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Rethinking Succession: Preparing for an Uncertain Future
May 10, 2018

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Today's Presenters

Ilene R. Gochman, Ph.D.
Senior Client Partner, Global Head of Assessment and Succession Solutions
Korn Ferry Hay Group

Amanda Popiela (Moderator)
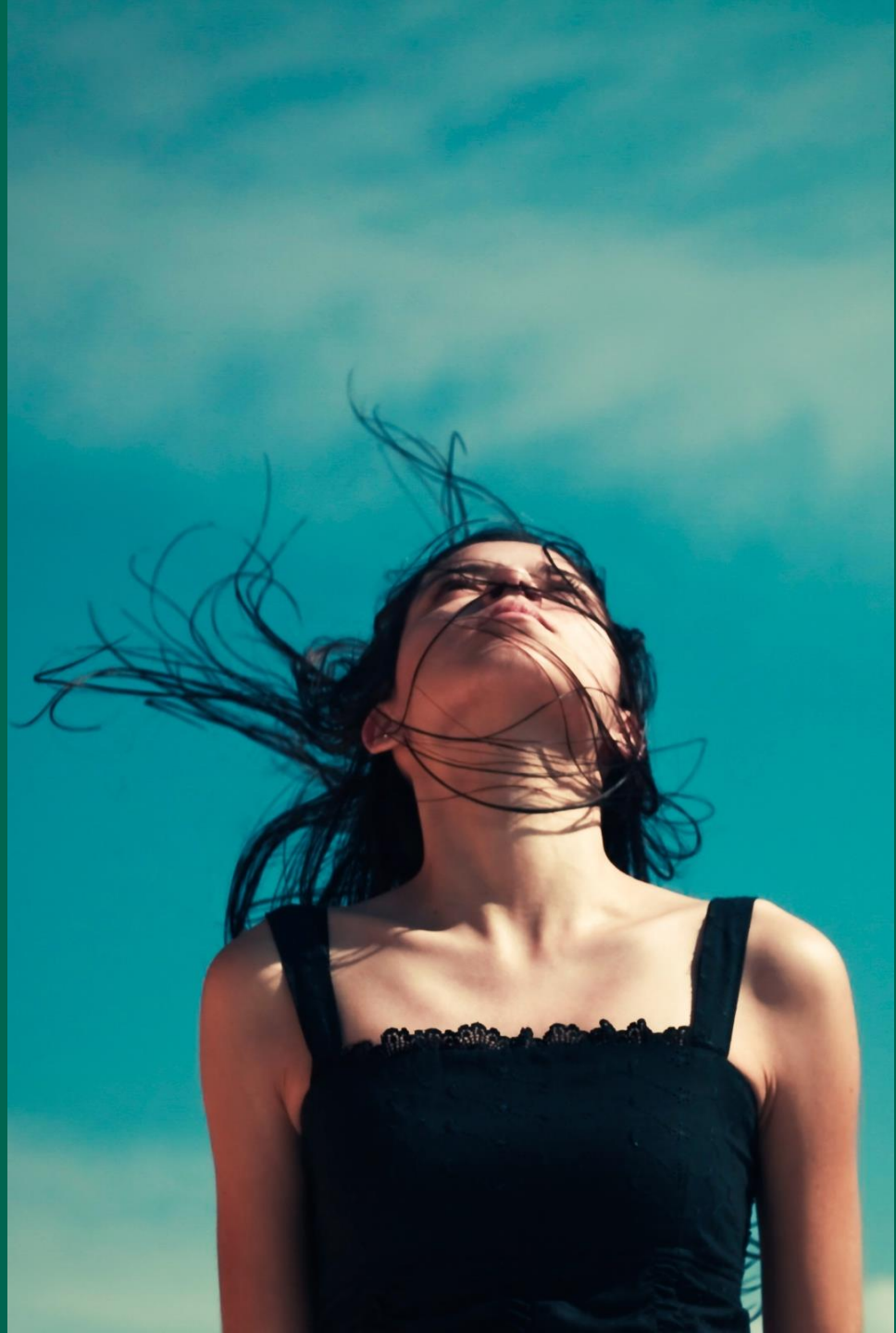Researcher, Human Capital
The Conference Board

Rethinking Succession:
Preparing for an Uncertain Future

Ilene R. Gochman, Ph.D.

