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Successfully Planning for Project Manager Succession

Construction Industry Institute

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Successfully Planning for Project Manager Succession

**Prepared by
Construction Industry Institute
Research Team 325, Best Practices for Succession Planning**

**Research Summary 325-1
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Executive Summary

Current research shows that, while the majority of the larger companies have a succession plan for their senior leadership, the construction industry does not have widespread, empirically tested and implemented succession models for early to mid-level employees. During normal circumstances, the promotion of mid-level employees into higher positions leaves vacancies that can create instability. In the current demographic situation, the challenges of succession are compounded by a diminishing pool of available talent.

The Construction Industry Institute (CII) tasked Research Team 325 (RT-325) with developing a general framework for succession planning for early to mid-career employees across the construction industry. As it undertook its research, the team identified the critical role of the project manager (PM) in the construction industry. RT-325 elected to focus on the PM career path as the crux of the growing succession problem. The team also found that the main challenge to implementing a succession plan was the early identification of candidates. Thus, the RT-325 research also aimed to isolate the early identifiable traits and behaviors of high-performing employees (commonly referred to as “HiPos”) with high potential to perform as PMs.

In order to better define the succession problem faced in the industry, RT-325 performed an extensive literature search and conducted an industry practices survey of 10 CII member companies. The survey showed that current succession planning procedures do not correlate with the procedures the companies perceived to be most important and did not include lower- to mid-level positions. In response to these findings, RT-325 created two tools that augment company decision-making in regard to succession planning and talent management:

1. A **guideline of industry succession practices** as determined through literature review and by interviewing CII member companies. These practices are simple techniques that are easy to implement and understand.

2. A method to early-identify traits of potential future

performers. The second tool is based on a statistical analysis of the personality traits of 113 employees. The tool accounts for 47 percent of the factors that relate to potential to becoming a project manager. The analysis also revealed the following key results:

- a. Performance in the current position is not a good indicator of an employee's ability to perform at the next level.
- b. Performance ratings are subjective and do not correlate with other traits or experience within the industry.
- c. Most personality traits and behaviors are inconsistent across CII member companies.
- d. Several key traits can help CII member companies to identify previously overlooked employees with high potential to become project managers.

The RT-325 research results identified easy-to-implement practices that allow companies to improve their succession planning methodologies systematically, specifically through what the research team came to call “the 2% extra effort.”

Introduction

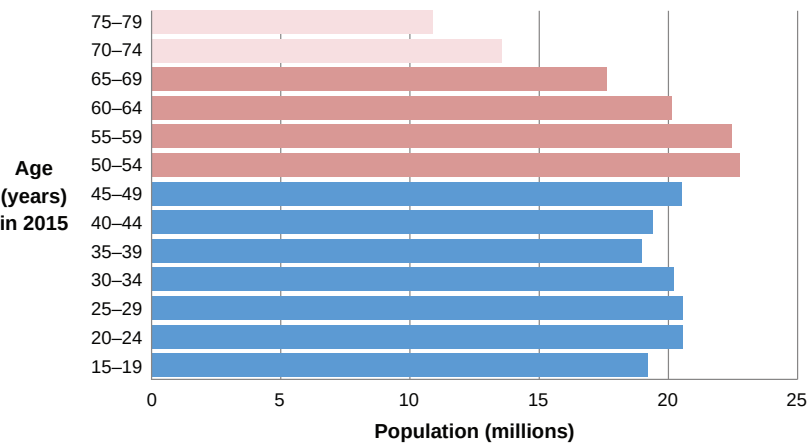
A key asset for any organization is the collected skills and competencies of its employees and the way those skills and competencies are applied in the business processes. This asset is often referred to as “corporate knowledge” or “human capital.” Yet, as some project professionals (human capital) leave the company and others join it, a significant part of the corporate knowledge is reshaped in ways that may not be well understood or managed.

The industry currently lacks a defined method for planning the replacement of these individuals, thus creating a critical risk to individual companies and to the industry as a whole. Identification, prioritization, and preparation of successors combine to form a critical activity within CII member companies; these factors affect the ability of the companies to maintain business continuity. Succession planning looks to develop internal junior personnel instead of searching externally, which often requires a larger expenditure of resources.

The Construction Industry Institute (CII) tasked Research Team 325 (RT-325) with developing a general framework for the succession planning of early to mid-level employees across the construction industry. As it undertook its research, RT-325 identified the critical role of a project manager (PM) in the construction industry, and elected to focus on the PM career path as the crux of a succession problem that will increase in importance, given the current demographic situation.

In the U.S., the project professionals now beginning to retire (50 to 64 years old) are part of the baby-boomer generation. As is shown by the data set in Figure 1, the baby-boomer age group consists of about

65 million people. The next age group, preparing to replace them (35 to 49 years old), is about 10 percent smaller (about 59 million people), followed by a growth of only 4 percent (61 million) for the group 20 to 34 years old. Competition for talent is increasing due to both the 10-percent decrease in the pool of baby-boomer replacement candidates, and the diversification of jobs available to the younger population. In addition to retirement, the pool of competent project professionals is severely diminishing due to increasing project complexity, changing workforce demographics (diversity, multi-generational differences and change in values), and a lack of qualified project professionals.



Adapted from http://www.censusscope.org/us/chart_age.html

Figure 1. U.S. Population by Distribution

The recommendations of RT-325 are intended for use by companies that already have some type of succession planning process in place. The research team determined that current succession plans and processes can be leveraged and enhanced with possibly just “2% extra effort” to extend or adapt current succession practices. In fact, when an effective succession planning process has been defined, it can be successfully implemented by a company at multiple staff levels for project-based, technical, or support roles.

RT-325 was composed of industry representatives, most of whom were human resources (HR) professionals within their CII member companies. Since succession planning is typically supported by a company's HR function, insights from these RT-325 members accelerated the team's understanding of the issues resulting from having or not having a succession plan and the impacts of managing the plan at levels below executive or senior leadership. RT-325's recommendations for succession planning are intended to be used for HR management, but they can be implemented by various departments to improve the succession of early to mid-career project professionals. In general, succession planning incorporates the identification, development, and transition of employees into new positions. RT-325 provides industry practices to improve each of these areas, but the bulk of the research is focused on improving employee identification, which requires "the 2% extra effort."

