

CASE STUDY 2

EXECUTIVE SUCCESSION MANAGEMENT PROGRAM AT EMEND MANAGEMENT CONSULTING

When company executives and boards need advisory services on succession, they sometimes seek external support from consulting firms such as EMEND. Ellie Maggio, CEO and Managing Director of EMEND, describes the necessary transformed interest of Boards and executives in succession planning:

Over the past decade, succession plans have really become important due to CEO departures leaving organizations scrambling. Moreover, heightened board governance and regulatory compliance have raised the bar on this important function. If succession plans are not implemented, shareholders may view their investment at risk.

At EMEND, when working with boards, a six-step process is used in developing executive succession management programs:

1. PLAN

- Determine or clarify CEO and board expectations of the succession management process
- Ensure top-level responsibility/accountability
- Ensure plan is business oriented, pragmatic, and endorsed at the highest levels

2. ASSESS

- Review executive contracts for content related to succession plans and how they may relate to development plans, performance plans, compensation plans, termination, retirement, organization departure, and transition
- Review existing replacement plans, performance reviews, talent/high potential/development plans

3. STRATEGIZE

- Engage executives in the development of the new/refined program
- Ensure clear linkages to other programs related to risk management, talent management, performance management, and compensation programs
- Ensure the succession management method and process is reflective of stakeholder requirements

4. DEVELOP

- Create talent review criteria/competency models for executive and critical jobs
- Develop talent review tool(s) linked to the leadership development program, performance management process, and executive compensation
- Develop talent review process steps and timeline for implementation

5. IMPLEMENT

- Conduct talent reviews (e.g., 180°/360° assessments)
- Analyze talent reviews and link findings to criteria/competency models
- Facilitate the process by using an electronic “talent skills inventory”
- Communicate succession plans and ensure internal and external transparency
- Educate/train decision makers

6. TRACK AND MEASURE

- Develop metrics to measure success of the new program. Metrics may include but are not limited to:
 - Quality/readiness of potential leaders
 - Number of vacancies
 - Success rate of new executives
 - Executive assessment of new plan
 - Identification of potential leaders
 - Response and completion rate of plans
 - Ratings from employee satisfaction surveys
- Track success and make enhancements as required

Source: Correspondence with Ellie Maggio, CEO and Managing Director, EMEND Management, June 2011.

QUESTIONS

1. What steps might you include or remove from this process?
2. What additional techniques might be used to assess talent?
3. How would this process apply to non-executive succession planning?

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