Global Head of Assessment and
Succession Solutions

KORN FERRY®

Why Do We Need to Rethink Succession?

Succession processes are built on two assumptions:

1 **We know what's required for future success**

2 **We know the talent we have**

? **How should we plan for the future when we don't know what we don't know?**

Forces of Change

- **Technology disruptions**

- **Emerging economies**

- **Geopolitical**

- **Labor supply and demand**

- **Workforce models**

- **Impact of diversity**

! **Disruptive forces at play across the demand and supply side of talent - requiring different and potentially unknown skills for future success in new or changed roles.**

The DNA of Succession

Talent

Roles

The Talent Strand

The workforce as a whole is changing

- Millennial motivation
- Impact of diversity
- New workforce models

Talent

Big Change in Talent Motivation
Moving Up vs. Moving Around

Exit → → → → → **Enter**

Boomers (52-70 today)	**Generation X** (36-51)	**Millennials** (20-35)	**Generation Z** (<19)
Idealistic, missionary Economic growth Hierarchy & control Physical space, loyalty Driven Adventurous Need rewards	Results Pragmatic Global, nomad Balance Going digital Need feedback	Purpose, Social resp. Transparency Fairness Collaboration Personal well-being Need growth, praise Born digital	Authenticity Hyper-aware Virtual team Born digital
Vertical organization	**Matrix organization**	**Network organization**	**Platform organization**
74 million people*	*66 million people*	*89 million people*	*70+ million people today*

*Population estimates within the US.

Next Gen Leaders

? What do we do with succession when talent cares less about ascension and more about diversity of experience?

Next Generation Diversity
Impact of Changes in the Talent Side of the Equation

Trends and Demographic Disruptions

- The needle is not moving fast enough

- Companies have failed to become true meritocracies

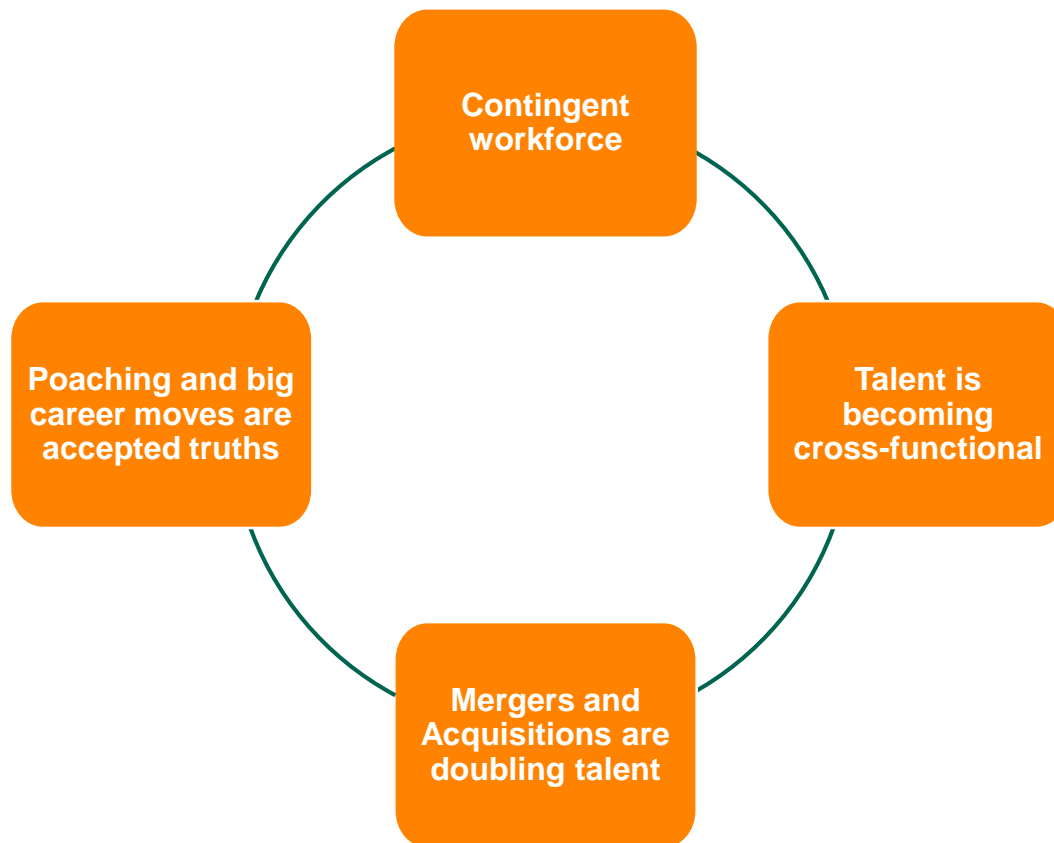- The price of unconscious biases

Paradigm Shifts

- Boards and executive committees need to be comfortable being uncomfortable with the differences that make a difference

