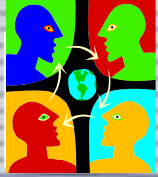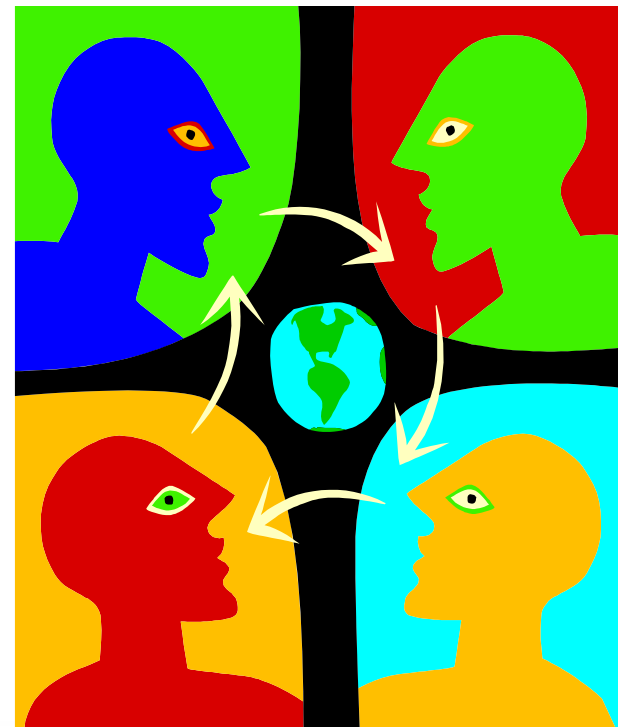# Succession Management
Action Plan

Establish a <u>highly qualified</u>, <u>well-defined</u>, and <u>readily available</u> group of candidates for future management positions

Ross A. Wirth, Ph.D.
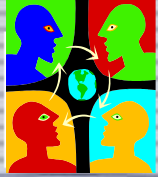http://www.entarga.com/hrplan

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Succession Planning Objective

The Succession Management process addresses organization issues and identifies managers and professionals who are qualified to meet present & future needs

– **Establishes a <u>highly qualified</u>, <u>well-defined</u>, and <u>readily available</u> group of candidates**

– Provides the structure & encouragement for employees to take ownership of their career through opportunities offered to them

Succession Management sub-processes

1. Determine the impact <u>strategic change</u> will have on **Top-down (MTP)** organization structure & identify key positions

2. Identify the competencies that will <u>define success</u> in the future (position-specific competencies)

3. Evaluate the current <u>bench strength</u> & identify weaknesses **Bottom-up (EDP)**

4. <u>Build</u> the succession management <u>pool</u> using nominations, assessments, and performance data

5. Professional <u>development</u> toward "ready now" status including rotational assignments **Cross-org (TMS)**

6. <u>Promote</u> from the identified candidate pool

MTP – Medium Term Plan
EDP – Employee Development Plan
TMS – Talent Management System

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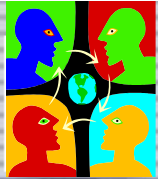
Recommended Succession Mgt. Process
integration into other planning & development processes

2 directions of focus & 2 planning & development processes

Organization focus
- Strategic issues
- Key leadership positions
- Critical positions

Part of the MTP process

Targeted development:
Replacement Plans
- Identification of backup bench
- Specific individual development plans for those not "ready now"

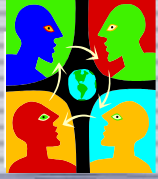Part of the MTP process with feed-forward to the EDP action plan

Employee focus
- Talent identification
  - minority & female sub-set

Part of the manager's yearend EDP process

General development:
Accelerated Leadership
- Individual development plans
- Re-enrollment each EDP/MTP cycle

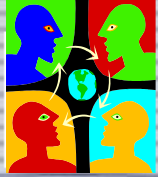Integrated into the EDP action planning

Areas Addressed in Action Plan

- **Replacement Planning**
  - Near-term needs for key position vacancies

- **Development of high potential employees**
  - Long-term breadth & depth of candidate pool

- **Competency development**
  - Long-term strategic alignment for employee development – future competencies required
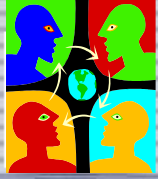
Replacement Planning

