

The King is Dead -- Long Live the King!

Exploring the Psychodynamics of Corporate Succession Planning

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INTRODUCTION

The high-stakes political dynamics of senior executive succession are appreciated by most of the players such as Board members, peer executives, aspiring strivers. Less apparent might be the powerful emotional and unconscious dimensions associated with anticipated change in the power structure of an organization.

The paper draws on case examples from large corporate organizations in consumer products and health care to illustrate the complexity and varied outcomes associated with real organizations as they struggle with these sensitive issues. Through comparative analysis of the cases, the authors develop implications for practice that derive from relevant concepts in the literature on the psychoanalytic study of organizations, such as anxiety, authority, risk, power, and social defenses. The authors propose that the effects of anxiety on participants in succession planning must be accounted for in consultation relationships and methods.

The Organizational Issue

Succession planning is a process designed to ensure capable ongoing leadership talent in a timely manner.

“Succession planning and management is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, division, department, or work group by making provision for the development, replacement, and strategic application of key people over time....

“A succession planning and management program is thus a deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement.” (Rothwell, 2001)

Succession planning is a critical activity since the organization’s future capability is directly linked to its future leadership. Replacements are continually needed because of resignations, retirements, promotions, illness or death. The stakes are high. The timing of replacements is often unknown. The business strategy, which should serve as the basis for succession planning, is largely the best guess of the leadership and is often unclear. Power and

authority issues pervade any discussion of leadership. Since it is a high-risk, anxiety-provoking activity, succession planning is a laboratory for psychodynamic understanding.

A Consulting Perspective

Our purpose in this paper is to foster learning about the application of psychodynamic concepts to the organizational issue of succession planning. Through the exploration and comparison of case studies drawn from consumer products and healthcare, we seek better understanding of the issues related to succession planning and the options available to consultants for helpful interventions in the process.

The intent of the paper is to apply our understanding of psychodynamics to develop ideas about more effective consultation to the succession planning process. The purpose here is pragmatic and application-oriented. The paper is intended to provide insight and better-informed ways of thinking for the manager or consultant.

FRAMEWORKS

Multiple Perspectives in the Literature

Various texts on the topics of leadership and executive development describe the elements of effective formal Human Resources systems for succession planning and talent management. These references provide research results, technical guidance, and advice on organizational readiness, political positioning, or the handling of resistance (e.g. Rothwell 2001, Carey and Ogden 2000, McCall 1998, Tichy 1997, Jaques and Clement 1991). The underlying issues arising from the personalities of those in leadership and management may be pointed out but most texts on formal organizational systems or processes for succession do not explore psychodynamic issues in depth.

A number of sources from the literature on organizational psychodynamics do illuminate the underlying issues attendant to leadership succession (Kets de Vries 1993, Obholtzer 2001, Diamond 1993, Heifetz 1994, Kernberg 1979a). By contrast with the business literature on executive succession planning, these texts derive from the analytical study of organization behavior. What they generally do not discuss in depth, however, are the ways in which formal organizational processes may be helpful, defensive in nature, or irrelevant with respect to the dynamics explored, and how one might manage the process more effectively.

With a few exceptions (such as Nadler et al 1998) we are not aware of a literature at the intersection of these resources, a literature which might draw from the formal, organizational, psychodynamic, and political dimensions of succession planning in a way that informs pragmatic choices on the part of managers or consultants. Our paper proposes to examine the phenomenon of succession planning by applying a variety of lenses from theory and practice to our actual experience in two consultation cases.

Succession Planning Process

Succession planning is a systematic method used to ensure the availability of needed talent at the time required to perpetuate the management and leadership of an organization. It is used to determine job appointments in a way that addresses both the company's present and future needs as well as the individual's developmental needs.

The process involves identification of the necessary competencies required for accomplishing the articulated strategy of the organization. Since it is a time consuming and costly process, succession planning is usually focused on key technical and managerial positions. It encompasses both development of internal talent and planning for replacements. The process is data based and requires the participation of key leaders, most importantly, the chief executive.

The succession planning process differs from one organization to another – from the comprehensive approach described above to a simple replacement table. Development is not always part of the process. Most often, the comprehensive process is documented but not followed as prescribed. As with any planning process, carrying out the plan is often more problematic than developing the plan.

The stakes for successful succession planning get higher as the organizational level of the position gets higher. Replacement of a chief executive officer or of senior operating executives usually receives more attention than the replacement of a middle manager, although in knowledge industries the replacement of a major technology chief also gets considerable attention. The board takes the lead role in planning the succession of the CEO and increasingly is involved in the succession planning for the CEO's direct reports.

The most common succession scenarios are in response to: (1) normal retirement, (2) incapacitating illness or death of a key manager, (3) replacing an under-performing key manager, (4) a surprise departure of a key manager.

In our experience and knowledge of organizational practice, the most damaging error in succession planning is starting with understanding the people instead of understanding the work – as derived from the business strategy. The second most likely error is operating without adequate data, either about the work (e.g. job description, links to the larger system, leadership gap analysis, 3-5 year strategy) or about the people (e.g. competencies, attributes, developmental needs).

