



NO

SUCCESSION PLAN?

NO

SUCCESS!

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Succession planning is the process whereby an organization ensures that employees are recruited and developed to fill each key role within the company.

Effective succession planning strategies help companies to recruit superior employees, develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into more challenging roles.

Though such a simple concept, few businesses actually have a competent or effective succession plan or model in place. As you

will learn in this eBook, there are numerous benefits to implementing a succession plan and workforce strategy. You'll also receive tips on how to create a succession plan, or how to make your existing process even more effective.

It's never too early to begin succession planning for the future, and it's certainly not too late to improve your existing one. Read **No Succession Plan? No Success!** and start effectively developing your business for future success and sustainability today!

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CRITICAL QUESTIONS TO ASK FOR EFFECTIVE SUCCESSION PLANNING

Succession planning is often misunderstood or undervalued in the workplace. According to Talent Management magazine, about 70 percent of companies say they participate in some form of succession planning. However, 62 percent also report having too few candidates for organizational needs, and a third of organizations report no succession plan at all. These numbers are low compared to just how important succession planning is to an organization's success.

Whether you're a large corporation or small business, the economy is constantly changing and unpredictable. You never know when employees may leave or retire, and you're faced with vacant job positions that are critical to your organization's function. So, you need to be prepared! An effective succession plan benefits the organization and its employees by identifying the current and future needs of the organization, identifying top performers and leaders, and assisting in employee development.

If you don't know where you are going, you'll end up someplace else.
—Yogi Berra



The heart of succession planning is the evaluation of employees' performance and potential.

An article from [Harvard Business Review](#) even says to “change the name from succession planning to succession development.” Effective succession planning helps organizations develop their internal talent in areas that will prepare them to succeed in higher-level and leadership positions. A great leader needs to be able to work effectively with people and make successful transitions to higher levels of responsibility and accountability. Succession planning will identify the people who are capable of leadership, and identify the areas one needs to develop to become successful.

The heart of succession planning is the evaluation of employees' performance and potential. In doing this, you must ask these two questions:


1. How is the employee being perceived?

When evaluating and assessing employees, it's important to know how they interact with others. Do they demonstrate leadership skills and confidence in the workplace? To gain this valuable information, it's important to look at employees through the eyes of their coworkers and leaders whom interact with on a day-to-day basis. That's

where surveys like the [CheckPoint 360SM](#) can help. Three-hundred-sixty degree feedback tools evaluate a person's leadership performance and potential with direct feedback from peers, supervisors, direct reports, and even customers or vendors.

2. What are the employee's unique characteristics?

When looking at an employee's performance and potential, you need to take into account what job positions and responsibilities will be the best fit. To determine this, you need to know your employees' behaviors, motivations, interests, and values. What makes them tick? Are they capable of working under more pressure? Will they be engaged by a role at a different level? How quickly can they assimilate into a new position? To gather this data objectively, you can use a total-person assessment. For example, the [ProfileXT[®]](#) measures over 20 characteristics, including behavioral tendencies, thinking and reasoning skills, aptitude, and interests. The assessment results then indicate how strongly an employee matches different job positions, and identifies areas he or she needs to develop to become successful.



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THE DIFFERENCE BETWEEN, AND IMPORTANCE OF

WORKFORCE & SUCCESSION PLANNING

Workforce and succession planning are often confused or considered interchangeable, and it's an honest mistake. Workforce planning is having the right people in the right *job-fit* across an organization at any given time. Succession planning is a subset of workforce planning, in that its purpose is ultimately the same, with the specific goal of having the right person ready to fill the right leadership position at any given time. Both are critical for the endurance and bench strength of any organization.

