



Succession Management is more than just a plan:
Identifying, developing, and
retaining talent for critical roles

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The executive team at a North American manufacturing company sat quietly in the boardroom, wondering what the urgent meeting was all about. They soon found out — the company's senior engineer was leaving immediately to work for a competitor. It was a significant blow to the company, since he was directing the implementation of a new, critically important production process. His departure could mean disrupted assembly lines, insufficient inventory levels, and delayed customer shipments.

The first order of business was crisis management — including scrambling to find someone to take his place. The second was coming up with a longer-range plan for succession management, both to retain people in critical roles and to make sure successors are in place.

To avoid such nightmare scenarios, many organizations are taking action on succession management. Two simple steps can go a long way:

- **Connecting succession management and career development processes.** The engineer who left had expressed an interest in moving into an executive leadership role on many occasions, but those discussions were never linked to the company's succession management plans. Offering a clear development plan that aligned with his career aspirations might have kept him from making a leap to a competitor.
- **Rolling out succession beyond the executive level.** Had the company's succession plan extended to other levels and key roles in the company, a successor for this role would have been identified and trained. In addition, employees from other departments with the necessary project management skills would have been identified and ready to step in.

Opening the aperture

Succession management has broken out of the C-suite to include people who fall into these categories:

- **Critical roles:** The people your organization couldn't run without. For a software company, it could be the head of engineering with exceptional technical expertise. For a university or nonprofit, it could be the director of development with key relationships for fundraising. The tough part: It may be difficult to identify some of these roles until it's too late.
- **Top performers:** Your talent backbone. Maybe they've moved up through the ranks from your hotel's front desk to overseeing critical staff scheduling and hiring operations. You know who they are; keep them engaged with development and exposure to new opportunities.
- **High potentials:** The bright young people with a natural aptitude and affinity for your industry and organization. With the right coaching and feedback, these workers could be your top performers in 2 or 3 years, or leading your organization in 5 to 10 years.

Talent
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The evolution of succession planning

Succession planning has come of age over the past decade, driven by increased global competition, intense corporate governance requirements, and dramatic changes impacting workforce demographics and mobility.

Succession initiatives have evolved from narrow programs that only identify talent ready to fill top executive roles into comprehensive management systems that forecast talent gaps, predict domino effects if one person leaves, and are linked to extensive development initiatives. Today's dynamic succession management strategies align with broader talent management initiatives and extend deeper into the organization.

The critical business driver of succession management is talent continuity — motivating, developing, and retaining employees to execute on the company's long-term growth plans. A comprehensive succession management strategy answers the following questions:

- Do you have the right people with the right skills for today and tomorrow?
- Do you have the bench strength to reduce the risk of turnover in leadership or key positions?
- Are you offering the right development to prepare high-potential employees for greater responsibility?
- Where are the skills and talent gaps in your workforce? Are you taking the right steps to address them?
- Are you providing your people with diverse cross-functional experiences and exposure to leaders across the company?
- Can you find and compare your candidate options quickly and easily when it's time to promote?

Successful succession management must be comprehensive and integrated with your talent strategy. When you get it right, you can reduce your risk of sudden, unexpected turnover, because your due diligence allowed you to improve your talent insight, agility, mobility, and retention.

Broadening participation in succession management shows your employees that they have a future in your organization, a path to get there, and a reason to stay with you and give you their best. Employees know what's in it for them, and they value the ability to take charge of their own careers.

Why succession management now?

The world of work is changing, and no organization can assume that essential talent will always be available. There are many reasons for this change, including:

- 1. Demographic shifts:** In many countries, leadership and skills gaps present an ever-growing challenge as the post-war generation moves into retirement. Younger generations either lack the sheer numbers or the necessary skills to fill the void. And in many emerging markets, the large number of ambitious young workers is offset by gaps in knowledge and skills, as well as the lack of middle and senior management to lead them.
- 2. Skills shortages and mismatches:** In spite of high levels of unemployment worldwide, many positions go unfilled. Around the world, graduating students often lack the skills and work experience to compete for today's highly specialized roles.
- 3. The rise of globalism:** You're no longer competing with the company down the street for talent but with companies worldwide. Companies scour the globe for talent, and workers no longer need to be on the same continent to collaborate with colleagues. The best talent has always had options; now they have even more.
- 4. Lack of engagement in the workforce:** Your top performers aren't the only ones with options. Nearly one-third (31 percent) of surveyed employees reported they're not satisfied with their jobs.¹ Assume that your employees are keeping their LinkedIn profiles up to date, that they're checking out the job boards, and that they're always on the lookout for their next opportunity.
- 5. The changing nature of work:** Traditional ideas about "full-time employment" have been obliterated over the past decade. If you haven't already, expect to see more contract and contingent labor, flex schedules, job sharing, retirees working part time, and other work arrangements that were unthinkable not that long ago. Further challenging the notion of "traditional careers" are the Generation X and Millennial populations, who carry high expectations for new and challenging work assignments. The relationship between people and where they work has never been less permanent. To attract and retain great talent, you need to show them what's in it for them.

