

# Succession Planning and Leadership Development in Software Organizations (With Reference to Select Leading Information Technology Companies in Bangalore)

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## Abstract

Software Organizations often fail to utilize lower level and middle level personnel effectively for leadership development and succession planning systems, and many execute these critical practices through separate human resource functions that shift the responsibility for leadership development away from line managers. The purpose of this article is to present a best practices for optimal development of the leadership pipeline and a series of practical recommendations for software organizations.

**Keywords:** Leadership, Management development, Succession planning, Leadership development, Best practice.

## 1. INTRODUCTION

Software Organizations of all sizes are currently facing leadership development challenges that often rob high-potential managers of critical on-the-job experiences, depleted resources for employee development, and a rapidly aging workforce that may create shortfalls of experienced managerial talent for senior leadership positions (Rothwell, 2002). The widespread flattening of organizational structures and significant changes in work arrangements force executives and management development professionals to rethink how high potential managers attain the requisite developmental experiences for senior leadership. In addition, a recent Journal of management Development article (Kilian et al., 2005) articulated the specific career advancement challenges that women and people of color often face in corporate environments, including a lack of mentors and personal networks, stereotyping, and a lack of visible and/or challenging assignments.

However, research evidence suggests that many highly successful companies overcome these and other challenges by marrying the leadership development and succession planning processes for optimal identification, development, and placement of leadership talent (Conger and Fulmer, 2003). Eli Lilly, Dow Chemical, Bank of America, and Sonoco Products are examples of firms that avoid the near-sighted replacement approach to succession planning and adopt a long-term perspective for developing and managing talent throughout their organizations. Indeed, Kur and Bunning's (2002) recent review of succession planning and leadership development practices argued that "corporate leadership development can no longer simply rely on planning the replacement of existing leaders" (p. 761) and that organizations must focus on developing the leadership function rather than individual leaders. Unfortunately, many software organizations confuse effective talent management with replacement planning, which is focused narrowly on identifying specific back-up candidates for given senior management positions and essentially functions as a forecast (Kesler, 2002). Conversely, highly successful organizations focus on creating a comprehensive set of assessment and development practices that support the entire pipeline of talent across the organization (Charan et al., 2001).

There is also growing evidence that software organizations are increasingly engaging managerial personnel in the leadership development process, and that managers add unique value to building the leadership pipeline beyond that of management development specialists, consultants, academics, or other professionals (Tichy, 2004; Allio, 2003). The most prominent example of this approach is General Electric's (GE) John F. Welch Leadership Center at Crotonville, a comprehensive development program in which executives and managers at all levels are largely responsible for teaching the curriculum and delivering a range of leadership development activities (Tichy, 1989). Each year several thousand GE managerial employees attend leadership development programs primarily taught by corporate officers, business unit CEOs and other senior executives, and early-career managers. In addition to conducting workshops on key GE strategic challenges, executives facilitate action-learning projects in which participants return to their organization with aggressive agendas for change.

## 2. PURPOSE OF THE STUDY

The purpose of this article is to better understand how software organizations effectively hitch leadership development and succession planning systems while fully engaging managerial employees in the process. The exemplary talent management approaches by leading companies suggest that the field of management development stands much to gain by a clearer understanding of how leadership development and succession planning are effectively integrated, and the roles that managers and management development professionals perform in such a process.

## 3. LITERATURE REVIEW

Over the last two decades, the software industry has evolved causing senior-level professionals to have a greater share of knowledge and experience. The consequence of this one-sided shift of knowledge to senior level professionals is that the knowledge can rapidly disappear when the senior level professionals decide to leave the company. (Bill Kaplan, "Leveraging Our Critical Knowledge," *Defense AT&L*, p. 11, January-February 2008).

In the 2009 edition of their book, "Execution: The Discipline of Getting Things Done," Larry Bossidy and Ram Charan make a case that "one of the most important parts of an executive job is to pass the knowledge he has acquired over the years to the next generation of leaders. It's how an executive gets results today and leave a legacy that the executive can take pride in when he moves on" (Bossidy, 2009, p.74). It further discusses the importance of "developing the leadership pipeline through continuous improvement, succession depth, and reducing retention risk," and a leadership assessment matrix to identify those who are ready for a bigger role vs. those who need to be replaced (Bossidy, 2009, p.150).