- Need to harness more diverse motivations, skills, experiences of new generations in the talent pipeline

- Must adapt to and capitalize on the differences underrepresented talent bring to corporate culture

? Do we have the right mix of talent to implement our business strategy? Is the mix working well?

New Workforce Models

Contingent workforce

Talent is becoming cross-functional

Mergers and Acquisitions are doubling talent

Poaching and big career moves are accepted truths

! **Talent supply in the new economy has expanded – The New Talent Pool!**

The Role Strand

Roles are changing too

- Competencies, traits, and drivers for success: changes in what predicts success for the future
- Changing organization configurations
- Technology

Roles

Future Leadership Demands

Global Leaders

- Attract global talent, operate across boundaries, meet diverse customer needs.
- Require global perspective, cultural agility, self-awareness, openness, and flexibility.
- Depend on their capable, self-directed teams.

Innovation Leaders

- View problems as challenges to be overcome.
- Use technology for new products / services.
- Work hard to stay in front of trends by creating new markets.

Change Leaders

- Pivot the organization in anticipation of or in response to market changes.
- Swiftly change the business model and lead competitors because of adaptability, foresight.
- Master the ability to inspire and motivate people in a dynamic environment.
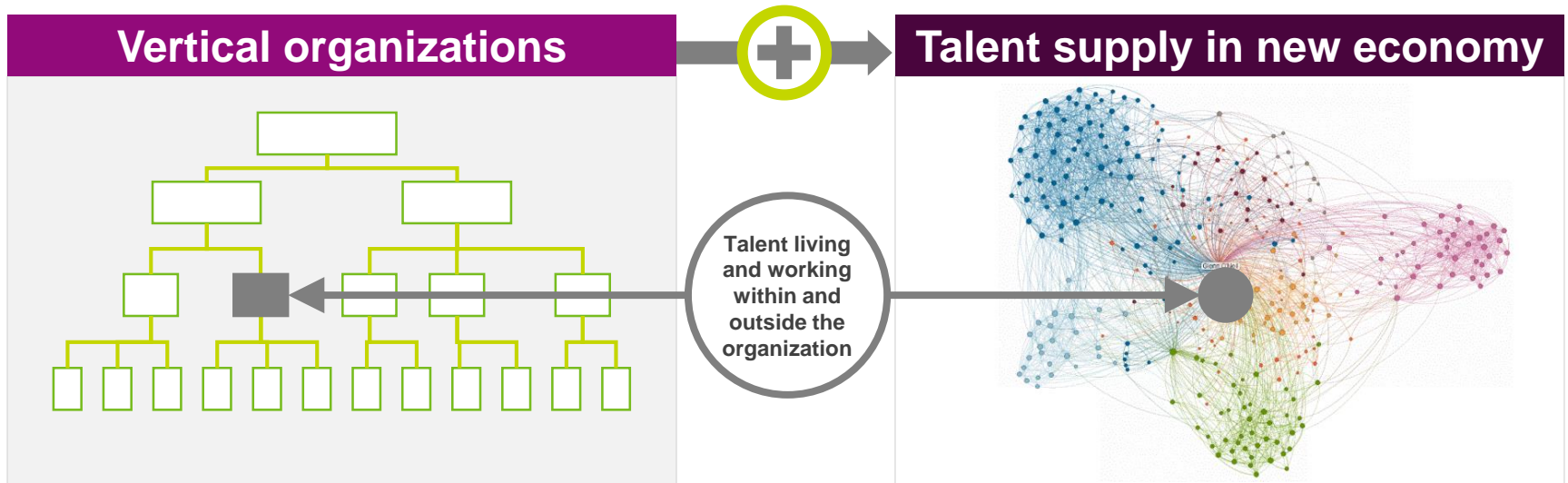
Growth Leaders

