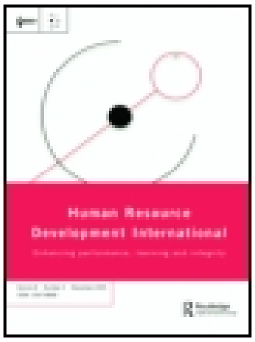

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Perspective on succession planning in multiple MNCs: interview with Aparna Sharma

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ABSTRACT

Organizations are often confronted with the challenges of developing a continuous flow of functional leaders who can operate effectively in different cultural contexts. To maintain a sustainable leadership structure across different functional units, organizations need to put in place an efficient succession plan to meet any unexpected leadership void. The existing scholar practitioner literature offers limited information regarding evidence-based practices adopted by organizations for creating an effective succession planning strategy. The interview presented here is an attempt to highlight different approaches and strategies of effective succession management for ensuring leadership continuity and harnessing talent from within the organizations.

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Succession planning; leadership; hi-potential; talent review; strategic human resource development

Introduction

Succession planning is a process which involves selection of high performing candidates to fill senior management positions in business organizations. A more formal definition of succession planning is the process of ensuring a continuous supply of current and future key leaders in such a way so as to optimize the organizational needs by managing the aspirations and careers of individuals (Huang 2001). Firms who have failed to devise an optimal succession planning strategy have risked leadership continuity and the opportunity to strengthen the organization (Getty 1993). In addition, research has shown that effective succession planning has a direct relationship with good corporate performance (Friedman 1986). Although management succession has been an academic subject since 1960s (Sharma, Chrisman, and Chua 2003), the current literature provides limited information on how global organizations strategize succession management as a means to retain competitive advantage. The interview offers a renowned human resource (HR) leader's perspective on succession management and leadership development across global organizations based in India. In what follows, we provide a brief background of the interviewee.

Background of the interviewee

Felicitated with the 'MTC Global Outstanding Corporate Award for Excellence in Human Resources' during the 6th Annual Global Convention – SANKALP 2016,

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'Women Achievers Award' by World HRD Congress and Institute of Public Enterprise in 2013, 'HR Super Achiever Award' by Star News at the 20th World HRD Congress 2012 amongst many others, Aparna Sharma is a passionate learner in her journey of over 20 years of intense and expansive HR work. After completing her post-graduation in Personnel Management and Industrial Relations from Tata Institute of Social Sciences (TISS), Mumbai, Aparna made her foray into the corporate world through Nocil and moved into different roles in the HR function in organizations like Monsanto, Novartis, UCB, Deutsche Bank, Lafarge, and Greaves Cotton. In her diverse roles, Aparna has successfully been a learning partner, mentor and coach to leaders, leadership teams and organizations to build competencies, learning abilities and nimbleness for achieving purposeful performance. Under her leadership at Lafarge, many in-company Global Awards such as 'Digilearn Championship Trophy' and 'WAVE' (Women Adding Value and Excellence) have been received in addition to external recognitions like CLO (Chief Learning Officer's) Award consecutively for 3 years. Currently, Aparna is an Independent Director on the Board of T.S. Alloys Ltd. (100% subsidiary of Tata Steel). She also launched her maiden book in 2015, 'Reality Bytes—The Role of HR in Today's World' which has received wide acclaim. The book has also been translated and launched in Hindi recently.

Purpose

The purpose of this interview is to present a perspective on the practicesbeing followed for optimal development of the leadership pipeline in organizations. The overarching aim is to present how organizations strategize differently to select the right candidate for its key leadership positions. It further expands our knowledge of how organizations tackle different issues and challenges concerning succession management. The present interview emphasizes Aparna Sharma's experiences as an HR leader working in various organizations in India and abroad.

The interview

Tuhin: Could you share your experiences on how you handled succession planning for key management positions?

Aparna: In most organizations where I was heading HR, we either had or put in place a very robust Talent Management process which was a combination of Performance and Potential Assessment. In some places, it was called 'Talent Review', in a few others, 'Potential Assessment Program' or in some the 'People Review Process'. Succession Planning was a part of this process once the 9 Box Performance-Potential discussions were completed with the leadership team. All key management positions were listed with names of current incumbents and then probable names of existing talent were put in after due deliberations for either 'Ready Now', in 1–3 years or 3–5 years. Key strengths of these talents were highlighted and so were the development areas. The Leadership team member (People Manager) and HR were then supposed to work with the individuals to get them to create a time bound Development Plan which could include developing skills through attending an external MDP (Management Development Program)/shadowing a specialist or senior leader in the organization/Coaching etc. Typically, there would be Senior Leader in the organization from the Executive Team/Committee who would be a 'Sponsor' for a few such Hi-Po (High Potential).