In "Succession Planning—Key to Corporate Excellence," Arthur X. Deegan II notes that the specific purpose of succession planning is to provide an organized approach for the most effective identification and utilization of the organization's management resources (Deegan, 1986, p.7). In the Sixth edition of the book "Leadership—Research Findings, Practice, and Skills," Andrew J. Dubrin notes that in a well-managed organization, replacements for executives who quit, retire, or are dismissed are chosen through leadership succession, an orderly process of identifying and grooming people to replace managers ("Leadership," 2010, p. 461).

With predictions ranging from one-third to one-half of today's employees who may resign and retire in the next five years, succession planning is a means to address what has recently been termed the "crisis in human capital." Viewing employees as "human capital" means seeing them as assets or investments to be valued and managed, rather than "human resources" that are consumed with the goal of minimizing costs. Once an organization's employees are viewed as human capital, their value is recognized as critical to the organization's success and even viability (GSA, Succession Planning Guide, Summer 2001, p. S3).

The basis for dealing successfully with staffing surprises is succession planning. When a sudden loss of a manager occurs, the void is a serious problem (Beverly Behan, "Lessons from BofA: Avoiding a Succession Debacle," *Business Week*, Oct. 6, 2009).

In the 13th edition of "Human Resource Management," Robert L. Mathis notes that succession planning must include a well-designed employee development system to reach its potential. Succession planning is the process of identifying a plan for the orderly replacement of key employees (Mathis, p. 288).

## 4. LEADERSHIP DEVELOPMENT

The best practices of leadership development are

- Formal Development Programs
- 360° feedback
- Executive Coaching
- Job Assignments
- Mentoring
- Networking
- Reflection
- Action Learning
- Outdoor challenges

**4.1 Formal Development Programs:** The backbone of most leadership development systems is the formal program. At minimum, a formal program consists of a classroom seminar covering basic theories and principles of leadership. The classroom is the most frequent delivery method with approximately 85 percent of companies using this venue to engage in leadership development (ASTD, 1995). Most "best practice" programs go beyond this traditional classroom format to include any or all of the following: structured reflection, 360-degree assessment and feedback, coaching, action learning, and outdoor challenge. The formal program serves as a shell

under which a variety of practices can be introduced to address the desired training objectives.

Formal programs typically last several days (three to five is usual) and tend to be delivered in an off-site location. Given the expense of tailored program development, many organizations instead opt for open-enrollment programs offered by private organizations such as the Center for Creative Leadership, or through the executive education programs at major colleges and universities. To develop the next generation of leaders, a program must be based on a curriculum customized to that company's special needs (or so goes the logic). Custom programs are often viewed as investments, and are leveraged to provide value-added by linking the program content with company-specific business imperatives. Custom programs may be designed and delivered "in house," or developed in conjunction with an external partner such as a university or a consulting firm. Programs tend to be favorably received if delivered by local heroes (i.e., those members of the organization who are widely known and admired for their leadership skills). The message is seen as especially relevant if delivered by someone inside the company with a world-class reputation for success, as compared with an external person (often a business school professor). This approach is epitomized at PepsiCo, where Chairman and CEO Roger Enrico spends more than 100 days a year personally conducting workshops for senior executives. PepsiCo's "Building the Business" program is modeled on Enrico's personal leadership philosophy. It heavily emphasizes feedback and personal coaching for the nine participants included in each workshop.

At Federal Express (FedEx), CEO Ted Weise spends two to three hours with participants in every supervisory leadership course. He discusses the company's strategic objectives, his definition of leadership, and how important front-line people are to the success of FedEx and its basic philosophy of People-Service-Profit (PSP). CEO Jack Welch (GE), as well as the Chief Financial Officer and Chief Human Resources Officer, attend every Change Acceleration Process course given at their Crotonville, NY campus. Pepsi, FedEx, and GE are exceptions in having CEOs personally conduct aspects of a leadership development program. More often, the internal instructors are high potential managers (working with internal training specialists) who are recruited and groomed to share their insights with others in the organization. FedEx also uses what they call "Management Preceptors" to teach their courses. These are senior managers and managing directors who are recognized as outstanding leaders and are nominated by a vice president. Preceptors undergo intensive training, primarily in the areas of teaching and facilitation prior to entering the classroom. They serve a term limited to 24-30 months, which provides for a continual rotation of new instructors and introduces fresh viewpoints and ideas into the curriculum.