- Thrive in new, complex, and crowded business environments.
- Open to diverse points of view.
- Grow business under difficult circumstances that may involve a lack of resources, fierce competition, or razor-thin margins.
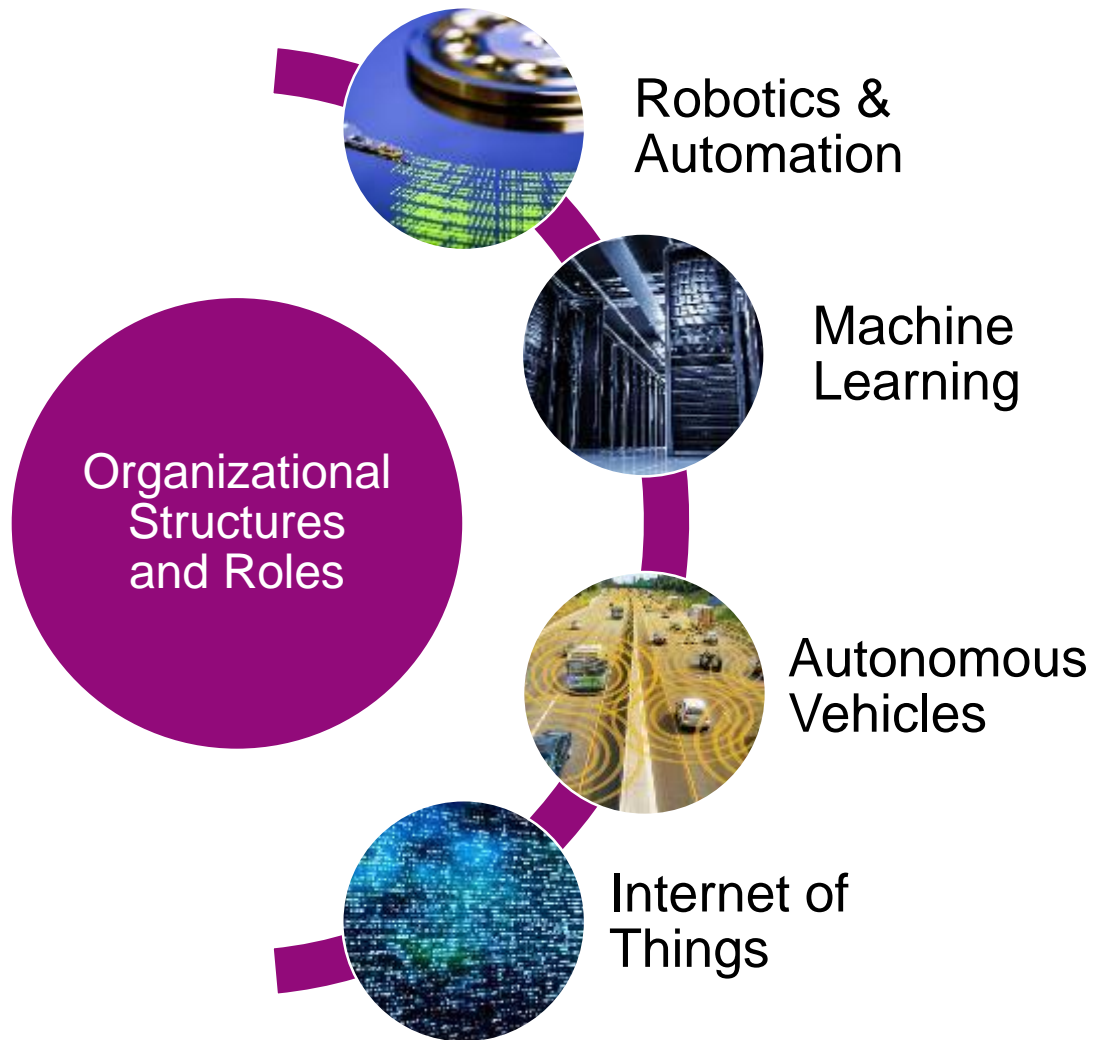
Source: *The Inclusive Leader: Optimizing diversity by leveraging the power of inclusion.* Korn Ferry, 2016.

