

# Empowering TIMES



February 2012

## Editor's DESK

Dear Reader,

An organisation faces many risks; some internal and some external. One of the internal risks which has come to the fore in recent years and has been mitigated and used by some companies to their advantage is Succession Planning (SP). A strategic activity in the HR domain, SP is indispensable in the current business scenario as talent management and retention lies at its core. Many examples have shown that a wrong successor can be more detrimental to the organisation's growth than a phase of subdued business or a shrinking market share. But unfortunately, many companies still relegate SP to the backburner and fill posts more reactively than proactively. In this month's ET we attempt to present to you the nuances of Succession Planning.

**Thinking Aloud** this month features Vijayan talking to us about the reasons why Succession Planning has not been given much importance. But he also acknowledges that SP is gaining traction and offers plausible reasons for that. He goes on to mention about the 'success' of McDonalds and GE in succession planning which enables the companies to have a steady stream of high-level talent ready to take the charge.

On the **Podium** this month we have **Uma Devaguptapu, Corporate Director of H.R. for India, the Middle East, Africa and Southeast Asia, ITW**, who shares with us, her thoughts on how an organisation prepares for business growth with respect to its human capital.

She mentions that many companies lack a long-term talent review mechanism thus hampering effective succession planning. She also talks about ITW's career management and succession planning system. Further she opines that succession planning should be on the CEO's agenda and the ownership of high-potential talent should lie with the enterprise and not the department.

In this Issue:

**Thinking Aloud: SUCCESSION PLANNING - Vijayan**

**Podium: Interview with Uma Devaguptapu, Corporate Director of H.R. for India, the Middle East, Africa and Southeast Asia, ITW.**

**Between the Lines: SUCCESSION- Are You Ready? by Marshall Goldsmith**

**Standing Ovation: Score Foundation**

**Figures of Speech**  
By Vikram Nandwani

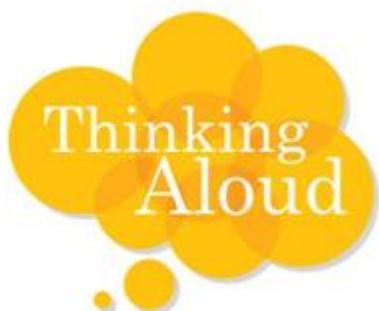


In this month's ***Between the Lines***, we review the book 'Succession - Are you ready' by Marshall Goldsmith. The book authored by the guru of Executive Coaching, focuses on the process of succession. Written as a series of memos to an outgoing CEO, the book spells out ways in which Succession can be made seamless and successful. From spelling out the pillars of an effective Succession process to the nuances involved with respect to an external and internal successor, the book is a comprehensive read on the Succession process.

***Standing Ovation*** this month features Score Foundation, a New Delhi based NGO, which disseminates information on living life with blindness. The NGO believes that the core problem is not with the eye and in fact it is the mindset that is flawed. The Foundation is headed by George Abraham, who is blind himself, and believes that in spite of there being a lot of opportunities for the visually impaired, the primary hurdle is that there is also too much ignorance. Through its various activities under the project 'Eyeway', Score aims to change this mindset and create opportunities so that every blind individual is invested in and not merely provided for. We urge you to contact the Score Foundation and partner them in their mission.

In ***Figures of Speech***, Vikram presents an 'unsuccessful' way of Succession Planning.

As always, we value your opinion, so do let us know how you liked this issue. To visit our previous issues you can visit the Resources section on the website or simply [Click Here](#). You can also follow us on [Facebook](#), [Twitter](#), [LinkedIn](#) & [Google+](#).



## SUCCESSION PLANNING - Vijayan

Succession Planning has emerged as one of the most important Strategic Business Process in all forms and contours of organisations. The events of succession at Apple Inc. (consequent to the death of the charismatic Steve Jobs) and the baton changing at some Indian MNCs (Tata and L&T) have spilled into the mainstream media, resulting in higher levels of awareness.

In India, Succession Planning (SP), in the past has not been given as much importance as it should have been. This could have been due to a few sociological factors and the mind sets of those who have the responsibility of developing the context, climate, urgency and a framework for SP to succeed.

Firstly, many senior/top management executives and at times, the Entrepreneur (and their family) too feel that they are 'indispensable AND immortal'. Secondly, there is a fear that if a potential successor (or successors) is identified, the current role holder could feel insecure, intellectually threatened, etc. Lastly, in the Indian societal context too, be it at the family, community or political level, succession has been messier than seamless. SP led decisions, more often than not, seem to emerge only after the reality-crisis 'gate-crashes onto the table.'

Readers may find it interesting that in Chinese companies there is a reluctance to engage in 'structured and visible' SP, as the investor

community does not take it too well and that explains one of the main reasons why SP has not taken off there too.

Why then has SP in the recent past gained some traction? I would like to share three possible reasons for that.