Psychodynamics Related to Succession

The succession planning process, like most organizational processes, is, at least on paper, an orderly and rational business process (Rothwell, 2001, McCall, 1998, Tichy 1997). It has specific steps to be followed – candidates are assessed against a well-developed competency framework, line managers are accountable for periodic reviews, group meetings of senior management are held where decisions are made about candidates, and line managers implement outcomes at all levels.

But, what about “not having time” to do a thorough assessment? Or superficial consensus about candidates because group dynamics are not managed? The effect of powerful managers pushing their desired candidates? Experiences of anxiety, loss, or rivalry? Succession planning outcomes rarely drive the organization’s management development as intended.

Because the stakes are high when selecting the future leadership of an organization, succession planning is full of risk and attendant anxiety. The generalized stress in contemporary organization life is a context that supports dysfunction and regression in many rational processes and succession planning is no exception.

Institutional defense systems based on denial induce behavior such as denying there is a problem or claiming that previously identified problems have been solved. Covert coalitions form to promote candidates who, rationally, are not the best choice. Splitting is rampant when assessing candidates and protecting relationships often overpowers assessment. Leaders may feel guilty for not “fixing” the process and become situationally de-skilled as they experience

inadequacy. Basic assumptions prevail at meetings during the process and change does not occur because there is no support for questioning these assumptions (Bion, 1961). Regressive postures are taken and there is no work group to accomplish the task (Rodenhauser, 1993). Administrative structures necessary to carry out the task are often inadequate, causing the group to view the task as overwhelming or feeding other regressive behaviors (Kernberg, 1979a).

Also, some organizations are highly politicized. The power plays that take place are often unrelated to the formal systematic process, whether the process is crude or sophisticated. There are many tension points inherent in any succession planning process, for example:

- Identifying high potential candidates for succession requires differentiation of people vis-à-vis competencies.
- A sophisticated work group is necessary for the task of differentiating candidates.
- Managers tend to support those who have supported them and don't want to deliver disappointing messages.
- The CEO must participate and, at times, be a referee without inhibiting the dialogue in review meetings – a difficult task freighted with power and authority dynamics.
- Committing the organization to a strategy in the face of so many uncertainties produces anxiety and there is resistance to taking responsibility for the strategy.
- Feelings of loss and anxiety intrude as organizations approach the known retirement of a strong leader (Diamond, 1993).
- Leadership transitions require balance between the psychological needs of executives and the rational requirements of the organization (Kets de Vries, 1993).
- Interpersonal conflict or acting out of sibling rivalry is inevitable as sponsors clash to support their protégés and the use of data is transcended by the urge to win (Obholzer, 2001).

These examples illustrate that in spite of the existence of an established organizational process, succession planning is rife with psychodynamic issues.

TWO CASES

Healthcare Board of Trustees

The Organization

This case example comes from a North American healthcare system that employs over 20,000 persons working in more than fifty clinical care facilities; it has annual revenues in excess of US\$3B.

Recent History

The system was formed by the merger of a dozen previously autonomous regional healthcare organizations. The same CEO had been at the helm since the formation of the corporation. The system operates from a strong sense of its healthcare mission, committed to upholding values while practicing good stewardship. The corporate structure is lean, focused on the achievement of cost efficiencies for the system as a whole – for example, leveraged purchasing power, centralized financial services, public policy advocacy, etc.

One of the gains the system owners hope to realize from this consolidation of previously independent local institutions is a deeper and broader talent pool from which to draw leaders for the system hospitals and divisions. To support this goal, the corporate staff has implemented a system-wide process for the identification and development of leadership talent.

The Client

The client in this case was the Chairman of the Board of Directors. In the course of periodic private discussion between the Board Chair and the health system CEO, the CEO confidentially informed the Chairman of his desire to retire within the next few years.

The Chairman decided to work with a small group of members of the Board to begin the process of executive succession planning for the CEO position. Due to the need for inside access for the scheduling of Board meetings, compiling information, etc., the corporate VP for Human Resources was tapped to provide staff support to the Chairman. To prevent any conflict of interest or distortion in management roles during the succession process, this VP recommended that an external consultant be retained to advise the Board committee.

The Board committee invited the consultant to a meeting for a group interview, and elected to retain the consultant for the duration of the process. The VP of HR and consultant maintained communication links through the process. In addition, the incumbent CEO was actively included in the deliberations although without the formal decision-making authority of the Board committee.

The Situation

At the broadest level, the challenge for which the Chairman and the selected Board members sought consulting support was the management of an orderly succession process for the CEO position.

They had a number of specific questions and concerns:

- How should they manage the succession planning process? (No shared precedent since the merger.)
- What kind of leader would be needed for the next phase of the system's growth and development?
- Could they keep the information about the timing for leadership change confidential? For how long, if there were to be an external search? What would happen if they did not keep this information confidential?
- Was it desirable or essential to conduct an external search for a candidate?
- How would a change of leader affect the current corporate leadership team?

