

Chapter 1

Sowing the Seeds for Long-Term Success

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A succession plan protects your organization's viability as it moves into the future by making sure that qualified talent is available to replace people in key positions who leave the organization.

Ideally, succession planning is an ongoing, continually readjusting process, a process that is woven into your overall strategic plan as a guarantee that your organization won't miss a step when a critical position becomes vacant. Succession planning includes developing replacement talent within the organization, as well as identifying externally available talent sources.

Unfortunately, too many organizations put succession planning on the back burner. A key person leaves, and everyone scrambles to find a replacement. That's short-term thinking. You need to think long-term. In order for your organization to continue to survive and grow in the future, you need to make sure that you're covered if you lose people in critical positions.

You need succession planning.

A few global trends in organizations

The changes taking place in today's world are occurring so rapidly and are so widespread that they're almost impossible to keep up with. Here's a rundown of several key trends that will impact your organization, if they haven't already:

- ✔ **The globalization of organizations, both for-profit and nonprofit:** Today, more organizations are global than ever before. This means increased interaction among people in different parts of the world with different cultural values and different ways of managing and relating to one another. To thrive in this new world, key people — whether CEOs, upper managers, or other important talent — must have the competencies to deal with such differences. Succession planning is needed to make sure that these competencies aren't lost if and when people leave. For example, if a global corporation with headquarters in the United States is planning a replacement for a corporate leader, potential new hires must be aware of and sensitive to those cultural differences.
- ✔ **The rapid growth of innovative technologies:** In the past, people shared information and learned through mentoring, face-to-face training, and books and other print media. The explosive sharing of information worldwide has changed much of that. An employee who used to go to her manager to find out how to do something can now get the same information online. Organizations used to recruit talent through newspaper ads, job fairs, networking contacts, and professional associations. Today, increased emphasis is given to recruiting people online. Succession planning is needed to make sure that organizations keep up with these technological advances. Not only do organizations need to train and develop people to be more tech-savvy, but they need a systematic plan to make sure that when people leave, new candidates will be equally tech-savvy.
- ✔ **The expansion of the multigenerational workplace:** Surveys show that we now have more generations working together in the workplace than ever before. Each generation brings its own set of values, attitudes, behaviors, ways of relating to one another, and ways of working. Effectively managing these different generations is a challenge. Succession planning is needed to make sure that organizations are able to deal with that challenge. For example, when hiring replacements for managers who leave, you need to select people who are capable of dealing with such generational differences.

Why You Need Succession Planning

Today's world of work is changing in ways that are affecting organizations more than ever before in history. More and more employees are changing careers and jumping jobs. New generations — with their different values, behaviors, and expectations — are reshaping

the workplace. Increasing cultural diversity is challenging the way managers manage. As a result, the need for continuous succession planning is greater than ever.

What happens when you don't have a succession plan

Not having a succession plan puts the future of your organization at risk. In this highly competitive, fast-paced world, you need every resource you can get. In every position — from your CEO to your IT technician — you need the talent required to keep up with the times.



Not having a succession plan in place when you lose key talent, especially if it happens unexpectedly, can cause all kinds of problems:

- ✔ An often confusing lack of clarity about your organizational direction
- ✔ Anxiety among employees, which leads to a drop in their motivation, satisfaction, and morale
- ✔ Lower quality of service provided to your customers
- ✔ A drop in productivity
- ✔ Delays in completing critical projects
- ✔ A loss of critical knowledge
- ✔ Diminished flexibility in responding to market challenges
- ✔ A decline in the company's reputation, image, and credibility

When these kinds of things happen, your organization may find itself losing out to the competition — organizations that have succession plans in place to cover potential losses of talent.

What a succession plan can do for you



A dynamic, updated succession plan does the following:

- ✔ Conveys to people throughout your organization that you have a clear sense of direction and you're supporting it by properly managing your talent
- ✔ Prevents anxiety among employees stemming from worry about where the organization may be going
- ✔ Ensures that you have the talent to deliver the kind of quality of services you want to deliver

- ✔ Ensures the kind of talent that will help you maintain high levels of productivity
- ✔ Helps you avoid any delays that would occur in critical projects due to the departure of needed personnel
- ✔ Gives you a vehicle for making sure that critical knowledge is passed on to new people
- ✔ Gives you the flexibility you need to respond to market challenges by maintaining and even improving talent in key positions
- ✔ Helps you more effectively implement your strategic business plan
- ✔ Helps you identify potential talent throughout your organization
- ✔ Helps people in your organization see opportunities for career advancement
- ✔ Helps you identify any needed training or other kinds of personnel development to maintain the kind of talent you need
- ✔ Helps maintain your company's reputation, image, and credibility

Taken together, these benefits of an effective succession planning process will help your organization be more competitive and successful in the marketplace.