Workforce planning involves a business's needs by:

- Linking human resources planning with the organization's strategic planning goals and priorities
- Understanding how business needs and functions will change over time
- Understanding how these changes will affect job requirements
- Understanding how the workforce is changing in terms of demographics, skills, interests, and performance
- Understanding how well the current workforce is prepared for future job requirements, and identifying potential gaps



The time to repair the roof
is when the sun is shining.
— John F. Kennedy

- Developing strategies, which include recruitment, retention, and training, to address staffing needs based on potential gaps

Within these priorities, succession planning assesses:

- The potential for vacancies in leadership and other key positions
- The current staff's readiness to assume leadership roles
- Strategies to address these developmental needs based on potential leadership gaps, including mentoring, formal training in leadership and supervisory skills, appropriate promotable bench strength, and strategies to retain current and future staff

Succession planning often parallels and resembles workforce planning—which must always be considered in a succession plan—because both address the issue of employees sustaining the company.

At all times, a business should have both a workforce and succession plan in place, because it ensures that qualified candidates and employees will continually occupy the roles needed to be filled in the organization, and that they will be prepared to move up when a leadership role is left vacant.

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STRATEGIC WORKFORCE PLANNING



IN 6 STEPS

We've all heard the saying that "failing to plan is planning to fail." The traditional strategic planning process often focuses heavily on large capital expenditures, technology, and marketing investments. But that traditional process focuses too little on the organization and the human resources necessary for sound execution.

It is almost as if the business takes for granted that it already has people with the necessary capabilities. The truth is that it can take several months, if not years, to get the right people into the right jobs, which can seriously hinder the execution of even the most well thought out strategy.

The Strategic Workforce Planning Process

We polled our experts at Profiles International and asked them to define a simple, straightforward, strategic workforce management process. They outlined the following six steps:

1. Understand your business strategy.

The first step in the strategic workforce planning process is to have a clear understanding of your business strategy. At the end of the day, your workforce is there to implement the strategy and achieve expected business results.

Strategic change fails when the people implementing the change don't know what they need to do differently in order to support the new



Strategic workforce planning is more like painting a bridge than creating a masterpiece.

strategy. These disconnects create confusion, conflict, and stress, and put even the best people in a position to fail. Make sure that you have thought through the operational details of your strategy, and that you have sufficient facts and support to make a good decision.

to fill a job, the salary you should expect to pay for the job, and potential challenges to filling the job. For example, a growing suburb might be in need of a new school, but the area is expensive and it is difficult to attract teachers. You need to take these factors into account as you build your strategic workforce plan.

Know how far and how fast you can reasonably move. It takes time, money, and thought to design and build technological infrastructure, production facilities, and distribution capability. Similarly, it takes time to hire, deploy, and train talent. This is even more true when your workforce requires special skills or credentials, or when your jobs are located in a talent-poor or highly competitive region.

Basically, you need to know your business strategy, and the impact of that strategy, before you can create a meaningful workforce plan.

2. Understand the labor market.

Understanding the labor market for the jobs necessary to drive your strategy will help you better understand the length of time it will take

Common factors to consider include macroeconomic forecasts, demographic trends, regulatory changes, and talent movement trends within your industry.

3. Understand your future talent demands.

Once you have translated your business strategy into operational requirements, you must design the organization and the jobs necessary to implement the strategy. If you contrast this with your organization and jobs as they stand today, you can identify jobs you will need to create, jobs you will need to phase out, and the optimal timing of that transition.

Critical roles are those jobs that are mission critical to your future business strategy. If you don't have a solid plan for filling these roles with capable

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people, the business strategy simply won't come to life.

Critical employee segments can include mature workers, visible minorities, millennials, ethnic groups, veterans, and others. They can be strategically important to certain organizations that need to fulfill requirements for certain types of government contracts or grants, or that want to meet the needs of key customer groups.

4. **Assess your current talent inventory.**

Once you understand future demand, the amount of change needed, and the optimal timing of that change, you should inventory your current talent pool. This will help you determine how to eventually transition people into new roles. It will also give you insight into who won't fit into the new organization, and help you create an exit plan.

5. **Identify talent gaps and strategies to close them**

After you have assessed your internal talent inventory and understand the jobs necessary for executing your new strategy, you can identify your gaps, determine a time frame for closing those gaps, and create specific tactics for meeting the future needs of the organization.

6. **Implement your strategies.**

The last step is to run scenarios in order to understand how the availability of these critical roles or segments impact the rest of your business plan. Then determine how your workforce plan will be impacted. Timing is important, which is

why we examined the labor market earlier in the process.

