## Succeeding in Succession Planning It's Not Just a Big Company Thing



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#### Today's Agenda

- · What is succession planning?
- · Why: The business case
- · Implementation considerations
- · Key obstacles
- · The 5 circular steps and more

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What is Succession Planning?

### What is Succession Planning?

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.\*

\*SHRM Succession Planning Training for Supervisors

### What is Succession Planning?

The process of identifying crucial job skills, knowledge, social relationships and organizational practices and passing them on to prepare the next generation of workers, thereby ensuring the seamless movement of talent within the organization.

\*SHRM Succession Planning Toolkit

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#### What is Succession Planning?

Preparing people for possible future roles. It is not pre-selection.

\*SHRM Succession Planning Toolkit

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### Who is Included Succession Planning?

- 64 percent of 750 companies it surveyed have such plans for senior executives—26 percent are using it for first-line managers and 47 percent for functional leaders. Bersin & Associates released, 2007
- Three-fourths of large organizations perform succession planning; among that number, 63 percent focus on the senior level, but 46 percent have broadened that to include mid-level managers. Novalions Group. 2007 (2,556 HR executives surveyed)

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Why: The Business Case for Succession Planning?

# Why: The Business Case for Succession Planning



- · Changing demographics
  - · Shrinking workforce
  - · Fewer skilled workers
  - Less loyalty between employer and employee

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# Why: The Business Case for Succession Planning

- · Changing demographics
  - Only one out of four adults in the United States has a college degree.
  - The fastest growing demographic segments have the worst history of high school and secondary school graduation.
  - Almost one-third of high school students fail to graduate with their class.
  - 82 million Baby Boomers are retiring, and only 45 million Gen-Xers are available to replace them.
  - Visa restrictions and home-country opportunities will limit the availability of international workers.

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## Why: The Business Case for Succession Planning

- · Skill gaps with existing employee base
- · Shortened learning curve
- · Employee engagement and retention
- · Business continuity

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## Why: The Business Case for Succession Planning

- · Reinforce culture
- · During rough economic times
- · To help develop a diverse workforce
- · Building the internal bench

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# Why: The Business Case for Succession Planning

- · Brain drain\*
  - Only 12 percent of 550 HR managers said knowledge retention is a high priority within their organization, even though one-third of all respondents said more than 20 percent of their current workforce will be eligible for retirement over the next 10 years.
  - 23 percent said their organizations have a formal method to identify the knowledge that needs to be protected and retained. 16% consider themselves very effective in <u>informally</u> sharing knowledge, 10 percent very effective in <u>formally</u> doing so.

\*Monster. Com, November 2006



Considerations When Designing Your Succession Plan

## **Implementation Considerations**



# **Implementation Considerations**



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#### Technology Considerations



- · How many people?
- How many people need to access it?
- · Can it be integrated?
- What reporting and analytics does it provide?



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#### **Obstacles**



- · Lack of executive support
- · Resistance to change
- · Organizational silos and politics
- Equal employment opportunity
- Lack of performance management
- · Poor coaching

#### **Obstacles**



- · Lack of time
- Rewarding the wrong behavior
- · Creating a skill gaps

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#### **The 5 Circular Steps**



#### Nine-Box Succession Planning Grid\*

			Performance	
Poter		High Potential/ Low Performance Needs coaching and intervention: Wrong job or wrong boss?	High Potential/ Medium Performance Valued talent who needs additional challenge, reward, recognition or opportunity to develop	High Potential/ High Performance Star talent who should be targeted for accelerated development opportunities.
	ntial	Medium Potential/ Low Performance Consider coaching or correcting	Medium Potential/ Medium Performance Might need additional motivation, greater engagement or rewards	Medium Potential/ High Performance Strong contributor who could have additional development challenges to grow and possibly improve potential
		Low Potential/ Low Performance Counsel or terminate	Medium Potential/ Low Performance Motivate and focus	Low Potential/ High Performance Valuable in developing others; retain and reward
,	v			

#### **Metrics**

- Percentage of people included in succession plans
- · Cost per hire
- · Time-to-fill
- Turnover

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