

## One-half of firms to lose at least one-fifth of executives by 2017

*But two-thirds of employers lack succession plan, finds survey*

BY AMANDA SILLIKER

**AS TOP SENIOR** executives prepare for retirement, Canadian organizations will be faced with a mass exodus of C-suite members over the next five years — and little has been done to fill the upcoming void, according to a survey.

Nearly one-half (44 per cent) of employers anticipate losing 20 per cent or more of their executive staff by 2017, found the *Executive Outlook* survey by executive search firm Odgers Berndtson.

“There’s a giant elephant in the room as it relates to the future availability of talent as we see a generation of baby boomers — which is unprecedented on the planet in terms of numbers and achievement — retiring over the next, literally, handful of years,” said Carl Lovas, chairman and CEO of Odgers Berndtson in Toronto.

One-quarter of senior executives at Canadian firms are 55 or older, found the survey of 300 executives. And 43 per cent are between the ages of 50 and 54.

The vast majority (90 per cent) of survey respondents believe the next generation of managers is not ready to take over at the executive level. One-half (55 per cent) of survey respondents said it will be difficult to find replacements within their organization to fill senior roles in the next five to 10 years.

To prepare the next generation of leaders, employers should have them participate in decision-making aspects of the business as soon as possible, said Steven Beal, principal of Beal Business Growth Consultants in Winnipeg.

“The more you get the next generation involved in the thought process and strategies and thinking through of issues, the more ready they will be when the time comes for them to take over,” he said. “The onus is on management to start training people to think along those lines.”

### Assessment lacking

More than one-third (37 per cent) of executives said their organization does not have a formal process in place to assess the leadership skills of senior management.

Strong emotional intelligence combined with excellent people skills have proven the most difficult qualities to find in new executive talent, according to 55 per cent of respondents.

“When I see people who succeed versus people who don’t do quite as well, there is a whole thing beyond IQ or raw intelligence or even raw skill in any one field. It is more managing yourself and managing a number of different factors,” said Beal.

Emotional intelligence skills are absolutely critical for leaders, especially self-awareness and understanding how your behaviour impacts others, said Gail Voisin, CEO of Gail Voisin Executive Coaching in Thornhill, Ont.

And because people often leave a company because of their boss, not because of the organization, strong people skills are necessary for any leader, she said.

“If someone’s good at their job but that’s it, there’s a limit to how far they can progress in their career,” said Beal. “They may be a foremost expert in a certain field but that’s it, and running a business and managing a team of people, the softer skills become more important.”

One-half (54 per cent) of respondents said strategic thinking skills were difficult to find in new executive talent. These skills are important for leaders because companies need visionaries at the top, said Voisin.

“Exceptional leaders are enthusiastic role models for their team. They are the ones who really move the organization toward its vision and to be a visionary, we need to think strategically,” she said.

One way to foster strategic thinking skills is by exposing the next generation of leaders to all the different aspects of a business, said Beal.

“They may be an expert in the production side but they need to start seeing the finance side, the marketing side, the operations side. Whatever stream they’re coming from, they need to see across the different functions of the business to pull together all the different elements,” he said.

### Succession planning

Nearly two-thirds (62 per cent) of organizations do not have a succession plan in place to replace senior executives, found the survey. And 43 per cent have no intentions of implementing one.

“So much of the business world has been traumatized by the economic uncertainties and the environment that we’re in, and people are much more concerned about survival over the next quarter, six months, than they are about planning for two years, three years or five years down the road,” said Lovas.

Of the 33 per cent of firms with a succession plan in place, more than three-quarters (77 per cent) have included the entire senior executive team in the plan. The more people who are involved early on in the process, the better, said Beal.

Another three-quarters (77 per cent) of employers with a succession plan are identifying and mentoring high-potential people for senior executive roles, found the survey.

“In this day and age, it really doesn’t matter what level of position you’re in in an organization. All people today should be responsible for developing one successor or more,” said Voisin.

More than two-thirds (69 per cent) of companies with a succession plan have an assessment and development plan in place for executive succession candidates, found the survey. The progress of these candidates should be measured bimonthly, said Voisin.

“People talk about promoting them in the organization, but they linger and linger and nothing happens and finally they start to get frustrated,” she said. “Promote high-poten-

tial candidates and give them, in general, some timelines.”

To encourage succession planning, employers should consider tying it to a portion of the executives’ compensation — because what gets measured gets done, said Voisin.

It’s important for the next generation of executives to be properly prepared because the position is harder now than it was 20 years ago, according to 83 per cent of respondents.

“We live in a much more demanding world and the pace of change is dramatically

increasing,” said Lovas. “That’s creating a situation where people are tested in leadership roles in ways they have never been before... The demands on executives have never been higher.”

The biggest challenges are greater media and public scrutiny (65 per cent), technology advancements (57 per cent) and greater emphasis on corporate governance (54 per cent), found the survey.

“The ability to scrutinize has never been higher,” said Lovas. “There’s no place to hide — boards, customers, superiors, peers can

measure individual performance in a way that they could never do before and compare it to competitors and other industries.”

Along with making the best use of in-house talent, employers need to focus on recruitment, given the talent-constrained environment, he said.

“It’s much better to be at the front end of the line at the buffet table than if you’re at the back-end, so smart organizations are going to the marketplace now and recruiting people into the organization that will be a talent pool for succession to key roles.”