Tuhin: It appears in many instances that the criteria for selecting potential replacements are so subjective, and because the decision makers who have 'grown up' together in the company have a tacit agreement about whom to choose, the candidate may in some cases not fit the skill criteria required for that position. How do you respond to such situations?

Aparna: I do not agree with this generalized statement, since it isn't true. Filling up replacement or new positions especially at senior levels is part of a structured and dynamic Talent Review process which includes Succession Planning discussions in most organizations today. While biases and familiarity do surface during these discussions, however the final decision is arrived at by the entire leadership team and not 1–2 leaders. Besides, the CEO, the HR leader and also the Sponsor have their role cut out during such meetings to ensure that it is fair and the talent discussed is critical for the organization. Skill, experience, competencies and various other leadership traits are the key differentiators. While discussing Succession, even if someone is 70–80% ready for a role and has demonstrated potential, such Talent is put in the position, both from a need and development perspective. It will be a 'Stretch' for the new incumbent; however that's the test, if he/she is able to grow into the role successfully.

Tuhin: There may be cases where good performing candidates may look for better opportunities just because they feel that they may not be chosen as a potential 'fast-track' candidate for some reason or the other. This could have been avoided if a proper communication channel had existed which could have informed these potential top performers to stay inside the organization for better prospects in the future. Can you share your thoughts on such an instance as described?

Aparna: The People Manager and the local HR Business Partner work very closely with identified Hi-Potential talent. While, the list is not made public or circulated, all Key Talent is aware that they are on the list and also the time frame for potential moves. There is regular periodic communication that happens with them, including exposure to global visitors, special projects to be worked upon etc. Hence, lack of communication is really not so much a challenge as the matching of aspirations and time frame which are based on their personal benchmarks. Such talent is often kept track of by competitors too; hence they get approached with either coveted roles/more money or are presented with brighter career options which may be irresistible. Only when the pull seems stronger and more lucrative, would such talent consider moving. There have been times when a Hi-Po has slipped in performance over a period of time for variety of reasons, so while he/she is being given feedback and communicated with, he/she continues to be in a denial mode, may feel short-changed and hence look out for opportunities outside.

Tuhin: Given the dynamic state of employment opportunities around us, external hiring does take place for the top executive positions. These individuals pass over established high performing incumbents in the organizations. How do such decisions affect the incumbents and why would such a decision be needed when one could have easily trained one of the incumbents for that position?

Aparna: The Talent Review process identifies and tracks high performing employees in most Organizations (MNCs and even Indian Companies) these days. While the People Manager and HR works closely with the Hi-Pos on their Development Plan including training, assignments, job rotation etc., external hiring for critical roles is a strategic organizational decision. This may happen due to some sudden crisis due to unexpected exit or unforeseen eventuality or due to a need in other parts of the business or any other country arising out of a business imperative. The position/s may also fall vacant due to decisions taken for integrity, performance related issues etc. Sometimes, the identified internal talent still has a lot of ground to cover to step into such a role/roles, is not 'Ready Now' in a short time frame and the position is too critical to be kept vacant.

These are also sensitive decisions and the Sponsor, People Manager and HR has to communicate with relevant employee/s by taking them into confidence and assuring them of future opportunities as per the plan. The incumbent needs to buy into the overall rationale, else one might end up with disgruntled employees, who shall then be low on commitment and may eventually leave.

Tuhin: How does coaching/counseling play a role in identifying or developing human capital? Is there a way to even measure whether such seminars/ workshops/training programs increase the employees functional competence or leadership skills?

Aparna: Firstly, coaching and counseling cannot be used interchangeably. For senior talent, it's more coaching that is relied upon- usually called Executive Coaching. In my experience, Counseling typically has more of a negative connotation and may be used for dealing with a particular issue and sometimes, may involve therapy too if acute.

For talent up to senior management, mentoring is also used as part of the developmental plan process. It could involve shadowing, working on live-projects etc.

