

Forget Succession Planning! Focus on Legacy

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Smart companies engage in succession planning. Exceptional companies focus on legacy creating.

Bank of America and Citigroup

When Bank of America CEO Ken Lewis and Citigroup CEO Vikram Pandit announced their departures unexpectedly and with little warning in 2009 and 2012, respectively, each organization scrambled to identify a replacement. As a result of such unpreparedness, stock prices fell, the executive team became unnecessarily distracted, initiatives stalled, growth stagnated, and employees felt uneasy and uncertain.

Neither the boards nor HR had a succession plan. And neither Ken nor Vikram seemed to care – it was clearly not their responsibility.

Let's contrast these self-centered, self-serving situations with one that serves as a model for leaders and organizations everywhere.

Xerox

About ten years prior to her retirement, the CEO of Xerox, Anne Mulchay, identified her successor, Senior Vice President Ursula Burns. And it wasn't motivated by some grand succession plan. It was driven by Anne's commitment to Xerox's sustainability, prosperity, and longevity. Anne and Ursula formed a working partnership whereby Anne entrusted her with the day-to-day operations of the company while Anne focused on customer service and the company's financial health. Included in this partnership, Anne mentored Ursula to prepare her for the CEO role. When Anne ultimately retired, Ursula seamlessly assumed the role of CEO of Xerox. It was the least traumatic and dramatic passing of the leadership torch in the history of Xerox, let alone most Fortune 500 companies.

Why?

Because Anne Mulchay focused on leaving a legacy. She didn't rely on HR to draft a succession plan or groom people to replace her. She owned the responsibility for the transition and the preservation of the leadership of the organization.

That's the power of leaders creating their own legacies instead of abdicating the responsibility of succession to the board or HR.

People are Transitory

Transition is a reality. People retire. People quit. People die. However, most companies operate in willful ignorance of this reality. And when an unexpected departure occurs, they seem shocked, scrambling to fill the void.

Smart companies acknowledge the inevitability of changeovers and plan ahead – or at least they make it an HR mandate to do so. However, only 39% of public companies have a replacement or succession plan (*National Association of Corporate Directors 2010 survey*).

Succession Planning

Succession planning entails assessing current bench strength and developing employees' competencies in anticipation of future transitions. In other words, people are groomed today to be ready to take on their peers' positions tomorrow.

While it sounds proactive and strategic, even these "smart" companies are missing the boat.

So what's the problem?

Ego

Replacement and succession planning are founded on the assumption that people are replaceable like commodities. But people don't want to admit that they're "replaceable." As a result, their egos threaten to sabotage succession efforts.

Why?

Imagine you're the individual whose position has been earmarked by a succession plan. If you found out about HR's plan to replace you, how would that make you feel? Disposable? Expendable? Irrelevant? Resigned? As human beings, we work to avoid feeling rejected. Finding out that the company deems you dispensable fuels those fears of rejection.

While it's smart for organizations to acknowledge the inevitable evolution of people, it's irresponsible and negligent to exclude those transitioning people from the transition process.

What to do instead?

Creating Legacies

When you shift from succession planning to legacy creating, you engage the ego instead of snub it. Intrinsically, we all need to feel needed – the exact opposite of feeling rejected. CEO Ann Mulchay created a legacy that she passed on to Ursula Burns. In doing so she fed her own need to be needed while engaging Ursula's.

When you involve current employees in creating their own legacy, you can accomplish 5 things that every evolving organization requires to grow, thrive, and sustain:

1. Foster knowledge-exchange

Legacies are created when people pass their wisdom like a baton. Sharing knowledge and pooling of information is critical for organizations to accelerate their success. Without such knowledge-exchange, people must start their learning process over each time.

2. Fuel individual and organizational sustainability and growth

When people connect their legacies to the organization's sustainability and growth, they recognize their impact. This combats irrelevancy and resignation.

3. Cultivate community

When people create a legacy instead of just do a job, they have a greater sense of purpose and connection to the community in the organization.

4. Reduce costs

When people commit to creating a legacy, organizations benefit from a smooth transition, free of drama, lost productivity, infighting, distraction, and unnecessary attrition.

5. Improve happiness

Studies show that when people are connected to community, feel needed, and can make a difference, they are happier at work. Ultimately, people happy at work fuels the longevity, prosperity, and sustainability of an organization.

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