

maximus insights

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have a succession plan?



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Food for thought ...

- 90% of companies surveyed see succession planning as a top priority, but only 6% were confident that their systems could successfully meet the succession planning challenge (Source: Corporate Leadership Council, 2003)
- Most companies predict that there will be an increase in Leadership vacancies over the next 3 – 5 years, and 76% of the companies are not confident that they have the ability to staff these positions. (Source: Corporate Leadership Council, 2005)
- 51% of organisations indicated gaps in their leadership pipeline and 37% see filling key positions as a challenge. However 63% of organisations indicated that they do not have an enterprise wide succession planning process. (Source: Bersin and Associates, 2007)

Environment and business challenges

The demand for the best talent is high, competitive and changing, and as a result, companies are increasingly seeing the urgency in setting up internal structures and strategies to prepare for current and future requirements.

This demand is being fuelled by, amongst other things, the impending retirement of a large section of the workforce (baby boomers); enhanced mobility of talent globally; and the changes being experienced in organisations resulting in the need for varying talent.

So what does all of this mean? Simply put, organisations need to start preparing for their short-term and long-term talent needs, today. Losing employees in key positions is a disrupting event to both continuity and performance, exaggerated further if no suitable successor is available. To cater for this, organisations need to proactively start preparing and building their talent pipelines through succession planning, to ensure they have the right employees – sufficiently prepared – for the right jobs at the right time.

What is succession planning?

Succession planning can be seen as a holistic and continuous process of selecting and developing employees in order to prepare them to fill current and future roles.

Key employees referred to in succession planning were traditionally seen to be high flyers and potential leaders, earmarked to take the organisation forward. However as succession planning has evolved, it is increasingly evident that critical roles need to be identified on all three business levels, namely strategic, tactical and operational. This is needed to ensure that all necessary positions are covered, to simultaneously be able to plan for the building of the organisation (tactical and strategic focus), while constantly improving real time operational efficiency.

What does an approach to succession planning look like?

The process for setting up a succession strategy and plan needs to be simple and focused. Each of the steps needs to take into account talent succession requirements looking at all three of the business levels (strategic, tactical and operational), so both the running and the building of the business are catered for.

Step 1: Define the business direction and demand for talent

Defining the business would require the full understanding of planned business direction for the next one, three, five, and ten years (if available). This vision would then be mapped toward the necessary people competencies required to achieve the

objectives at each level, as well as the identification of roles (existing or future) these competencies would relate to.

What this process does, is clarify the key competencies and critical roles which the organisation would need to focus on, in terms of ensuring that there are potential successors to fill them when needed. Apart from this, the organisation may identify generic capability pools which they need to build as part of their succession planning, for example generic leadership, management, finance, operational skills etc. They may not be associated to a specific position, but rather proactively preparing generic capability which would be applicable across the organisation in the future.

Step 2: Analyse current talent

Once critical competencies and positions have been identified, organisations need to assess the current strength of their talent (internal supply of talent) to what is seen as necessary for the future (internal demand for talent).

The first step would be to analyse the employees currently filling positions identified as critical, while considering existing competence and performance, career stage and personal career plans. By doing this the organisation has the opportunity to see how much time they have before preparing potential successors. Once the possible successors for each of the critical positions are identified it's important to evaluate them, in an attempt to build the talent pipeline, and plot them in terms of their readiness to fill the positions. Methods of assessing their potential and readiness may include conducting 360 surveys, performance feedback, psychological assessments and learning agility (ie, how quickly they learn and adapt to new challenges and environments).

Step 3: Develop succession strategies and plans

When the gaps are analysed between what the future roles require and where the employees are currently placed, specific development plans would be developed. These should be specific to the employee's position in the talent pipeline – while identifying development opportunities that are necessary – to enable them to prepare adequately for a possible future role.

Some examples of possible development opportunities may include:

- Training programs
- Job assignments and special projects
- Mentoring, coaching and job rotation
- Regular feedback and performance discussions

Linked to the planning would be critical success factors and defined, measurable outcomes for the development, to ensure that progress can be measured and tracked.

Step 4: Implement strategies and plans

When the planning has been laid out, it's time to implement it and additional support structures need to be built, to ensure continued value is achieved from the succession-planning process. Coaches, senior-leader exposure, development coordinators etc are just some of the additional resources that could be implemented, to ensure that the correct focus and follow-through is maintained.

Reporting to key stakeholders and sponsors would also be required – tools such as a “Talent Pipeline Viewer” may assist with this. This tool displays the critical positions, potential successors, development plans and progress, and percentage ready to succeed for extended business associates to refer to.

Step 5: Measure and evaluate strategies and plans

Succession planning should be seen as an ongoing process, updated when necessary, to accommodate business change. To retain focus, it needs to be reported on, measured and evaluated against the critical success factors and expected outcomes. This can be done using qualitative and quantitative indicators for measurement, such as:

- Staff turnover and retention rates
- Talent pipeline readiness
- Percentage of external/internal hires into critical positions
- Speed at which various vacancies are filled, etc

Based on feedback, progress and possible changing business requirements strategies and programs may be refined to maintain relevance and outcome focus. In addition, constant feedback to employees within the talent pipeline is crucial in this stage, to ensure their understanding of the progress, how ready they are and their commitment.

Succession planning needs to be an ongoing and simple process, with a high level of attention and involvement from strategic leaders in the organisation.

What is stopping you?

When deciding to implement, or expand on succession-planning strategies and processes, organisations need to be aware of any potential resistance they may encounter. This may include:

- Having previously started succession planning initiatives, and not followed through or maintained them. This history may create negative perceptions toward future initiatives and planning
- A previous narrow succession-planning process (ie, focusing only on top potential leaders) may have created a negative stigma (such as a feeling of exclusion) for those employees not catered to
- Lack of integration into other people-related strategies may have created the impression of “another isolated initiative” drawing on additional resources, especially time
- Limited understanding of succession planning, the process and deliverables. Managers may not have a clear line of sight between required actions, benefits and strategic objectives
- Unclear roles, responsibilities and deliverables relating to succession planning, may mean people are unsure and non-committal towards the process and deliverables

To better understand the environment and possible change-management requirements, a detailed needs and organisational readiness assessment should be conducted prior to the implementation of succession-planning strategies. This would assist in shaping the approach, while ensuring the awareness and buy-in from employees, managers and executives.

How does this link to other people strategies and initiatives?

Comprehensive succession-planning strategies have direct integration points with most of the elements coming from within the employee lifecycle. From organisational design and recruitment and selection, through to performance management and retention strategies, the key outputs and drivers should all be aligned. This allows the organisation to see a broader approach to people, of which succession planning is a part, as opposed to isolated initiatives and differing focus.

Way forward

The need for succession planning is clear, highlighted in part by the changing face of business and the global increase in demands for skilled and experienced employees. With this understanding, proactively preparing organisations now for future talent needs – that is the right people, in the right roles, at the right time – can be seen as a strategic imperative. It is a long-term process and one that may require revisiting and amendments along the way, but taking the first steps toward developing aligned strategies and plans, getting the basics in place and maintaining commitment is crucial to success.

So the three questions left to ask yourself are:

- Where is your organisation in regards to preparation and implementation of succession planning?
 - Is this sufficient to meet the talent requirements necessary for future organisational success?
 - What is your plan for addressing your needs?
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