What Makes a Succession Plan Successful

Different types and sizes of organizations have different succession plans to meet their organizational needs. But all succession plans have some things in common. In this section, I walk you through the key characteristics of every successful succession plan, and then tell you how your succession plan may vary based on your organization's needs.

The key characteristics of a successful succession plan



Every successful succession plan has the following key characteristics:

- ✔ **It's linked to the organization's overall strategic plan.** The succession plan is guided by your organizational vision and mission.

- ✔ **It's supported by the organization's upper management.** To get the widespread support that you need for a successful succession plan, the plan must be supported by top management, including your board of directors if you have one.
- ✔ **It's developed by a succession-planning team.** The succession-planning team should include people from different levels and parts of the organization. Members of the planning team should be familiar with the skills that are needed for the key positions that make up the plan. If the organization is large enough to have an HR department, HR must play a key role in the planning team.
- ✔ **It's the result of an open planning process.** The planning process needs to be openly communicated throughout the organization, enabling employees at all levels to offer suggestions or voice their concerns.
- ✔ **It evolves over time.** Your succession plan must not be a static, one-time-only kind of plan. It must literally be an ongoing process — a process that continually monitors your organization's key personnel needs and ensures that available talent will always be available. The plan also should be monitored periodically so that you can evaluate how well the plan is working. The planning team should be ready to make adjustments to the planning process when necessary.
- ✔ **It includes strategies for developing talent within the organization.** This gives employees opportunities to build stronger commitments to the organization and raises their skill levels, morale, and productivity along the way.
- ✔ **It searches for talent both within and outside the organization.** The goal is to have the right talent for the right position at the right time.

How succession plans vary in different types of organizations

Even though most successful succession plans share a number of key characteristics (see the preceding section), different kinds of organizations have different needs. In the following sections, I cover some of the more common types of organizations and their particular needs.

Large, for-profit corporations

Such corporations typically have more complex structures that require a more comprehensive succession plan operating at many levels of the organization. For example, if a corporation has gone global, the succession plan has to provide for finding replacement

personnel who are cognizant of and comfortable with diverse cultural differences.

Nonprofit organizations

Dependent on fundraising to survive, nonprofit organizations often have difficulty paying executives at a rate that's competitive with for-profit corporations. In addition, founders of nonprofit organizations are often passionate, unique entrepreneurs, and replacing them is a major challenge.



A nonprofit organization can overcome these challenges by fundraising so that it can offer competitive salaries. It also can widen its search for a successor with the right mix of passion and entrepreneurship.

Government organizations

Government executives and other key talent are paid less than their private-sector counterparts, making it difficult to attract the appropriate talent. Plus, the growth of distrust and dislike for the government in recent years has diminished the available supply of talent to fill needed vacancies. To make matters worse, government organizations have trouble developing leadership talent because each agency requires distinct leadership competencies.



The best overall solution for all these problems is to focus on and devote major resources to developing candidates within the organization, in order to prepare them as potential successors.

Colleges and universities

Colleges and universities frequently have more complex bureaucratic procedures, which complicates succession planning. In addition, there are many more constituents to please — such as trustees, administrators, donors, alumni, and students — which makes succession planning a far more complex process.



There are two ways of succeeding in this complicated environment:

- ✓ Make sure that the succession planning team is comprised of people who represent each critical constituency.
- ✓ Set up a rigorous schedule for those team members to obtain approval from their respective constituencies as the plan is being developed.

Partnerships

Frequently, a managing partner persists in hanging on to power long after the time to make a graceful exit has passed. Pride and big egos become stumbling blocks to a smooth transition of leadership.

In addition, the power struggle that often occurs among other key figures in the partnership makes it difficult to develop an effective succession plan.



The best solution to these problems is to engage the services of an expert consultant who can facilitate, coach, and negotiate solutions among the people involved.