- Identification of key positions
  - Driven by potential business impact
- Identification of candidate pool
  - Cross-organization alignment of similar positions
- Readiness classification determined by consensus
  - Ready now, 1-2 years, 3-5 years
- Development plan tied to readiness status
  - Integrated into Employee Development Plan (EDP)
  - Use of cross-organization development groups
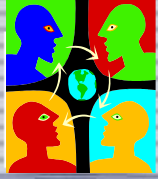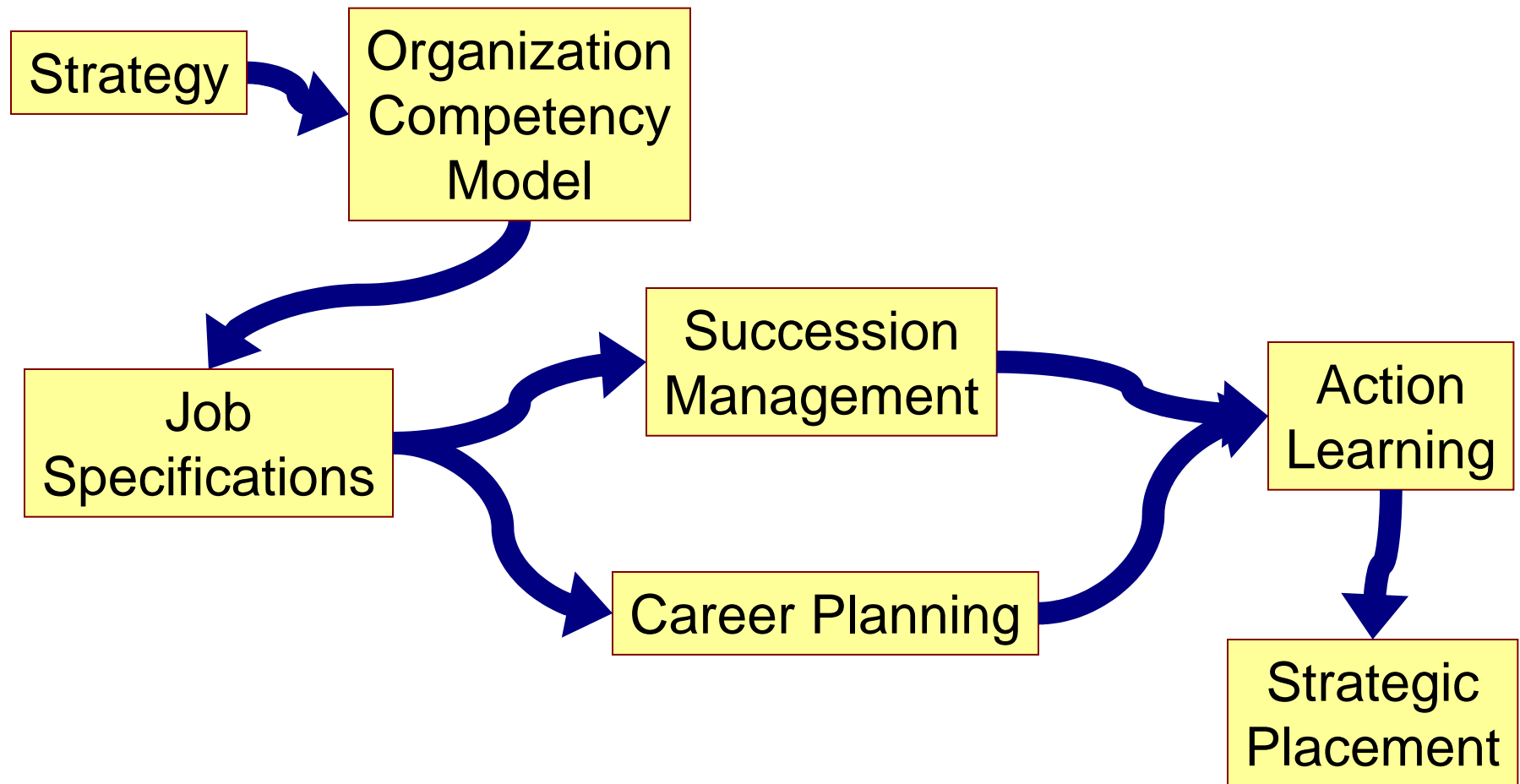- Identification of transitional opportunities

