpected vacant key posts. Given that the business market has become exceptionally 'fluid', with greater and more flexible boundaries, it is not surprising that expectations have increased amongst many employees who now expect rapid growth and/or promotion prospects as well as augmented employment benefits that are no longer merely limited to the more traditional company perks such as a salary, bonuses, healthcare and retirement benefits and a company car. In addition to these incentives, a clearly mapped personal development programme (PDP) -- which ultimately forms part of the organisation's succession plan -- becomes critically important for the individual. If these requirements are not met, they will simply move on to a different organisation. For this reason, forward thinking organisations are increasingly building a multi-dimensional, diverse pool of resources and a pipeline of potential leaders both internal and external to the organisation, in order that they are able to proactively attract and retain talented individuals as part of the organisation's human capital management strategy.

"The First Industrial Revolution used water and steam power to mechanize production. The Second used electric power to create mass production. The Third used electronics and information technology to automate production. Now a Fourth Industrial Revolution is building on the Third, the digital revolution that has been occurring since the middle of the last century. It is characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres."

Klaus Schwab

**Founder and Executive Chairman,
World Economic Forum**

Neither the Human Resources department, nor the organisation's Talent Committee, have the luxury of developing a five-year, or even a ten-year succession plan. Talented individuals are acutely aware of the demand for their skills and when workplace conditions and the associated employee perks are reduced, or become unattractive, these individuals simply move to a more progressive organisation. Numerous studies show that whilst there are now five generations working side-by-side in the modern workplace, it is most likely that Generation X (born 1965 - 1980), including the Millennials (Generation Y who were born after 1980) and Generation Z (born 1995 - 2010) are generally not content to settle with being employed by one organisation, or indeed in one location, for more than three to five years at the very most. Moreover, they will switch allegiance to further their own career and to achieve their personal and even societal goals, being better informed and more conscious, not only as employees, but as stakeholders of an organisation.

Smart technologies, social media, remote working environments, flexible working arrangements and digitized platforms are just some of the Fourth Industrial Revolution's influencing factors impacting the requirements of modern employees and Boards of directors. Pay is not necessarily pivotal to an employee's ambition; and the likes of work-life integration, flexible working hours and locations, as well as the ethos of the organisation itself are becoming increasingly important employment considerations.

Organisations, as both drivers and 'passengers' of the Fourth Industrial Revolution, will have no choice but to intimately understand the aspirations of this new breed of employee stakeholder, and carefully consider their employee and board member performance, balanced with organisational risk appetite, when assessing *who* will become part of their succession planning pipeline, and *how* that succession plan will be managed. Organisations will need to acknowledge their requirements for a highly agile business, as well as the fact that business boundaries have become aggregated in a networked economy. Fresh perspectives and disruptive thinking is what will keep organisations relevant and sustainable in the short, medium and longer term.

The Corporate Governance Framework® optimises the organisational succession process

It is in this context of understanding and appreciating employee stakeholder risk, as well as the consequences of the Fourth Industrial Revolution, that the Corporate Governance Framework® will assist organisations to plan and manage their succession requirements, from both a strategic and an operational point of view.

The application of the Corporate Governance Framework® underpins the effective and ethical leadership (by the Board and executive management) of an organisation insofar as it provides a clear view of the organisation's overall strategic and operational governance position at any given point in time, and as frequently as required.

As a digitized snapshot of the organisation's governance, risk and compliance ('GRC') status, the Corporate Governance Framework® becomes an imperative tool to assess the performance of current Board members and key management within the organisation, who are working cross-functionally to assist in raising the organisation's levels of GRC. The GRC scorecard of the organisation -- as determined through the

implementation of the Corporate Governance Framework® -- will therefore provide invaluable information to the Human Resources and Talent Committee, as well as the Board as a whole, to determine whether or not the correct resources are in place within the organisation, and to understand its human capital, as well as succession planning and succession management requirements, in today's fast-paced, digitized and highly competitive environment.

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For further information contact:

CGF Research Institute (Pty) Ltd
Terrance M. Booysen (Chief Executive Officer)
Tel: +27 (11) 476 8264 / Cell: 082 373 2249
E-mail: tbooysen@cgf.co.za
Web: www.cgf.co.za

WTS Business Services (Pty) Ltd
Heleen Wright (Director: Business Services)
Tel: +27 (12) 346 0843 / Cell: 074 199 9999
E-mail: heleen@wts-bs.com
Web: www.wts-bs.com