Family-owned businesses

Family discord often gets in the way of succession planning when children of the founder/owner can't agree on who gets what and who runs the business. To make matters worse, different family members have different visions of where the organization should be going. IRS regulations that lead to tax liability problems also can complicate succession planning.



The best solution to these problems is to hire a consultant who can facilitate, coach, and negotiate solutions among the people involved.

Responding to different needs

Succession planning also varies according to an organization's specific needs. Have you unexpectedly lost the CEO or other key manager? Given the aging Baby Boomer population, are you anticipating many retirements? Are you focused on making sure that you have the kind of talent you need to carry out your long-range strategic plan?

These different needs can shape the focus of a succession plan in any kind of organization. Here are some of the kinds of plans that can meet an organization's unique needs:

- ✔ **Emergency succession plans:** These plans are put into place suddenly, because a key talent has unexpectedly died or left the organization.
- ✔ **CEO succession plans:** These plans are designed to ensure that an organization continues to successfully function if it loses its current CEO. This type of plan is particularly popular in family-owned businesses and small partnerships.
- ✔ **Transition plans:** Transition plans cover people who have planned an extensive absence for a vacation, the care of a sick relative, a temporary assignment in some other location, and so on.
- ✔ **Departure-defined transition plans:** These transition plans are aimed more specifically at positions being vacated due to planned retirements.

- ✔ **Simple replacement plans:** These plans cover any position in an organization.
- ✔ **Talent development plans:** These plans are focused on identifying people who have the potential competencies to be promoted and/or moved into different positions in your organization.
- ✔ **Talent pool plans:** These plans are directed at identifying current sources of needed potential talent in the face of possible departures.
- ✔ **Strategic leadership development plan:** These plans are centered on providing the training and competency development needed by potential leaders in the organization in order to achieve the mission and goals specified in the overall strategic plan.



The best kind of succession plan is actually a process, ongoing and consistently adjusted to keep up with your organization's needs. It focuses more broadly on ensuring that you have the right talent to meet your long-term organizational challenges, such as handling planned product and/or service changes, preparing for anticipated market changes, and so on.

How to Establish Your Succession Plan

Establishing a succession plan is like any other planning you do in your organization: You develop the plan, you implement it, you deal with any implementation obstacles, and you adjust the plan as needed.

Developing the plan

How you develop your plan is, to some degree, a function of the type of organization you have, how broad you want the plan's focus to be, and the specific needs you're addressing. But no matter what the scope of your plan, you'll follow a few standard steps:

1. Form your team.

You want people who are knowledgeable about the positions you're planning to fill and who can help you communicate the plan throughout your organization and gain people's support.

2. Establish the objectives of your plan.

Is your major focus on key leadership positions? Or is it a broader focus that encompasses other key talent in the organization?

3. Define required competencies.

After you've identified the positions to be included in the plan, you need to define the competencies needed for each of those positions.

4. Identify potential candidate sources.

Where will you find the talent you need? Will it come from an external talent source, an internal development talent pool, or both?

5. Specify implementation steps.

You need to know the specific goals you're trying to accomplish with the succession plan, the time by which you want to accomplish each goal, and the people who will be responsible for making sure that each step is carefully pursued and completed.

6. Specify a monitoring and evaluation strategy.

Your plan, especially if you'll be treating it as an ongoing process (which you should!), needs to be monitored and evaluated so that you can adjust it wherever you need to, to make it more successful.

After you've developed your succession plan (hopefully, as an ongoing succession planning process), you're ready to implement it.

Implementing the plan

Implementing a succession plan essentially means converting it into a step-by-step action plan that includes the following:

- ✔ A list of clearly stated objectives for each element of your plan
- ✔ A detailed description of what must be done to achieve each objective
- ✔ A clarification of the inputs needed to achieve each objective, including the specific identification of the people or resources involved
- ✔ A time schedule for accomplishing each objective, which includes how long it should take and when it should be done

- ✔ The designation of who will be responsible for making sure that each objective is accomplished
- ✔ A list of potential barriers to successful implementation and suggested actions that could be taken to overcome them if they occur
- ✔ A set of criteria and metrics for monitoring, evaluating, and adjusting the plan where necessary



Conceivably, you could start implementing your plan even before it's complete. For example, if, during the planning process, you suddenly have an unexpected departure, you could immediately activate the part of your plan that will address that departure. If you've designed your succession plan as an ongoing adjustable process, you'll find yourself constantly implementing parts of the plan.