One-on-one coaching is a very effective tool to deal with deeper behavioural challenges which may be affecting current performance or could do so in the future. It is also used to sharpen behavioural skills based on the development plan. Increasingly, organizations are looking to hire/appoint external coaches for senior talent development. The confidentiality and the bond, the employee develops with the coach after the initial ice-breaking is very helpful in achieving the desired result.

For functional skills, it would be training or some kind of certification or study that is usually recommended, which the employee/s has to undertake and is typically sponsored by the organization.

Tuhin: Would you recommend the use of internal or external coaching based on your experience?

Aparna: I have personally coached many CXOs[1] including CEOs of large MNCs who were my bosses. I was fairly successful in helping them share and work through some of these issues that need to be dealt with. In most cases, it was sensitizing them to the Indian/local business and organizational environment, so they are more effective in their roles.

However, again in my experience, in some cases, I had a limitation as the HR Head of the organization since these CEO/s/CXO's were either my boss or peers. They would either be appraising me at the end of the year or be giving inputs to my performance appraisal as part of the 360 degree performance appraisal process. If I were to be guarded during the coaching process due to this constraint, then I was not being a true coach. Hence, there was a very tight rope to walk on.

So, based on my experience it is best that for senior talent, External Coaches are empanelled by the organization. The organization/HR can provide a conducive/non-threatening environment for the two to interact. The Sponsor, People Manager and HR can review separately with both the coach and the senior leader/s the overall progress and if any more help is required by any of the two. I have seen that the professional relationship between the two becomes a deep personal bond over a period of time. I have myself also experienced the same in more than 2 organizations.

External Coaches within the same city/country/geography work better since they can relate to the business and social environment in a much better way.

Tuhin: Do you design the developmental plan of executives based on performance of the individual? If yes, can you share with us how you do match a particular performance attribute to a specific developmental plan? Or do you have generic developmental plans for senior executives? How do you establish accountability for the same?

Aparna: The Development plan is based on the development needs which are dynamic and are constantly reviewed with the executive by the Sponsor, People Manager and HR.

The Development needs are culled out from the 360 degree feedback received during the Performance Appraisal process, Talent Review discussions by the senior leadership of the organization and also the perceived and stated gaps for the role the employee/executive is aspiring for.

The employee/executive is accountable for the Development plan since it is her/her own plan. The organization and various stakeholders (Sponsor, People Manager, and HR) invest time and resources to ensure the overall growth and development of the Hi-Potential talent. Everyone wants them to succeed. Hence, it is in the executive/employee's own interest to work hard on it and take it seriously.

Tuhin: How do you infer future executive skill requirement?

Aparna: Any organization to be future ready, has to ensure that its senior leadership is well equipped to lead the organization's business agenda in terms of required skill and competence.

Typically, when the Business Plan/Agenda/Budget are worked upon annually, the HR leader/team is also expected to present the People Agenda aligned with the Business Agenda.

In most organizations (MNCs) where I have led HR, we also worked on a 3 year and 5 year Talent Matrix and Skill Inventory which helped us identify future skill sets needed, then identify gaps based on the current status. Then, as a Leadership and HR team, we worked on the Roadmap to develop those skills internally or to hire them externally depending on the need. One also kept a close watch on competitor's moves and critical talent.

Tuhin: In many organizations, the results of the review meeting are only committed to paper and there is little monitoring of the development plans designed for specific employees. Is it the responsibility of the HR department to ensure that all plans are properly implemented or do the top functional executives bear some responsibility? How do you handle such situations as a HR leader?

Aparna: As shared earlier, the Sponsor, employee's People Manager and the HR leader must track and review the developmental plans post the Annual Talent Review discussions in the Executive Team. Ideally, all three must do this jointly with the employee. However, in reality in most organizations, it ends up being the Key Result Areas (KRA) of the HR leader and he/she has to ensure proper implementation including deployment of required resources, periodic review, tracking, reporting progress to the Executive Team and also ensuring that the employee is making real progress on the developmental goals.

In organizations where the CEO makes talent development as one of his key goals and walks the talk, one sees more involvement of the leadership team in this process. Hence, top management commitment is the key to robust leadership development in any organization.

Tuhin: As a concluding thought, would you like to share your perspective on what critical leadership skills are needed to head the HR department of any organization?

Aparna: According to me, the critical attributes for leading the HR function are similar to those for leading businesses in today's times. Functional HR Competence is a given. Understanding of nuances of the business, dealing with ambiguity, managerial courage, knowledge and being abreast with latest developments in HR and the industry one is part of, empathy for people, coaching skills, participative leadership and strategic thinking are fundamental skills that the HR head must be really good at.