More Like Painting a Bridge than Creating a Masterpiece

Strategic workforce planning is a process, not a one-time event. Like other business processes such as Total Quality Management (TQM) or Six Sigma, strategic workforce planning requires a continuous improvement mindset. By standardizing your approach to a very important and challenging business problem, you can reduce errors and better understand the factors that drive success. This ultimately reduces costs and increases effectiveness.

Finally, remember these **three key lessons** that will help your strategic workforce planning efforts succeed:

1. Secure top-level executive sponsorship—don't attempt to swallow the entire elephant at once, and establish and track leading metrics. Involve your stakeholders.
2. Inspect what you expect, starting with a few key metrics.
3. Start simple and stay the course. This discipline will help you make informed decisions that maximize benefit to the business.

Now that you have identified the demands of planning a strategic workforce, you need to identify where your workforce and workplace are, in order to incorporate successor development into succession planning.

Unless commitment is made, there are only promises and hopes; but no plans.
—Peter F. Drucker



SIMPLE SUCCESSION PLANNING QUESTIONS

(AND A GOOD LESSON FROM APPLE)

Succession planning at the CEO-level and beyond is serious business. When he resigned as CEO, Steve Jobs wrote a public letter to Apple, stating “I strongly recommend that we execute our succession plan and name Tim Cook as CEO of Apple.”

Jobs first announced he would be taking a health-related leave of absence in January 2011, then reappeared in March to present iPad 2, and returned at the company’s worldwide developer conference in June to outline the company’s plans for Mac OS X Lion, iOS 5, and new iCloud online services.

While still actively involved in decision making at Apple on a reduced scale, Jobs’ leave of absence throughout eight months of 2011 appeared to have been a calculated, smooth transition of executive power to Cook, who presided over the company’s shareholder meeting that February, and has handled the company’s quarterly conference calls with analysts, albeit without the same flare and character as Jobs. Bersin research states that Apple—and Jobs himself—had been planning for succession for several years. Apple even created an Apple University, designed to teach employees how to think like Jobs, and make decisions like he would. Jobs sadly passed in October 2011, but the company was more than prepared.

The consequences of failing to plan for succession of a CEO are obvious, and as most companies have recognized, they cannot afford to fail in this

responsibility. Middle management levels, however, are often overlooked, with disastrous consequences.

Look around your office and ask yourself these questions:

1. How many of the people doing middle management work are 50 or over?
2. How long will they be with you?
3. Who will replace them?
4. How will you identify the replacements?
5. What will you need to do to prepare them?

An assessment and development program put in place now may head off a real crisis in leadership five years down the road. Mentoring programs—using senior workers to help bring newer workers up to higher levels in skill and responsibility—are increasingly popular, but mentors must be carefully selected and trained in the art of mentoring.

Recognizing this complex set of challenges, some organizations have begun to systematically identify their “non-core competencies,” looking for areas where they can profitably out-source some of their business needs, allowing them to focus on retention, skill development, and succession planning in the areas which are their core competencies- those areas giving them their unique competitive advantage.

One or more of these approaches may be right for your business. Change is coming, ready or not!

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STAGES OF SUCCESSION PLANNING:

WHERE DOES
YOUR COMPANY
STAND TODAY?

Think about your business 5 years from now.

What will the organizational structure be like? Will your products and services be the same as they are today? Serving the same customer base? In the same markets? With the same demand? What type of employees will you need to fulfill your plans and objectives? The foundation of your success could hinge upon an effective talent management program that strongly values succession planning.

If you can't know what products or services you'll be selling, how will you know how many staff members you'll need to do the work? Will you need more or



fewer plants or operations centers? Do you foresee expanding into new territories, or consolidating into key regional markets?

Wharton professor, Dr. Peter Cappelli said, "Companies cannot eliminate unpredictability. . . They can only contain it." There is considerable wisdom in those few words that can be applied to many areas of business, including talent management and succession planning. Those companies without succession plans tend to operate from a crisis mode, "winging" it. As they gain sophistication, they move through the stages shown below towards the ultimate goal of operating within a true talent management system.

