

## Cover Story

**The very best businesses are accustomed to planning ahead—** growth projections, revenue forecasts, budget estimates, rollout schedules for new products and services ... the list goes on and on.

**By Jen Carsen**

# 7 Steps to a Successful Succession Plan







# 7 STEPS TO A SUCCESSFUL SUCCESSION PLAN

## YET, EVEN THE MOST FORWARD-THINKING ORGANIZATIONS CAN DROP THE BALL WHEN IT COMES TO SUCCESSION PLANNING. WHY IS THAT?

A big part of the barrier is psychological, plain and simple. You have a management team (and/or a key exec) in place and things are going well. It's difficult—even unpleasant—to think about how life might look without that person.

It may be uncomfortable, but it's an essential part of smart business planning. In his 2005 book, *Winning*, Jack Welch stated that when a star leaves, you should be able to replace him or her quickly—ideally within 8 hours.

Now, that's an extreme best-case scenario, of course, but Welch's point is valid: You need to have a plan in place as to how to fill the shoes of your departing stars. This is true whether the departures are planned (retirement, promotion) or unplanned (defecting to work for a competitor, or sudden death or incapacity).

If you don't already have a strong succession planning program in place at your organization, you're not alone. According to the *2014 Report on Senior Executive Succession Planning and Talent Development*, recently released by the Stanford Graduate School of Business and the Institute of Executive Development, only 46% of surveyed organizations are grooming a specific executive to succeed the current CEO.

Additionally, only 25% agree or strongly agree with the following statement: "There is an adequate pool of ready successor candidates for key C-suite positions." Furthermore, only 50% agree or strongly agree that "Our organization has a clear and compelling executive development strategy."

Discouraging numbers, to be sure, but it's never too late to turn things around. Here are 7 essential steps for creating an effective succession plan that's there when you need it.

### Step #1: Get Started Now

As with investing, the best time to start on your succession plan is always yesterday—but the second-best time is right now.

Succession planning tends to fall into the "important-but-not-urgent" category of tasks, meaning that it always

gets back-burnered in favor of something more pressing—until, of course, that key person leaves and you're left panicky and scrambling. Don't let this happen to you.

The best way to prevent your succession plan efforts from sifting to the bottom of the pile is to assign ownership of the project to one person—the person with whom the buck officially stops. Set deadlines for key milestones, and follow up as needed to make sure they're being met.

Also, it's important to remember that succession planning is not a one-and-done sort of thing; it's an ongoing part of your recruiting, retention, training, and talent development efforts.

It will never be off your plate, in other words, so you need to make room for it on your plate.

### Step #2: Focus on Both Sides of the Equation

Mary Anne Kennedy of MAKHR Consulting, LLC, notes that there are two aspects of succession planning that successful organizations must focus on simultaneously:

1. Planning for key departures, *and*
2. Mapping out the career path of high-potential employees.

In other words, you need to look at those who are moving up as well as those who are moving on. The good news is that the two halves of the equation work hand-in-hand. As you start nurturing the up-and-coming talent at your organization, it will start to become clear which roles these folks may someday be able to fill.

When evaluating the potential up-and-comers at your organization, consider the following:

- Work history, including progression into more responsible positions, and past experience that might be helpful in a future position
- Job performance over time
- Education and training
- Demonstrated willingness to take the initiative on new projects and to suggest new ideas
- Employee's own interests and career goals
- Personality profile (if your organization uses this type of assessment)
- Ability to consistently get work done and to meet deadlines



- Ability to work as part of team and to motivate others
- Understanding of the company's products and customers

Additionally, while it may seem counterintuitive to talk about employee retention in the context of succession planning, it's actually a vital piece of the puzzle. Grooming talented employees for upper management positions down the line won't do you a bit of good if those employees are no longer working for you when the time comes for them to step into those roles.

On the flip side, however, a smart succession planning system can actually help bolster your employee retention efforts. "A well-designed succession planning process increases retention of top talent because they recognize that time and attention is being invested in them for the purpose of career development," Kennedy notes.

### Step #3: Get Serious About Your Job Descriptions

It's always important to have accurate, updated job descriptions for every position at your organization, for a variety of reasons ranging from legal compliance to performance evaluations to hiring efficiency and effectiveness (although, unfortunately, job descriptions also tend to fall into the important-but-not-urgent category).

In terms of succession planning, however, doing this analysis for your top positions, as well the feeder positions for them, is absolutely vital. You can't effectively fill an upper management position if you don't have an accurate picture of everything it entails.

This is particularly true when the same executive has been in his or her job for a long time—duties have a way of morphing over time, and it may be that a key aspect of Jane's position is no longer handled by Jane (or, conversely, that Jane is now doing a number of things that were initially part of a different position altogether).

Once you know who's *actually* doing what—in real life rather than on paper—it becomes much easier to look down the line and figure out who might be a good candidate to replace an incumbent when he or she moves on.

Commit to reviewing your job descriptions at least once a year—you may wish to tie the process in with your annual performance evaluations. Of course, if you know something major has changed in someone's position, don't wait until the annual update rolls around; get the update handled as soon as possible.



**ONLY 46% OF SURVEYED ORGANIZATIONS ARE GROOMING A SPECIFIC EXECUTIVE TO SUCCEED THE CURRENT CEO**

### Step #4: Train with the End in Mind

Companies with effective succession planning programs know that it's vitally important to develop employee competencies for the future as well as the present.

Once an employee is identified through your succession planning process, the next step is to develop an individualized plan for the employee.