**4.2 360-degree feedback-** 360-degree feedback, multi-source feedback, and multi-rater feedback are all terms used to describe this method of systematically collecting perceptions of a manager's performance from different viewpoints. Rating sources typically include peers, direct reports, supervisors, and multiple stakeholders outside the organization (e.g., customers and suppliers). An advantage of such intense, comprehensive scrutiny is that a more complete and accurate picture of an individual's performance is obtained. An advantage of the multi-source approach is that it compensates for differences in opportunities to observe various aspects of an individual's performance. Research findings corroborate these assumptions in showing that ratings across sources correlate only moderately. Rather than being a problem, this suggests that performance is different with various constituents, and that 360-degree ratings are needed to capture this variety of behavior and perspective.

360-degree feedback is gaining in popularity, with some authors suggesting that "practically all" of the Fortune 500 companies currently using some form of the practice (Hughes, Ginnett, & Curphy, 1999, p. 267). The gaining popularity of this approach may have to do with its effectiveness for development, its initial ease of implementation.

360-degree feedback is a developmental tool that can be used to build leadership as well as help with employee retention. There are several decision points that often dictate the ultimate success of 360-degree feedback, including choosing a sound instrument; collecting the data and the related issues of rater selection and preparation; enhancing acceptance of the feedback; and creating a development plan for behavioral change (Chappelow, 1998).

**4.3 Executive coaching:** Coaching is used to improve individual performance, enhance a career, or work through organizational issues such as change initiatives. It tends to be a relatively short-term activity aimed at improving specific leadership competencies or solving specific problems. The content of the coaching began with the issue of conflict management, but was allowed to diverge over the sessions to address any individual need. Providing a coach to an entire executive group has the advantage of having all recipients on equal footing. Coaching is not a secret – neither a stigma nor perceived source of favoritism – when everyone has a coach. However, coaching an entire team can sometimes be a charade for getting one particular executive help without appearing to single him or her out. This strategy is almost always transparent to the team, and can create more ill-will than if coaching is focused on the one individual who truly needs it.

**4.4 Job assignments:** Job assignments are helpful to managers in learning about building teams, how to be better strategic thinkers, and how to gain valuable persuasion and influence skills. An example is the Coca-Cola Company, which transferred more than 300 professional and managerial staff to new countries in one year under its leadership development program. Gillette International makes 12- to 36-month assignments to take U.S. managers overseas to get broader experience and exposure to other countries and operational areas before returning to a U.S. assignment, usually of greater authority (Laabs, 1991). However, Paul Bossidy, the CEO of Allied Signal, points out that the most fascinating assignment in the world may not teach much unless the boss allows an employee the latitude to try out different leadership approaches as part of the developmental assignment.

General observations regarding the developmental nature of job assignments have been learned from practice as well as from research. The message from industry is clear: There are things organizations can do to promote learning from experience and there are things that can impede it. Some types of jobs are more developmental than others, and different kinds of developmental assignments are associated with different kinds of learning (McCauley & Brutus, 1998). Jobs that are more developmental include “stretch” assignments that put a manager in a new situation with unfamiliar responsibilities – especially high-responsibility and high-latitude jobs. Those projects requiring a manager to bring about change or build relationships also tend to be associated with the most significant learning. As mentioned previously, research suggests that negative experiences or hardships tend to promote learning and trigger self-reflection.

**4.5 Mentoring programs.** Another type of on-the-job developmental experience is that associated with formal developmental relationships. Formal mentorships differ from the informal kind in that the former are assigned, maintained, and monitored by the organization. But as Yotaro Kobayashi (Chairman of Fuji Xerox) observes, mentoring relationships – whether they be formal or informal – develop from a mix of chance and intent. Most commonly, formal mentoring programs pair a junior manager with a more senior manager, although the pairing can occur with a peer or an external consultant (Douglas, 1997). In latter cases, however, the line between mentoring and coaching becomes blurred.

McKinsey & Company provides a concrete example of how mentoring is used to develop employees. Consultants work on teams of mixed rank, and senior people are expected to help junior people. Although many of these relationships are of an informal nature because the organization does not make an explicit pairing, part of the process is formal because mentoring is an important criterion in partners’ appraisals. According to McKinsey senior partner Joel Bleeke, “When mentoring for leadership, you need to convey much more than problem-solving skills and a personal network – you need to convey aspirations, instill values, excitement, a view that almost anything is possible. You need to instill positive energy” (Sherman, 1995, p. 100).