To address the confidentiality issue, the Chairman decided to use one of the Standing Committees of the Board as the ad hoc working group for this project, extending their regular meeting times to encompass this additional task. Meeting agendas and notes for the ad hoc task were prepared by the consultant and VP HR, but were maintained separately from published meeting agendas or minutes. Since the VP HR and the CEO along with the Board Chair were normally involved in all meetings of this committee, and since consultants were often invited depending on the technical topics covered, no unusual (ie, visible) activity was involved.

The initial issue to address, evident the first time the consultant met with the Board committee, was the overt anxiety displayed by some members of the group. They named it lack of clarity about what the process should entail. Most Board-level deliberations in large corporations are preceded by extensive staff research and are brought to the Board with clearly defined requests for advice or decision. By contrast, in this case the committee members were faced with a very critical task that they were responsible for managing. Not named was their likely anxiety over being responsible for selecting a good successor to the highly-regarded current CEO.

The group dealt with the anxiety by pressing for guidance on the process, although this was more important to some members than others. In point of fact, some of the members were highly experienced executives well-prepared for the task of succession selection, while others felt quite overwhelmed with the challenge.

In response to the request for “a process”, the consultant and the VP of HR collaborated to produce a recommended plan for the committee to use in guiding their work. Over the course of the subsequent year and a half, this committee met eight times, proceeding through a number of difficult deliberations, and revising this process plan on numerous occasions.

The next task the group engaged involved formulating the position profile for the incoming CEO. Each Board member was individually interviewed by the consultant for his or her input to this document, and the committee as a whole debated various aspects of required experience and competence with some heat and vigor. Considerable attention went to the question, “Should the next CEO be specifically experienced with healthcare management, or would it be desirable to recruit someone from another industry?”

In debating these two options, Board members reflected disagreement over the importance of a changing skill set for healthcare leaders in an economy characterized by sophisticated financial deal making; at a deeper level, the varying views about what profile of qualities would be most important represented projections on the part of Board members, who tended to support an image of the future as-yet-unselected-leader in terms of attributes and skills they personally valued. The Board committee eventually resolved this question by identifying a “highly preferred” and an “acceptable” level for credentials – their highly preferred candidate would be an experienced healthcare executive.

The other complex deliberation that the committee engaged in over a series of months dealt with these questions: “Is an external search a necessary and desirable process? Can we or should we consider internal promotion?” To facilitate their work on this question, the Board members asked for information about the precedents and patterns in other industries and they requested detailed reviews of the internal talent pool that the CEO perceived as qualified or interested in the CEO role. In addition, the consultant prepared briefing materials for them on the organizational issues that would be impacted one way or another by the internal/external search questions, and provided them with a decision tree structure that they might use to assess the multiple factors involved in this decision.

While polite on the surface, the intensity and duration of this debate within the committee gave evidence of strenuous wrestling within individuals and within the committee. One view strongly presented within the committee held that an external search would represent appropriate due diligence and the duty of care owed by the Board to the corporation. Another equally strong

view reflected the conviction that the organizational disruption and distraction attendant to an external search was unnecessary due to the presence of strong internal candidates, and that the organization also risked de-motivating or losing these internal executives in the process of mounting an external search. Even though the two positions appeared to be in opposition, the operative logic for each one was risk mitigation – a predictable dynamic in the face of uncertainty, anxiety, and high stakes. The committee settled on a first choice path, internal promotion, and agreed to hold the external search option in abeyance until they knew if the internal candidate would accept.

The final, shortest phase, of the committee's work occurred after this point, as they took to the full Board in closed session their analysis and recommendations. At this point, the Board formally authorized this committee to function as a CEO search committee, and authorized them to contact and interview potential internal candidates. Within days of the interviews, the committee presented its recommendation to the Board, a selection decision was made, and formal communications were issued that announced the planned retirement of the current CEO and named the successor and the transition time period.

At the time of this writing, the organization is still in the transition period, anticipating the formal hand-off from the retiring executive to the newly appointed successor. So far, no loss of key talent or disruption to strategic priorities has been evident, both of which were important issues for the board committee.

However, the consultation was narrowly-focused on the selection process and was confidential in nature – as a result, many of the predictable organization issues related to leadership transition were not addressed in advance by the board or by the consultant. The organization currently shows evidence of these transitional stresses and would have benefited from a more comprehensive plan of action for the implementation phase.

Consumer Products Legal Division

The nature of the work and the corporate culture affect the particular ways in which members of an organization experience and deal with anxiety and risk. The culture of lawyers is highly rational and fosters close attention to detail, authority, and self-confidence in their ability to analyze any situation. Lawyers are notoriously poor human resource managers and work best at that task with a very codified process. They are much more comfortable with expert

consultation than with process consultation. In the case presented here, the primary task of the function, i.e. doing the legal work of the organization, is largely protecting the company from product liability litigation, which fosters a defensive posture.

