



## SUCCESSION PLANNING

White Paper (Revised)

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Succession planning has been used as a formalized method for dealing with changes in leadership for over fifty years. Originally used to anticipate smooth transitions at the top level in organizations, it has evolved into a process that many organizations view as critical for key positions across functions and levels. While operational definitions vary, the core meaning has remained the same throughout the decades as the process of succession planning has evolved.

For our purposes, the definition used is: *When vacancies occur in key positions in the organization, it is customary to promote internally or hire externally. When this is done according to an agreed-upon and carefully-thought-out policy and process, it is a succession plan.*

The essence of succession, or replacement, planning is linking person potential with position need and developing a plan that results in having the right person in the right job at the right time. Successful plans are designed specifically for the needs of each organization, to the point of being “culturally sensitive.”

Generally, succession/replacement planning programs are implemented to insure the development of a sufficient number of qualified people to fill future vacancies in key managerial and professional positions. A timeline for a bench strength plan may be an important part of a total plan. Planning for three years out requires a different type of strategy than planning for ten or fifteen years in the future. Key considerations when putting into place a succession planning program, or revising an existing one, include:

- \* Is there a vision or statement that drives the way the plan is designed and how decisions are made? For example: Do we want to maintain status quo, push certain boundaries, or seek to reenergize by bringing in selected talent from diverse areas (including outside the organization and the industry)?
- \* Do we work from both the strengths and the gaps of high-potential candidates and develop individual plans working toward them?



The larger the company, the more likely it is to have a formal succession/replacement program. As a company's size increases, the number of key or critical positions increases, resulting in mounting pressure to institute formalized procedures that plan succession processes.

In the past it has taken a considerable time, perhaps as long as five years, for a succession/replacement planning program to be implemented fully and for the company to begin to accrue the expected benefits. Technology and the need for speed have collapsed the timeframe for succession planning. Today it is feasible that a succession plan can be put into place and implemented within two years.

The identification and nomination procedures often comprise two distinct and separate sets of activities. First, the company sifts through large numbers of human resources, identifying and selecting those with potential. Then, having identified a pool of essential managers (high potentials), it is necessary to link position needs with personal potential.

Three essential aspects of any succession/replacement program are:

- Review the organization's view and vision for succession planning
- Decide the positions to be covered
- Decide who will be included

Why a formal approach to succession planning?

- To identify individuals' potential for assuming increased degrees of responsibility
- To encourage the growth and development of employees
- To determine the promotability classification of employees based on their performance, potential, and other related factors
- To identify the demographic characteristics and the quantity of key position talent existing in the organization
- To assist in the identification of employees with assignments more consistent with their own abilities and desires
- To provide the business with "organization surplus," a condition of having more qualifications in the people you have than there are responsibilities for them to exercise



Organizations usually arrive at strategies determined by their current leadership style. Their openness in communicating these strategies is determined by what fits their culture. In the past this type of planning has been reserved for the CXO and executive levels of an organization. With the advent of technology, competency-based development and career planning, and managing human capital, this type of planning is being driven to more levels in organizations that may include professional and individual contributors:

1. **Crown Prince:** The successor is identified informally or formally and prepared for the position
2. **Slate:** Identifies and develops existing employees who are qualified candidates available for a current or future vacancy
3. **Pool:** A large group of employees who are qualified or in the process of being developed and would be capable of performing any number of jobs
4. **Wave:** Selects a single heir from a small reservoir of cohorts, each of whom has been developed and nurtured over a number of years

Organizations with formalized succession planning identify one or more of the following as objectives driving their succession/replacement planning programs:

- Develop people to increase managerial depth
- Fill jobs by promotion from within
- Identify employees with potential and provide development opportunity
- Immediate replacement
- Improve quality of performance
- Increase cross fertilization
- Establish career plans
- Facilitate planning for staffing
- Identify managerial strengths and gaps
- Insure qualified candidates are considered when staffing decisions are made
- Facilitate EEO and other compliances
- Attract and retain high-caliber individuals
- Create mentor and coaching channels
- Retain high-potential employees

