

# Sample Succession Planning Procedures

## The actual succession planning meeting(s)

**When:** Annually, but at least Biennially. First or fourth quarter of the year.

**Where:** Preferably select a location off-site for the meeting(s).

### Examples of material to provide:

- ✚ **Current listing of active personnel in each department**
- ✚ **Example of others Succession Plans or Update** – you can see how they have approached this.
- ✚ **Most recent Performance Evaluation Form** – for discussion
- ✚ **Documentation or description of performance ratings in Evaluation**
- ✚ **A Template of a “Talent Matrix”**
- ✚ **Example – “Talent Matrix” with descriptions**
- ✚ **Most recent Adopted Pay Schedule with Job Titles**
- ✚ **Each department’s most recent Organization page from budget**
- ✚ **Excel version of the Talent Matrix used in the past.**

### Also Provided:

Breakfast and lunch plus drinks and maybe other snack stuff to keep your energy up.

### Big Picture:

It is important to utilize something like a “Talent Matrix” or other tangible structure to identify those staff members that are critical to the organization and make sure we have a strategy to retain them. Put in place a plan to “raise up” additional staff members to fill gaps and fill roles. And identify those that are not on some upward trajectory and determine if that can be changed.

### Why is succession planning strategy important?

The succession planning process is one of the most significant human resource strategies in an organization because it ensures the perpetuity of the organization and helps the organization become dynamic and versatile in its approach to dealing with change.

### Why is succession planning strategy challenging?

Succession planning strategy is challenging. The reason it is challenging is that it makes an organization take a hard look at everyone and choose the “right fit”. Another reason succession planning strategy is challenging is if the evaluating team fails to choose the right person without realizing it, it would affect the organization hugely overall. Typically, people do not realize until it is too late. But if an organization has on-going succession planning for its top positions, it will become easier for an evaluating team to

make the right choice without going into much detail at the last moment and there would be less chance of making a mistake in choosing the candidate for future replacement.

## **Some things to consider regarding the succession planning process.**

### **The risk of losing “key” individuals**

The first thing is the opportunity cost. No talent will stay in your organization if you do not help him/her grow in the long run. What would his/her competitive advantage be if she/he stayed in the same position for years even after having the desired qualification and attributes to be successful as a leader? In that case, if another entity offers him/her a better opportunity, she/he will leave the organization for better prospects. So, you need to always be on the look-out for people who are qualified and difficult to find in the marketplace because losing them would be a significant loss for the organization. An effective succession planning process helps mitigate the risk of losing these “key” people and helps one in retaining and effectively understanding their position and ambition.

### **To keep the organization from getting “stalled”**

If the organization leadership waits to do the replacement planning just prior to the retirement of the person, it would be difficult for the organization to get going at the same pace. To avoid that “stall,” the team needs to maintain a log of each person (especially the top management), to help the organization cope with challenges. In the “perfect world,” a formal succession planning process should be done every year, consecutively, and always with or without the need of replacement. What if a senior executive expires today, what would the hiring team do? How would it affect the organization? If the organization undertakes the succession planning process on a regular pace (annually or biennially), they should know who will replace those folks during a setback or a crisis period.

### **Building future leaders**

It is important for a company to grow and expand at a level where folks know their jobs and minimal instruction is required on a day-to-day basis to accomplish all tasks. A proper succession planning process should allow the organization to convince top management to train, develop and make the subordinate’s “future ready.” If the succession planning methods are done at a later stage, the chances of training or conducting management development programs in a timely fashion are low. So, an organization with an effective succession planning process concentrates on building leaders which will make a dramatic difference for the future.

### **Identifying gaps**

Effective succession planning helps hiring teams and top management find the gaps in the organization’s performance. To achieve excellence, every organization sets its own benchmark. People who work in that organization are expected to achieve or be moving toward the benchmark. Effective succession planning helps identify people who reach the level and those who do not and why there is a gap between the reality and expectation in terms of performance. Is the gap not being able to create a knowledge management system within the organization? Is the gap something more of an individualistic approach than a holistic issue? Is the gap something the organization can find a solution for

immediately? How does not being able to achieve the benchmark affect the organization eventually? Effective succession planning efforts will help answer these questions or expose the problems in need of an answer.

## Benefits of having an effective succession planning strategy

In a recent study, it was shown that 90% of the respondents who are running organizations agreed that an effective succession planning process was an essential part of being successful. However, only 50% of them acted and did something about succession planning. With that notable gap, it is important to remind oneself of the potential benefits you would get if you took succession planning seriously:

- Succession planning helps to retain better talent and identifies talent who need to step it up and ultimately may not be worth keeping.
- It helps build the right leadership for the organization in the years to come.
- Succession planning is a comprehensive planning process which saves the company from contingencies that may appear in the future.
- It connects the whole organization in a single thread which is the perpetuity of the organization.
- Succession planning encourages the organizations to invest heavily in training and development to ensure better service and lower attrition rate.
- Succession planning also helps shape the overall strategy of human resources in the organization.