The Organization

The organization is a consumer products company and a leader in a highly competitive and controversial industry. It is an old company and has always been a truly global organization headquartered outside the U.S. The company employs about 40,000 people world wide.

Recent History

The company has undergone many changes in the last 20 years. It was a consumer products company that became a holding company for a group of diversified companies. Subsequently it returned to consumer products, divesting the other businesses.

Some years ago the company reorganized into geographic regions. Prior to that it was comprised of semi-autonomous companies each of which had its own brands, some of which overlapped with each other. In that structure, companies were not defined geographically and often competed against each other in the same markets. Resolution of conflict in this structure was at the Board level. Under the new structure, each Region has a General Manager who oversees all operations within that geographical area. Brand marketing is, therefore, managed world wide within each region on a more coordinated and efficient basis.

There have been several acquisitions and mergers in the past few years as well as the ongoing realignment of some regions to manage new markets that are emerging, mostly in Asia and Eastern Europe.

The Client

The client is the Legal Director of the corporation located at the headquarters. The nature of the industry causes the legal function to be a key staff function, especially in managing litigation and intellectual properties. The Legal Director is a key resource to the CEO and is involved as an influential member of the Board in the management of the overall corporation. The Director was a client of the consultant at two previous companies in a different industry. They have a long established trust and working relationship.

The Situation

The Director originally used the consultant as a sounding board for a year before asking for assistance with team development of his senior staff. This was during the time that headquarters functioned as a holding company for diversified companies. The members viewed the Director as highly authoritarian and withholding of strategic information. He was intimidating to many of them, yet he was universally respected for his professional ability and achievements, his quick grasp of issues and his work ethic.

In the midst of the team development work, the company made the change back to operating solely in consumer products and the roles of many of the team members changed. The sense of urgency for team development waned. At this point, the Director employed the consultant to assist with the restructuring of the Legal Function to align it to the reorganized company. This project was carried out and the function seemed better grounded for a while.

In the course of this work, it was clear that the function did not have enough senior lawyers who could become general counsels to the Region General Managers in the new structure. Three senior people had to be recruited, and existing professional staff were reassigned to new positions created by the restructuring. Several of these people did not perform well in their new roles and had to be replaced. It was clear that succession-planning help was needed.

There was an existing corporate process, but the lawyers believed it to be inadequate for their specialized work. The consultant encouraged them to either adapt the process to their needs or collaborate with the Human Resources function to create one that fit their needs. Multiple follow up meetings with the Director resulted in meetings of the senior legal staff who, after six months, concluded the plan they had been using was, in fact, adequate after all. They were not highly motivated to create an improved process for the function.

However, each acquisition or merger over the next few years resulted in the need to identify talent to be reassigned or assimilated into the function, and/or the creation of new senior level positions for which the function again was unprepared and had to recruit the necessary resources. The consultant continually encouraged the Director to take action on the succession planning process – especially the developmental part of it. Finally, after a number of years of intermittent attention to the issue, the Director decided that something needed to be done. Interestingly, he decided this soon before he announced his retirement, which was to be effective

in a year. The Deputy Director was the heir apparent. He was enthusiastic about the project and seemed likely to ensure momentum in the work after the incumbent Director retired.

The consultant advised the Director and Deputy that involvement of his senior staff – called the Leadership Group – was essential for ensuring understanding and consensus on whatever plan was developed. The process began with a meeting of the Leadership Group to articulate the Legal Function strategy as a starting point for identifying competencies that would be needed for senior staff now and in the predictable future.

That group meeting and ones that followed were unsuccessful. The group was not engaged, most members did not participate and the work of the group was done by the Director and the Deputy. The strategy was articulated but group understanding and agreement was not evident. Meetings were held, sandwiched between crisis meetings for litigation or other threats. Members varied in their interest and enthusiasm for the project, and many said their time could be better spent on more pressing legal issues. Of the ten members, only three were enthusiastic. Many of the members believed they could fix the problem themselves without so many meetings or the use of a consultant.

After this round of meetings the Director said he was convinced that the strategy-based competency identification approach was sound and he was not particularly dismayed by the group's reactions. Since conducting meetings of lawyers on any topic was, as he said, "like herding cats" he wanted to proceed.

Most of the Leadership Group members subsequently participated in individual behavioral event interviews, which were content-analyzed to identify 8 managerial and leadership competencies. All but one of the interviewees was enthusiastic about participating and expressed support and optimism for the process – a marked change from their negative reactions during the group meetings.

The draft of the competencies was presented to the Director and Deputy. Both of them were excited about the findings and supported completion of the project. The next step was some validation of the data through interviews of others in the system and meeting with Human Resources to decide how to integrate the specific competencies with the general corporate succession planning process. A person from HR was recruited to work with the consultant on the project and, specifically, to determine how to integrate the Legal Function competencies with the

corporate plan. The HR person expressed enthusiasm for the project and for his participation with it but ultimately provided no input. The HR person also was not seen positively by many of the leadership group members.

