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Personnel Management

Management Succession

*R. W. Schermerhorn, Extension Professor and Head
Department of Agricultural Economics and Applied Statistics*

The most important resources of any firm are its human resources — the people who supply the firm with their work, talent, creativity and drive. Thus, among the most critical — and perhaps the most critical — leadership tasks of a manager are the selection, training and development of people who will best help the firm meet its objectives. Without competent people, particularly at the managerial level, firms will falter and eventually fail.

Management succession is the process whereby management assistants are employed and maintained on the management staff for grooming to ultimately replace specific existing top management staff. The ultimate goal, then, of having a management succession policy within the firm is to maintain an effective and efficient management structure.

This publication discusses why you should have a management succession policy and how you go about initiating such a succession policy in your firm.

Alternatives for Replacing Management

The alternatives to having a management succession policy (developing persons to replace specific positions) are to either promote what you consider to be the best persons from within the organization or to hire "proven" personnel from outside.

Employing Outsiders

Employing "proven" personnel from other firms has the advantage of bringing new blood into the management structure, and this may be very important in many agribusiness firms today. A problem commonly encountered in employing a "proven" outsider, however, is that he has proven himself in the environment he has been in — the

environment he will come into may be entirely different, and as a result, his performance may not be up to expectations. In addition, the "right" person for the position is usually not in the job market. Hence, you encounter problems in locating appropriate candidates. Also, a disadvantage of employing an "outsider" takes the form of lowered morale of persons within the firm because the implication is that "our own" people are not good enough for the job. Finally, it is generally more costly to hire a person with abilities fully proven than to develop a man for the specific role needed.

Promoting from within

Advantages and disadvantages are associated with promoting the best person from within the firm. A policy of promoting from within creates an environment where employees feel there is opportunity for advancement and something to work for, i.e., a promotion-from-within policy may foster loyalty and inspire greater effort among the members of the firm.

After an internal promotion is made, however, the unsuccessful are likely to be jealous and discontent because they were not chosen for the job. Further, when one person is chosen from the ranks, it is extremely difficult to change the attitudes of the others from "working with" to "working for." Both of these problems can, however, be overcome.

Perhaps a more serious problem with internal promotion can be complacency. Complacency can develop if employees begin to assume that seniority assures promotion.

Management Succession

The management succession policy, that of developing an assistant for a specific position, also has disadvantages and advantages. One of the major

disadvantages for some firms would be that the same management philosophy would likely continue within the firm because the assistant would be trained by existing personnel. This, of course, would be a disadvantage only in those firms that require a new management philosophy (new blood).

Advantages for having a management succession policy include:

1. An assistant can take part of the workload off your shoulders and, consequently, provide extra hours for your other managerial responsibilities.
2. An assistant can step into your shoes in case of an accident, illness or during a needed vacation.
3. A good, well-trained assistant can be the means of continuing the business without serious disruption in case the owner-manager dies or the hired manager leaves.
4. Other personnel within the firm will know that this person is being groomed for the job. Consequently, the problem of changing attitudes of "working with" to "working for" will not develop.

Initiating Management Succession

Making the Decision

The first step is deciding to initiate a management succession policy, perhaps the difficult step in the process. It means, basically, that you and other managers are going to have to let go of some responsibilities and assign them to your assistants. This is extremely difficult for some individuals to do, but it must be done because you will never hold an assistant, at least the type of assistant that you would want to take over someday, if you don't give him some responsibilities and the accompanying authority of his own.

For the owner-manager, the decision to initiate the policy can be easily made. However, in the case of a hired manager, an additional problem arises: namely, the manager may be neither willing to train the assistant nor willing to give him responsibilities and authority. He may be afraid the assistant will prove to be better than he. In cases like this the owner, or owners, must not only initiate the policy but also insure its enforcement.

Securing the Assistant

The next step is to secure the assistant(s) required. This is, obviously, an extremely important step and one in which you do not want to make mistakes. Remember, employing a management trainee as your assistant is a major investment both in terms of dollars and in the future success of the firm. During a 10-year period, the investment in the trainee will amount to at least a quarter of a million dollars. Further, the assistant will have varying responsi-

bilities for the use and care of many thousands of dollars worth of equipment, supplies and materials. And, finally, the assistant will be responsible for the safety and welfare of people under his direction. All of this underscores the importance of securing the right person for the job.