## How to (step by step procedure)



## Six Steps:

### 1. Identify key positions

The first step is, of course, to identify which positions you need to keep in mind. These are the key positions and critical to organizational success. To create effective succession planning methods, all you need to do is look at all the positions and find out the impact of each position in 5-10 years and then decide which positions have most impacts; identify them as key positions.

## **2. Review requirements**

Once you determine key positions, you need to review the criteria and understand the most crucial elements of the organization. You also need to identify key actions people are taking on an everyday basis that are not part of the job description. Finally, you need to make a list of requirements which are required of each position and should be included in this succession planning process.

## **3. Analyze gaps**

Succession planning needs to be done to be able to analyze and fill the performance and expectation gaps the organization is currently facing or expecting to face soon. The evaluating team needs to realize which key positions, if unfilled, could create gaps in the performance level of the organization and then take suitable actions to find a solution.

## **4. Develop a plan**

Based on all the analysis, it is time to plan. You need to write everything down and you also need to make sure that whatever criteria or key-result-areas you set are relevant to the strategic perspective of the organization. Set a vision. Then make a step-by-step process to get where you need to go. Yes, you do not need to go from where you are; rather you need to start with the end in mind to get the most effective results.

## **5. Implement succession strategies**

Once the planning is done, it is time to implement what you have planned. Start from the end. And act now. If you do that the strategy of the organization will remain relevant. The action you take today will reap benefits for your future! Identify key people and if a need for succession is approaching, let them know as soon as possible so that they get time to prepare. If the succession does not need to be done right away and you have 3-5 years to implement the plan (which is advisable), then train the potential candidates and see how they are expressing themselves in the simulated environment. Succession planning and implementation are partly strategic planning and part gut instinct. Rely on both to get to the next step.

## **6. Monitor and control**

Without control, no plan can be successful. So, it is critical to know whether the actions are being implemented per the planning or not. If the answer is yes, then you can be comfortable taking the next action. If the answer is no, then you need to prepare for course-correction.

## **Integrating succession planning strategy into human resource strategy**

Succession planning is a significant part of overall human resource strategy. Human resources are more important than any other resources in an organization, it is important that the succession planning systems should be done in alignment with the overall human resource strategy.

Every organization wants to expand or remain the same and increase efficiencies and provide maximum service. So, they need highly competent people to run the “business.” So, today you need to think about how you will remain in the competition for the next 10-20 years. A strategy will help you see through the fog of so many variable components like attrition rate, economic factors, technology changes, etc. You need to do succession planning in such a way that even if things go wrong, instead of being stuck; you can move ahead and act immediately. To be able to align your succession planning with the overall human resource strategy, you need to have a contingency plan and a method to receive feedback. The contingency plan will help you fall on a plan if things do not go as planned. And the feedback loop should be continuous so that even if actions taken in the beginning do not yield expected results, you can course-correct and adjust your direction.

To be able to do that you need to create a succession planning that is very well thought out by a number of folks and reviewed on a regular basis.

### **Final Thought**

Succession planning is not a one-day job. To be able to make it effective, you need to plan and do the things as you go and expand the horizon of the organization. Not doing succession planning from the beginning is a huge risk because it leaves the organization exposed and open to serious single points of failure. Effective succession planning mitigates these points of failure and insulates the organization from within, with the hope of ensuring the perpetuity of the organization and helping the organization become dynamic and versatile in its approach to dealing with change.

## EXAMPLE OF A TALENT MATRIX

		4- High Potential/ Too New to Tell (6 Months or Less in Position)	2- High Potential/ Solid Performer (Promotable 1-2 levels)	1-High Potential/High Performer (Promotable 1-2 levels)
<b>Growth Potential &amp;</b>	High Potential			
	Promotable			
	Seasoned Pro			
			Needs Improvement/Low Impact	Solid
		7- Misspent Talent/ Action Plan Made (Investigate, Challenge, Goal Set, Support)	5- Key Performer with Potential (Develop in Position/ Promotable 1 level)	3- High Performer with Potential (Promotable 1 level)
		9-Derailed/Realign (Improve or Move Out within 6 months)	8- Performer (Keep in Position/ Position Enhancement)	6- Resident Expert/ TAD Treasure (Optimally Placed)
		<b>Performance/ Impact</b>		

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