

CORPORATE TABOOS — VOLUME II

Leadership Failures We All See But No One Fixes

Issue #1

The Succession Plan That Doesn't Exist

*— Why Most Companies Are One Retirement Away from Chaos
and the Toyota-Style Talent Development System That Prevents It*

The newsletter for leaders who prefer honest diagnosis over comfortable denial.

The War Story

Phil had been head of manufacturing engineering at Carver Industrial for twenty-three years. He knew which suppliers needed a phone call versus an email. He knew which machines were one bad run from a breakdown and which operators were one frustration from a quality escape. He knew the specific combination of workarounds, tribal knowledge, and institutional memory that made an unremarkable-looking plant actually function.

When Phil announced his retirement — effective in sixty days, which was thirty days earlier than anyone had expected — the plant manager did what most plant managers do in that moment: he thanked Phil warmly, circulated a card, and quietly began to panic.

There was no succession plan. There had never been a succession plan, not in any meaningful sense. Phil's name appeared on a chart in HR's talent review deck as the identified successor for himself, which is the kind of planning that exists to satisfy the checkbox rather than the contingency. No one had been formally developed to fill his role. No one had rotated through his department to absorb what he knew. The two most promising engineers on the team had both left in the previous three years — one for a competitor that offered a clearer development path, one because she had finally gotten tired of watching Phil solve every significant problem personally while her own skills plateaued.

The search for Phil's replacement took four months. The external hire they eventually made — competent, credentialed, genuinely capable — took fourteen months to reach the functional effectiveness Phil had operated at on his worst day. During those fourteen months, three quality escapes reached customers that Phil's pattern recognition would have caught. Two supplier relationships deteriorated in ways that took years to repair. One machine that Phil had known was running at the edge of its maintenance window failed catastrophically, costing eleven days of production.

The cost of not having a succession plan was not hypothetical. It was documented, in dollars, in a post-analysis that no one senior ever read, filed in a shared drive folder called 'Lessons Learned' that contained forty-seven documents and had last been opened eight months earlier.

Succession planning is not an HR exercise. It is operational risk management. The difference between a plan on paper and a plan that works is whether anyone was actually developed.

Name the Failure: The Paper Plan and the Knowledge Gap

Most organizations have succession plans. Boards ask for them. HR produces them. Leaders approve them in talent review meetings, usually in a format that identifies a 'ready now,' 'ready in one to two years,' and 'ready in three-plus years' candidate for each critical role. The plans look complete. They feel responsible. And in the vast majority of cases, they are largely fictional.

The fictional succession plan has a specific anatomy: it names people without developing them, identifies backups without testing them, and treats the act of putting a name in a box as equivalent to building the capability that name is supposed to represent. It is planning in form only — a document that describes the future without doing any of the work that would make that future possible.

The Three Tests a Real Succession Plan Must Pass

Test 1 — The Absence Test: If the key person left today, could the identified successor step into the role and function effectively within 30 days? Not perfectly — effectively. Test 2 — The Development Test: Has the identified successor actually been exposed to the critical decisions, relationships, and judgment calls the role requires — not in a classroom but in real situations with real stakes? Test 3 — The Knowledge Test: Has the key person's institutional knowledge been documented, transferred, and verified in someone else's hands? If any test fails, the plan is paper, not planning.

The fictional plan persists because the alternative — real succession development — is time-consuming, often uncomfortable, and produces no visible short-term output. The key person must actively develop their own replacement, which requires a kind of unselfishness that organizational incentives rarely reward. The leader above them must invest resources in building bench depth that won't pay off until a crisis that may be years away. And senior leadership must be willing to see the plan not as a document to produce but as a capability to build.

Why It Persists: The Four Traps

The Trap	How Leaders Fall Into It	The Downstream Cost
The Indispensability Incentive	Key people are often rewarded — consciously or unconsciously — for being indispensable. Phil's value was confirmed every time a problem came to him. Developing a successor would distribute that value and reduce his centrality.	The organization optimizes for irreplaceability rather than resilience. The most knowledgeable people become single points of failure precisely because their knowledge was their job security.
The Urgency Trap	Succession development competes with production targets, quarterly goals, and immediate operational demands. 'We'll do it next quarter' is said every quarter for years.	Development never happens in a stable operating environment — which is exactly the environment in which it is most manageable. It happens in crisis mode instead, which is the worst possible time.
The Naming Illusion	Putting a name on the succession chart feels like planning. It produces a document, passes the HR review, and satisfies the governance requirement	The organization carries a false sense of security into a real vulnerability. When the departure happens, the gap between the

The Trap	How Leaders Fall Into It	The Downstream Cost
	without requiring any of the actual work.	plan and reality becomes visible simultaneously with the pressure to fill it.
The Star Dependency	Organizations that celebrate individual heroes — a pattern examined in this series' Issue #9 — often build operating systems around the capabilities of specific individuals rather than roles. Phil isn't a problem; Phil's system is the problem.	Critical knowledge lives in one person's head. It is not documented, not distributed, not tested in anyone else's hands. When that person leaves, the knowledge leaves with them.