**4.6 Networks:** As a way of breaking down functional silos, some organizations include development activities aimed at fostering broader individual networks. An important goal of networking initiatives is to develop leaders beyond merely knowing what and knowing how, to knowing who in terms of problem-solving resources. Another type of networking involves the interaction of groups of managers and executives who have common training or job experiences. These groups meet regularly over lunches or through electronic dialogue to share their mutual challenges and opportunities, with a goal of applying their learning on an informal, ongoing basis. Enhancing individual networks is believed to be an effective way to increase managers’ innovation and problem-solving capacities.

Working in a globally dispersed yet technologically sophisticated organization presents numerous challenges (and creative opportunities) with regard to networking. The telecommunications giant, Nortel, uses its advanced video and data-networking technologies to air a Virtual Leadership Academy once a month. The show is simulcast in offices in 47 countries, with simultaneous translation from English into Spanish and Portuguese. Although the technology does not facilitate personal face-to-face networking between participants, managers can call with questions or concerns and get real-time responses. The program is geared to reinforce a core Nortel value that “technology is about elevating, not replacing, human interaction” (“Global Reach, Virtual Leadership,” 1999, p. 80.).

**4.7 Reflection.** Introspection and reflection are types of personal growth training for leadership development that are used to uncover people’s hidden goals, talents, and values, and how they are enacted at work (Conger, 1993). The relevance of reflection to leadership development is twofold. Reflection can enhance a better understanding of who you are. In a more academic vein, the action-observation-reflection model (Kolb, 1983) is based on the assumption that people learn more from their experiences when they spend time thinking about them. These activities include journal writing, small-group discussions, and individual sharing with a learning partner. Successful reflection activities are tied to continuous learning. However, not all organizations value reflection and introspection. For example, Proctor & Gamble dropped those programs that relied on

personal reflection from their leadership development practices portfolio. Their analysis suggested insufficient evidence of a direct link between individual reflection and better business outcomes.

**4.8 Action learning:** Numerous organizations have begun to realize that the type of traditional, lecture-based, classroom training found in most formal leadership development programs is ineffective at preparing leaders for 21st century problems (Dotlich & Noel, 1998). In particular, the lessons learned from traditional classroom development programs do not last much beyond the end of the program. Soon after the course ends, people slip back into their old ways of leading, and little developmental progress is achieved. The sponsors of traditional programs became justifiably frustrated. For these reasons, a number of organizations have embraced the action learning process, which is as a continuous process of learning and reflection, supported by colleagues, with an emphasis on getting things done. A key advantage of action learning is that it is problem- or project-based. Action learning ties individual development to the process of helping organizations respond to major business problems. As such, action learning advances both the agenda of the organization as well as the development of its leaders.

Perhaps the most well-known of the industry action learning initiatives is GE's "Work-Out" program. Welch picked up on the multiple meanings of the work-out term (also in reference to fitness – making a flabby organization lean) and chose it for his culture transformation effort beginning in 1989 (Vicere & Fulmer, 1997, p. 289). A key cultural aspect of Work-Out is its link to a core management value at GE: empowered or boundaryless behavior. GE leaders must have the self-confidence to involve others and behave in a boundaryless fashion to be open to ideas from anywhere. Although there are a number of critical roles in Work-Out, a key to implementation success is the champion. Somebody has to own the idea and make it happen. There is nothing new about having groups of people come up with ideas and propose them to management (e.g., Quality Circles). The only new feature in GE's program was the idea of a champion – somebody in the group who owns the idea and has to make it happen. The champion is the person who frames the central issue of the Work-Out session, clarifies the specific topics to address, and selects the participants for the Work-Out team.

Selection of participants is particularly important. Because action learning projects are tied to a business imperative, there should be a careful matching of individuals to the core problem at hand. Not every developmental need can be addressed in every problem context. Many of the GE action learning projects focused on sending managers to foreign countries as a way of accomplishing two goals: (a) figuring out how to expand globally and open new markets for GE products, and (b) developing a manager's capability to lead in different cultures.

