

SHRMTM

SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

Top Choice—A Case Study in Succession Management

By Steve Weingarden, Ph.D.

PROJECT TEAM

Project leader: Steve Weingarden, Ph.D.
Project contributor: Nancy A. Woolever, SPHR
External contributor: Sharon H. Leonard
Editor: Courtney J. Cornelius, copy editor
Design: Terry Biddle, graphic designer

© 2008 Society for Human Resource Management. Steve Weingarden, Ph.D.

Note to HR faculty and instructors: SHRM cases and modules are intended for use in HR classrooms at universities. Teaching notes are included with each. *While our current intent is to make the materials available without charge, we reserve the right to impose charges should we deem it necessary to support the program.* However, currently, these resources are available free of charge to all. Please duplicate *only* the number of copies needed, one for each student in the class.

For more information, please contact:
SHRM Academic Initiatives
1800 Duke Street, Alexandria, VA 22314, USA
Phone: (800) 283-7476 Fax: (703) 535-6432
Web: www.shrm.org/hreducation



Top Choice—A Case Study in Succession Management

By Steve Weingarden, Ph.D.

Student Workbook

Staffing

TABLE OF CONTENTS

| | |
|---|---|
| Student Version of the Case Study | 2 |
| Case Study | 2 |
| Discussion Question Guide | 8 |
| References | 9 |

Introduction

This is a scenario-based case study with a structured exercise available. It is intended for upper-level undergraduate students, preferably with a basic understanding of organizational structure and selection.

Learning Objective(s)

Upper-level undergraduate students will engage in a case study about succession planning management – specifically at the executive level in a highly public situation—and job analysis. At the end of the case study, students will be able to:

1. Identify and develop sources of information used for executive selection.
2. Learn the various factors that must be taken into account in designing an executive job.
3. Identify how organizations gain a sustainable competitive advantage through human capital strategies.
4. Identify the framework for planning and scoping a project for a client.

CASE OVERVIEW

Your Role and the Organization

You are the vice president of human resources for a professional baseball team that competes in a league with 30 franchises across 25 cities in the United States, Canada and Mexico. Each team operates as an independent business but is governed by a central league office. The league is highly competitive and teams battle over many of the same resources including personnel, media attention, some marketing revenues, and, at times, a shared customer base. While franchises compete against one another, there is centralized cooperation to ensure competitive balance. The average annual revenue per franchise has risen consistently for each of the past 15 years and now averages \$150 million per franchise per year.

The competitive season runs from April through September, culminating with a championship in October for those teams reaching the playoffs. While the franchises are extremely busy during the competitive season, there is also plenty of work to be done between November and March. Thus, the industry operates on a 12-month cycle.

The organizational structure for on-field personnel is consistent across franchises, but it varies by team in the staff functions. Only 10 franchises have HR strategist positions, and only recently has that position featured vice president-level work. Generally, franchises employ between 125–300 staff, excluding on-field personnel.

The Request

On August 2, your team's board chair calls you to a confidential meeting and informs you that the president will be retiring at the end of the season. This is the first time you have heard about a change at the presidential level. Approximately six franchises (20%) replace their president each year, so while this is not an uncommon occurrence it is a critical change within the organization.

Your exercise information packet (provided by your instructor) will provide you more detail regarding what the presidential change might mean to your organization. The packet includes:

- An abridged media guide.
- Newspaper clippings.
- Press releases.
- A summary of examples describing roles played by past team presidents.

Your Assignment

The chair asks you to develop a plan to replace the president. To respond to the request, your group will have to:

- Create appropriate recommendations for the chair about searching for and selecting a new president.
- Explain your rationale for each recommendation.
- Prepare a written presentation of your recommendations.
- Present your recommendations to the class, leaving time for questions.

CONSIDERATIONS WHEN SELECTING A NEW FRANCHISE PRESIDENT

Similar to other strategic HR initiatives, it is important to have a game plan when preparing recommendations for recruiting and selecting a new franchise president. As part of that plan, you must:

- Collect data.
- Understand the job.
- Identify the competitive advantages gained through the job.
- Present your findings in a professional manner to the chair and any other stakeholders.

Data Collection for Recruiting and Selecting a New Franchise President

Before making a formal recommendation about how to select a new franchise president, HR professionals should analyze any existing information that might be helpful in guiding the recommendations.

Information about past practices and best practices is likely to be relevant. However, it is essential to recognize that best practice can sometimes be unclear, defined incorrectly, or lack relevance to your particular organization. A series of questions should be asked when reviewing best practices to ensure that size, type and fit are appropriate to your organization (Aldrich, 2007).

Often, the categories of data collected follow a typology of “internal resources” and “external resources,” although other typologies should be considered depending on the nature of your project.