At this point another of the frequent litigation crises arose and succession planning work was put on hold. During this time, the Director retired and the Deputy was promoted to take his place. The consultant asked for a meeting to discuss the project and resume work. It seemed important to keep the enthusiasm and momentum. After 3 months, the new Director met with the consultant and announced that he “wanted to put his own stamp on things”. He said he did not want to proceed with the project, and he believed he had a plan for fixing the process.

As far as is known, no systematic process is yet in place. There is a growing number of entry and mid level lawyers who are becoming a critical mass of discontent since there is no transparent process for development and succession.

COMPARATIVE ANALYSIS OF THE CASES

The two cases provide some informative contrasts between client systems, interventions, and consultants.

In the healthcare case, the board committee was an established group, understood and accepted the work upon which they needed to collaborate, and had a good working relationship with the incumbent CEO. In this organization, at least some Board members acknowledged their inadequacy to deal with the task by themselves and readily agreed to seek consulting help. None of the members of the board committee were considered candidates for the CEO role. They faced organizational risk and personal responsibility in their governance capacity, but not personal career risk.

Also, the individuals taking on the succession work in the healthcare case were part of the Board, to whom the CEO reported. In the consumer products case, the individuals taking on the task of producing a succession planning system were the subordinates of the person who would be retiring. These differences in relative power vis a vis the incumbent leader could be expected to produce different degrees of risk and different levels of anxiety. All of the members had reached their senior level under the existing process and were not motivated to change it.

The holding environment (Stapley, 2001) was markedly different in the two organizations. The healthcare organization was evolving from a series of mergers but the structure and leadership provided a relatively reliable holding environment. The consumer products organization was volatile, the structure and roles were constantly changing, and the leadership was authoritarian. The leadership was changed in midstream of the succession planning project, to a person whose leadership style was still unknown.

The psychological state of the members of the consumer products organization was predictably more dysfunctional. An assessment of the culture, not done in either case, would have provided some guidance for intervention, especially the need for reliable containment in the consumer products case. Getting to a position where there is basic trust in that organization would be a slow and time consuming process, even with the creation of appropriate containment devices such as a comprehensive plan and clear decision making process on the steps of the plan.

In the consumer products case, the Leadership Group was not a “Work Group” as Bion (1961) would describe it, i.e. one that had clearly identified tasks requiring collaboration of members to accomplish the tasks. While the Director asked for help in succession planning, the members of the Leadership Group were varied regarding their belief that he would relinquish unilateral authority, and regarding their expressed inadequacy to deal with the task. Some members believed that they were, indeed, excellent talent-spotters and talent developers, and needed no help. Many of the Leadership Group members perceived the Director as being autocratic – they believed that he would, in fact, make all major decisions himself, thus negating the need for a departmental and group process. This perceived abuse of power by the Director contributed to the regression of the group. The group was unable to move from dependence or fight-flight (Bion 1961) and work on the task of succession planning. The struggles between the subgroups and the rejection of the leader, consultant, and Human Resources representative, who were viewed as external enemies, were further evidence of group dysfunction. The prior relationship between the Director and the Consultant was perceived as a threat to the basic assumption group.

The healthcare client worked more as a work group because it had real work to do, albeit narrowly focused. The consumer products client Leadership Group basically met to share information, did not do much work as a group, and was frequently in a dependency mode letting the Director take the risk and contain the anxiety. Furthermore, the nature of the primary task of

the legal function was largely protecting the company from liability claims and seemed overwhelming. This defensive orientation made fight-flight even more likely to prevail and perpetuated the power struggle in the leadership group. As long as a resupply of talent was available to address immediate organizational needs, succession planning was viewed as a distraction from the primary task.

The lawyers were especially vulnerable to a struggle for survival. Professionals who identify with the values and value system of their profession may find it difficult to identify with organizational goals and values. Indeed they may perceive them as subordinate to those of the profession and the sentient group may be more professional than organizational (Kernberg, 1979b) The organizational task of succession planning was not as high a priority as defending the company from litigation or defending the group from perceived enemies. On the other hand, the healthcare board and senior management were experienced managers whose self-esteem came from successful careers where they accomplished organization objectives.

An early intervention in the healthcare case was the creation of an overall plan with identifiable steps leading to the conclusion. In addition, rituals like giving interviews of candidates and documenting anticipated dynamics in the process provided social defenses to help contain the anxiety of installing an effective replacement for the CEO. Administrative structures like role clarification and establishing a decision-making hierarchy were addressed. “Effective counter-regressive measures can only come from administration.” (Rodenhauser 1993)

An early intervention in the consumer products case was the competency identification project, which had the effect of heightening anxiety by creating a competency profile that may or may not have matched the competencies of those who were members of the Leadership Group. Furthermore, the competency project was carried out prior to resolving the historical lack of fit the Legal Function experienced with the company-wide process for career development. The problem of confronting the HR department continued to be on the horizon. The ineffectiveness of the HR representative only exacerbated this concern. The unexpected retirement of the Director on whom the others depended unleashed personal ambitions on the part of several members even though an heir was named, and it took away the containment that the Director’s leadership style had provided.