First, SP is one of the key components of an organisation's risk mitigation system from the Business Continuity point of view. Investors and other stakeholders are hence putting pressure on the Boards of large public limited companies to embed the process of Succession Planning.

Second, the explosion in opportunities for talented employees in India and other BRIC countries (recession or otherwise) has led to an acceleration in attrition levels, which punch unplanned & unexpected 'holes' on the organisation chart. Hence, the new reality of top talent/key employees quitting and the increasingly difficult challenge of obtaining an external replacement has brought SP into focus.

Third, in today's world and the emerging way forward, excellence in the knowledge component of all jobs/roles is going to drive the success of businesses and other forms of organisations. This applies to the brick and mortar and e-based business models (such as Flipkart, etc.). Therefore, the continued success of the organisation is very closely related to not only having talented and competent employees in key roles (senior and top management) but also having processes of continuous identification and assessment of internal & external talent. This discipline alone can feed the population of the talent pipeline with potential successors having different levels of acceptable competence and the time frame in which it has to happen.

Look at McDonalds, which in the recent past lost two CEOs in a short period of time, but the company was able to name a third competent person to fill the shoes of that role. GE is legendary in their record of generating successors across management roles and functions. When the current CEO, Jeffrey Immelt, was elevated to the position, two other candidates were also in the fray. Once Jeffrey was named, two large global companies immediately offered the top job to the other two GE potential CEO candidates.

The only way forward for Indian corporate and other forms of organisations to get better at this process, quickly, is by embedding SP in the KPI's of Critical Role Holder(s) (i.e., all senior and top management role holders). The brief should be to communicate to them that they have to make themselves 'redundant', in their current role, at the end of a tentatively indicated fixed period of time by generating a competent successor (internal and/or external). The current role holder should be considered for their next role, lateral or vertical, only if they deliver on this KPI.

Succession Planning is too important a process to be internally 'outsourced' to the CEO and top management, the HR team or external consultants.

[back to top ^](#)



**Uma Devaguptapu, Corporate Director of H.R. for India, the Middle East, Africa and Southeast Asia, ITW.**

Empowering  
TIMES



In her current strategic role, she provides leadership and support to ITW businesses, pursuing growth opportunities in these markets in the areas of talent assessment and acquisition, leadership development, acquisition due diligence and integration and general employment matters.

Uma started her career at Blue Star Limited, Mumbai, in HR and Employee Relations function and later branched out to Marketing and Projects. She joined ITW Signode India, a division of ITW India Limited in 1991 in corporate communications and after a substantial stint in market development for new products and in new territories she took over as Chief Human Resource Officer Signode India and Middle East. She has led the development and implementation of ITW Signode India's advancements in talent and career development and has worked with many ITW leaders to establish businesses and hire key leaders in India and the surrounding

countries. At ITW Signode, she led the team that developed ePACE, a web enabled system for employee potential assessment and career enhancement (patent applied for). Under her HR leadership, ITW Signode has achieved SAIL HR Excellence Award in July 2009 and NHRD Hyderabad Inspire Award for Innovation in June 2011.

Uma holds a degree in Economics and a post-graduate degree in Personnel Management and Industrial Relations from Tata Institute of Social Sciences, Mumbai, and a Law degree from Bombay University. She has also recently received her coaching certification.

She has authored articles on Flexible Employment Practices and Succession Management which have been published by the Employer's Federation of India and ICFAI Press, respectively. She was the Vice President of NHRD Hyderabad from July 2009 to June 2011 and is currently a member of the Human Resources and Affirmative Action panels of CII Hyderabad.

**ET:** At a time when there is an active 'war for talent', how does a firm prepare for business growth with regards to its human capital?

**UD:** An organisation must systematically identify and develop high-potential talent, accelerate their development and growth in compensation and responsibility and should control their attrition in a planned manner. Every growth organization must aim to be in a high-talent surplus position. This requires top leadership commitment and enterprise wide focus.

**ET:** It is sometimes felt that succession planning is a hypothetical exercise and an indulgence by HR professionals, as the reality is that companies take reactive steps to fill vacancies that arise. Please comment.

**UD:** Yes it is a reality in many organisations that positions are filled in reactively. It perhaps reflects paucity of long-term talent review processes in the organisation to identify and develop successors rather than a policy shunning succession planning! There are many good examples of effective succession planning in India itself.

**ET:** How does ITW create succession plans & manage careers?

**UD:** Since 2010 ITW units worldwide are practicing annual Talent Review and leadership development programs worldwide. The framework which we follow is as follows:

# ITW Talent Review - Bottoms Up Approach



**ET:** Can you please give us your views on why succession plans fail?

**UD:** Succession planning is bound to fail if it is just a pet project of HR. To be effective, the succession planning program has to be the CEO's agenda and high-potential talent should be owned by the enterprise rather than by departments.

