Who's Next?

When it comes to developing talent, the future is now

By Dayton Fandray

WHEN I HEARD THE NEWS that floodwaters were rolling over large portions of northwestern Ohio last summer, I immediately cranked up my radio and listened intently for details. Fortunately, my hometown of Lima was spared the worst of it. But Findlay, a town where I had worked briefly during my college years, had taken a major hit. And speaking as a man who genuinely enjoys a good dish of ice cream, I was worried.

For my money, Findlay's Dietsch Brothers serves up the best ice cream in the United States, and sure enough, a visit to their Web site confirmed that their two stores had been damaged by the rain and floodwaters. But one store had already reopened and the main store was being prepared for reopening. A little thing like a natural disaster wasn't going to destroy a business that has been in the family since the 1920s.

That, of course, is one of the great strengths of a family-owned business, provided the family members share a common vision, the will to survive is strong, and lines of succession over the generations are clear. I have personally seen two generation of Dietsch brothers — and sisters — run the business, and I'm confident the enterprise will survive for many generations to come.

Things are not quite as simple in the corporate world. There was a time, perhaps — before the days of corporate downsizing and the advent of the freelance economy — when an orderly progression from one generation to the next was possible. But now, the experts tell us, all bets are off.

"What you have today is a workforce that at the senior level is moving toward retirement, with, in some cases, an inadequately prepared pool of talent underneath them that probably isn't quite ready to make the leap into the leadership ranks," warns John Touey, principal of the Salveson Stetson Group, an executive search firm based in suburban Philadelphia. "Certainly, talent is at a premium right now."

It is time for us, then, to come to terms with the challenges of meaningful succession planning. And the first step, according to Touey, is to revive the leadership development programs that were largely downsized out of existence in the early years of the new century.

"We really need to get those cranked up again," Touey says. "Individuals need to know that they are valued employees. They need to understand that there is a growth path for them."

You can accomplish this best by pairing your best employees with mentors

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who take the role seriously, giving those employees challenging cross-functional assignments, and creating a culture that lets employees know you care about them as much as you care about your next earnings report. But given the extreme mobility and conflicted loyalties that characterize today's workforce, it is unrealistic to think you will be able to develop enough talent within your organization to meet all your future needs.

"You need to know who the stars are in your industry," says Touey. "If you're managing the succession planning process at Procter & Gamble, for example, you need to know what's going on at Kraft and General Mills and Colgate-Palmolive. That's a much more difficult proposition because it's not something that companies are used to doing. It's taking a longer-term view."

When courting talent from outside your organization, it is important to identify candidates who are likely to thrive in your culture. "People automatically assume that because a person was successful at Coke, they're going to be successful at Pepsi," says Touey. "That's one of the larger mistakes some organizations make when picking talent."

Still, a bit of cultural dissonance is not necessarily a bad thing, says William Rothwell, president of Rothwell & Associates, a human resources consulting company in State College, Pa.

"You need some institutional memory," Rothwell allows. "But you also need to bring people in from the outside who question the way you've always done things and may be able to bring new creative thinking to bear on what you have done in the past. There is a synergy there, and the question is how do you manage that? How do you balance it?"

The answers vary from business to business and from industry to industry. But executives who fail to ask those questions do so at their own peril.

Because effective succession planning requires a considerable investment of both time and money, too many organizations simply ignore it, hoping it will take care of itself. But as the Dietsch Brothers could tell you, the floodwaters will likely be lapping at your door someday. When they do, you'll be glad you took the time to nurture a cadre of leaders who can rise to the occasion.

Dayton Fandray is Continental*'s "Ideas@Work" columnist. He can be reached at fandray@yahoo.com.*

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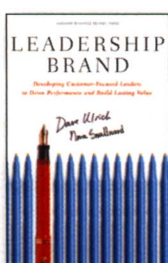
Moving Up and Out

As the title suggests, William J. Rothwell's *Effective Succession Planning* (AMACOM, 2005) is a great place to start when you finally decide it's time to get serious and develop a viable succession plan. "If you expect a succession program to happen on its own, it won't," Rothwell says. "But if you come up with a plan, get clear on what you want, and evaluate it over time, the likelihood that it will succeed is great."

In *Leadership Brand* (Harvard Business School Press, 2007), authors Dave Ulrich and Norm Smallwood argue that leadership is the essential element that defines and differentiates successful organizations. Continuity, then, is the key to survival, and succession planning is the unifying thread that ensures an orderly transfer of values from one generation of leaders to the next.



It is hard to groom a new generation of leaders if your most promising employees no longer believe in you or your organization. Judith M. Bardwick's *One Foot Out the Door* (AMACOM, 2007) takes a close look at the dangers of today's free-agent mentality and offers a number of useful strategies for reinspiring an alienated workforce.

— *D.F.*