Succession (Planning) Development

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What Is It?

Succession Planning is commonly known as a process for identifying and developing internal employees with the potential for filling key positions in the future. This type of process is designed to increase the availability of internal employees who will be prepared to assume key roles, projects, and organizational needs in the future. According to William Rothwell, PhD, SPHR (an expert in the field of Succession Planning), Succession Planning "is perhaps best understood as any effort designed to ensure the continued effective performance of an organization, division, department, or work group by making provision for the development, replacement, and strategic application of key people over time."

Succession Planning is more often being referred to as a process and ongoing development efforts as a way to portray that it is not a one-time planning event. As noted in the Challenges of Succession Development section below, this one-time, planning mentality has often been noted as a key barrier in achieving organizational success with succession planning.

"Flavors" of Succession Development

Succession (Planning) Development can have several meanings depending on how it is interpreted. Consider these common interpretations:

Replacement Planning – This has been the traditional interpretation of succession efforts and typically originated at the "top" of the organization or via the Board of Directors. Replacement Planning is truly a process of identifying "back-ups" for targeted, key positions (such as a CEO). Replacement Planning generally assumes that the organizational chart will mostly remain unchanged over time.

Crisis Management – Although not always recognized by organizations, this type of succession effort has often proven true in reality. An event occurs that removes a key employee from a key position and the organization begins immediate efforts to replace that knowledge, experience, and expertise.

Talent Pool Identification and Development – This method focuses on building "feeder" groups for identified key roles in the organization. The goal of this approach is to build deep bench strength within the organization to pull from when the need arises. This approach is becoming the more common and preferred approach to meet organizational needs.

<u>Why Do It?</u>
There are several reasons for considering Succession Development. Key reasons include demographic changes and future skill/knowledge/expertise/innovation needs. Consider the following:

- Pending retirements loom large for many organizations, especially in government. According to the Pew Research Center, over the next 19 years, baby boomers will reach retirement age at the rate of 10,000 per day. Actual retirements may be modified by current economic conditions but very well could expand if/when the economy improves. Consider Commonwealth of Virginia data – 11.3% of the Executive Branch classified workforce was eligible to retire in June 2012. That number jumps to 25.3% of the workforce in June 2017.
- The employment relationship has already changed and likely will continue to evolve. The relationship between employer and employee does not look like it did ~50 years ago where a "lifetime" employment relationship was more common. Now, employees change jobs more frequently due to employee desires and employer organizational changes. According to the BLS, those born between 1957 and 1964 changed job 11.3 times on average between the ages of 18 and 46. This trend is expected to continue to increase with newer generations.
- Many organizations report that they are having difficulty filling some roles requiring specific expertise even during the Great Recession (and currently) when unemployment levels are still greater than desired. This difficulty may suggest that current skills are already not matching changing organizational needs

Additionally, consider these "symptoms" that point to a potential need for Succession Development:

- Retention risks; especially in critical roles or those with critical skills or expertise.
- Organizational difficulty responding quickly to the loss of key talent.
- Time to fill open positions is perceived as "too long".
- Difficulties finding employees ready for promotion or willing to be promoted.
- Complaints of unfair decisions in promotion decisions.
- Lack of diversity in some functions and/or at some levels.

These symptoms (and there may be others) along with the demographic changes occurring as described above, all point to needs for Succession Development.

There are many benefits that have been identified with Succession Development. Because it inherently includes a "planning" process, it provides an organization time to react, plan, and develop paths to achieve future needs. This avoids the "crisis management" approached described earlier. Also, in the planning process, an organization is able to identify the ripple effects of movement. By building a talent pool, the organization can identify where the "downhill" vacancies might occur with future job movements.

Internal talent often has a faster assimilation than hiring external talent. The hiring of external talent certainly has its benefits and place in overall talent management but it is important to note that external hires may have a much lengthier assimilation process. Many studies have been conducted over the past 5-7 years that show correlations between Succession Development and increased organizational equity and profit. Also, many organizations now engage in some form of Succession Development, especially at the top levels, as a way to meet investor expectations.

Challenges of Succession Development
Succession Development is not without challenges. As organizations have continued to adopt succession work, several challenges have commonly arisen across various types of organizations. In informal surveys of executives (Marshall Goldsmith, another leader in the field of Succession Development), leaders generally give organizational succession work a grade of C+ and an even lower grade of D for succession work focused on executives. This indicates that Succession Development may start on a well-intended path but meets challenges along the way. Common challenges include:

- The need for leadership ownership and support. Many organizations fail to ensure ownership is at the executive level of the organization and often leave ownership to Human Resources. Human Resources plays a key role in facilitation of efforts but should not be the "owner" of Succession Development.
- Too much focus on "planning" vs. "outcomes". As a result, many succession efforts look great on paper but never produce successful outcomes. For this reason, some organizations are now using the term Succession Development vs. Succession Planning to recognize that this must be an on-going effort to yield successful outcomes.
- Defining and measuring outcomes. Without defined outcomes, measurement will be difficult. Without measuring outcomes, key stakeholders may not be able to quantify the value of Succession Development. Key outcomes could include *the % of vacancies filled with internal promotions vs. external hires* and *% of vacancies filled from the talent pool*.
- Complex competency profiles. Some organizations have a tendency to create overly complex competency profiles in their Succession Development activities that almost no employee could ever meet. Competency profiles should be kept simple and the organization should be sure to focus on employee strengths in identifying potential. Keep in mind that some competencies are innate and difficult to "train".
- Assuming success at one level guarantees success at a higher level. Just because an employee is successful at the current level does not determine that the employee will be successful at a higher level.
- The "mirror effect". It is important to be aware that people often think with a "mirror effect" by choosing those most like themselves. By relying on this natural tendency, organizations may deprive themselves of the diversity required for future needs.
- Failure to sustain initial momentum. Some organizations implement successful development programs but fail to keep them living after the introductory

period. Keep in mind that true Succession Development is an investment of time and resources on a regular and ongoing basis. Successful organizations will assign key resources to keep the operations of Succession Development moving including such things as regular, periodic reviews.