Key Positions

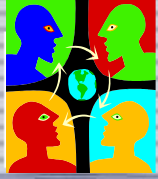These positions have the most explicit links to overall business success

- **Positions defined by organizational responsibility**
  - **Vice Presidents**
  - **Direct Reports to Vice Presidents**

- **Positions defined by potential impact on business unit**
  - **Technical knowledge** – position requires critical technical or unique business skill and would require extensive development of a replacement candidate
  - **Financial impact** – position has significant bottom line impact if the position were to remain vacant
  - **External relations** – position has significant interaction with outside stakeholders and serves as a critical interface to others (customers, investors, vendors, business partners, etc.)
  - **Strategic impact** – position is a point of leadership for emerging strategy (focuses on building future success)
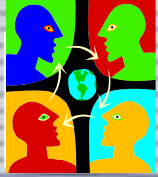
Workforce Management Process

Strategy → Organization Competency Model → Job Specifications → Succession Management / Career Planning → Action Learning → Strategic Placement
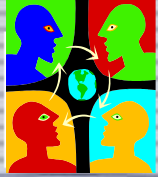
Developing Potential

- Identification of potential
  - Already performing at a high level
  - Manager nomination for accelerated development
- Accelerated Development Program
  - Peer-learning groups with specific learning objectives
  - Learning is integrated into job function (application)
  - No guarantees, just an opportunity for development
- Future competencies
  - Identification of competencies that will become more important in the future

Talent Identification - Recommendations

- Recommendations
  - "Acceleration pool" of top 5-10% of employees
    - Organization wide – push for early identification
    - Directed identification of minorities & females
  - Pilot test incorporating objective assessment tools
    - Nominated by management to take assessment
      - Complement to current judgment process
    - Later expand to include self-nomination for assessment
  - Enrollment in one year of "accelerated" leadership development
    - Development within an "acceleration pool" shifts focus to growth being accelerated, not that others lack potential
    - No further commitments beyond one year
    - Re-evaluation and enrollment each year
    - Probation if action plans are not completed satisfactorily
    - No exit strategy necessary since each year is a "new" program
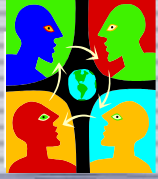
Development Tools

Talent development & replacement planning tools

- Training – classroom, CBT, self-directed
- On-the-job training with specific performance objectives
  - Job rotation, preferably across functional lines
  - Temporary vacation replacement
  - Special project assignments – stretch beyond current role
- Mentoring with role training for both parties
- Skill assessment & improvement activities
- Career counseling
  - Multiple paths to increase likelihood of some opportunity occurring
- Facilitated development planning with checkpoints
- 360-degree assessments tied to development objectives

Customized development program
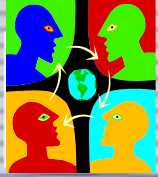integrated into the EDP Action Plan
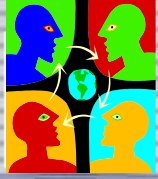
Proposed Development Programs

- Needs integration with succession planning requirements
- Develop a cross-organization rotation program
  - Formalize objectives for rotational assignments
  - HR to be proactive in taking the lead in creating opportunities
    - Identify opportunity & facilitate ripple effect through organization
  - Source cross-organization project staffing from HiPo pool
- Develop a Mentoring Program for "acceleration pool"
  - Roles & responsibilities for both parties
  - Develop training material for mentoring skills
  - Includes both vertical and horizontal mentoring relationships
- Encourage vacation replacement policy
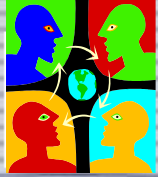 - Authority commensurate with readiness status