Changing Organization Configurations

Expanding Talent Networks

Vertical organizations + **Talent supply in new economy**

Talent living and working within and outside the organization

Impact of Emerging Technologies

Robotics & Automation

Machine Learning

Organizational Structures and Roles

Autonomous Vehicles

Internet of Things

How Can Succession Work in the Digital Age?

Pre-digital leader:

What's needed for the digital age:

I've spent years building my expertise so I can drive our strategy through to performance-driven results.

I rely on an ever-growing network of folks who know more than I do. Empowering my people to innovate is the only way to be agile enough for a shifting environment.

Preparing for an Uncertain Future

Five Recommendations

Recommendation 1
Capture Success Using Success Profiles

Organizational Context
Strategic Context, Culture & Values

Role Context
Responsibilities and Challenges

Competencies

What are the most critical **competencies** or skills needed to be effective or perform in these roles?

Experiences

What kinds of **experiences** or background is needed?

Traits

What are the **traits** or style that would work best (or derail) a person in these roles?

Drivers

What types of **drivers** would motivate someone in these roles?

Success Profile for Digital Leaders

Competencies	Traits	Drivers
Cultivates innovation Create new and better ways for the global organization to be successful	**Curiosity** Tackle problems in a novel way, see patterns in complex information and pursue deep understanding	**Independence** Prefer an entrepreneurial approach and limited organizational constrains
Manage ambiguity Operate effectively even when things are not certain or the way forward is not clear	**Risk taking** Are will to take a stand , or take changes based on limited information	**Structure** Prefer asymmetric, unstructured work environments
Strategic vision See ahead to future possibilities and translating them into breakthrough strategies	**Adaptability** Are comfortable with unanticipated changes of direction or approach	**Challenge** Are motivated by achievement in the face of tough obstacles
Engage and inspires Create a climate in which people are Motivated to do their best to help the organization achieve its objectives	**Tolerance of ambiguity** Are comfortable with uncertain, vague or contradictory information that prevents a clear understanding or direction	
Drives results Consistently achieve results, even under tough circumstances	**Confidence** Believe that they can influence positive outcomes	

Source: Korn Ferry, b*ased on analysis of the traits, competencies and drivers of more than 350 digital leaders, compared against population norms from our database of 4.5 million.*

Foundation for the Talent Lifecycle

SUCCESS PROFILES

- Assessment
- Selection
- Onboarding
- Development
- Succession
- Organization Design
- Career Maps
- Team Structure
- Rewards

Recommendation 2
Buy and Hold Agility

Learning agility is the ability and willingness to learn the right lessons from experience and successfully apply those learnings to new situations.

Agile leaders step out of their comfort zones.

They know what to do when they don't know what to do.

What Agile Leaders Look Like

Competencies

Cultivates innovation
Manages ambiguity
Demonstrates strategic vision
Engages and inspires
Drives results
Ensures accountability
Shows courage

Experiences

Digital
Innovation
Transformation
Multiple functional and line experiences
International assignments