**4.9 Outdoor challenges:** The outdoor challenge, also known as wilderness training, is another popular means of developing teamwork and team-based leadership skills. Such programs might be seen as the opposite of reflection, because outdoor challenges are action-based. However, many of the programs also include structured reflection as a valuable component to learning. The origins of outdoor leadership development programs can be traced to Outward Bound (Conger, 1993). In the 1960s and 1970s Outward Bound programs served adolescent youth who sought out outdoor challenges as part of a rite of passage into adulthood. As the baby-boomer generation aged, this market shrank to the point that Outward Bound needed to expand into providing programs to adults and businesses. In addition to building teamwork and leadership skills, outdoor challenges also encourage participants to overcome risk-taking fears. Outdoor adventure activities can include whitewater rafting, rappelling, and even mountain climbing (Long, 1987; McClenahan, 1990).

## 5 Best Practice Organizations

**5.1 General Electric:** The corporate motto GE: We Brings Good Things to Life is evident in its products and practices. GE was named as "America's Most Admired Company" in 1998 and 1999 by Fortune magazine (Brown, 1999; Stewart, 1998), in addition to being named as the "World's Most Admired Company" (Kahn, 1998). GE's success is not attributable to any single factor that differentiates it from the also-rans. However, one factor that is widely acknowledged as very important to GE's unparalleled success in the 1990s is leadership. In terms of fostering a positive culture for leadership, there is little denying that GE is in a class of its own. This can be seen starting at the top with CEO Jack Welch, who has served in the top role since 1980. In the period from 1993-1996, Welch received the honor of "most respected CEO" four times by Industry Week magazine's survey of fellow chief executive officers. He lost out to Bill Gates by one vote in 1995.

Contrary to the recent accolades, early in his tenure at the helm of GE, Welch was labeled "Neutron Jack" by the business press because of the severe employee reductions he mandated. At one point in the early 1980s, he had reduced employee numbers at GE by more than 100,000. He was regarded as a neutron bomb – destroying people but supposedly leaving the structures intact. One thing that is very evident about Welch, however, is that he hates bureaucracy. Despite the nickname, he definitely did not leave the structures intact. In fact, he changed the structure of GE drastically in his vision of boundarylessness. According to GE,

boundaryless behavior is defined as “business behavior that tramples or demolishes all barriers of rank, function, geography, and bureaucracy in an endless pursuit of the best idea in the cause of engaging and involving every mind in the company.” The previously described Workout program is an effort to achieve boundaryless behavior through a combination of culture change, leadership development, and action learning projects. This exemplifies leadership development that is tied to a core organizational value.

**5.2 Motorola:** A distinctive feature of Motorola’s approach to leadership development is the Motorola University. Originally called the Motorola Training and Education Center (MTEC), it was founded in 1980 with an original investment of \$40 million. This investment was made despite financial hardships created by a deep recession that year. The original mission of MTEC was to design and deliver training services that support Motorola’s business objectives. Since 1990, Motorola University has diversified its mission by establishing partnerships with institutions around the world. It is now considered to be the strategic learning arm of the corporation, complementing the training that takes place in Motorola’s business groups.

Also in 1990, Motorola University partnered with ABB, Digital Equipment, Eastman Kodak, and IBM to accelerate the development of Six Sigma Quality and to transfer this knowledge in the most effective manner. Much of the University’s development efforts are directed at helping managers become catalysts for change and continuous improvement in support of the corporation’s business objectives. Six Sigma had such a profound impact on Motorola that it attracted the attention of luminaries such as General Electric’s Jack Welch. For years, Welch claimed that there was only one person in the country who hated quality more than him, and that was Larry Bossidy (who left GE to become CEO of AlliedSignal). They misjudged the quality movement as nothing more than a bunch of slogans. However, once Bossidy and then Welch found out what was behind Six Sigma and the results that it helped achieve, both became converts. GE adopted Six Sigma in 1995, and Welch claims that in 1999 alone it will provide for a profit gain of \$1.2 billion (“The Jack and Herb Show,” 1999, p. 166). Motorola claims that the Six Sigma initiative was responsible for reducing the number of defects in its products from 4 to 5.5 sigma, yielding \$2.2 billion in savings.