The best development plans include a mentor relationship with a successful senior manager, cross-training, and project work that provides leadership opportunities for the employee. Even though some classroom training may be appropriate, managers generally learn more relevant skills through observation and practice.

As an experienced HR professional, you're undoubtedly more familiar than you'd like to be with the principle of the squeaky wheel getting the grease. In the HR context, the "squeaky wheel" is most often a poor performer, a chronic complainer, or some other flavor of "problem employee." A large portion of your day is probably spent managing these sorts of issues.

For your succession-planning-related training to be most effective, however, a mindset shift is needed. You must be proactive about spending the majority of your time and attention on the very best employees, not on the problem employees. This will help ensure that your top talent feels valued and appreciated, and also that sufficient time is devoted to their professional growth and development.

### Step #5: Think Outside the Box

Just because your CFO has always been based in your main office doesn't mean that this is a necessity going forward. If a near-ideal successor is currently telecommuting

from Montana, can you make that work? What if he or she is telecommuting from Malaysia? Would this person be open to relocation, or is that a deal-breaker?

Just as there is no one perfect job, there is no one perfect candidate to fill a given position—the key is figuring out which tradeoffs your organization is best prepared to live with.

It may also be that the position itself can be restructured to best meet the needs of both your organization and your available people. A job-sharing arrangement, for example, may be the best way to leverage the skillsets of two talented employees who can both bring a lot to a given position.

### Step #6: Work Sensitively with Key Talent

As you surely know all too well, any workplace initiative that doesn't have upper management buy-in is doomed



# 7 STEPS TO A SUCCESSFUL SUCCESSION PLAN

to fail—it's just a question of how long and drawn-out the process is.

A problem unique to succession planning, however, is that it necessarily entails discussing the departures of those key individuals whose support you most need in order for the process to work effectively. This can lead to stonewalling, hurt feelings, and a succession planning program that's dead in the water before it ever starts.

How to handle this? Sensitivity and tact are key. Even if one of your key players is getting ready to retire (or worse, feeling pushed out), you need to be clear that the need for a succession planning program has nothing to do with any specific individual, but rather the company's long-term overall growth and success.

You should also take care to actively involve senior management in the process and solicit their ideas and feedback. Senior managers will be more likely to participate in the process if it is linked to their own strategic goals and the long-term strategic goals of the company. Senior management roles can include:

- Reviewing and adjusting the 5- to 10-year analysis of talent, skills, and experience to make sure it is aligned with the long-term goals of the company.
- Identifying key positions and the skills and experience necessary to fill them.
- Using data that are readily available and can be gathered at regular intervals.
- Identifying high achievers or high potential employees already working for the company who will be targeted for mentoring and cross-training so that they can fill key positions in the future.
- Providing project work to targeted employees in order to expand their knowledge and experience and prepare them for future leadership roles.
- Supporting recruiting efforts aimed at hiring individuals with the skills and experience needed now and in the future.
- Evaluating managers and supervisors at all levels of the company on how well they develop and mentor employees.

Finally, as mentioned above, starting the process as early as possible—*before* you face the immediacy of a key departure—will help remove any possible taint of “they’re trying to get rid of me” from the process.

## Step #7: Put Information-Sharing Systems in Place

You can replace a person in a key position, but often-times you can't replace the accumulated institutional

knowledge that accompanies that person out the door—which is why having a system in place for sharing and retaining important information is so crucial.

This is especially important as long-tenured Baby Boomers start to leave the workforce in droves. In 2013, there were nearly 31.5 million U.S. workers age 55 or older, according to the Bureau of Labor Statistics. While the poor economy kept many of them working longer than they'd originally planned, the tide is turning—which means that more and more of your older workers will be leaving.

As you analyze your current workforce, first consider whether “brain drain” is going to present a significant problem for your organization—and, if so, which areas and jobs are likely to be most significantly affected.

Second, get systems in place for making sure key information about how senior people do their jobs is both captured and readily accessible by the rest of the organization. Some ideas:

- Departing employees can host a series of brown-bag talks, with notes taken and archived on the company Intranet system.
- Encourage or require all employees to keep files on a main server or cloud-based storage system rather than on their individual computers.
- Post videos and slideshows to a company intranet system or other private location.
- Encourage employees to contribute regularly to a company blog or archived internal newsletter.
- Foster a company culture that encourages open sharing and collaboration.
- Introduce a formal mentoring program, regular “town hall” meetings, or other programs that encourage the exchange and sharing of ideas. **HR**

### Source links:

- ><http://www.gsb.stanford.edu/sites/default/files/2014%20Report%20on%20Senior%20Executive%20Succession%20Planning%20and%20Talent%20Development.pdf>
- ><http://hrdailyadvisor.blr.com/2013/12/26/what-is-a-succession-plan-and-why-should-you-have-one/>
- ><http://hrdailyadvisor.blr.com/2013/12/26/8-succession-planning-fundamentals/>
- ><http://hrdailyadvisor.blr.com/2012/03/26/identifying-hi-potentials-for-succession-planning/>
- ><http://hrdailyadvisor.blr.com/2012/03/25/succession-planning-different-ballgame-in-2012/>
- ><http://data.bls.gov/pdq/querytool.jsp?survey=ln>
- > Welch, Jack: *Winning*. New York: Harper Business (2005)

Jen Carsen is a contributing editor of HR Decisions. [jcarsen@gmail.com](mailto:jcarsen@gmail.com)

Reprint: HRD\_Summer-4



IF A NEAR-IDEAL  
SUCCESSOR IS CURRENTLY  
TELECOMMUTING  
FROM MONTANA, CAN  
YOU MAKE THAT WORK?