Visible   Visible

Underlying Foundation   Underlying Foundation

Traits

Curiosity
Risk-taking
Adaptability
Tolerance of ambiguity
Confidence
Empathy

Drivers

Independence
Flexible
Challenge

Recommendation 3
Find the Hidden Leaders

Search far and wide

Tackle unconscious biases

Tailor development

Women CEOs Speak

Few set out to be CEO

Many started out in STEM or biz/econ/fin

Sought challenge at every turn

No single path to the top

Motivated by purpose and culture

"Results assured. Packaging needed."
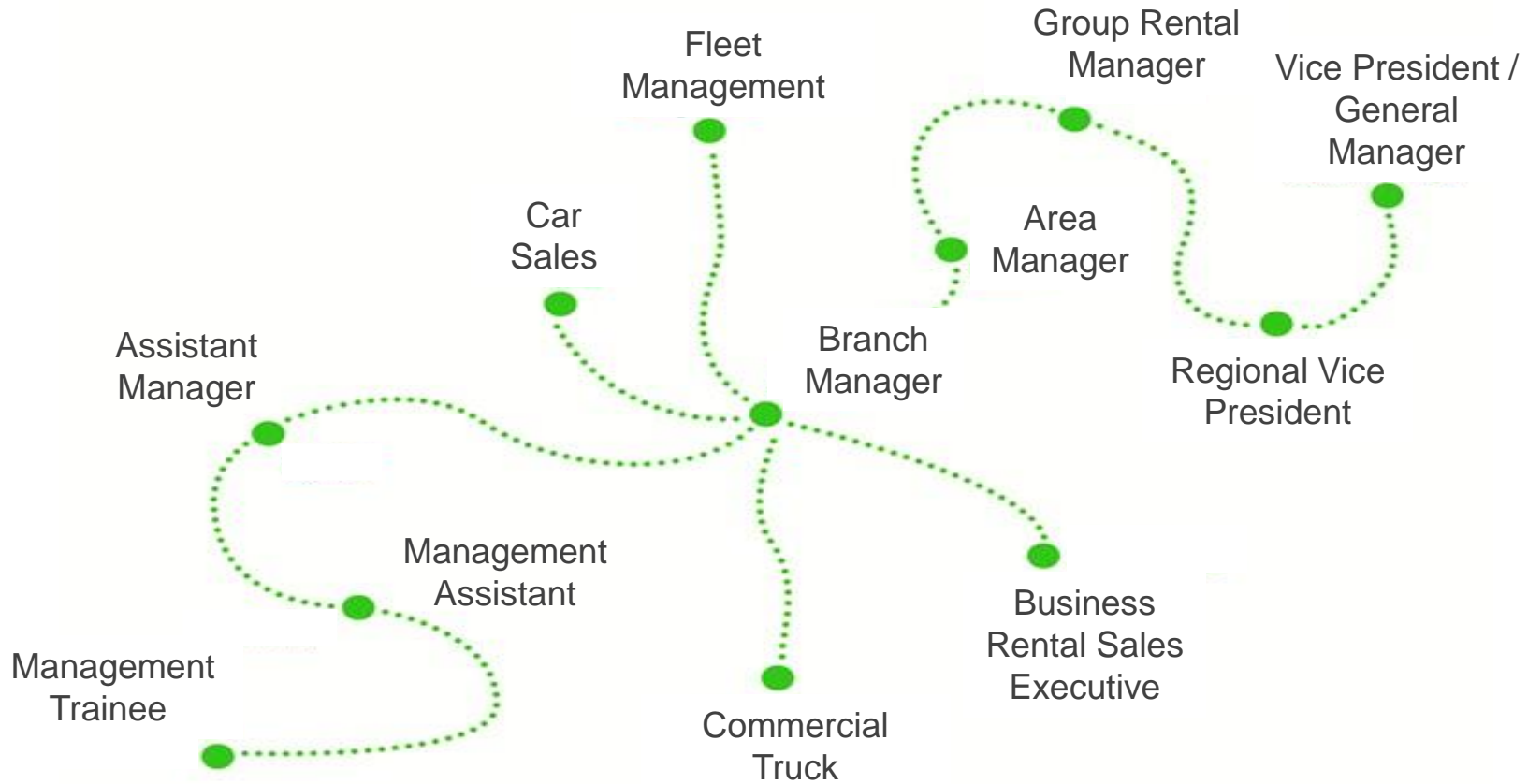
Value others' contributions and give credit

Women CEOs Speak
Strategies for the next generation of female executives and how companies can pave the road.

The iconic "Fearless Girl" courageously faces the bull on Wall Street.

KORN FERRY
Institute

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Source: Korn Ferry Institute (2017). *Women CEOs speak: Strategies for the next generation of female executives and how companies can pave the road.* Minneapolis, MN.

Recommendation 4
Enable Zig Zag Careers

Fleet Management

Group Rental Manager

Vice President / General Manager

Car Sales

Area Manager

Assistant Manager

Branch Manager

Regional Vice President

Management Assistant

Business Rental Sales Executive

Management Trainee

Commercial Truck

Where's Your Next Functional Leader Coming From?

Cross-Functional Fluency Matrix: Aligning Workforce Planning with Business Strategy

	Finance	HR	IT	Legal	Marketing	Sales	Procurement & Operations
HR	●	—	●	○	○	◐	○

● High Fluency Required   ◐ Moderate Fluency Required   ○ Low Fluency Required

Source: CEB Analysis "2015 Collaboration Hot spots"

Recommendation 5
Know Your People. Know Their Value.

