

## **Who Will Lead? The Success of Succession Planning**

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*Succession planning is a practice that is relatively routine and expected in the corporate and government sectors, but has historically been problematic in higher education. This paper provides an overview of the main types and functions of succession planning for senior leaders, and considers opportunities for its application in the contexts of shared governance, transparency, investment in developing and promoting existing talent, and institutional considerations. The challenges and benefits of succession planning are discussed to provide guidelines for process.*

### **WHO WILL LEAD? THE SUCCESS OF SUCCESSION PLANNING**

Leadership transitions are inevitable and disruptive. When leaders change, there is always a “disturbance in the force” that, at the very least, is displayed in terms of style and at worst in terms of chaos. Institutional momentum is lost and uncertainty increases, at least briefly, until the organizational culture rebalances. These “disturbances” are exacerbated by the fact that fewer individuals are identified in the talent pipeline for leadership positions in higher education (e.g., Smith, 2016), a situation that can be mitigated by encouraging individuals to participate in professional leadership development programs and by looking to those individuals within the institution when leadership opportunities become available.

Investment in internal talent is, however, not what most higher education institutions do when looking for a leader. Despite deep content and experiential expertise with both the inevitability and disruption of leadership transitions, higher education institutions have largely resisted proven success practices such as succession planning that could help ease these events (e.g., Richards, 2016).

At a certain level, nearly all institutions engage in some degree of planning regarding leadership transitions, even if only informally in an emergency. However, true succession planning involves a deliberate process of identifying and developing future leaders among individuals who are already part of the organization (Armstrong, 2017). The goal is to create a talent pool from which to select leaders at various levels when a vacancy occurs. Fundamental to successful succession planning is a philosophy of recruitment of the best talent possible, and subsequent management approaches that ensure opportunities for professional development with specific emphasis on leadership skills. In those organizations that engage in succession planning, the default approach to filling vacant leadership positions is to do so from the internal pool.

In the corporate sector, ensuring continuity of executive leadership has been a concern for several decades (e.g., Mahler & Wrightnour, 1973). Several companies have become well known for their emphasis on succession planning and internal talent development, including Disney, GE, IBM, Microsoft, Nike, Pepsico, and Proctor & Gamble. Increasingly, such organizations are using multi-method assessment tools to evaluate the many skills required to be an effective leader.

In contrast to the practices in many corporate settings, higher education is much less systematic in practicing succession planning and talent development. The remainder of this paper focuses on some of the few areas in which succession planning occurs and offers several suggestions on how such an approach could be developed.

### **Succession Planning: The Reason Matters**

Of the various ways to approach succession planning, two have arguably the most applicability in higher education: (a) succession planning for emergency situations; and (b) succession planning for predictable leadership transitions.

Succession planning of emergency situations is essentially a component of disaster or continuity of operations planning. In terms of leadership, it is the higher education analogue of the 25th Amendment to the U.S. Constitution that stipulates the order of succession to the presidency. Succession plans for scenarios in which a campus leader is incapacitated or dies typically specify in advance and by title the automatic succession order into the vacant position. There may or may not be a requirement for subsequent endorsement by the appropriate governing board. The key is that the succession order is clearly articulated so that it is implemented immediately when needed.

Succession plans for emergency scenarios should be developed as part of the campus disaster and continuity of operations plan, and within the established shared governance principles and procedures. Such plans should consider, as best as possible, the domino effects of individuals stepping into a new leadership position and leaving their previous position now open. Usually, the new leader has the designation of “acting” or “interim” in the title, at least until the governing authority decides on next steps (e.g., whether to make the appointment permanent).

Invoking emergency-based succession plans typically occurs in the contexts of natural or other disasters, health-related incapacity, or the unexpected death of a leader. In the first case, the situation also likely involves the implementation of the campus continuity of operations plan. Regardless the scenario, a key need is for the new leader to assure the campus that leadership has been established and to set about the task of addressing the immediately pressing problems.

The second major approach to succession planning, succession plans for predictable leadership transitions, involves creating a pool of internal talent from which a successor leader is chosen through a selection process. Unlike emergencies, these situations involve planned or predictable transitions, such as retirements, term-limited appointments, and the like.

At the heart of this second approach of succession planning is the belief that, under normal circumstances, talent is best developed from within, starting with the selection of the best individuals and continuing through a career-long process of mentoring, coaching, internships, externships, and other professional development opportunities. Such approaches can be used at every level in the institution (Dennis, 2016; Richards, 2016; Wilson, 2016) and is viewed as especially helpful for increasing the participation of women and minorities in academic leadership (Washington, 2016). (Options for professional development are discussed in the next section.) As will be noted later regarding the tensions surrounding succession planning for senior leadership positions, providing a range of professional development opportunities affords ways for people to gain both leadership skills and a deeper understanding of the institutional culture in which those skills play out.

### **Succession Planning: Developing the Talent You Have**

As noted earlier, a core aspect of succession planning for predictable transitions is a robust professional development program that incorporates all levels of leadership in the institution. (How these individuals are identified is beyond the scope of this paper.) These programs can consist of formal and informal learning opportunities (e.g., mentorship, webinars, formal programs) offered internally or externally.