Accelerated Leadership Development

- Best practice approach to developing high potential employees without being exclusionary or making any commitments for the future
- Annual program with structured development
  - Specific development objectives driven by replacement plans and/or general competencies needed to reach full potential
    - Integrated into employee's EDP action plan
  - Activities range from traditional development to group discussions and projects to career counseling & assessments
  - Re-enrollment each EDP/MTP cycle
- HR facilitation of common development needs & the tracking of individual and group progress
- Puts pressure on the employee to meet development objectives in order to be considered the next year
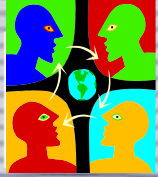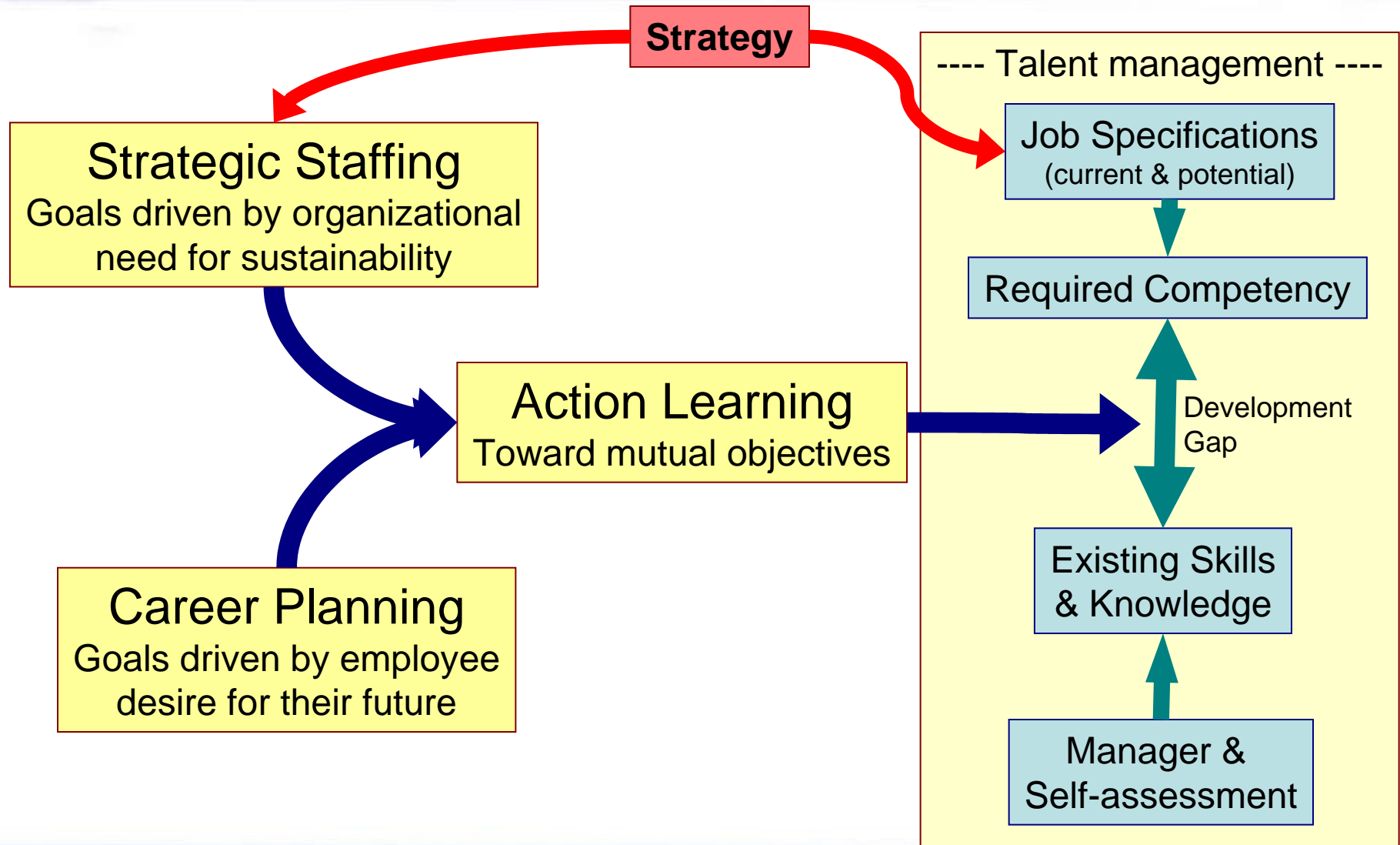
Development Process Enhancements

- Implement an employee assessment process
  - Early identification of high potential employees
  - Standards that are validated with job performance
    - Consistent with reduced personal bias
  - 360° evaluation for fuller assessment of management skills
- Proactive tracking of development plans
  - HR assistance in creating training & development opportunities
- Manager education & training
  - HR 101 module for Succession Management on intranet
  - Intranet resource page linked to other HR processes