Likes going to the gym at night

Likes techno music

Uses Lyft instead of Uber

Lived in 4 countries, on 2 continents

Speaks French and German

Born in Asia

Prefers vanilla over chocolate
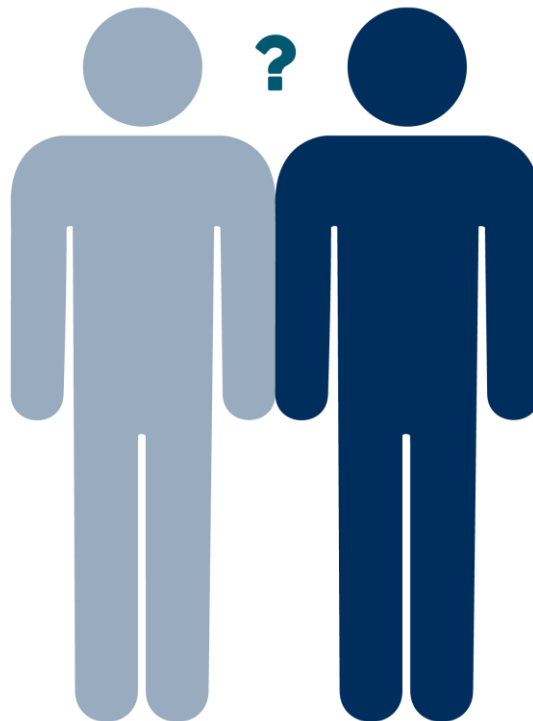
Has a large stamp collection

Has 543 Facebook friends

Visited 15 countries

Grew up with siblings

Stays up late

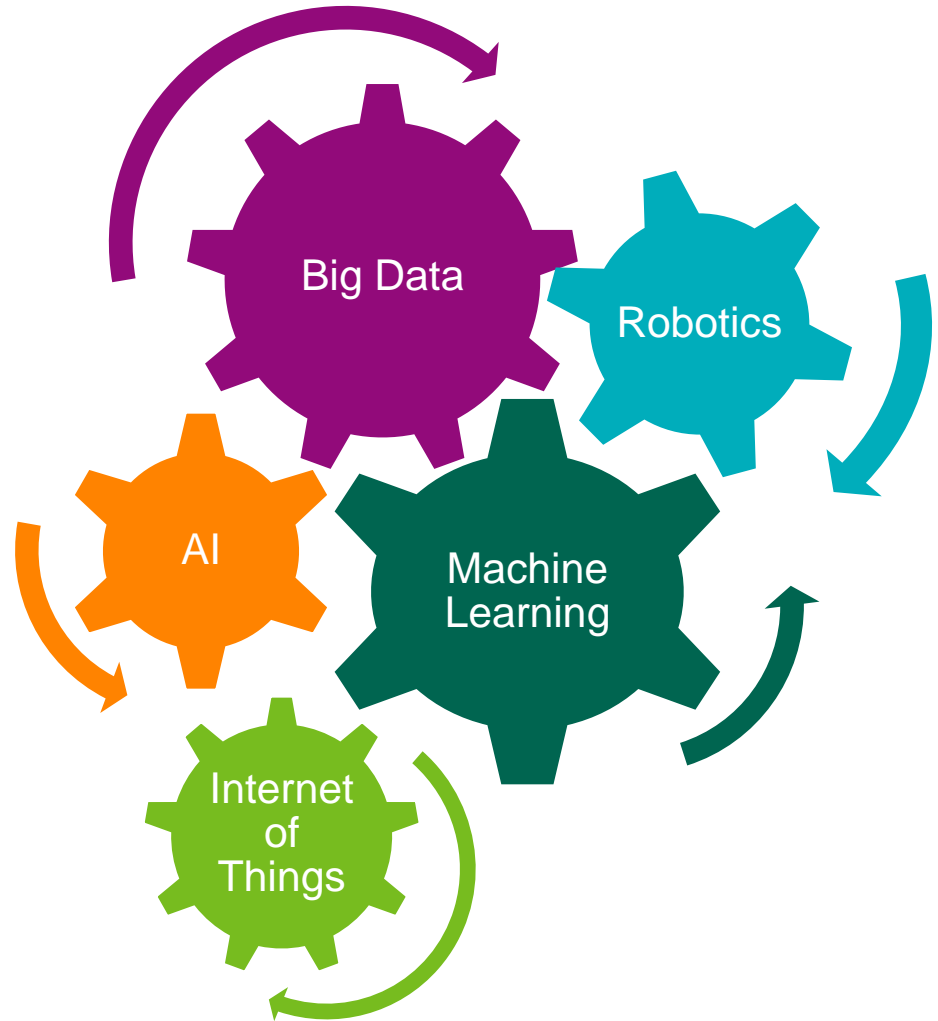Likes poetry

Stable upbringing

Is HR the New IT?