Many professional associations (e.g., American Council on Education [ACE], American Association of State Colleges and Universities [AASCU], Council for Independent Colleges [CIC], among others), institutional consortia (e.g., Arizona State University and Georgetown University’s Academy for

Innovative Higher Education Leadership), individual institutions (e.g., Harvard University's Institutes for Higher Education), and major nonprofits organizations (e.g., Aspen Institute) offer formal programs that provide content instruction, experiential learning, and ongoing mentorship as a way to provide a rich diversity of opportunities for leadership training and development. These programs tend to be expensive, require significant time commitment up to relocating to another institution for a year, and often include immersive learning experiences including the opportunity to lead a major initiative. In many cases, there are opportunities for continued professional development after the formal programming ends (e.g., ACE's Council of Fellows holds annual meetings for continuing education of Former Fellows).

Similarly, many colleges and universities have in-house versions of these programs in which aspiring leaders assume new roles temporarily (e.g., as a faculty fellow in a dean's office) or participate in a structured mentoring program. Typically, such in-house programs tend to be more circumscribed in both content and in the diversity of experiential opportunities they provide.

Creating a culture in which these types of professional development opportunities are both expected and rewarded is a key aspect of best practice talent management. For most leaders, but especially for those stepping into their first leadership role, professional development provides a way to address skills gaps, such as budget management and personnel supervision, in a nonthreatening way. Additionally, the chance to work with experienced peers provides a way to begin building the support network that will inevitably become essential.

For their part, institutions that invest heavily in professional development have a reasonable expectation of a level of return on that investment, either through deeper understanding of the true complexity of leadership roles in higher education or a willingness to assume one (or subsequently more) of those roles. Moving from an approach of "Whose turn is it?" to "Who in the department has been through the requisite programs and is ready?" as the basis for selecting a department chair, for instance, signifies a difference in understanding and attitude toward academic leadership. At the least, having a cadre of individuals who have participated in such professional development programs provides more knowledgeable members of budget, planning, and related committees within the shared governance framework.

Using professional development programs effectively to create a succession planning process for choose first-level leaders is one thing. Doing that for senior leaders is a different matter.

### **Succession Planning: Going Inside, Going Outside, and Perceived Legitimacy**

The notion of developing a talent pool or pipeline internal to higher education institutions from which senior leaders are drawn is an approach that is more common globally (e.g., Australia [Reburn & McDonald, 2017]; Canada [Veres, 2016]; England and Wales [Prescott & Floyd, 2016]; Malaysia [Kamil, Hashim, & Hamid, 2016]) than in the United States (Dennis, 2016; Richards, 2016; Ruben, De Lisi, & Gigliotti, 2017). In part, these differences are due to governance structures (i.e., centralized versus decentralized), the ways leaders are developed, and local law.

Higher education institutions in the U.S. tend to search and hire more externally than internally for senior and executive leaders. The argument is that institutions need to find the best talent available. This approach to hiring for top positions has created a belief that "one must move out to move up." This practice has two interesting consequences: (a) the most significant benefits from the investments made by an institution in professional development are more often reaped by another institution; and (b) the increased failure rate of presidencies can be traced at least in part to the consequences of new leaders coming from outside and not understanding the institutional culture (Paul, 2017).

If we consider patterns of inside versus outside hiring of CEOs in the global corporate sector, only about 14% of new CEOs in Fortune 500 companies come from outside (The Conference Board, 2016) and only 22% of all major global companies hire outsider CEOs (PwC, 2015). Clearly, the preference in the corporate sector is inside hires for executive succession. Research on long-term company performance following inside versus outside hires is revealing. In a meta-analysis representing 13,578 CEO successions between 1972 and 2013, Schepker and colleagues (in press) report that inside CEOs improve long-term performance but engage in less strategic change, whereas outside CEOs drive strategic change

that results in lower long-term performance. Outside CEOs are more likely to take steps that either inadvertently clash with existing culture, or deliberately take on organizational culture to effect change. These findings may help explain why outside CEOs in the corporate sector are seven times more likely to fail than inside CEOs (Hogan Solutions Partner Team, 2016).

In higher education, the hiring practice is essentially the opposite in terms of preference—there is a very strong bias in favor of outside hires. As noted earlier, the “move out to move up” approach to career development is a deeply held principle. Even in situations in which a succession plan was implemented after an emergency such as the death of a president, most interim or acting presidents are only afforded an opportunity to apply for the permanent position even when they have, by all counts, performed exceptionally well. Governing boards and internal campus constituencies argue that a full search is essential to “ensure that the best person is hired” or to “legitimize” the interim or acting incumbent. But is that argument credible?