Workforce Management Process

Strategy

---- Talent management ----

Strategic Staffing
Goals driven by organizational need for sustainability

Career Planning
Goals driven by employee desire for their future

Action Learning
Toward mutual objectives

Job Specifications
(current & potential)

Required Competency

Development Gap

Existing Skills & Knowledge

Manager & Self-assessment
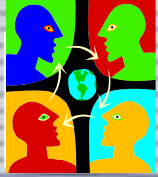
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Succession Risks

- **Building the bench**
  - Vacancy risk – departure or absence of key talent
    - Replacement planning
  - Readiness risk – underdeveloped successors
    - Accelerated development
- **Ensuring bench performance**
  - Transition risk – poor assimilation into the organization
    - Overcome transition difficulties
  - Portfolio risk – poor deployment of talent against goals
    - Strategic talent leverage
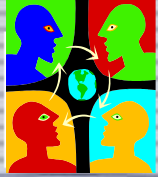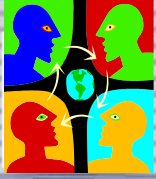
Pitfalls to Avoid

- Best practice studies reveal these pitfalls to avoid
  - Lack of a formal development plan to prepare candidates
  - Supporting system not intuitive in its use
  - Too rigid with little ability to adapt to changing strategy
  - Selecting unmotivated or unqualified employees for the candidate pool
  - Waiting too long to promote qualified candidates
  - Lack of commitment to select talent from the candidate pool

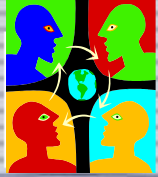Implementation practices must avoid these problems

Communicating Status

- Most companies communicate status to employee while refraining from disclosing the list to all employees
  - (discuss with HiPo's & answer non-HiPo's when asked)
  - Aids in retention of high potential employees
  - Encourages employee buy-in for development
  - Clarifies areas for improvement for others
- However,
  - Not all aspects of the high level plan are communicated
    - Emphasis is on leadership development, not succession planning
      - Only invitation to participate in additional leadership development
      - Special development & special exposure opportunities ("acceleration pool")
  - No guarantee is implied – status is re-earned each year
- Also, involves employee responsibilities
  - May require relocation & extra effort
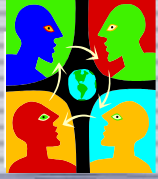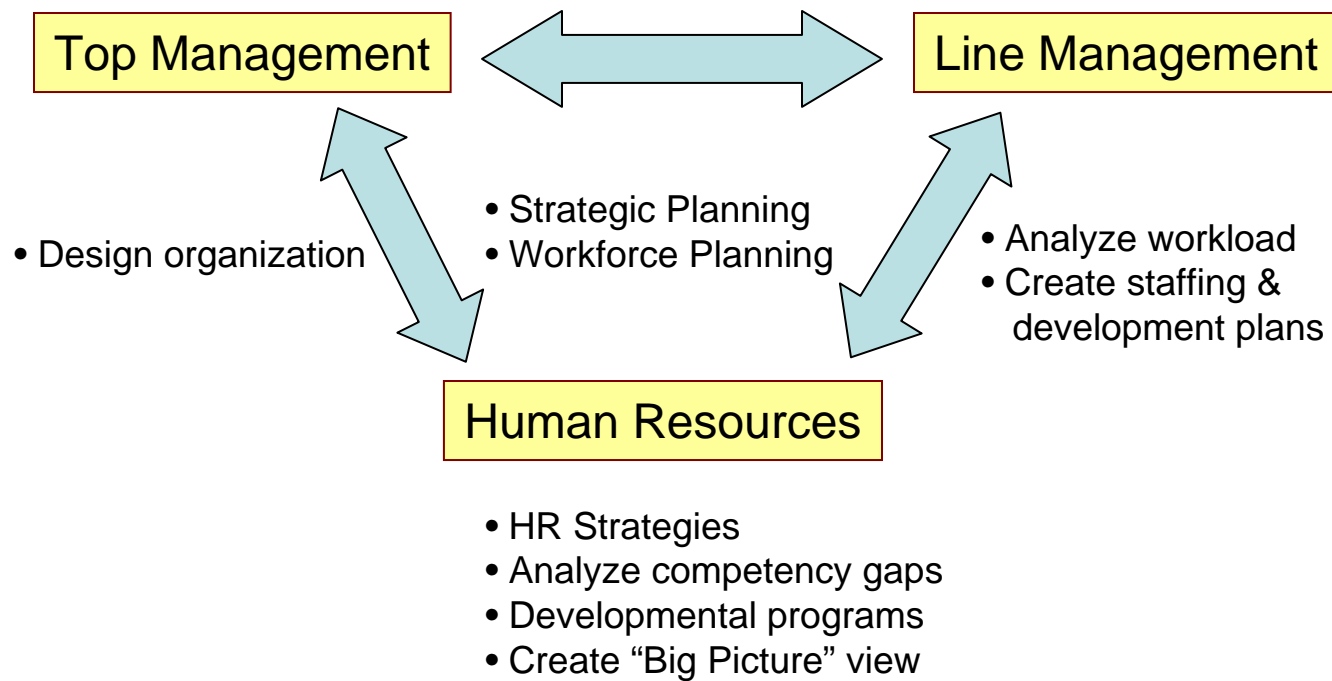 - Employee may opt-out for the status quo