You cannot expect to find a well-rounded manager who is ready and willing to move in to help you. You'll have to train and work with him.

Most of the personnel that are employed as management trainees are actually "potential" managers. As such, the assessment of potential managers becomes much more difficult than assessing "experienced" managers because potential managers must be judged on things they have not yet done. However, this assessment is also extremely important since the potential managers selected may well determine the firm's future success.

The most common source today of management trainees is our colleges and universities. Evaluating these college graduates begins with a review of school grades. However, school performance is not always strongly associated with managerial performance. For this reason, many firms place considerable emphasis on evidence of extracurricular managerial interest or experience — participation in campus organizations (particularly leadership positions). And, of course, extensive interviewing is important to determine if candidates have what interviewers consider to be the appropriate management personality traits.

What kind of a person should you be looking for? You need a person who will profit from your experience. He should be the kind of person who wants to learn and can learn fast. He should be able to think and should have common sense. He must have the ability to work with people and gain their confidence. He has to be able to lead because he will become "you" to your employees — and often to your buyers and producers.

Developing the Assistant

If he has the qualities just outlined and initiative, you can teach your assistant to handle additional responsibility and authority. He can learn the skills of management, such as planning and supervising the work of others.

You might, for example, assign him the management task of hiring new employees, buying inputs or selling your product. Learning such work will increase his understanding of the various phases of your business. The more he learns about it, the greater his job satisfaction should be. A good assistant will thrive on responsibility and a varied work routine.

Studies have determined that for management trainees, the amount of challenge in the individual's

first job is significantly correlated with the individual's subsequent career progress within the firm. A challenging first job is followed by a high level of performance even in relatively dull jobs later on, and the unchallenged young manager is severely handicapped throughout his career. Individuals who are initially given demanding tasks internalize high standards of performance and are better prepared for future assignments. In contrast, individuals who are given easy assignments are less motivated to perform at a high level. The studies show that after 5 years, those individuals given demanding assignments when they entered the firm as a group rank higher in the organizational hierarchy than new employees who were not given challenging assignments.

In order to develop an assistant so he can do his best, you will have to work closely with him. In addition to personal guidance, you should lay a solid foundation for your assistant's spot in your firm.

Development Plan

A written plan of development and a timetable should help your assistant along. Consider these suggestions:

1. **See that your assistant has all the necessary facts about his new responsibility.** Give him a clear picture of what he is to do and how he should do it. Tell him how much responsibility and authority he is to have. One way to start is by helping him develop a description for his new job.

Tell him the names of the people with whom he will be working and personally introduce him to these people. Make certain they understand that they are to deal with your assistant and not with you in specifically assigned areas in the future.

2. **Inform employees who will work with your assistant to cooperate with him.** You can smooth his path by spelling out for them the areas of responsibility you've given him. Then impress on him the importance of his earning the respect of other employees, even when he has to reprimand them.

3. **Share your own knowledge with your assistant.** If he is to do a good job, you must keep him informed of your plans, their progress and your reason for making each move. He should also be warned of problems that might arise. See that he learns the ins and outs of working with the other people in your firm.

Managers who fail to give their assistants such background handicap them. By keeping them partially in the dark, they sell them and their jobs short in the eyes of those with whom they must work.

4. **Give your assistant responsibility gradually.** Let him get the feel of his job. By assigning him

additional responsibilities in small doses, he learns to handle new problems. Thus, he is continually absorbing additional knowledge and growing as a manager.

5. **Keep a loose rein.** Some managers make the mistake of trying to keep their fingers on every move that is made in their operations. Their constant checking may make their understudies nervous, slow down their development and may cause an assistant to lose confidence in himself and sometimes lose his initiative as well.

6. **Follow the management-by-exception principle when you give your assistant responsibility for a certain task.** Give him the necessary authority for getting that job done and encourage him to bring problems to you only if something seems wrong or out of line.

Train your assistant to give you one or more suggested solutions to the problem he brings to you. You help him develop by guiding him to make the correct decision.

7. **Give your assistant feedback on a continuing basis about how well he is doing.** We call this process performance appraisal. Performance appraisal is one of the most important tasks any manager has, yet it is one that most managers freely admit they have difficulty handling adequately. It is not always easy to judge a subordinate's performance adequately, and it is often harder still to convey that judgment to the subordinate in a painless or helpful manner.