Dealing with implementation problems

Like any action plan, problems with implementation are inevitable. Here are some examples:

- ✔ **As the plan is being implemented, something changes, either in the organization or in the marketplace.** The organization may relocate. A new competitor may emerge with a new approach that requires a different kind of talent. Such changes will lead to revisions in the objectives of one or more elements of the plan.
- ✔ **The people or resources the plan was depending on may change in the middle of implementation.** If so, you'll need to spend time locating new people or resources.
- ✔ **In spite of all your careful planning, accomplishing a particular objective may take longer than anticipated.** This may lead to a domino effect, slowing down the accomplishing of other objectives. The succession-planning team may need to adjust its priorities and expectations as a result.
- ✔ **Economic conditions may unexpectedly worsen, such as during a deep recession.** Your organization may not have the financial resources to pursue particular portions of your succession plan. Your plan will have to be altered to allow you to weather the storm.
- ✔ **Pressured by your organization's success (or failure), your vision of where you want your organization to go may have to be changed.** Inevitably, this will lead to changes in your succession plan.

- ✔ **Some of the people responsible for implementing elements of your succession plan may not be following through on their responsibilities.** Whatever the difficulties getting in their way, they need to be resolved, or the responsibility for a particular element needs to be reassigned.



Your succession-planning team must be constantly alert to implementation obstacles and available to deal with them. This is why it's so important to make succession planning a *process* rather than simply a *plan*.

Monitoring and evaluating the success of your plan

Make someone on the succession-planning team responsible for continually monitoring and evaluating the plan's implementation, following the evaluation strategy you developed during the planning meetings. More than likely, your evaluation strategy will include collecting data on the following:

- ✔ The number of vacant positions filled over time as a result of the succession plan
- ✔ The quality of the performance of those new hires during a specified time frame after hiring
- ✔ A comparison of how many people have been being hired from within the organization to how many have been recruited from external talent sources
- ✔ Which talent sources are turning out to be the most fruitful resources in quickly finding replacements
- ✔ Turnover statistics in the organizational areas addressed by the succession plan
- ✔ The length of time between notification of an open position and the point at which the position was filled
- ✔ Employee satisfaction levels, particularly in areas where candidates have been placed through the succession plan

This kind of data can be used to keep the succession-planning team up to date on how successfully the plan's implementation is accomplishing the plan's objectives. It also will identify which elements of the succession plan need to be revised.



The benefits of planning as a process

Change is a constant force. The economy changes. Customer needs change. Your competition changes. Available technologies change. New products and services are constantly being introduced. New generations of workers are reshaping the workplace. All these changes are constantly influencing the functioning of your organization and the degree to which you successfully achieve your mission.

So, you need to establish succession planning as an ongoing process, instead of setting it up only when you it's needed. Anchoring your succession plan to your organization's strategic plan and closely tying it to your HR functions will help you meet the challenges these changes bring. More important, ongoing succession planning can bring several long-range benefits to your organization:

- ✔ **It provides a greater depth of knowledge about the specific competencies and talents needed in key positions.** Using that knowledge will help you build the kind of workforce needed to make your organization successful.
- ✔ **It gives your organization more flexibility in finding and maintaining the kind of talent you need.** Your ongoing search for appropriate talent will open doors to new talent sources available to you. The more you build that resource knowledge base, the more flexible you'll be in responding to unanticipated personnel changes.
- ✔ **Its focus on needed competencies will help you develop potential talent within your organization, which, in turn, will enhance the process of knowledge sharing as an internal candidate takes the place of someone departing.** There's also a very good chance that it will raise the retention levels of your most valuable employees.
- ✔ **It will more easily yield the people you need to keep up with changes in your strategic plan, changes in the marketplace, changes in the competition, and advances in technology.**
- ✔ **It will help you build a sense of interdependence among your employees throughout your organization, who will increasingly see themselves as an important part of one organizational team.**
- ✔ **It will help dispel the typical notion that succession planning is only for CEOs and upper level managers.**

In the long run, all these benefits can help raise the morale of people throughout your organization. In turn, you'll have a more motivated and more productive workforce.