Crisis Mode

- Single position focus
- Address immediate needs
- Recruit from the outside

Replacement Planning

- Key positions

- Replacement plans
- Plans to fill gaps through recruitment and rotation

Succession Planning

- Key people
- Identification of high potentials (leadership track)
- Identification of high producers
- Assessment, gap identification, gap closure program or experience

Talent Management

- Talent pools for pivotal roles
- Regular talent reviews
- Planned and managed experiences and assignments
- Specialized development programs

When business exploded in the 1950s following World War II, most operated within clear hierarchies that provided defined career paths for their employees. There was comfort and predictability in that model which carried on for decades, but which began to change in the 1990s (likely due in part to Hammer and Champy's landmark book, *Reengineering the Corporation*). Especially today, that "classic" model of succession planning from the 1950s no longer works. This era of deep, detailed talent pipelines with defined career paths and formal succession management plans no longer fit today's reality.

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H O W T O W O R K O U T A

SUCCESSION PROGRAM

I N T H E W O R K P L A C E

Why do you exercise? To look good, perhaps, or maybe to lose weight; but, ultimately, to live a longer, healthier life. Exercise is to the body what succession planning is to a business. Treating succession planning the same way you (ideally) treat your body is a good start to optimizing your company's healthy succession program.

You may take a good hard look at yourself occasionally and think, "I could be better." So, you do a couple push-ups, decide it's kind of late, and you plan to get up early tomorrow morning to start an exercise routine that you're going to maintain for the rest of

your life. But you don't. You keep planning on it. That's exactly what planning is: not doing. If you want an effective succession model, you must turn "planning" into "development." Planning to do something doesn't change anyone, but development, and developmental experiences, do. Succession planning has a lot of checklists, charts, forms, and meetings, and can cause a false sense that the planning process is an end in and of itself, rather than the precursor to real development.

Also, it is important to measure outcomes, not simply the process itself. Say you want to lose twenty pounds,

Planning is bringing the future into the present so you can do something about it now.

—Alan Lakein



so you go out and run a mile. You run a mile every day for a week, and on the seventh day, weigh yourself to find you have lost five pounds. You're off to a great start, but you can't expect to drop the remaining fifteen pounds in a month by only running a mile every day. You have to adjust your routine to compensate for the progress you're making. Set goals that you want to reach in your succession process, and measure your progress against those goals. Profiles International offers many tools and assessments to help set measurable goals for your company's succession program. Some other possible measurements of succession planning performance include:

- **Number of roles within the organization** that have a successor in place.
- **Percentage of candidates "ready now"** compared to those still needing additional years of training. This metric reflects bench strength.
- **Ratio of internal to external talent:** This

can also indicate the strength of an organization's bench. If a high number of leaders are coming from external sources, it may be time to build a stronger bench.

- **Employee attrition rates:** Attrition rates can reflect how satisfied workers are with their jobs, and can serve as a barometer of the talent management system's effectiveness.
- **Length of time in roles of leadership.**
- **Leadership representative** of workforce diversity.
- **Company alignment** with strategic values and vision.
- **Stakeholder buy-in:** A balanced succession plan will be approved by a variety of sources.
- **Coordination with risk-management teams** to assess whether leadership decisions have decreased risk.

Another good rule of thumb—in both body and succession development—is to keep things simple.

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Remember Rocky IV (the one where the iron man Drago kills Apollo Creed in an exhibition match, so Rocky flies to Russia for revenge in the boxing ring)? If you recall, Rocky didn't use fancy machinery or performance enhancing drugs to prepare for his fight; he used his surroundings. The same should go for your succession model. Use the resources you already have to advance the next generation of leadership in your company, and use assessments to gauge who in your company should be moved up in succession. Using in-house resources in succession planning will result in:

- **An ongoing supply of well trained, broadly experienced, well-motivated people** who are ready and able to step into key positions as needed.
- **A cadre of desirable candidates** who are being integrated into the company with positive goals established for them individually.
- **A flow of these capable people through various departments** with the goals of educating them into the culture and processes of the company.
- **Availability of appropriate resources within the company** to conform with the future needs of the company.
- **Positive goals for key personnel**, which will help keep them with the company and help assure the continuing supply of capable successors for each of the important positions included in the succession plan.
- **Defined career paths**, which will help the company recruit and retain better people.
- **The continuous input of ideas** to improve the internal processes and procedures of the company, as well as opportunities to improve the offerings and services of the company in the marketplace.