The consultant and the client systems in both cases may have benefited from engaging members in describing or assessing the organization’s culture and readiness for change in the

leadership. In the consumer products case, the consultant would have benefited from tuning into the transference information during the early Leadership Group meetings. It provided a source of data about members' perceptions of their organization and its leadership. Attempts were made to point out the significance of the terminology "Leadership Group" and the implied task of taking collective responsibility for leadership continuity in the function but that only served to heighten the risk for all and increase the dependency on the Director. In the healthcare case, the lack of much advance preparation for leadership change on the part of the management and employee systems may have been factored into the consultation and the Board decision process if an explicit examination of the culture had been incorporated into the consultation.

The way in which a consultant enters a client system has an impact on the dynamics. In the healthcare case, the consultant was recommended to the Board Chair and was interviewed by him, the incumbent CEO, and some members of the Board. This entry along with a motivated client system (ie acknowledging help was needed) and an effective working group, none of whom aspired to the CEO's job, helped to position the consultant role as an additional resource towards the management of anxiety.

In the consumer products case, the consultant had worked with the Director in two previous organizations and they had established a mutual respect. The Director identified the succession planning problem – perhaps as a manifestation of his unannounced retirement. In any event, the consultant may have been seen more as an extension of the Director rather than a person with particular expertise in the problem areas. The consultant was not interviewed, and whether by lack of such a ritualistic process or because he was simply a person appearing on the boundary "who could destroy the peace" (Erich, 2001), the entry process did little to provide containment.

IMPLICATIONS FOR PRACTICE

In each case described in this paper, the anxiety felt by individuals and the degree of risk faced by their organizations required the presence of containing factors sufficient to enable productive decision-making (Hirschhorn and Barnett, 1993). The cases themselves can support the relevance of the following five factors in a consultation of this type:

- Acknowledgement of the leadership transition issues

- A powerful-enough leader
- A functional work group structure
- A “road map” of the total task
- The client-consultant relationship

#1. Acknowledgement of the Leadership Transition Issues

A problem cannot be solved until the problem is named and those accountable for solving it take up their individual and collective responsibility. If the problem is denied, glossed over, minimized or avoided, the organization will not succeed in responding constructively to the challenge. While this principle applies to many organizational problems, it is very likely to be a factor if the issue involves high personal and organizational stakes like leadership succession.

The expected (or worse, unanticipated) need to choose a successor for an incumbent leader evokes high anxiety in all parts of an organization – not only in subordinates, but also in Board members, customers, and other stakeholders. Indeed, an incumbent leader himself or herself is equally likely to avoid coming to terms with the need to plan for a successor, since this reality evokes the stressful awareness of mortality, limits, and loss (Kets de Vries, 1993).

In some organizations, these disturbing feelings cause leaders to avoid any systematic attention at all to leadership succession issues. These issues may simply never be mentioned, or may be consigned to “later” on the basis of supposed lack of time, lack of resources, or no current need for action.

For other organizations, the human resources systems or processes called “contingency planning” “career development”, “talent management”, “leadership development” or “succession planning” become the indirect, transitional vehicles through which organization members and leaders can pay some productive attention to the anxiety-provoking issues of leadership transition. At their best, these work processes can support action that is data based, that includes multiple and diverse perspectives, and that tolerates critical thinking. At their worst, these processes can generate social defenses such as expensive consulting assignments, data-reports, lengthy planning deliberations, with little to show in the way of action on the real problem.

The healthcare and consumer products examples demonstrate the importance of attempting to discern whether, on the one hand, these professional techniques and methods are being used for productive readiness of the organization for leadership change, or on the other

hand, used as defensive routines to avoid the necessary engagement with an impending organizational issue related to leadership transitions. The balance point depends at least in part on the ability of those responsible to realistically face the problem, shoulder their share of the work, and engage relevant resources to support them.

In this paper, we see that the consumer products legal function Leadership Group as a whole agreed that the issues of career development and leadership succession were important organizational problems that required systematic and thoughtful solutions; however, they could not agree that help was needed, either from a consultant or from professional methodologies. Although the Director did acknowledge the issue and did seek advice, the failure of the Leadership Group to concur with this need meant that the expenditure of time and consulting budgets on career development resources were blocked from meaningful impact – they were, in effect, turned into defensive routines that held the appearance, but not the reality, of action on a problem.

In the case of the healthcare board committee, although the level of anxiety was high when they realized that a successor would be needed for the retiring CEO, the committee members acknowledged their responsibility from the outset. This may have been facilitated by the fact that their organizational role in the governance function held less distraction arising from operating crises, a degree of focus that is often difficult for management teams to achieve.

While the healthcare board members accepted their responsibility from the beginning, they expressed their anxiety by declaring their incapacity to do this task without professional assistance. This may or may not have been a true inadequacy since several members of the committee were senior executives familiar with the process of selecting leaders.