It's little wonder that only 12 percent of CEOs surveyed by PricewaterhouseCoopers in 2012 said that they were having an easy time hiring.² But rather than dwell on a difficult hiring environment they can't control, many organizations are focusing on what they can control — which leads them to succession and development.

¹ Deloitte. Talent 2020: Surveying the Talent Paradox From an Employee Perspective. 2012. http://www.deloitte.com/view/en_GX/global/services/consulting/human-capital/32be99c8fb1b9310VgnVCM3000001c56f00aRCRD.htm

² PwC 15th Annual CEO Survey. 2012.

One company that has taken a proactive approach is Black Hills Energy, a utility provider based in the Midwest. The company faces a significant challenge: 24 percent of its workforce is eligible to retire in the next seven years. Black Hills is addressing this risk with a combination of workforce planning, succession management, and career development planning. The organization is modeling different turnover scenarios, developing a plan, and filling in gaps in advance of the need. “Having the ability to effectively manage and develop our existing talent pool is key to our continued success as an energy company,” said Bob Myers, SVP and CHRO for Black Hills Energy.³

Ambitious,
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and leaders.

What’s the worst that can happen?

At all levels of your organization, turnover in key positions could put you in a tough spot.

- **Senior leaders:** The sudden departure of a key executive isn’t uncommon. Are you grooming future leaders? Do you know your bench strength? Can your mid-level managers present key financial and operational performance data to your CEO or board of directors on demand? Your leaders at all levels, not just those at the top, should be able to present information and support recommendations.
- **Critical roles:** These roles vary by company and are as unique as you are. For example, the role of pharmacy technician tops Monster.com’s list of “Top 10 In-demand Healthcare Occupations,” with overall job growth projected at 27 percent. With that kind of competition for top talent, what would happen if your best techs walked out the door? How are you building a pipeline of talent today to feed the critical roles in your organization?
- **Top performers:** Imagine that your company just closed a large multiyear deal with built-in deadline guarantees. If your production director leaves the company, could you fulfill the contract terms? Who’s waiting in the wings, ready to demonstrate their skills on a whole new level? Someone within the same department or across the company could possibly step in, but you would need comprehensive talent profiles to know.
- **High potentials:** Ambitious, talented young workers are your future top performers and leaders. Do you know who these people are? Are you investing in their futures with development and exposure to all areas of your business?

³ Winning HR Strategies: A SuccessFactors E-book. 2012. https://www.successfactors.com/en_us/lp/successfactors-ebook.html

Key elements for succession management today

As the approach to succession management has evolved, it's become clear that a successful program needs to be ongoing and dynamic, and must be linked to development and other talent initiatives. There's also the realization that succession is a complex process and that it requires technology to manage.

Succession
requires
development
and mentoring
to be effective.

Succession is ongoing

Succession shouldn't be a one-time event. Your managers must build development and mentoring into their everyday work to be effective. This requires setting goals, establishing regular check-ins, and evaluating progress over time.

Succession is dynamic

Succession can't be a top-down endeavor. Both the organization and the employee must be involved, and everyone must be aware that things change — including strategy and business conditions. Both the process and the people involved must be flexible enough to adapt.

- **For the organization:** With talent pooling, an organization can reduce its risk by involving more people in the process. Can't-miss high potentials sometimes fizzle. Someone who nearly washes out one year can later become a top performer. Casting a wider net reduces the risk and builds the unforeseen into the process.
- **For the employee:** The employee needs the freedom to investigate chances to grow internally and to opt into a career path. If you want to be a VP of marketing at 40, seeing a development plan and clearly understanding the knowledge, skills, and abilities you need at 25 gives you a better chance of getting there.

Succession must be linked to career development plans

Succession plans identify talent that can be tapped if necessary. Career development plans identify the ambitions and goals of your employees. These plans must work together. Ideally, helping employees make progress toward their career goals will help to retain them. But career planning is also important in grooming identified successors to make sure they're ready to step into their next role, if necessary.

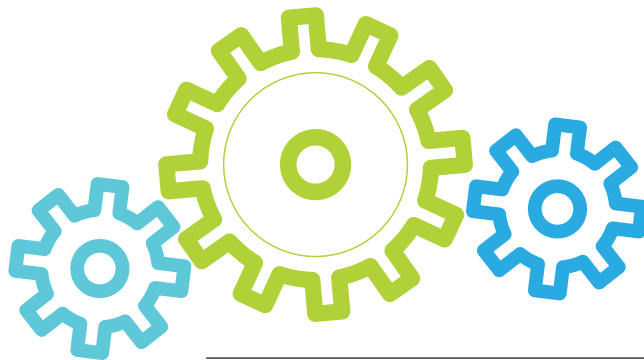
Consider the sudden departure of the engineer in the scenario described earlier. He had expressed an interest in executive leadership roles — why didn't the company provide him with opportunities to contribute to strategic projects? At the same time, an identified successor should have been closely involved in the analysis of existing production processes and alternative solutions.