For this case study, we will follow the “internal resources” and “external resources” typology. Internal resources to consider in developing a recommendation about how to select a new president include:

| Type of Internal Data | Examples |
|---------------------------|--|
| Organizational | Mission, strategy and values. Structure and ownership composition. |
| Job | Job analysis results. Interviews with subject matter experts (SMEs). Job profiles. |
| Search Purpose/Motivation | Successful retirement. Predecessor derailment (failure to meet expectations). |

Internal data will generally provide a sense of where the organization has been and is, and how the job has been done and is currently being done.

External resources to consider in developing a recommendation about how to select a new president include:

| Type of External Data | Examples |
|-----------------------|--|
| Industry | Trend reports. Centralized documentation (e.g., league reports). Surveys (e.g., Harris Interactive Poll). |
| Competitor | Published competitor data (e.g., Hoover’s). Published competitor strategies. Media reports (may be of varied reliability). |

External data will generally provide a sense of where the organization may want to go in the future.

Understanding the Team President Job

It is essential to define a job before recruiting or selecting for it. This helps HR professionals to establish criteria to evaluate candidates applying for the job (SIOP, 2003). Job definition should be linked to organizational success. So, job definition centers around an analysis of the organizational work provided through the job. By defining the job through an analysis of the core work, you can measure success based on the criteria that are deemed relevant to success in that job.

A good process to follow for gaining an understanding of a job is to collect information from multiple sources and integrate that information. When possible, the sources should represent both quantitative and qualitative information. In fact, there are usually many sources available to help in understanding a particular job.

The Occupational Information Network (O*Net), <http://online.onetcenter.org>, sponsored by the U.S. Department of Labor, is an example of a job information classification system based on surveys of workers currently in the occupation. By collecting information from many organizations, O*Net job information is generic—which can be an advantage or a disadvantage, depending on what you are trying to accomplish. O*Net information includes experience, worker and occupation requirements, worker and occupation characteristics, and occupation specific information. As an example of O*Net information that might be helpful in understanding the franchise president job, O*Net summarizes the franchise president’s role as follows: “Determine and formulate policies and provide the overall direction of companies or private and public sector organizations within the guidelines set up by a board of directors or similar governing body. Plan, direct or coordinate operational activities at the highest level of management with the help of subordinate executives and staff managers.”

Existing job descriptions can demonstrate the complexity associated with a job. Job descriptions describe the critical features of a job, including the major functions or duties (Pritchard, 2002). Thus, job descriptions are a great source to understand a job. While some organizations have job descriptions for all levels, it should be noted that other organizations do not have formal job descriptions for president or CEO positions.

Roles played by past presidents can also be a useful resource and may indicate a trend in how the job has evolved over the years. Any resources that describe the role as it has existed in your organization or how it has existed in competitor organizations could prove valuable to understanding the job as it will exist in your organization’s future.

Once you have collected information to guide your understanding of the president job, it is vital to customize the information to fit your organization. Reviewing the organizational mission, strategies and values is one way to ensure that your job assessment is appropriate to your organization. Additionally, obtaining information about the future direction of the organization and the job can help in making a sound selection for the next president.

At this point, we have focused on how to develop a succession plan for a new franchise president. Much of that work could and should have been done before the chair made the request; organizations should be planning for succession rather than waiting until a succession is about to occur to begin the process. HR professionals should make the business case for succession planning at all levels of the organization long before recruiting for a particular position needs to happen. There are plenty of in-depth resources on succession planning available to aid the process (e.g., Day, 2007; SHRM Learning System, 2007).

Competitive Advantage

Selecting a top executive can be crucial to an organization's competitive advantage. Over time, top leadership can influence an organization in a number of ways. Some of the outcomes heavily influenced by a president might include how a budget is spent, profit margins and/or stock prices (Day & Lord, 1988; Lieberman & O'Connor, 1972; Weiner & Mahoney, 1977; Smith, Carson & Alexander, 1984). It is not solely the selection of a president that influences these outcomes, but rather the selection of a president who possesses the needed leadership abilities. Additionally, the president has to fit with your organization—the president should either be *qualified* for your organizational culture or be hired to change the culture.

In the baseball industry, typical outcome variables might include profit, winning championships, winning percentage, attendance and marketing success. Other outcome variables may also be appropriate to the industry or to a specific organization.

Presenting Your Work as an Internal Consultant

As with external consultants, it is important for HR leaders to foster a professional consultant-client relationship with internal stakeholders (e.g., the board, senior executives and staff). How and what is communicated will affect how you are perceived as a strategist. To guide what and how you communicate, you must have in-depth knowledge of your organization's strategy. Ideally, you will be part of the organization's strategic planning process. If this is not the case, however, you must seek out that information.