However, the nature of the task taken up by the healthcare board was more narrowly focused than required by the organizational context – the selection task was acknowledged and assumed, but not the more comprehensive task of ensuring organizational effectiveness through a period of leadership transition.

Both cases reflect some degree of incompleteness in the perception or acknowledgement of the realistic problem situation. However, in addition to the importance of this first condition – acknowledging the issue – additional variables come into play as supports for effective work.

#2. A Powerful-Enough Leader

The single most influential factor in the way risk and anxiety play out in an organization is arguably the effectiveness of the leader in wielding his or her authority. The impact of the leader is a function of the transference and counter-transference dynamics surrounding the leader, the self-awareness and emotional maturity of the leader, and his or her style as a leader and manager. (Diamond, 1993; Hirschhorn and Barnett, 1993; Heifetz, 1994, Obholzer, 2001)

The healthcare case illustrates the benefit of having the senior authority in the system – in this case, the Chair of the Board of Directors – taking a role that ensures a strong holding environment for a very sensitive issue, namely the appropriate replacement of the person in the next-most-powerful role -- the CEO. By assuming, and not delegating, the role of chairing the ad hoc committee charged with the succession process, the Board Chair brought to the committee and the task the implicit authority of the entire Board, although such formal approval from the full Board was not sought until much later in the process. The steady but generally non-directive style of the Board Chair was helpful in this regard, because he ensured that there was sufficient authority at the helm but did not dominate the proceedings with his own views. He made his positions known, but balanced that with emphasis on including all voices in the deliberations.

The CEO and the consultant provided ancillary sources of leadership and authority to contain the anxiety of the committee regarding its task. The CEO participated in all meetings as a knowledgeable and invested resource to the Board, but he also demonstrated in this process his intellectual and emotional acceptance of the Board's authority in the final decisions made. This was an important sign of ego-in-check on the part of the CEO, and stands in contrast to the more common situation in which a retiring leader comes into the succession process with ambivalence, conflicting emotions, or with a single recommended successor, independent of dialogue and study on the part of other stakeholders in the decision.

In the consumer products case, the very powerful and professionally respected Director was able to set the stage for organizational improvement by creating the Leadership Team and by engaging the topic of leadership readiness and succession planning with his team. However, as occurs in many organizations with many strong leaders, his team colluded with his own penchant for taking the lead. Since he did not withdraw his power and they did not offer their own, he ended up with the major share of the burden for advancing this work.

However, the problem that this company was intending to address was how to develop an organizational system for leadership readiness in the legal function – such a problem could not be successfully resolved without the establishment of institutional practices supported by the majority of the managers. The concentration of power in the Director role, the salience of professional identity issues over organizational issues for lawyers, and the abdication of authority by the Leadership Team, left an imbalance in the system.

In such a situation, the consultant role can sometimes be used to level the playing field or to provide some safeguard for more distributed responsibility. However, in the case of the consumer products legal function the consultant had a strong and long-standing positive relationship with the Director, which most likely led team members to perceive the consultant as more allied with the Director than with the team as a whole, despite the consultant's efforts to consult to the group. A perception of some neutrality or objectivity on the part of the consultant may be especially necessary to support the development of a group in which the leader is very dominant.

#3. A Functional Work Group Structure

A third factor evident in these two cases was the level of functionality displayed by the groups. When a sensitive issue such as leadership succession is on the table, it becomes clear that a team with an effective and productive history of working together has an advantage over a new or under-developed team.

Committees, work groups, or leadership teams vary greatly in their structure, functioning, purpose, and maturity (Katzenbach and Smith, 1993). Many do not have a primary task, core challenge, or important output that requires the collaboration of all members for success. Other factors, such as appropriate time, frequency, work space, virtual or physical team, member resources, leadership, etc. determine the overall functionality of a group in terms of its effectiveness (Bion, 1961; Sundstrom et al, 1990).

In the case of the consumer products legal function, the Leadership Group itself was relatively new and had little explicit ownership of a common task other than mutual information-giving. While they often discussed organizational issues, they did not generally make decisions as a group. Their divergent individual agendas and collusion in the fantasy of an omnipotent director resulted in a group that behaved most often in a dependency mode (Bion, 1961). Unable to

mobilize the sophisticated thinking and functioning of work group mode, the consumer products Leadership Team was limited in its ability to make realistic progress on the organizational problem of succession planning.

The healthcare board committee had been in existence for a longer time, was clear about its role in decision making and advice to the Board, and had effective operating procedures and structures. As all groups do, it periodically lapsed into a basic assumption mode (usually, Dependency) but had longer periods of thoughtful, engaged deliberations in which progress was made and group development occurred.

#4. A “Road Map” of the Total Task

For those facing unfamiliar tasks with high stakes, a useful factor that assists in the containment of anxiety is the presence of an overall plan that identifies major components of the work. Although individuals vary in their preference for organized methods of working, it is generally the case that work groups manage their centrifugal tendencies better in the presence of an agreed agenda, plan of action, or set of steps that can guide collaboration. At the same time, leaders and consultants must be attentive to the susceptibility of such resources to becoming “hijacked” as defensive maneuvers in an anxious group.