- Assumptions that everyone wants to be promoted. Organizations can become so caught up in the momentum of succession development that they can sometimes forget that some employees do not wish to participate due to a variety of reasons.
- Lack of budget. Succession Development efforts do not necessarily need to have large budgets to succeed. Development activities can and should be a variety of methods, many of which do not require extensive funding.

How Is It Done?

Succession Development efforts can be accomplished in any number of ways. In fact, to be successful, these efforts really need to be customized to the organization, to the desired talent pool, and to meet any specific dynamics and needs. However, there are some key learnings to consider from organizations that have already implemented Succession Development efforts.

Many large corporations assign a process owner to facilitate Succession Development. The process owner facilitates the operations of a Succession Development program but does not retain ownership of program mission, vision, and outcomes. Often, the process owner resides in Human Resources, separate from recruiting. Increasingly, some organizations have taken an approach focused on complete Talent Management and have integrated Succession Development, Staffing/Recruiting and Performance Management.

Initial Succession Development steps include identifying key roles being targeted (usually a group of similar jobs), defining the competencies and profile for success in those roles (not only now but also in the future), and assessing against the defined competencies and profile to determine who will be in the "talent pool". In the public sector where competitive processes for filling talent needs is an inherent expectation, the identification process often includes employee application to the Succession Development program. Also, usually the expectation will be that participants in the Succession Development program will apply for open roles like any other candidate. However, their experiences and development through the succession efforts may make them more qualified candidates.

Many programs use a 360 degree assessment tool as part of the overall process. These assessments help to identify suitability for acceptance into a talent pool and/or key focus areas for development. Once the talent pool is established, development efforts are critical in the success of any efforts. Without ongoing development, the succession program becomes just a plan on paper without full execution and without successful outcomes. The best programs have a range of development experiences including things like in-class and on-line training, reading books, coaching/mentoring, special assignments, special projects (both group and individual), job rotations, and other

identified activities.   Keep in mind that development efforts should not solely be "one-size-fits-all" activities and are not solely centered around training. There may be some common efforts across the talent pool but development also should be specific to individual needs.

Noted above were challenges with Succession Development efforts fading away beyond the initial program introduction. Calibration or regular reviews are one valuable way to keep Succession Development living in the organization. These reviews often include a review of individuals in the talent pool, their performance, development progress, their "readiness" factor for movement to future roles, and a determination if anyone should be removed from the talent pool due to lack of performance, development, or an expressed desire to be removed from the talent pool.

Examples
1.   DHRM's Talent Management website; Talent Pool Succession Planning link under Talent Management header
     (http://web1.dhrm.virginia.gov/itech/talentmanagement/tminfo.html)

     This example includes general information on talent pool planning and the resources/approach is based on a program used by a former Richmond employer. Keep in mind that this program was executed with no formal, assigned budget for the program and no dedicated IT solution for tracking participant progress and maintaining the overall program.

2.   DMV's Emerging Leaders Program (see attached)

3.   Introduction to Talent Pool Planning (HR Forum 9/30/2011) (see attached)

Resources

Ten Key Steps to Effective Succession Planning, William J. Rothwell, PhD, SPHR, http://www.halogensoftware.com/files/PDF/whitepapers/Ten_KeySteps_in_SuccessionPlanning.pdf

4 Tips for Efficient Succession Planning, Harvard Business Review, Marshall Goldsmith, http://blogs.hbr.org/goldsmith/2009/05/change_succession_planning_to.html

Your Succession Plan Is a Bust, Gallup, http://businessjournal.gallup.com/content/154856/succession-plan-bust.aspx?version=print

8 Mistakes Made In Succession Planning…and How to Fix Them, Bob Edwards, Linkage, http://www.linkageinc.com/thinking/linkageleader/Documents/Bob_Edwards_8_Mistakes_Made_In_Succession_Planning_and_How_to_Fix_Them_0408.pdf

How Flexible Is Your Succession Plan?, Karl Ederle, Diversity Executive, http://diversity-executive.com/articles/view/how-flexible-is-your-succession-plan/print:1

Succession Planning, Wikipedia, http://en.wikipedia.org/wiki/Succession_planning

Bureau of Labor Statistics, Number of jobs held and job duration for baby boomers, 1978–2010, http://www.bls.gov/opub/ted/2012/ted_20120731.htm

Concerns Grow Over Workforce Retirements and Skills Gaps, Theresa Minton-Eversole, Society for Human Resource Management, http://www.shrm.org/hrdisciplines/staffingmanagement/Articles/Pages/WorkforceRetirementandSkillGaps.aspx

DHRM Retirement Eligibility Data

Other States with Succession Planning Efforts (but not limited to)

Alaska
http://doa.alaska.gov/dop/fileadmin/StatewidePlanning/pdf/WorkforcePlanningSuccessionPlanningInStateAgencies.pdf

Delaware (NASPE Guide)
http://www.delawarepersonnel.com/orgdev/documents/succession_planning_paper_2007.pdf

Georgia
http://www.gms.state.ga.us/pdfs/sp/sp.guidelines.pdf