Best Practices in Communicating HiPo Status to employee

- Benefits of communicating HiPo status
  - Reinforces determination to succeed
  - Results in higher retention of high performers
  - Prevents defection of those who may have felt overlooked
  - Develops a culture of openness & trust
  - Improves employee's relations with their manager
  - Increases acceptance of succession management process
- Drawbacks to communicating HiPo status
  - May become complacent & coast
  - May attempt to extort perquisites
  - May reduce motivation among other employees
  - Still may leave if follow through is delayed or lacking
  - Identification process not always perfect in predicting future success

- 73% of top companies communicate the status to HiPo employees
  - Replacement/career plan is not disclosed to prevent raised expectations

Roles in Workforce Planning

Top Management ⟷ **Line Management**

• Strategic Planning
• Workforce Planning

• Design organization

• Analyze workload
• Create staffing &
  development plans

Human Resources

• HR Strategies
• Analyze competency gaps
• Developmental programs
• Create "Big Picture" view
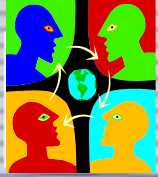
HR Planning Role

- Facilitate Succession Planning process
- Assist employees in their development plans
  - Consolidate training needs & initiate action – group development
  - Promote candidates for cross-organization project teams
  - Track vacation replacement plans
- Consultation for Job Rotation Planning
  - Investigate possible career paths
- Facilitate Mentoring Program
- Track action plan implementation
  - Succession planning metrics
  - Progress toward employee development plans
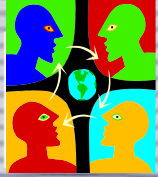   - Assessment of learning objectives

Succession Management Metrics

- Annual metrics
  - Bench strength
    - Depth of the replacement pool for key positions
    - Number of target positions for candidates
    - Candidate pool at different band levels
    - Diversity demographics of candidate pool
    - Percent of replacement candidates that are "ready now"
  - Percentage of vacancies filled
    - Internally, cross-organization placement, & by readiness status
  - HiPo's 2+ yrs. in current position
  - Retention of talent
  - Manager & participant feedback on effectiveness of accelerated development program
  - Accuracy of promotability predictions
- Quarterly metrics
  - Progress toward development objectives & associated action plans
  - % of employees in a rotational position with a formal action plan
    - % with progress demonstrated in the prior quarter
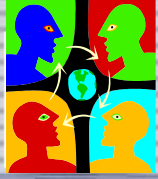
Employee Profile

- Employee name & photo
- Current position & time in position
- Compensation level
- Performance rating (prior two years)
- Degree & major
- Internal Resume – current + 2 prior positions
- Training history
- Competency-based assessments & 360° evaluation
- Position targeting (general area or specific job code)
  - Career Goals
  - Ultimate 5 year positions (target 0 to 3 positions)
    - Developmental position (current or 1 to 3 rotational possibilities)
  - Best utilizing current capabilities (0 to 3 lateral rotations)
    - Driven by either retention issues or better match of capabilities
- Development Plan – link to the employee's action plan

HR Process Overview