In the case of leadership succession, such roadmaps are available due to the extensive research and praxis that has been published in the areas of effective succession planning, talent management, leadership development, and career management. For other kinds of organizational problems that are inherently non-routine and highly risky, pre-existing road maps are likely not relevant, and the attempt to apply formulas is almost certainly a sign of a defensive routine rather than adaptive work. (Heifetz, 1994).

It remains true, however, that any plan of action or similar document can be reified by an anxious group and made into the “authority” through which the people meet their dependency needs. It is one of the responsibilities of the attentive consultant to avoid collusion with tendencies towards unthinking and uncritical action in the course of implementing a leadership succession activity.

In the cases described in this paper, the healthcare group initially grasped for the process outline provided by the consultant and Vice President of HR with much the same urgency as they

might cling to a life raft at sea. However, once they became confident that the flow of the work was reasonable, within their resources, and appropriate, the process map lost its symbolic status and became an ordinary working tool, revised periodically as needed. As the work proceeded, the consultant provided the committee with input on the theory and practice of the leadership succession task so that they could calibrate their level of risk or confidence, and also provided structure for the key deliberations involved in the overall process.

In the consumer products company, the Director of the legal function and the Deputy Director engaged realistically and with motivation in the methods proposed by the consultant, but the Leadership Group as a whole stayed divided and unfocused as to the value or benefit of these actions. To the degree that the work responded to their own career advancement needs, group members were positive and engaged – for example, in the opportunity to be interviewed in order to shape the emerging competency model. But when it was time to endorse an approach to succession planning function-wide that would constrain their individual autonomy, the group failed to support the process.

#5. *The Client - Consultant Relationship*

The driving forces in an organization, including overt business challenges and underlying psychodynamics, are far greater determinants of the degree of success in organization problem solving than the influence of consultants. However, the consultant's relationship to the client can weight the dynamics in any number of directions and should be factored into intervention planning.

The consultant often functions as a transitional object (Winnicott 1989), facilitating the client system's engagement with difficult or emotional tasks. A relationship of trust, candor, and reliable confidence between the individual client leader and the consultant is a critical precondition for the ability of the consultant to provide value or support. This positive relationship was present in both of the cases presented and met the threshold condition for a consultation of such sensitivity.

How the consultant is positioned in the perception of members of the client system will affect the way that the consultant is used. If the members and leader have a collective engagement with the consultant, he or she can be used more effectively to amplify or deepen productive

communication between leader and organization. In addition, the degree of access that the consultant has to the team members, and the access of team members to each other, are important.

In the case of the healthcare board committee, the consultant was positioned as a consultant to the Chair of the Board and by extension to the committee, with a clearly defined project scope. Care was taken by the Chair at the outset to explain that while the consultant would communicate and coordinate with the incumbent CEO and with the Vice President of HR, the authority for the consultation was derived from the Chair role and was not subject to conflicting direction from the management team in place. Also, the board committee interacted with one another as a team only when they were convened in the governance role, and the consultant was present at each of those gatherings. This meant that the development of the relationships between the consultant, the leader, and the members proceeded at the same pace and in some balance.

The consumer products legal function Director, by contrast, engaged the help of the consultant on an evolving agenda of issues derived from the dynamic and ever-changing business environment of the firm. The scope or boundary of the work was consequently more fluid and emergent. This condition was highly responsive to the realities of the client and the organization but harder to manage in terms of member perceptions and member engagement with the consultant. In addition, the Leadership Group membership was continuously evolving and the members were in daily interaction with one another on a wide range of issues. They met with the consultant only at periodic intervals on the succession planning topic. The pace at which issues and relationships evolved within the team was much faster than between the team and the consultant.

Conclusion

This paper explores some of the issues that pertain to the work of consulting to organizations in the matter of leadership succession. By juxtaposing two case histories and exploring some of the variables that might account for different outcomes, the paper suggests a number of implications for practice.

In summary, succession planning is a system level intervention and often necessitates subordinating individual dynamics to larger group and organizational dynamics in order to consult effectively. At the same time, the highly personal and organizational stakes in succession planning are very likely to evoke regressive and other dysfunctional behaviors. When is an

organizational focus the figure and psychodynamics the ground and vice versa? How does one manage client relationships in this setting? These are ongoing questions for the practitioner.

The dual task of the consultant is to use concepts from organizational literature to develop guidelines and procedures which reduce the experience of anxiety, and also to use concepts from psychodynamic literature to address unconscious behaviors then they occur in order to keep a work group orientation. Five factors in particular may be important in the containment of anxiety and risk during corporate succession planning processes: acknowledgement that leadership transition entails challenging issues, a powerful-enough leader, a functional work group structure, a plan for accomplishment of the task, and a client-consultant relationship that provides a holding transitional environment.

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