Besides the Six Sigma initiative, Motorola has other important leadership development initiatives. The company spends more than \$150 million annually on corporate education and development. At present, Motorola requires a minimum of 40 hours a year on job-relevant training and education for every employee. The leadership curriculum at Motorola varies by level (supervisors, first-time managers, executives), but each leadership development program uses the same general framework with different curricula (Whitmire & Nienstedt, 1991). Much of the program content for lower level managers is based on Hersey and Blanchard’s Situational Leadership Theory.

At the senior executive level, Motorola offers the Vice President Institute (VPI) to foster leadership development in new vice presidents. The biggest issue that the VPI addresses is how to sustain growth in a corporation that already grows by more than 15% annually. The overall goals in establishing VPI were to teach about the company’s unique heritage as a second-generation, family-owned business. VPI was also designed to help the vice presidents explore ways to invent new technologies and new businesses (not just new products), with a focus on innovation, globalization, and communications. As such, leadership development is tied directly to a key business imperative.

Another important aspect of the continued success of Motorola’s leadership development system is the active involvement of those at the top of the Motorola hierarchy. The corporation’s chairman, Bob Galvin as well as many of the rest of the senior team members attends development programs. Some of the top leaders, including Galvin, serve as instructors and facilitators at executive development programs. Top-level leaders also serve on the advisory board for Motorola University and on the corporate policy committee that determines the level of funding for development. This type of high-level support is critical to the success of systemic leadership development in any company.

**5.3 PepsiCo.** Chairman and CEO Roger Enrico is personally committed to leadership development in both spirit and action. Even as the top honcho of a \$22 billion corporation with over 150,000 employees, Enrico spends more than 100 days a year personally conducting leadership workshops for senior executives. A number of other leadership development programs involve top-level executives as guest speakers. However, Pepsi’s “Building the Business” program is different in that Enrico is the full-time lead instructor, supported by several other executive teachers. Pepsi’s central program philosophy is simple but powerful: The most important responsibility of a leader is to personally develop other leaders. This is especially important in an organization in which 86 percent of executive vacancies are filled from within. Program participants are carefully selected, and only nine executives attend the program at any one time. This allows Enrico to formally mentor a number of high potential managers simultaneously. The participants are those who are expected to be the future generation of top management.

Enrico uses his time with program participants to help socialize key leadership values and to share his perspectives and personal philosophies of management and leadership. Enrico distinguishes between running the business, which is the role of management, and building the business, which is the role of leadership. Those at the top need to do both, he argues, but also need to distinguish between these key roles. There is a parallel between Pepsi's and Motorola's leadership philosophies of placing the responsibility of continued business growth on the heads of the company's anointed future top leaders.

**5.4 Federal Express (FedEx):** The guiding philosophy at FedEx is that when people are prioritized first, they will provide the highest possible service, and profits will follow (People-Service-Profits, or PSP). Leaders at all levels are expected to nurture a people-first culture at FedEx. Distinctive features of the FedEx approach include comprehensive, system-wide leadership development initiatives that socialize managers to the PSP philosophy, and process that link selection with development.

An integral piece to effective leadership development at FedEx is the Leadership Institute. The Institute was founded in 1984 when several senior-level managers concluded that the organization was effective at preparing people for traditional management functions, but fell short in preparing them for leadership. The mission of the Leadership Institute has evolved to focus on developing leaders throughout FedEx by applying principles of successful leadership. Some of these principles are based on well-known models such as Hersey and Blanchard's Situational Leadership Theory and Greenleaf's servant leadership model. These two theories are used as foundations in a number of other leadership development programs in other organizations.

A somewhat unusual theoretical underpinning is FedEx's use of the transformational leadership model most recently advanced by Bernard Bass (1985). Transformational leaders are thought to arouse higher-order needs in followers, and motivate performance beyond expectations. The FedEx version of transformational leadership is based on three specific behavioral dimensions: charisma, individualized consideration, and intellectual stimulation. These dimensions are combined with six other leadership competencies: courage, dependability, flexibility, integrity, judgment, and respect for others. Together these nine dimensions form the backbone of the Leadership Evaluation and Awareness Process (LEAP).

LEAP is a thorough individual evaluation process that links leader selection with development. Before being given the opportunity to apply for managerial positions, a candidate must have demonstrated excellence along all nine of the LEAP competencies.