Succession must be integrated with other talent initiatives

Succession isn't an island; it's connected to other talent initiatives. In addition to career planning, other areas of talent management provide important information when it comes to succession planning. For example, knowing the common competencies of each role — knowledge, behavior, and skills — is essential for identifying and developing successors.

How does succession connect to other aspects of talent management?

- **Career development** provides potential successors with development today to prepare them for the future.
- **Performance management** provides insight into who your top performers are.
- **Learning** addresses gaps in employees' knowledge and skills.
- **Recruiting** identifies a common set of competencies needed to recognize and hire the right candidates.
- **Collaboration tools** help managers work together to evaluate and mentor successors. These tools also help employees to connect with colleagues who can help them learn and grow.
- **Workforce planning** helps plan for future talent needs in addition to addressing current succession scenarios.
- **Workforce analytics** connect talent data to business outcomes to illuminate talent gaps and development needs.
- **Talent profiles** engage employees by helping them create rich profiles that describe skills, hobbies, awards, and interests to paint a complete picture of themselves.
- **Core HR** connects talent information to employees' other master data to provide a single source of truth.



In the same way that finely calibrated gears must fit with precision, succession should be closely aligned with other talent initiatives for efficiency and optimal results.

Succession requires technology to manage

Yes, you can administer a succession plan on paper, but why would you? In most organizations, the speed and complexity of changing conditions make it nearly impossible to keep up. With succession management technologies, such as SuccessFactors Succession & Development, you can get away from spreadsheets and have the application do the heavy lifting for you with features such as:

Top performers are estimated to be up to three times more productive than other employees.

- **Predictive modeling:** Don't let changes take you by surprise. Use "what if" scenarios to predict what may happen when employees leave or transition to another role. You can also simulate the domino effect of what happens when your succession plan is put into action.
- **Decision support:** Because all employee information is integrated into a single system and you have comprehensive talent profiles, you can make complete side-by-side comparisons when it's time to make important decisions.
- **Calibration:** Calibration helps you to easily identify top performers and ensure objective, accurate ratings of talent across groups and departments. Because top performers are estimated to be up to three times more productive than other employees, identifying those employees will give you a huge boost toward achieving your business goals.
- **Succession org charts:** Dynamic, easy-to-read org charts provide visual summaries that show existing and potential leadership gaps. These charts help identify your bench strength and provide a dynamic view into a wealth of knowledge about your employees. You can quickly assess employee risk of loss and impact of loss, zero in on critical roles, and see whether a successor has been identified.
- **Search:** With a company-wide search that leverages employee talent profiles, you can find talent across departments and geographies, based on comprehensive search criteria that include departments, skills, competencies, location, languages spoken, job codes, impact of the loss in the current position, education, and so on. Individuals found in such searches are then evaluated against the job requirements, so you instantly know how good a match they are.
- **Reporting:** By extending succession planning throughout the company, managers can get constant access to up-to-date information about employees who are succession candidates, including snapshots of an employee's background, expertise, performance, and career aspirations.

In addition to the features of a succession management solution, deploying that solution in the cloud means it's up and running quickly. With a low cost of ownership, frequent updates, and a cloud infrastructure, SuccessFactors Succession & Development lets you focus on developing your talent, not managing your system.

Conclusion

When it comes to retention, leadership matters: 62 percent of surveyed employees who plan to stay with their current organizations report high levels of trust in corporate leadership.⁴ A succession management program tied to development can give your organization the opportunity to exhibit leadership, earn trust, and engage your employees. You can also avoid disasters with succession management. Your company can get the right people in place, because you're using predictive modeling and accessing calibrated performance data when making talent decisions. No more surprises, just preparation.

You should communicate your succession strategy with the workforce. Not all details will be relevant across the company, but let people know that you're actively planning ahead. Sharing a vision of the future with high-performing or high-potential employees makes them partners in the journey ahead. Together, you create a vision and bring it to life. Employees have a reason to be engaged if they have a stake in the future of the business. That engagement helps the enterprise benefit by reducing turnover risk and ensuring that necessary leadership and skills will be there in the future.

When leadership makes talent development a priority, you're inspiring trust and engagement in your workforce. SuccessFactors can help you create a bright future, with your organization always ready to take on any opportunity or challenge. By using a technology solution, you can turn that list of successors from the filing cabinet into an actionable management program that builds the bench strength you need to accomplish your business initiatives. You'll have the people to break boundaries, beat out the competition, and make a lasting legacy for your firm.

Call SuccessFactors today so you transform succession into more than just a plan. Have the right people in place and see a bright future for your company.

⁴ Deloitte. Talent 2020: Surveying the Talent Paradox From an Employee Perspective. 2012. http://www.deloitte.com/view/en_GX/global/services/consulting/human-capital/32be99c8fb1b9310VgnVCM3000001c56f00aRCRD.htm



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