Components of succession planning programs:

- \* A set of specific objectives



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- \* A definition of who is covered
- \* A procedure for nominating/identifying candidates
- \* Policies regarding the development of candidates
- \* Understanding and enthusiastic support of the CEO
- \* Understanding and acceptance by executives and managers implementing the programs

### Considerations for carrying out succession planning:

- \* Provision must be made for an orderly interdepartmental and interdivisional movement of key personnel, as well as movement within each manager's own area of jurisdiction.
- \* The human resources (or personnel) staff must play an important facilitative role in an effective system. But, since selection is a line manager's responsibility, the system must focus on assisting line managers in making decisions about who is most suited for what assignment.
- \* Unnecessary duplication should be avoided. All areas in the company should utilize the same approach to succession planning.
- \* Results-oriented managers must be sold on the advantage and cost-effectiveness of succession planning.
- \* The number of forms used as documentation should be kept at a minimum, and those required must be designed in such a way that busy people can cope with them. Simplicity is paramount.
- \* Care must be continually taken to distinguish between someone who is a "candidate" for a position and "one who will get the position"; this is the difference between the "promotable" and the "promoted" or "selected."
- \* Education or orientation about the succession planning system developed by the company is an absolute necessity.
- \* No matter how streamlined the system or sparse the number of forms, most high-level managers (or those with many key positions in their jurisdiction) will require the close advice and support of a staffperson facilitator to help with the time expenditure.



- \* Special attention must be placed on providing a priority for internal people in being considered for openings when they occur. A policy of promoting from within supports company loyalty.
- \* Prudence must be exercised in making decisions about how far down in the organization to go and how fast to do so.
- \* To ensure compliance with a company-wide program such as this, the usual questions about follow-up or sanctions must be addressed.
- \* The interdivisional use of a process as explained here has to be mandated from the corporate level.

### **Succession planning and the development of leaders**

#### **Establish a systematic, reliable, and validated feedback process on key leadership indicators.**

A means to developing leaders is to have a feedback system that provides credible and timely feedback on key indicators of leadership success. A 360 feedback process with targeted areas for follow-up is one method to provide specific and actionable development for each high-potential candidate.

#### **Identify the different types of learning methods that can be utilized.**

People learn best from experience. High-potential candidates are no exception. In fact, research on how leaders learn consistently points to providing experiences that are actual job assignments, or as close to real world job assignments as possible. When possible, organizations should provide a variety of learning methods that include job assignments and formalized learning components that reflect the real world of the leader. Resource guides that outline a variety of learning resources can be helpful. These guides connect the competencies and the behaviors to a variety of ways to learn—from low-level learning or knowledge acquisitions in books and audio tapes to on-the-job activities, simulations, and shadowing.

What is the best way to develop high-potential talent?



### **Development and Learning Options include:**

- Training others
- Mentoring
- Variety-of-job assignments
- Formal training
- Temporary or special project assignments
- Crisis intervention
- Observing in higher-level meetings
- Serving on an external evaluation
- Task force assignments
- Receiving or giving job-related coaching
- Temporarily stepping in to serve in a more senior role
- Self Study

Questions to assess where an organization is in its succession planning:

1. Do they conduct a periodic assessment of the need for filling key positions or estimating how many and which positions will become open?
2. Have they identified likely candidates already within the organization?
3. Are they initiating searches internally or externally for possible candidates?
4. Is there an active plan to create an interest among potential candidates in filling various positions other than their present ones?
5. Do they have a systematic method for keeping records of the present interests and qualifications or limitations of employees?
6. Are they actively developing plans for assisting people to grow into positions to which they might aspire?
7. Is there a periodic evaluation of present performance and future potential of current employees?
8. Is there an effectively executed procedure in place for sharing this information among various divisions, departments, and other work groups in the organization?



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