In summary, every HR person must strive to be authentic in their thoughts, actions and deeds. Employees need to experience the genuine concern and support from every HR colleague. Here's my take—The 3 'C' mantra – **Competence, Connect and Care** help establish **Credibility** of HR with employees. All three are equally important – Only Competence without Connect and/Care does not help the culture (soul) of the organization. Only Connect and/Care without a Competent HR leader/team is sheer populism

> which harms the credibility of HR. So, it's a delicate balance that every HR person in an organization needs to bring in and maintain.
>
> Respect and affection come once all 3Cs are in place and employees experience the impact through organizational culture of learning, growth and development which HR has a key role to build in along with the CEO and line managers. The HR leader is not only responsible but also accountable to drive this.

Reflections

The primary aim of this interview was to bring out the key issues, challenges, and strategies adopted by HR leaders to ensure that effective succession planning processes are implemented in organizations. Although the focus of this paper is to highlight a practitioner's perspective on effective succession planning strategies, this perspective can be empirically tested to validate the existing theory as well as to match the opinion of Aparna Sharma. This can be achieved by employing a survey research methodology (Huang 2001), inside organizations where Aparna Sharma was leading the HR division with the objective to measure the sophistication of succession planning systems. Past studies have employed a 10-item questionnaire to measure the robustness of succession planning systems (Friedman 1986; Huang 2001). A Likert scale (ranging from a low of 1 to a high of 5) was utilized on the 10 items to evaluate firm's performance (Huang 2001). Discussions of the 10 items are beyond the scope of this paper; however, empirically succession systems have been formally tested on seven dimensions, namely, formalization, control systems, resource allocation, information systems, political criteria, technical criteria, and staff role.

As is evident from the interview, the Sponsor, the People Manager, and the HR leader play a pivotal role in shaping the organizational leadership structure. We also observe that effective coaching and mentoring play an important role in building leadership skills inside the organizations (Hamlin, Ellinger, and Beattie 2008; Sherman and Freas 2004). Aparna has emphasized One-on-One Coaching as a very effective tool for managing behavioural challenges in senior employees. This gives us additional evidence on how executive coaching improves workplace performance (Ellinger and Kim 2014; Maltbia, Marsick, and Ghosh 2014; Peterson 1996). Similarly, the mention of 360 degree feedback system and its role in shaping the developmental needs of executives gives us strong evidence on how this structured feedback can be used as a powerful tool to gain competitive advantage (London and Beatty 1993). This interview takes us one step forward in extending our knowledge of succession planning systems (Collings 2014; Greer and Virick 2008) from the perspective of corporate leaders.

Devising an appropriate succession plan is one of the important steps in adopting a competence-based human resource development (HRD) strategy (Gangani, McLean, and Braden 2006). We argue that firms who do not pay attention to strategic HRD (SHRD) will eventually lack in building a potent leadership pipeline in the long run. When we speak of SHRD, various literatures have defined SHRD differently. However, our objective is to relate the interview to the accepted frameworks in the literature. For example, Aparna has aptly emphasized on the importance of evaluation (Garavan 1991), training (McCracken and Wallace 2000), and feedback in the succession planning process. The same literature mentions the importance of top management leadership support in shaping the SHRD practices (McCracken and Wallace 2000). Aparna's involvement in shaping the leadership pipeline in various MNCs provides evidence for the framework mentioned in the literature. Therefore, we feel that the robust succession planning practices discussed in the interview directly influences the SHRD policies of an organization. Literature has shown how SHRD can lead to improved organizational performance (Lyons 2016). In addition, McCracken and Wallace (2000) points out how effective SHRD practices are necessary for global organizations to sustain the complex challenges of the global economy that have emerged in the later part of the twentieth century. To implement effective SHRD practices, Aparna emphasized the three 'C' Mantra as a desirable skill every HR leader must possess to establish credibility of the HR function. Thus, an investment in human capital with the aim of promoting an efficient and effective succession planning strategy should be a part of global organizations' corporate strategy.

Note

1. A 'CXO' is a top executive that has 'Chief' in their title. For example: Chief Executive Officer, Chief Human Resources Officer, Chief Financial Officer etc.

Disclosure statement

No potential conflict of interest was reported by the authors.

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