The performance appraisal process must occur on both an informal and formal basis. Informal appraisal is conducted on a day-to-day basis. The manager spontaneously mentions that a particular task was performed well or poorly. Because of the close connection between the behavior and the feedback on it, informal appraisal quickly encourages desirable performance and discourages undesirable performance before it becomes ingrained.

Systematic performance appraisal occurs semi-annually or annually on a formalized basis. The four major purposes of a formal appraisal are:

- a. To let the subordinate know formally how his current performance is being rated.
- b. To identify additional training the assistant needs to perform adequately.
- c. To allow the manager and his subordinate to set performance goals for the following year against which performance will be evaluated next year.
- d. To allow evaluation of the subordinate's overall progress toward meeting his and the firm's goals.

Conclusions

When you delegate authority and responsibility to an assistant, you are using his ability to think,

plan, act and evaluate. Of course, you have to keep control. Control is important so that you can blend his progress in with the overall activities of your business.

Check regularly on assignments which you give your assistant. However, as explained earlier, you will want to avoid the mistake of checking each little detail.

A word of advice here. Your assistant probably will not do the job the way you would. His approach may be as different from yours as is his handwriting. It may even be better. So long as he gets the results you want, do not nag him about his methods.

Some managers push their assistants onto the sidelines when they think something is going wrong. This practice tends to undermine their confidence. It also lowers their status with the employees under their supervision.

Everyone makes mistakes, and your assistant, a younger person without your experience and knowledge, will make an occasional error. Keep in mind, though, that a good person learns by making mistakes. Your task is to help him profit from his mistakes.

If you need to correct your assistant on a specific project, do it in private. On the other hand, praise him in public. In private, discuss calmly the mistake and point out how he can avoid the error in the future. If you are too severe with him, he may react by trying to cover up future mistakes. If this happens, you've lost communication and have defeated the purpose of having an assistant.

Coaching

The simplest way to train your assistant is to sit down and talk with him, i.e., coaching. You explain the day-to-day running of the business, the problems you face, the management principles he should know and your firm's plans and policies.

To be meaningful, on-the-job coaching must be tempered by considerable restraint — subordinates cannot develop unless they are allowed to work out their own problems in their own way. Managers too often feel compelled to tell their subordinates exactly what to do, thereby negating the effectiveness of coaching. You turn him loose, adding management responsibilities as fast as he can assume them. Of course, you make yourself available to answer his questions.

Along with your discussions and his on-the-job practice in management, encourage your assistant to study and improve himself. He should read the trade publications, as well as general business

papers and magazines. He should also read articles and books on management subjects such as buying, selling, personnel management, etc. One way to encourage such a program of self-development is by making the necessary books and magazines available.

Holding the Assistant

The extent to which a company can do a good job of providing for management succession depends not only on its selection and training procedures but also on the inducements it offers to management employees to remain after they are hired. These inducements may be both financial and nonfinancial.

The nonfinancial incentives are difficult for a prospective employee to appraise. He may be promised "interesting work," for example, but his idea of what is interesting may differ from that of the man who hires him. The difference between the financial rewards offered by two companies, on the other hand, is obvious. Hence, pay is particularly important in attracting applicants, although other incentives may take precedence for those already on the job.

Right from the start, show your assistant that the job will pay off for him and his family. Let him know what his prospects are for greater financial gain. You may want to outline your full plans for him. Or you may want to discuss only part of your expectations. If you withhold word of other rewards for various stages of his development, make sure that he has an idea that you plan to reward his efforts as your firm grows.

In some firms, the added responsibility that goes with being an assistant may bring him the opportunity to buy part or all of the business in the future. Whether or not this is the case, the good assistant deserves good wages and has to be paid well in salary or bonus or perhaps offered profit-sharing opportunities. If he isn't taken care of in one firm, often he will move on to another which does appreciate his abilities.

Reaping the Rewards

Developing a top assistant through a management succession policy can pay off in many ways. It can make your own job easier because an assistant can give you the time to plan and more freedom to deal with emergencies. With a competent and trusted assistant, you can take time away from your business to do things with your family and friends. In effect, the proper assistant, after he is adequately trained and guided, can help you to live a fuller life both at work and at home.