Finally, be realistic. The Harvard Business Review gave an example of an unrealistic succession plan:

"The head of engineering is a high-performing leader who has the potential to be COO. She has always been in an engineering role. If she had sales experience, she would be even more ready to be the COO, so her development plan is written to include a job move to be head of sales. However, this company would never take the risk of putting someone without sales experience in the top sales job—so her development plan perpetually says, 'move to a sales job' even though that will never happen."

Setting unrealistic goals will only lead to frustration. You're probably not going to bulk up to a 350-pound mountain of muscle, and your mediocre sales person is probably not going to be the next sales manager. While development plans and succession charts aren't promises, they are often perceived as such by high-performing individuals in the organization that want to advance. Setting realistic goals helps everyone involved understand what is necessary for advancement, and how it can be achieved. For some people, it's just not going to happen.

The most important thing to remember is to define what success means to you, and which goals you wish to accomplish. Maintaining a strong line of succession is just as important as keeping your body healthy and fit. By considering the aforementioned suggestions, you can achieve both.

Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort.
—Paul J. Meyer

QUESTIONS

FOR SUCCESSFUL SUCCESSION PLANNING

Before you can begin to successfully tackle

succession planning, you first need to know what your organization's leaders believe about the following:

1. **Performance.** What does successful performance look like at all levels of the company?
2. **Potential.** How do we measure potential?
3. **Development.** How does development differ from training?
4. **Leadership.** What does it mean to be a leader?
5. **Accountability.** Do we hold people responsible for meeting goals and deadlines?
6. **Courageousness.** Are your leaders courageous enough to speak up and not hold back?
7. **Talent.** How do we define what true talent is?

What percent of our workforce are truly talented?

