

# What Will You Do If (and When) Your Organization Runs Out Of Leaders?



By **Natalie Michael**, CHRP, MA and certified coach

**A**LTHOUGH DEVELOPING LEADERS should be a top organizational priority, not every executive team is willing to take a good look at the long-term view of its leadership development needs. Just like many of us ‘hope’ that the environmental issues in the world will just ‘go away’ without requiring bold personal action, it seems that some executives hold similar views about the pending leadership shortage.

As HR professionals who know better, what are we do to? What strategies might you use to put the pending leadership crisis front and centre, so the executives are willing to invest in your succession management strategy for the next decade and answer the key question: “What we will do if we run out of leaders?”

## A Matter of Risk

One way of getting executive teams to explore this question and take action is to position succession management as a risk management strategy rather than as a leadership development exercise. In business terms, the purpose of risk management is to identify potential threats to the business, and to develop strategies to

significantly reduce them, or take steps to avoid them altogether. Using this approach, the executive team identifies how big a risk succession management poses to the business, what types of risks are evident, and the likely impact of each risk. Based on this analysis of business impact, leadership development strategies are developed to mitigate risks with as much certainty as possible.

Many executive teams use the argument that this is not a top priority and they don’t need to take immediate action because they don’t know when this leadership crisis will hit or how hard. Although this is true, in the world of risk management, uncertainty is not a barrier to analysis or action. Instead, the executive team must ask:

- “How likely is it that we will be exposed to these negative events?”
- “If we are, what might the impact be to our business?”
- “How will a pending leadership shortage impact our ability to grow, serve customers, maintain quality, and be competitive with costs?”

Through this dialogue, the probable degree of exposure to negative events and their probable consequences are exposed.

Executive teams can typically relate to this type of business analysis because it ensures they are addressing the ‘high probability’ and ‘high impact’ succession risks. This is core language familiar in other business functions such as customer relationship management, finance and marketing.

## Setting the Scenario Inside Out

Another approach for gaining executive buy-in is to utilize scenario planning, a tactic often used as part of the formal strategic planning process. To do scenario planning, the executive team must envision how macro-economic forces like an economic downturn, an aging population or continued growth in their industry will impact their ability to attract, retain and develop leaders at the appropriate pace. This macro analysis is then coupled with an internal analysis of business operations. To do this, executive teams must consider where they anticipate growth, which roles are critical for strategy execution and how the operations may change as different scenarios unfold.

With this external and internal analysis, they will be able to identify ‘trigger points’ for investment in succession planning,

along with a process for monitoring movements toward each of these trigger points. For example, one trigger point may be a plan for growth coupled with an industry shortage of skilled leaders, and pending internal retirements. When there is a high probability that all three of these circumstances will collide simultaneously, it is a call for action and a trigger to invest significantly and creatively in attracting, retaining and developing leaders. It is rare that the trigger will happen without warning. Usually, we get strong warning signs that we can categorize as ‘amber’ or ‘red’ risks.

Ideally, the executive team does some upfront analysis on what should be done when the different trigger points are met or as different scenarios unfold, and start to get the signs that the leadership crises is impacting business in a significant way. They don’t want to be in the situation where they hit the red zone without any leadership candidates for critical roles, and are asking, “What should we do now?”

Obviously, waiting until things start to move quickly in a negative direction may mean it is too late for the organization to be able to respond without negative consequences. Instead, they want to consider scenarios and develop strategic action plans. For example, if a substantial rise in growth coupled with a shortage of leadership talent in critical areas of the business will negatively impact the business, there should be a plan for reducing the risk that includes key action steps. Action steps may involve putting leaders on a fast-track development program, cultivating relationships with external successors, or redesigning the work to eliminate some leadership positions.

## Change the Perspective, Fix the Focus

So, if you are having challenges getting your executive team to strategically examine how the pending leadership shortage may impact your business and what to do about it, remember the key leadership role that HR plays.

From attracting to retaining to training and development, HR is already playing an integral role in the strategic evolution of succession management. By adopting the vocabulary and adapting scenarios for illustrative purpose, HR is positioned to have all the key players, both in the C suite and amongst the greater team, readied for successful succession.