The “best person” and “legitimacy” arguments are predicated on key assumptions, all other major factors being roughly equivalent: (a) the skills developed by internal candidates, particularly those who have participated in institutionally-provided or sanctioned leadership development programs and/or are interim/acting incumbents, are sufficiently inferior to those developed by external candidates to justify the outside hire; (b) the institution is unconcerned about the message sent to internal candidates who have participated in formal professional leadership development programs but who are passed over for internal leadership positions in favor of outside candidates thereby creating issues of morale and distrust; (c) the challenges of learning and importance of fitting into institutional culture are not important considerations; and (d) leaders are not considered legitimate unless they are subjected to a full search process involving outside candidates. The paucity of research on succession planning in higher education means that none of the assumptions rests on firm empirical evidence. Moreover, the assumptions, untested as they are, create a mythology about leadership succession that can seriously damage an institution and its leader.

First, individuals who have been selected for leadership development programs are so selected because they have demonstrated the capacity to lead. If the institution subsequently selected them for a leadership position in which the person did well, there exists a tangible record of accomplishment based on the institution’s own definition of success. Such a record is that much stronger when demonstrated in the position for which the candidate is being considered for the permanent appointment, particularly if the individual was appointed as interim/acting during an emergency or has had to make very difficult decisions (e.g., significant budget or programmatic cuts). Supervisors and governing boards would be well served to give greater weight to the successful records of internal candidates who have demonstrated success as defined by the institution.

Relating these points to the first assumption noted earlier leads one to the conclusion that projecting success is more highly valued than demonstrating success in cases where outside candidates are hired over inside candidates, particularly when the outside candidate has not served in the position in question and the internal candidate is the interim/acting and has a demonstrated record of success. Of course, there are any number of arguments as to under what circumstances such decisions are not lonely the correct ones, but well-founded. But a strong case could be made that, other things being equal, the inside candidate should be given preference.

Second, when institutions routinely reject internal candidates who have participated in formal leadership development programs, there is considerable potential that participants will learn that these programs are to prepare you for leadership roles, but most likely at another institution. This is a confusing message. On the one hand, the institution has identified certain individuals as high performers and invested in them. On the other hand, the institution’s default position is to hire outside candidates, leaving the internal participants no choice but to leave so they may take full advantage of their leadership skills. From a straight financial investment perspective, institutions receive far less return on their own investment in leadership professional development, and benefit most from other’s investments, when they hire mostly from outside their institutions.

Third, despite considerable evidence from the corporate sector, and growing evidence from higher education that failure of executive leadership is highly related to failures in understanding the

organizational culture, higher education still hires a supermajority of executive leaders from outside the institution. Though there is a slight trend toward executive coaching as one way to address the cultural gap (Paul, 2017), in general the critical importance of organizational culture is too often largely downplayed.

Fourth, the notion that institutions must always go through the process and expense of a full search in order to end up with a leader with legitimate authority and respect is wrong. Even in the case of an interim/acting leader who has served successfully for an extended period, this argument for a legitimizing search is extremely common. Arguably, the most important factors for legitimizing executive leadership in higher education institutions is consultation with and support from key constituency groups and strong vocal support from the governing board. Assessing these sources of support before a search is launched, and hiring the inside candidate when it exists, would create a situation in which the cultural and relationship factors that are critically important to overall success, especially early in the person's tenure, are in place and set the stage for longer-term organizational success. Certainly, the evidence from corporate leadership succession bears this out (Schepker et al., in press). Even shortly after the appointment is made, legitimacy of leadership derives mainly not from having survived the gantlet of interviews but rather from constituent and governing board support and a record of success, especially a local record.

### **Planning for Succession Planning**

How should higher education best approach succession planning? To the extent that research in the corporate sector can be generalized to and combined with the little research in the higher education sector, a set of recommendations regarding leadership succession planning in higher education can be made.

- Make clear the principle of leadership professional development, and make as many programs available to as many people as possible. Consider creating a professional development ladder that has as a capstone experience a competitive and selective opportunity to participate in a major national leadership development program.
- Create ways to capitalize on as much internal talent as possible as soon as possible, but especially after participation in formal national leadership development programs.
- Challenge assumptions. Don't just look for talent in the traditional places but in some creative areas of the institution such as in finance, fundraising, and student affairs where skills match the needs of the institutions and the complexities of leadership.
- And be clear on needs short term and long term. Not only consider this strategic but have detailed, tactical identification, opportunities, processes and measurements.
- Unless mutually agreed to at the time of appointment, enable all interim/acting incumbents to be eligible at their discretion for regular appointment without a full search provided that clear goals and assessment metrics have been instituted for the interim/acting appointment period.
- In institutions with formal leadership development career ladders, hiring supervisors or governing boards should consider making internal appointments the default hiring approach unless there is a compelling reason to the contrary.

In conclusion, unlike the corporate sector, higher education tends to hire outside leaders far more often than inside leaders, particularly for senior level positions. Research is lacking on the relative effectiveness of this preference in higher education, but in the corporate sector evidence indicates that inside preference results in better organizational performance long-term. Although many higher education institutions invest in leadership professional development, the benefits of such investments most often accrue to other institutions as a result of these hiring preferences. It is recommended that institutions challenge assumptions and traditional practices and consider focusing more on providing career ladders through executive leadership in order to maximally benefit from investments in talented individuals already on campus. Several suggestions on how to adopt an internally-focused approach are offered. Based on extant research in the corporate sector, such efforts would result in better institutional performance and the likelihood of more stable leadership teams.

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