**5.5 Johnson & Johnson:** In addition to a shared commitment to leadership development, J&J is also similar to GE in being listed as one of America's "most admired" companies in 1998, and one of the top-twenty most admired companies worldwide. It is also one of the "10 Best" companies for working mothers as chosen by Working Mother Magazine. A major reason for these accolades is the J&J Credo. Credo is a one-page document written originally by General Robert Wood Johnson in 1943 outlining the corporation's responsibility to customers, employees, the community, and stockholders. Johnson saw to it that the Credo was internalized by the company, and urged J&J managers to apply it as part of their everyday business philosophy. The Credo was, and still is, seen as visionary in terms of putting customers first and stockholders last, and for promoting the concept of fair return rather than maximum profitability.

## 6 RESEARCH METHODOLOGY

### 6.1 RESEARCH DESIGN

The type of research that is adopted in this study is *Descriptive* in nature. Descriptive research is also called Statistical Research. The main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages, and other statistical calculations. Descriptive research is mainly done when a researcher wants to gain a better understanding of a topic. It is quantitative and uses surveys and panels and also the use of probability sampling. Descriptive research is the exploration of the existing certain phenomena. The details of the facts wont be known. The existing phenomena, the persons do not know facts. So the present study undertaken by the researcher is descriptive in nature. The research is initiated with the notion of understanding the succession planning process in IT companies and its impact on organizational performance.

### 6.2 DATA SOURCES AND COLLECTION

After identifying and defining the problem and the specific information required to solve the problem, the next step is to look for the type and source of data, which will yield the desired result. There are mainly two types of data that a researcher can collect, they are primary and secondary data. The Primary data are collected through the Questionnaire by survey method.

### 6.3 SAMPLING

#### 6.3.1 SAMPLING UNIT

Select leading IT companies in Bangalore (Assocham). The companies selected are like,

- 1 Tata Consultancy Services Ltd.
- 2 Infosys Technologies Ltd.
- 3 Wipro Technologies Ltd.
- 4 Mahindra Satyam.
- 5 HCL Technologies Ltd.

#### 6.3.2 SAMPLE SIZE AND POPULATION

Population size is only likely to be a factor when the researchers work with a relatively small and known group of people (e.g., the members of an association). Here the population size is 9,900 employees forming part of select leading five IT companies in Bangalore as shown in Table 1.

**Table 1: Strength of Employees in select IT companies**

Sl.No	Company Name	No. of Employees
1.	Tata Consultancy Services Ltd	2002
2	Infosys Technologies Ltd	1993
3	Wipro Technologies Ltd	1980
4	Mahindra Satyam	1972
5	HCL Technologies Ltd	1953
	<b>TOTAL</b>	<b>9,900</b>

*Source: Through HR Managers of select IT companies*

The employees are classified based on their designation as shown in Table 2. Sample size is determined by taking 5% of total population size. The total sample size has come to 495 software professionals. These employees are taken on the basis of simple random sampling method.

**Table 2 Classification of Employees based on designation**

Sl.No	Designation	No. of Employees	Sampling
1.	Software Engineers	5800	290
2	Senior Software Engineers	1540	77
3	Project Leaders	1500	75
4	Project Managers	1060	53
	<b>Total</b>	<b>9900</b>	<b>495</b>

*Source: Through survey questionnaire.*

#### 6.3.3 SAMPLING TECHNIQUE

The sampling technique used for this research is simple random sampling. In a simple random sample of a given size, all such subsets of the frame are given an equal probability. Each element of the frame thus has an equal probability of selection: the frame is not subdivided or partitioned. Furthermore, any given *pair* of elements has the same chance of selection as any other such pair. This minimises bias and simplifies analysis of results. In particular, the variance between individual results within the sample is a good indicator of variance in the overall population, which makes it relatively easy to estimate the accuracy of results.

#### 6.3.4 SAMPLING METHOD

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### 7. LIMITATIONS OF THE RESEARCH

1. The study is restricted to the select leading information technology companies in Bangalore city only.
2. The time and cost is one of the major constraints in restricting the sample size is 495 respondents who are working in the information technology companies in Bangalore.
3. Utmost care is taken to arrive at the authenticity of the data gathered in spite of that the research shall have its own bias of answers for the queries raised.
4. The respondents are not willing to reveal their name and organization where they observed confidentiality for the research purpose.