**ET:** Can you please offer some examples on how companies have managed succession planning well?

**UD:** Components of a good succession plan are a detailed and well thought out long range plan, defining talent implications of the long range plan, performance and business growth focus (there should be roles for people to grow into!), robust talent review processes and above all top management commitment. The Tata group, Unilever, Murugappa Group, Siemens and Proctor and Gamble are some of the organizations in India that practice succession planning. Most "Best Employers" have succession planning programs.

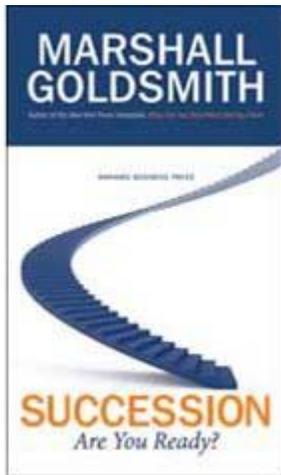
[back to top ^](#)



Empowering  
TIMES

**SUCCESSION- Are You Ready? by Marshall**

## Goldsmith



Marshall Goldsmith hardly requires an introduction. The author of the best seller 'What Got You Here Won't Get You There', has become a celebrity and almost synonymous in the discipline and practice of Executive Coaching.

In this book, the author focuses on a key business process, that challenges all organisations, i.e.: Succession and related processes. More often than not, this process gets embroiled in a 'high emotion, high drama' with outcomes of winners and losers.

Marshall uses the metaphor of him writing a series of memos to help the CEO of a large corporation, who is nearing the end of his term, helping him to navigate the Succession process well - so that all the stakeholders involved benefit. According to the author, the key pillars are: preparing for transition, choosing a successor and coaching a successor.

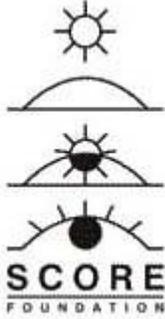
He uses another powerful metaphor, that of an athlete who is participating in a relay race and has to pass on the baton to the next runner in a manner that it does not fall down, hinting that the current CEO should learn to slow down and make the handoff of leadership as seamless as possible. This, along with coaching the successor, would facilitate speeding up the process and ensuring a successful baton changeover of leadership.

The book, quite rightly, expounds on the human dimensions - emotions, mindsets, feelings of the processes that are normally associated with a CEO succession (for that matter, succession involving all C-level personnel). The author highlights that the 'final act' of great leadership of the current CEO, is about passing the baton to the successor. Leaders, who manage this transition well, do so by 'creating a great rest of your life'.

The challenges of internal candidates and/or external candidates being involved in the succession process, has been extensively commented upon in the book. If it is an internal candidate, the current CEO would have to consider connecting coaches for their rounding off to be ready. For an internal candidate(s) to succeed, fair chance should be provided by the concerned stakeholders. Hence, it is vital that the key stakeholders be identified, their expectations and commitments be obtained, in addition to specifying their role in the process. The author points that the key to internal candidate(s) succeeding to take the CEO role, depends on an 'authentic effort to change'. He sums up with an insight that if the potential successor wants to be a great CEO, he/she cannot afford to 'switch off' from the people that he/she would be leading.

Goldsmith also reminds that the current CEO is required to pay attention to the quality and the care that is needed to be displayed while exiting, walking away to 'the next destination of life'.

[back to top ^](#)



What would you do if you suddenly lose your vision one day? Or what if it happens to someone close to you? Does life come to a standstill? Does a blind person have to live a life depending on others for every little and big thing? The answer is NO! Life certainly can go on and should go on and Score Foundation has been working toward making it possible.

Score Foundation, a not-for-profit organisation founded by George Abraham in 2002 is located in New Delhi and through its project 'Eyeway' which was launched in 2003 disseminates information on living life with blindness.

In India, there are over 16 million blind and 28 million visually impaired persons who are often marginalised; not given the same education, career opportunities and social standing as their sighted counterparts. In fact, they are often perceived as lesser beings. Due to a lack of access to information, they are unable to lead a fulfilling, independent, economic and socially productive life.

At Score Foundation, they believe that the problem is not with the eye, but the mindset. And it is the mindset that Score strives to change through its various activities under project 'Eyeway'. Eyeway is a one-stop knowledge resource about living life with vision impairment. Using knowledge, the foundation informs, inspires, & thus empowers. They reach out to people through the following channels: Helpdesk, Radio Show, Website, SMS Alerts, Workshops/Seminars, and Talking books.

The foundation's overall objectives are:

1. To inform, inspire, and empower all people with visual impairment.
2. To realise equal rights, responsibilities, and opportunities for people with visual impairment.

For its exemplary work, Score deserves a **Standing Ovation!**

If you want to get more information and support Score Foundation, you can visit its website <http://scorefoundation.org.in/> or write an email at [scorefoundation@eyeway.org](mailto:scorefoundation@eyeway.org).

[back to top ^](#)

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