Benefits of Succession Planning
What is Succession Planning?

Succession planning is the process of identifying high-potential employees, evaluating and honing their skills and abilities, and preparing them for advancement into positions which are key to the success of business operations and objectives.
When to Develop A Succession Plan?

• Do you have people in key positions that are retiring soon or in the near future?
• Have you lost a person in a leadership role to another job?
• Do you have a transition plan in place to support potential successors?
<table>
<thead>
<tr>
<th>Generation</th>
<th>Era</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditionalists</td>
<td>1925-1945</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>1946-1964</td>
</tr>
<tr>
<td>Generation “X”</td>
<td>1965-1979</td>
</tr>
<tr>
<td>Millennials</td>
<td>1980-1999</td>
</tr>
</tbody>
</table>
Our Workforce 2013

7,878,00 Traditionalists = 5%
59,820,00 Baby Boomers = 39%
49,675,00 Gen X = 32%
37,532,00 Millennials = 24%

Approximate US Labor Force Participation as of December 2012 - BLS
Our Workforce 2020

Traditionalists = 7%
Baby Boomers = 22%
Gen X = 20%
Millenials = 50%

Dr. Karie Willyerd VP and Chief Learning Officer, SuccessFactors, 2013
Why Develop A Succession Plan?

• To ensure that it has qualified candidates to replace people in key positions who leave for any reason, such as retirement, illness, or taking another job.
• To help protect an organization’s future.
• Make sure that the successors transition into the position as smoothly as possible.

Are you prepared?
Are Your Prepared?
Succession Planning Involves...

• Understanding the organization's long-term goals and objectives.
• Identifying the high-potential candidates and their respective developmental needs.
• Determining workforce trends and predictions.
Importance of Succession Planning

The goal of succession planning is to:

• To avoid extended and costly vacancies
• Identify and prepare suitable employees as possible successors
• Identify gaps in the short-and long-term Leadership Pipeline
• Create action plans designed to fill those gaps
• To provide meaningful developmental opportunities
Steps to Succession Planning

• Revisit Company Mission and Core Values
• Identify key roles and traits
• **Identify Leadership Pipeline** – sources for successor candidates (9 Box)
  – Identify Talent
  – Assess Readiness
  – Identify Gaps (external recruitment)
• Plan the development of potential successors
• Agree strategies and actions going forward
Identify Leadership Pipeline

- What are sources for successor candidates
- Talent Readiness Matrix

<table>
<thead>
<tr>
<th>Key Position Title</th>
<th>Incumbent Name</th>
<th>Position Vulnerability</th>
<th>Succession Candidate Names</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Open in &lt; 1 Yr</td>
<td>Open in 1–3 Yrs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ready in &lt; 1 Yr</td>
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</tbody>
</table>
## Identify Leadership Pipeline

<table>
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<tr>
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<th>Position Vulnerability</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open in &lt; 1 Yr</td>
<td>Open in 1–3 Yrs</td>
</tr>
<tr>
<td>Executive Director</td>
<td>Jim Leader</td>
<td>X</td>
</tr>
<tr>
<td>Division Director</td>
<td>Sally Topgun</td>
<td></td>
</tr>
<tr>
<td>Program Director</td>
<td>Bob Theguy</td>
<td></td>
</tr>
</tbody>
</table>
9 Box Matrix

• Assess leadership bench strength
• Identify the High performers with high potential
• Move those employees – with the potential to provide an excellent return on development dollars invested – through a series of broadening assignments
• Offer job-related training to those employees and leaders who are the “bedrock” workers but will never move beyond their current level of contribution
• Make tough decisions about those employees and leaders whose skills are out of date.
9 Box Hi-po Hi-per

- **1** Future Leader
- **2** High Impact Performer
- **3** Solid Performer
- **4** Growth Employee
- **5** Core Employee
- **6** Question Mark
- **7** Question Mark
- **8** Question Mark
- **9** Question Mark/Employee in Trouble

**PERFORMANCE**

- **HIGH**
- **LOW**

**POTENTIAL FOR EXECUTION IN THE FUTURE**

Igor Ansoff, 1957
9 Box – Talent Management

HIGH

PERFORMANCE OVER TIME

LOW

POTENTIAL FOR PROMOTION IN THE FUTURE

Marc Effron, Miriam Ort. 2010
9 Box – Talent Management

**PERFORMANCE OVER TIME**

- **HIGH**
- **LOW**

**POTENTIAL FOR PROMOTION IN THE FUTURE**

- **Highest Potential**
- **Middle Potential**
- **Lowest Potential**

**BLOCKERS**

- **Lowest Potential**
- **Middle Potential**
- **Highest Potential**

<table>
<thead>
<tr>
<th>Quadrant</th>
<th>Potential</th>
<th>Blockers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ready now</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Need Development</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>SME</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Need Development</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Need Development and Time?</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>At Risk</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>New</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>At Risk</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>High Risk</td>
<td></td>
</tr>
</tbody>
</table>

**Legend**

- High Risk: 9
- Low Risk: 8
- Medium Risk: 6, 5
- Low Risk: 3, 2
- Ready now: 1

**Potential Percentages**

- Highest: 20%
- Low: 20%
- Middle: 60%

**Potential for Promotion in the Future**

- Highest: 20%
- Low: 20%
- Middle: 60%
Create a Development Plan

• Overall Performance
• Key Strengths
• Developmental Needs
• Developmental Actions
  – On the job
  – Special Assignment
  – Training
• Potential for Promotion
• Recommended Next Position
Positions Without Candidates

• Identify Blockers
Identify Blockers
Positions Without Candidates

• Identify Blockers
• Identify internal candidates from other areas
• Hire for successor candidates
• Develop external recruiting plan
External Recruiting

- Employment agencies
- Internet job boards
- Professional association websites
- Colleges and universities
- Job fairs, and so on
Keeping the Plan Current

• Develop a timeline
• Determine effectiveness of existing plan
  – Does current plan still meet the organizational objectives.
• Determine whether the candidates have changed
  – Assess and develop new candidates
• Determine the method of communication
  – Communicate to employees
Summary

• Succession planning is the process of identifying high-potential employees, evaluating and honing their skills and abilities, and preparing them for advancement into positions which are key to the success of business operations and objectives.

• Have a well-developed and current succession plan in place is important in avoiding vacancies in key positions, assuring the stability of business operations, providing developmental opportunities and helping developing a diverse workforce.
Summary

• There are important steps involved in succession planning pertaining to legal and diversity issues, identifying key leadership roles, evaluating the potential of employees, and selecting and developing employees to fill these key roles when needed.

• Once a workable succession plan is developed, it is critical to keep it current and to communicate it to all employees.
Thanks!
Dan Hernandez