## **8 SUGGESTIONS**

### **TOP MANAGEMENT PARTICIPATION AND SUPPORT:**

- Top Management should hold responsibility for establishing succession policy for developing future leaders
- Allocate sufficient resources & management attention to sustain the program
- To successfully implement the process, plans for implementation will need to be dispersed to all program executives within the organization.
- There should be regular reviews to evaluate the succession planning practices.

### **NEED DRIVEN ASSESSMENT:**

- A need driven assessment to be carried out, for positions where succession plan is identified. This list of positions should be referenced and specifically addressed when implementing succession plan.
- Create a competency matrix
- Interacting with HR department on competencies is necessary.
- Identify the 'high fliers' in the organization
- Be more systematic in selection
- Reinvent exit interviews as a tool for succession planning

### **TRAINING:**

- Organizations currently provide employees with the opportunity for professional development through training and job shadowing/rotation for some positions; however, the organization should ensure that this opportunity is implemented for all positions identified through the need driven assessment.

### **OTHER FORMAL PROFESSIONAL DEVELOPMENT OPPORTUNITIES:**

- Encourage leadership development through varied job assignments, education / training & self-development.
- Encourage senior level feedback.
- Focus on 'action learning'.
- Establish an effective knowledge management system.
- Career planning workshops need to be organized across all organizations
- Career counseling should be given priority
- Employees in respondent organizations are currently able to express their career goals with management through the employee evaluation process. Employees are also encouraged to make training choices, as current training opportunities are emailed to all employees when available. To further enhance focus on individual attention in succession planning, management should be more proactive in communicating with employees on their career goals when determining criteria for the annual employee performance evaluation process.

### **Dedicated Responsibility:**

- Each organization should identify a single employee who will be responsible for monitoring and evaluating succession planning at the agency. Additionally, an employee will be designated from each program area as a liaison who will monitor succession planning within their program area, and report findings on a regular basis to the organization's succession planning coordinator.
- There should be dedicated funds set apart for the same.

### **EXTENDS TO ALL LEVELS OF THE ORGANIZATION:**

- The directors should design detailed criteria for successors at senior level. For the middle & lower level, the managers can spend a few hours building a talent profile for each direct report.
- Definition & articulation of steps the employees in the lower grades to develop their competencies.
- The succession plan should be communicated throughout the organization. Currently organizations are practicing succession planning at the senior level, but for the plan to truly be successful, it must be organized at middle & lower levels, which will ensure accountability for participation.

#### **EMPLOYEE VALUES AND ATTITUDES:**

- Create a culture for effective succession planning and leadership development.
- Increasing diversity as a part of their strategic plan.
- To boost the morale of employees, ensure that succession planning initiatives are included as one of the attributes in performance appraisal, which in turn is linked to the variable pay.

#### **OTHER ASPECTS:**

- It should be made a part of the Strategic and Workforce Plan
- Ensure employee names are not listed on succession planning documentation; only position titles should be used.
- Write a policy & practices to guide the program
- Use web based products, which facilitates the collection, organization & use of succession planning information.
- Benchmark SP & management practices in other organizations.
- Add disclaimers to all succession planning documentation stating that the plan is not a guarantee of promotion, but simply a framework.

#### **9. CONCLUSION**

It is clear that organizations of all sizes and industries face incredible challenges in preparing managerial personnel to assume future leadership positions. The specific practices that organizations and management development professionals must execute to effectively build their leadership pipeline are summarized below:

- Develop the organization's mentor network by fully engaging all managers in mentoring relationships with direct reports and high potential employees in other work units;
- Ensure active manager participation in the organization's method of identifying and codifying high potential employees;
- Fully engage managers at all levels in leadership development activities, including teaching courses and creating projected-based learning experiences (e.g. stretch assignments and action-learning projects) for high potentials;
- Ensure a flexible and fluid succession planning process by avoiding heir apparent designations, frequently updating lists of high potentials based on project-based performance, and basing succession decisions on a diverse pool of candidates;
- Create organization-wide forums (e.g. leadership academy) for exposing high potentials to multiple stakeholders, including senior executives and board members;
- Establish a supportive organizational culture through active CEO and senior management participation in development programs and performance appraisal and reward systems that reinforce managerial engagement; and
- Evaluate the effectiveness of leadership development practices through empirical studies that model program theory and assess knowledge, behavior, and results outcomes.

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