

Getting to grips with succession planning

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Succession planning can be broadly defined as a process that involves recruiting and developing talented employees to fill key roles within a company.

To do it well, an organization needs to identify its long terms goals, anticipate changes in management, and understand the development needs and career paths of its employees.

In this article we highlight the issues and opportunities associated with succession planning and evaluate:

- Why is it challenging?
- How valuable is it?
- How can you make it work?

Why is it challenging?

Succession planning is not a one time event - it's an ongoing task that involves identifying, cultivating and developing individuals who exhibit the behaviors and talents to lead the business. It is not necessarily about filling specific positions but rather developing the key competencies and skill sets of individuals who can assume leadership - as well as identifying suitable opportunities for them to grow.

Traditionally, succession planning was more about organizational needs, but it has increasingly become about balancing these needs with the aspirations of talented employees.

Succession plans require regular review and updating. Historically, plans assumed the successor would stay and the incumbent would move at an appropriate point. Mobility is now common among all employees. In addition, with an increasing number of mergers and acquisitions it is difficult to 'guarantee' a specific future role to an employee.

Succession planning takes time, and buy-in from different levels. The grooming of managers can take years - as a result, companies have to plan and invest well in advance to ensure sufficient levels of the right resources are available.

Changing demographics present a further challenge. "One-half of the 76 million Baby Boomers will be eligible to retire in the next decade. Their replacements will come from a smaller generation, causing a shortage of skilled workers" (Kaye and Jordan-Evans, 2005).

Finally, Managers not selected can feel overlooked - and can question their own career path within the organization.

How valuable is it?

Despite the challenges, succession planning is necessary to ensure business operations beyond the tenure of current leaders, and cultivating new talent and ideas will safeguard and help grow the future business. Succession planning should also help retain key employees “because they appreciate the time, attention, and development that you are investing in them” (Heathfield, 2007).

There are direct and indirect benefits from succession planning:

- “A systematic, logical approach to succession planning can build depth in the organization’s management talent” (Buhler, P., 2002)
- The exercise of planning forces the company to examine its weaknesses and opportunities and create strategies to address them
- It can prevent a company from being in a devastating situation of a shortage of talented individuals with the skills needed to lead the organization
- It provides a structure and schedule for mentoring and developing key employees
- It increases employee loyalty and morale, as it shows that the company is committed to employee development
- It can help identify lateral moves that offer continued growth and broadening of experience for top performers - particularly helpful in flatter organizations
- It provides a framework for developing competencies and leadership behaviors and ultimately a pool of talented employees - each of whom is capable of filling a number of roles
- It provides a contingency plan to ensure continued business operations through key personnel

How can you make it work?

Establishing and maintaining a succession plan requires forwarding planning and a coordinated effort between senior managers and employees targeted for succession. Key activities that can improve the effectiveness of succession planning include:

Linking succession planning to overall vision, strategy and values

To be effective, succession planning needs to be in line with the long-term vision and direction for the company and aligned with leadership behaviors that are valued (e.g. customer orientation, innovation, people development, measured risk-taking). The HR function can play a key role in articulating company values and culture and in ensuring that a consistent process is deployed.

Analyzing competencies (and gaps)

Review the competencies your employees have and those required for performing specific roles This can include general competencies like multi-tasking, decision-making and problem solving and more specific competencies such as technical design and project management.

Developing talent pools:

Having assessed competency and behavioral requirements, review your pool of employees. Develop a list of high potential candidates and a range of key positions that each person may be targeted for. Identify any major gaps where external recruitment may be required.

Developing and executing succession plans

Once individuals are identified, develop strategies and plans for enhancing their skills and leadership behaviors and getting them into the necessary roles. Identify the gaps in their development and jointly develop a plan showing how they will gain experience and knowledge.

Implementing a successful plan takes dedication and commitment. Ensure senior leaders are personally involved and hold themselves accountable for growing future leaders and that the selected employees are committed to self-development.

Monitoring and providing feedback

Development feedback is critical to the process. It should be future-oriented and focused on areas where the employee can improve. Ask the individuals to review and comment on their progress and to check if their knowledge and experience is developing in accordance with company strategy.

Integrating succession planning with talent management

Talent management takes a holistic look at a company's workforce and recognizes more broadly the skills of the organization. "Comprehensive succession management integrates talent management with organizational strategic planning" (Rothwell, 2000). By linking succession planning with talent management the skills and talents of the organization can be leveraged to a greater degree.

Promote openness, fairness and diversity

Greater openness and transparency have come with increased emphasis on the individual and the focus on roles rather than jobs. Employees need to understand the succession process, the methods used to evaluate potential successors, and the kinds of jobs that are considered suitable for each individual.

With openness should go fairness; objective assessments of all available candidates need to be made, including providing appropriate feedback.

A growing number of organizations recognize the business case for diversity and recognize the unique skills and abilities of each employee.

Summary

Succession planning is an essential strategy for any company looking to prosper, helping it to grow and perpetuate its vision through its people. It is an ongoing process that requires the dedication and commitment of the current leaders of the company as well as its successors. Succession planning needs to align with the long-term goals of the organization, balanced with the aspirations of key employees. "When done right, succession planning helps to guarantee the continuity of skills, leadership, knowledge and vision within the organization" (McCrea, 2005).

References

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