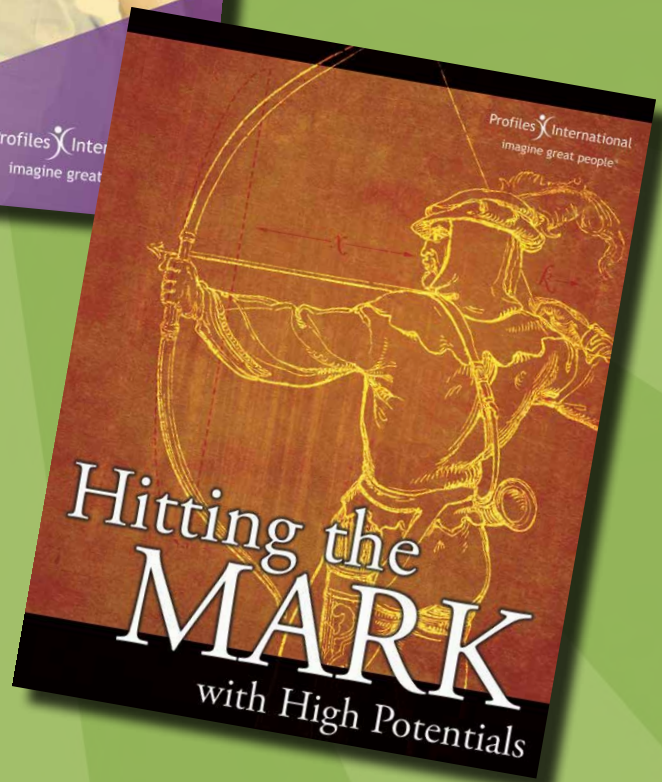
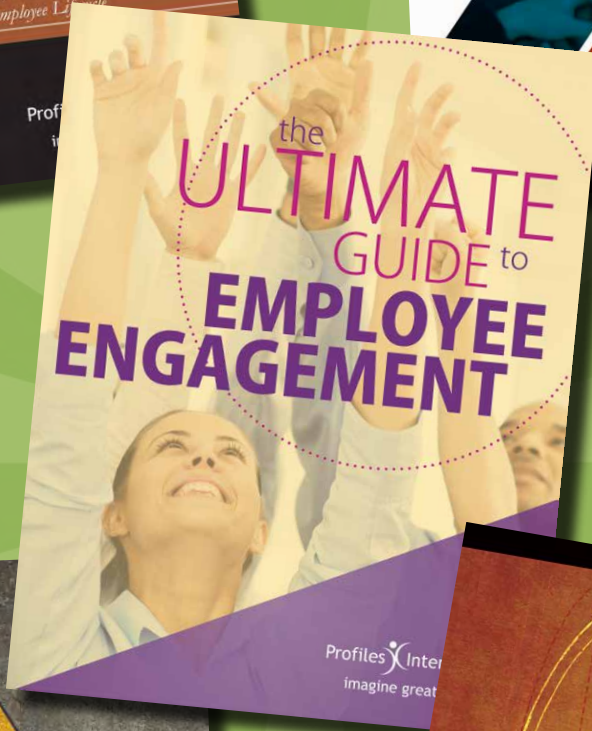
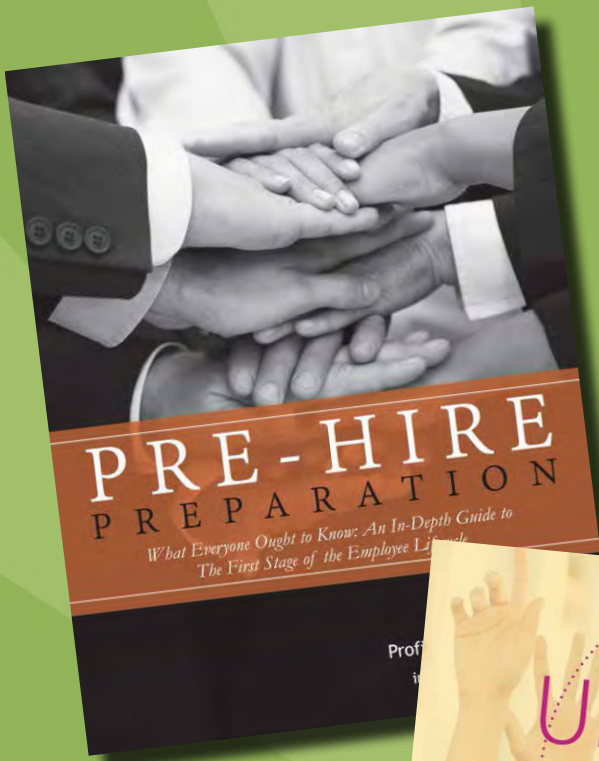
How much would it hurt if these people left?

Starting a healthy dialogue to regarding each of these areas is a critical first step. Hopefully, senior management can reach a consensus on what these terms mean for your business and then move towards a viable plan.

If there's a lack of agreement or commitment, the plan will be fractured and ineffective, in which case you'll likely stay in Crisis Mode rather than enjoy the benefits of a true talent management approach.