Gain understanding and alignment with business priorities and emerging technologies to guide strategic workforce planning initiatives

Design new functions/roles to build key organizational capabilities

Ability to leverage data to make predictions for future

Applications Move Faster Than Acceptance

Can use data to:

Find

Match

Develop

Predict

But are we prepared for:

Privacy

Ownership

Risks

Sharing norms
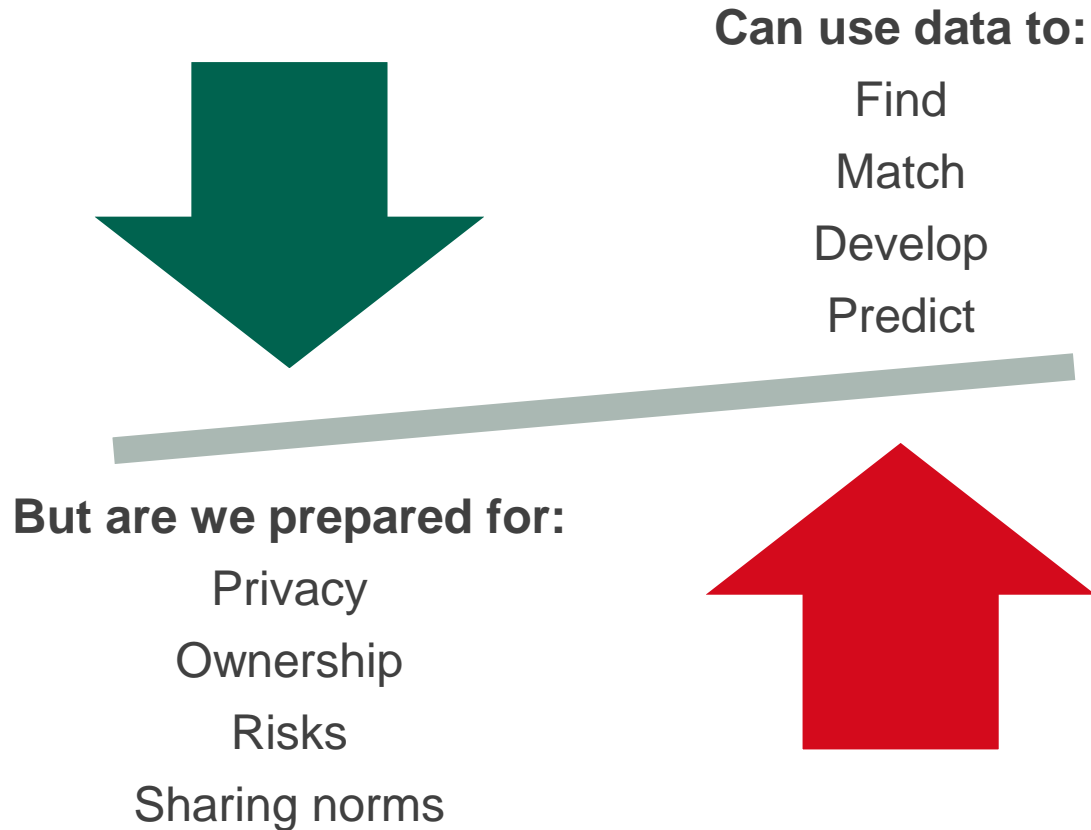
Do you have the talent to achieve your business objectives?

…Will you in the future?

…Where are the gaps today and tomorrow?

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Future-proofing Your Pipeline Strategies in a New World of Work

November 8-9, 2018
Westin New York at Times Square

Is your organization building a succession pipeline that is future oriented and ready for the continuous market disruptions and digital transformation? Are you ready to let go of dated succession processes and legacy systems and to embrace new approaches and solutions for succession management?
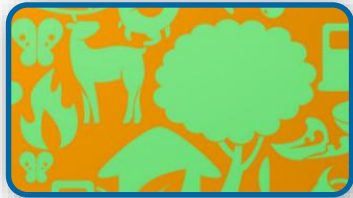
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