The Toyota Model: Why Their Succession Planning Actually Works

Toyota's approach to succession and talent development is perhaps the most studied and least replicated system in manufacturing. It works not because Toyota is uniquely gifted at hiring, but because their development system is built into how work is done — not added on top of it.

The core insight is this: at Toyota, a manager's primary job is to develop the people below them. Not as a secondary responsibility alongside operational management. Not as a quarterly HR task. As the primary measure of managerial effectiveness. A leader who produces excellent operational results but does not develop their team's capability is not considered to be doing their job well — they are considered to be managing unsustainably.

The Toyota Talent Development Principles

- Develop people through the work, not away from it. Toyota's development model is not classroom-based. It happens on the floor, on the problem, in real decisions made with a more experienced person present to coach — not to take over. The technical term is 'coaching by doing,' and the mechanism is the senior person asking questions rather than providing answers.
- Make knowledge explicit. Toyota's standard work documentation is not a compliance artifact — it is a knowledge transfer mechanism. When a job is documented at the level of precision Toyota requires, the knowledge in the expert's head becomes accessible to whoever learns the standard. Succession becomes partially a documentation problem, not only a development problem.
- Rotate deliberately and accountably. Leaders at Toyota move through roles not to give them 'exposure' in the loose sense most organizations mean, but to develop specific capabilities against a specific plan. Each rotation has explicit learning objectives. The person's development against those objectives is reviewed. The rotation is not complete until the capability is demonstrated.
- The successor must be able to teach. The final test of whether a person has truly absorbed knowledge is whether they can teach it to someone else. Toyota's master-apprentice model doesn't conclude when the apprentice can perform the task — it

concludes when the apprentice can develop someone else in it. This is the test that ensures knowledge actually transfers rather than simply being observed.

The Toyota Question That Changes Everything

Toyota leaders are routinely asked: 'Who is your replacement, and what have you done this week to develop them?' Not this quarter. This week. The question embeds succession development into the operating rhythm of leadership rather than treating it as a periodic HR process. Most leaders in most organizations cannot answer this question about the current week. That gap is the succession plan that doesn't exist.

Building a Real Succession System: Five Practices

The following five practices translate the Toyota model into a form applicable to any organization. They do not require a complete cultural transformation. They require leadership commitment and consistent follow-through — which is, admittedly, the thing most succession plans are missing.

Practice 1: Identify Critical Roles by Vulnerability, Not Seniority

Most succession planning starts at the top of the org chart and works down, which systematically underestimates the risk in operational and technical roles that are not senior but are genuinely irreplaceable. Phil was not in the C-suite. He was also the single highest-risk departure in the plant.

Audit your organization for knowledge concentration risk — roles where a single departure would cause immediate, material operational disruption. Rank them by vulnerability: how long would it take to replace this person's functional effectiveness, and what would the organization lose in the gap? The highest-vulnerability roles, regardless of their title, are your highest succession planning priority.

Vulnerability Factor	Low Risk	High Risk
Knowledge documentation	Role is fully documented in accessible standard work	Critical knowledge exists only in this person's head
Backup depth	Two or more people can perform core functions adequately	No one else can perform key functions without extended training
Replacement timeline	Competent replacement available within 30–60 days	External search required; 6–18 month ramp expected
Relationship concentration	Key external relationships are shared across multiple contacts	This person is the sole point of contact for critical relationships

Vulnerability Factor	Low Risk	High Risk
Institutional memory	Historical knowledge is documented and accessible	Organizational history lives in this person's experience alone

Practice 2: Require Development Evidence, Not Names on Charts

Replace the 'ready now / ready in 1–2 years / ready in 3+ years' chart with a development evidence requirement: for each critical role and each identified successor, document specifically what development activities have occurred in the last six months, what capabilities have been demonstrated, and what the next six months' development plan includes.

If the development section is blank — or filled with aspirations rather than completed activities — the succession plan is fictional regardless of how many names appear on it. The names without the development are not a plan. They are a wish list.

Practice 3: Test the Plan Before the Crisis

The most reliable way to discover that a succession plan doesn't work is to test it before it matters. This means deliberately creating opportunities for identified successors to perform in the critical role — not alongside the key person, but in their absence.

- Planned absences: key people take vacations and leaves during which their identified successors manage independently. Debrief afterward with specific questions about what the successor handled well, what they struggled with, and what development that revealed.
- Decision shadowing with handoff: for a defined period, the identified successor makes the decisions that would normally go to the key person, with the key person present as a resource but not as the decision-maker. The reversal of default authority is uncomfortable and instructive.
- Customer and supplier relationship transfer: key external relationships are formally transitioned to the identified successor before the key person departs — not after. The successor is introduced as the primary contact; the key person becomes the secondary.