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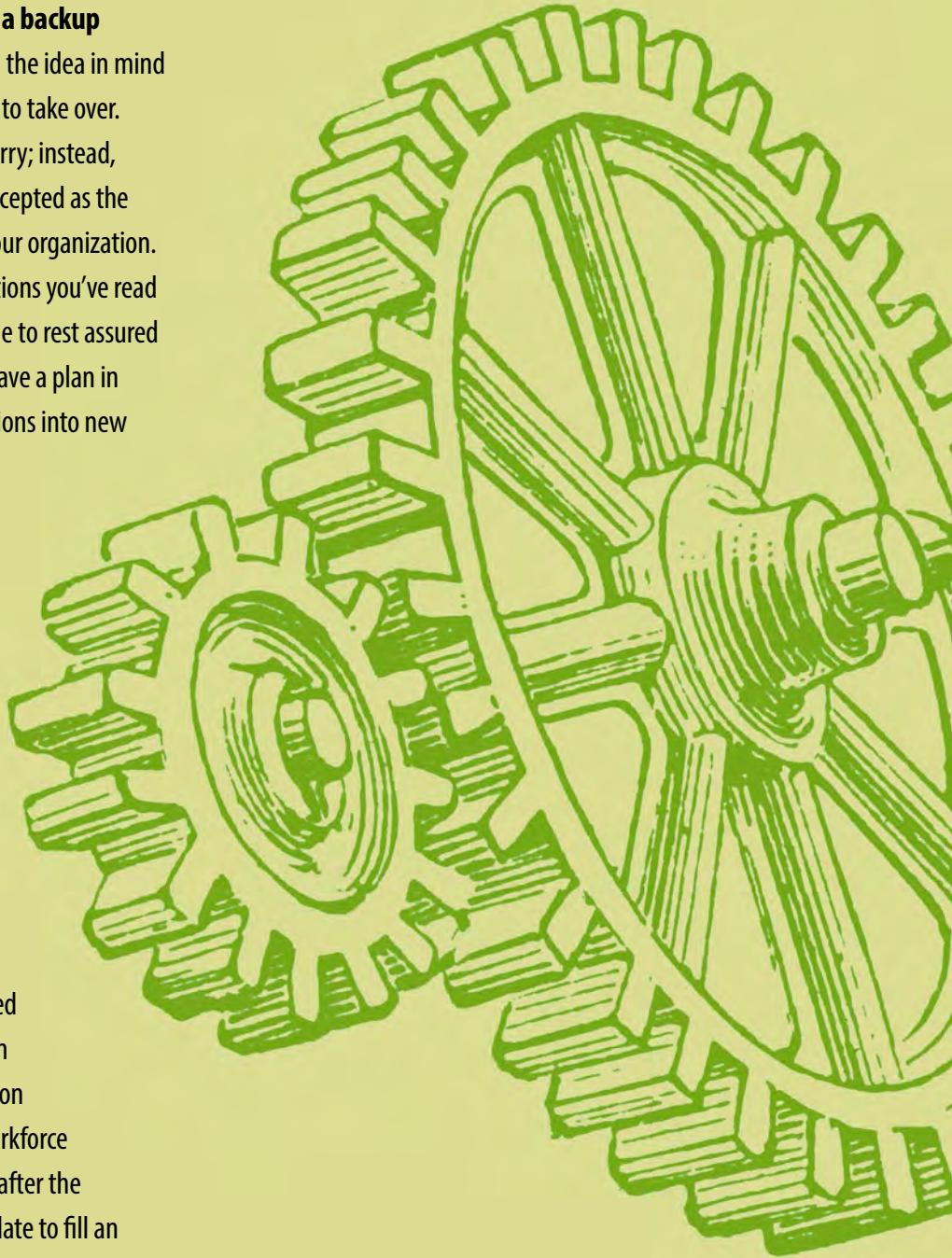
CONCLUSION

Succession Planning is more than a backup

plan—it's an ongoing procedure with the idea in mind that, someday, a new leader will have to take over. It shouldn't be cause for distress or worry; instead, it should be openly circularized and accepted as the natural progression of leadership in your organization. By implementing the tips and suggestions you've read throughout this eBook, you will be able to rest assured that, when the time comes, you will have a plan in place to make easy, worry-free transitions into new leadership roles.

For more solutions, contact [Profiles International](#). We offer talent management solutions and coaching through complimentary [webinars](#) to help you make the right succession planning decisions.

Assessment solutions, like the ones offered by Profiles International, can help ensure that those in the current workforce are being properly developed for succession throughout the life of an organization, maximizing your return on investment in both labor costs and workforce management solutions. For example, after the [ProfileXT®](#) helps select the best candidate to fill an open role, the [Profiles Performance Indicator™](#) can then help management improve the employee's productivity and performance, and the [CheckPoint 360™](#) can further improve the company's bench strength with this hand-picked workforce.



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