HR's strategic role requires not only an understanding of the organization's business, but also an understanding of the environment, competition and trends that are relevant to the organization (SHRM Learning System, 2007). To send a message of partnership, HR professionals must assist senior executives and other key personnel by providing strategy-related information to these clients—*before* it has been requested.

In line with the consultant-client model, documentation should be established at the earliest stages of the relationship and updated and expanded as the relationship progresses. Both the internal consultant and the client need to be in agreement on all documentation in order for the project or initiative to be successful. The documentation creates the path to follow and sets expectations. It is much harder to

backtrack and fill in these communication items than it is to establish them at the beginning consultation.

Sometimes a project plan is not appropriate, but internal consultants should err heavily in the direction that a project plan is expected. Documentation should be an outcome of consultation. The purpose of a project or initiative should be defined. This may require asking probing questions of the client and may require preliminary data collection. Beyond the purpose, it is also important to identify—and then provide feedback through documentation—scope, deliverables, a project plan, and relevant appendices. Appendices might include a glossary, models, or other information related to the project or initiative.

Some cases may require multiple versions (multiple documents) of the final recommendations, to target various audiences; to accommodate different presentation time allotments; or to address differing styles of audiences and presenters. Supporting documentation can be useful to provide detailed insight into a particular facet of the project or initiative message, or to explain how you arrived at the recommendations stage.

KEY TAKEAWAYS FOR HR STRATEGISTS

To make sound recommendations for an executive succession strategy, HR professionals must:

- **Collect data** to build the foundation for your recommendations.
- **Understand the job** as it currently exists and also in terms of how it will change in the next several years (e.g., internal organizational needs and external changes in the industry, demographics, society).
- **Customize recommendations** to fit your organization (e.g., examine the organizational mission, vision, values and strategies).
- **Identify the competitive advantage** in the executive selection strategy that is being recommended.
- **Communicate as a strategic partner** and relate your recommendations to the organizational strategy.

Discussion Question Guide

Think about these questions while completing the case study exercise. Answer the questions after the exercise and presentations.

1. What are the main issues in the case?
2. Describe the information that would be most useful in forming a recommendation for this particular case.
3. Describe possible courses of action for resolving the issues in the case, and the pros and cons of each.
4. What creative approaches could be used to help understand the franchise president job? Which resources do you think would be perceived by the client as most credible in understanding the job?
5. Think about other industries. How do presidents and CEOs in those industries help their organizations achieve a competitive advantage? What outcomes are different in those industries?
6. As an internal consultant, what secondary issues might you be concerned with as you become involved in this project?

References

- Aldrich, M. (2007, June). When are best practices not the right practices? *Society for Human Resource Management*. Retrieved from http://www.shrm.org/hrresources/WHITEPAPERS_Published/CMS_022209.asp.
- Cascio, W. F. (1998). *Applied psychology in human resource management* (5th ed.). Upper Saddle River, NJ: Prentice Hall.
- Conger, J. A. (2001). *Corporate boards: New strategies for adding value at the top*. San Francisco, CA: Jossey-Bass.
- Day, D.V. (2007). *Developing leadership talent: A guide to succession planning and leadership development*. Alexandria, VA: Society for Human Resource Management Foundation.
- Day, D.V., & Lord, R.G. (1988). Executive leadership and organizational performance: Suggestions for a new theory and methodology. *Journal of Management*, 14(3), 453-464.
- French, W. L., & Bell, C. H. (1999). *Organization development: Behavioral science interventions for organization improvement* (6th ed.). Upper Saddle River, NJ: Prentice Hall.
- Lieberson, S., & O'Connor, J. F. (1972). Leadership and organization performance: A study of large corporations. *American Sociological Review*, 37, 117-130.
- Pritchard, K. H. (2002). Job descriptions: An overview. Society for Human Resource Management. Retrieved from http://www.shrm.org/hrresources/whitepapers_published/CMS_000056.asp.
- Society for Human Resource Management (2007). *The SHRM learning system: Module 3, human resource development*. Alexandria, VA: Author.
- Society for Industrial and Organizational Psychology, Inc. (2003). *Principles for the validation and use of personnel selection procedures* (4th ed.). Bowling Green, OH: Author.
- Smith, J. L., Carson, K. P., & Alexander, R. A. (1984). Leadership: It can make a difference. *Academy of Management Journal*, 27, 765-776.
- Weiner, N., & Mahoney, T. A. (1981). A model of corporate performance as a function environmental, organizational, and leadership influences. *Academy of Management Journal*, 24, 453-470.

SHRM members can download this case study and many others free of charge at www.shrm.org/hrededucation/cases.asp.
If you are not a SHRM member and would like to become one, please visit www.shrm.org/join.



SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

1800 Duke Street
Alexandria, VA 22314-3499