Practice 4: Make Knowledge Transfer a Defined Project

The knowledge in Phil's head needed to become knowledge in a document, a system, or another person's demonstrated capability before Phil left. That transfer does not happen organically. It requires a structured project with an owner, a timeline, and specific deliverables.

For each high-vulnerability role, assign the knowledge transfer project as an explicit deliverable. The deliverables should include: documented standard work for all critical processes, a list of key external relationships with context and history, a written account of the non-obvious judgment calls the role regularly requires and the reasoning behind them, and a verified demonstration that the successor can perform or access each of these without the key person's assistance.

The 'Hit by a Bus' Audit

A blunt but useful exercise: for each high-vulnerability role, ask 'if this person were unavailable tomorrow — no notice, no handoff — what would stop working, and what would we do about it?' The answers reveal the actual gaps in your succession readiness far more accurately than a talent review chart. Do this audit annually, not after someone announces they're leaving.

Practice 5: Make Successor Development a Managerial Accountability

Succession development does not happen because HR asks for it. It happens because leaders are held accountable for it in the same way they are held accountable for production targets and quality metrics. This requires embedding development into the performance management system — not as a feel-good competency but as a measured output.

Concretely: each leader with a critical role in their function should be able to demonstrate, in their own performance review, what specific development activities they completed for their identified successors in the review period, what capability was demonstrated as a result, and what the next period's plan includes. If a leader cannot answer these questions, their succession planning is not happening — regardless of what the chart says.

Connecting to the Quality Framework: Succession as PDCA

In Deming's quality framework and Toyota's production system, any repeatable organizational outcome — including leadership continuity — is a process problem, not a people problem. Applying the Plan-Do-Check-Adjust (PDCA) discipline to succession planning reframes it from a one-time document into a continuously improved system.

PDCA Stage	Succession Planning Application	The Question to Ask
Plan	Identify critical roles, assess vulnerability, define successor development requirements, set explicit timeline and milestones for knowledge transfer and capability demonstration	What specifically needs to happen, by when, for this succession to work?
Do	Execute development activities: rotations, decision shadowing, relationship transfers, standard work documentation, knowledge audits	What development activities have actually occurred in the last 90 days?
Check	Test the plan through planned absences and decision handoffs; assess successor capability against pre-defined criteria; audit knowledge transfer completion	If the key person left today, what would succeed and what would fail?
Adjust	Update development plans based on gaps revealed in testing; revise successor assignments if evidence warrants; close knowledge transfer gaps identified in the audit	What did testing reveal, and how does the plan change as a result?

The PDCA framing is important because it transforms succession planning from a static document into a living system. A succession plan that is reviewed and adjusted quarterly based on what testing revealed is categorically different from one that is updated annually at the talent review and filed until next year. The first is risk management. The second is documentation.

Quick Reference: The Succession Readiness Audit

Run this audit annually for every critical role in your organization. Any 'No' answer is a gap that requires an active response.

Readiness Question	Yes	No — Action Required
Is the critical knowledge for this role documented in standard work accessible to others?	✓	Assign knowledge transfer project with a defined deadline
Has the identified successor been tested in the role through planned absence or decision handoff?	✓	Schedule a 2–4 week development opportunity within 90 days
Can the identified successor describe, in detail, the five most common high-judgment decisions this role makes and the reasoning behind them?	✓	Begin structured decision-shadowing with debrief process
Have key external relationships been formally introduced to the identified successor?	✓	Plan joint client/supplier calls; transition primary contact within 6 months
Is the identified successor's development tracked in the leader's own performance review?	✓	Add succession development as an explicit accountability in the next review cycle
Could the organization function in this role for 30 days without the key person's involvement?	✓	Treat as a high-priority vulnerability; escalate development timeline

The Bottom Line

Phil's replacement is still working through what Phil knew. Some of it is documented now — a belated standard work effort that happened after the third quality escape — and some of it is simply gone, absorbed into the institutional memory of a man who moved to Arizona and answers emails slowly if at all. The plant is stable. It is not what it was.

The lesson is not that organizations should prevent people from retiring. It is that the knowledge, judgment, and relationships that make an organization function at its best are assets as real as

the equipment on the floor — and assets that, unlike equipment, can walk out the door in sixty days with no depreciation schedule and no replacement cost on the balance sheet.

Toyota understood this fifty years ago and built a system around it. The system is not complicated: develop people through the work, make knowledge explicit, test the plan before the crisis, and hold leaders accountable for building the bench below them. What is complicated is the sustained commitment to doing it when the quarterly numbers are always more urgent than the retirement that is still three years away.

Three years goes faster than you think. Phil's did.

The retirement you're not planning for is the one that's going to happen. The question is whether you'll know it when the person walks out the door — or only after.

Coming Up in Issue #2

Office Politics as a Leadership Failure — How alliances, backstabbing, and influence games undermine Lean and Six Sigma efforts, and the transparency and merit rules that kill political culture before it kills your improvement initiatives.

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