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# Engaging in Succession Planning

**Scope—**This article discusses organizational succession planning, including its benefits, design considerations, challenges and best practices.

**Overview**

Succession planning is a focused process for keeping talent in the pipeline. It is generally a 12- to 36-month process of *preparation*, not *pre-selection*.

All organizations can benefit from the principles 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. *See* Create a Succession Plan that Works. (www.shrm.org/ResourcesAndTools/hr-topics/organizational-and-employee-development/Pages/succession-plans-that-work.aspx)

Many business leaders and HR practitioners believe that succession planning is a complex process and a practice restricted to the largest organizations with the most sophisticated organizational development departments. On the contrary, succession planning can be of great value to smaller organizations that have fewer resources available for knowledge management programs and the formal, structured development of employees. *See* Succession Planning Is Easier Than You Think (www.shrm.org/resourcesandtools/hr-topics/organizational-and-employee-development/pages/succession-planning-is-easier-than-you-think.aspx).

Effective job design, varied internal development opportunities and smart organizational structure are important practices to promote the achievement of organizational objectives while creating an environment that promotes employee engagement and retention. The convergence of the organization's needs and the employees' interests can occur in succession planning because of its wide scope and open process.

This article will discuss:

- The business case for succession planning.
- Factors to consider when designing a program.
- Potential obstacles to implementation.
- Characteristics of great programs.

Following are a few terms surrounding succession planning processes:

- **Training.** The preparation of an employee to perform the tasks required for his or her current role.
- **Development.** The practice of equipping an employee (or group) for future roles and responsibilities.

- **Career planning.** An employee-centered practice of identifying the interests of the employee and assisting that individual, as well as providing personal development options consistent with his or her talents and interests.
- **Career management.** An organization-centered practice of creating jobs and organizational structures that promotes the achievement of business objectives.
- **Replacement planning.** A shorter-termed practice of identifying replacements for personnel in key operating functions.
- **Succession planning.** The future-focused practice of identifying the knowledge, skills and abilities to perform certain functions and then developing a plan to prepare multiple individuals to potentially perform those functions.

*See* The Chief HR Officer's Role in CEO Succession (https://www.hrps.org/resources/Documents/chros_role_in_ceo_succession.pdf).

**Business Case**

Reasons for engaging in succession planning include the following:

- Adapting to demographic changes and talent scarcity.
- Identifying skill gaps and training needs.
- Retaining institutional knowledge in a knowledge economy.
- Boosting morale and retention by investing in employees.
- Replacing unique or highly specialized competencies.

*Adapting to demographic changes and talent scarcity*

Demographic shifts will create intense competition for talent—perhaps more rapidly or slowly than anticipated, but inevitably. Candidates in the labor pool will likely lack experience and many core skill sets required for crucial positions. Harvesting critical organizational knowledge so it can be shared with subsequent generations of workers will be crucial.

Business and HR leaders view the skills shortage as a top concern that needs to be addressed. The workforce simply does not have enough workers and skilled candidates to fill an ever-increasing number of high skilled jobs. *See* SHRM Research: The Global Skills Shortage (www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/SHRM%20Skills%20Gap%202019.pdf).

These trends, combined with the increasing retirement of baby boomers, present opportunities for comprehensive succession planning to fill the upcoming shortages in talent.

*Identifying skill gaps and training needs*

The process of articulating necessary skill sets and competencies for key positions yields the added benefit of identifying skill gaps and training needs in the existing population. Interventions such as cognitive and behavioral training programs can be developed during the planning period and customized to the particular learning needs of the target group.

*Retaining institutional knowledge*

More employees are now hired and paid for their thinking rather than for their labor. This means that what we *know* is likely more important than what we *do*. The entire concept of knowledge management focuses on identifying, harvesting, archiving and retrieving organizational knowledge. SHRM research on preparing for an aging workforce has found that less than 40% of HR professionals said their employers were analyzing the impact of workers over the age of 55 leaving their organizations in the next 10 years. *See* The Aging Workforce (www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/pages/aging-workforce-research-initiative.aspx) and How to Make Your Organization Retirement-Ready (www.shrm.org/hr-today/news/hr-magazine/0618/pages/how-to-make-your-organization-retirement-ready.aspx).

Imagine the reductions in learning curves for critical positions that could be achieved if much of the tacit knowledge—that gained by experience—were passed from one generation of workers to another. With succession planning, that sharing can occur concurrently between the worker and the potential successor, giving the successor the unique opportunity to gain useful skills and knowledge without a long, on-the-job learning curve. In addition, succession planning substantially decreases the need for formal training programs—and the resources they consume—to recreate the learning opportunities. *See* SHRM Research Overview: Leadership Development. (www.shrm.org/hr-today/trends-and-forecasting/special-reports-and-expert-views/Documents/17-0396%20Research%20Overview%20Leadership%20Development%20FNL.pdf)

### *Boosting morale and retention*

An organization's visible investment in its human capital can be a tremendous boost to employee engagement and morale. According to Herzberg's theory of motivation, meeting the personal growth, achievement and recognition needs of employees promotes motivation. With proper design and consideration given to the group demographics, succession planning can be structured to deliver all three motivators. *See* How to Create a Recruiting Strategy: Buy, Build, and Borrow (www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/how-to-create-a-recruiting-strategy.aspx).

### *Replacing highly specialized competencies*

Although the conventional wisdom is that no one is indispensable, replacing a leader or contributor with highly specialized knowledge or competencies is costly and time-consuming. Succession planning mitigates the effects of a sudden or unanticipated vacancy in a principal position.

### **Factors to Consider**

Regardless of its scope, any succession planning program is enhanced with the consideration of a number of factors:

- Organizational foundations.
- Scope of succession planning program.
- Implementation team.
- A match of talents to tasks.
- Job design and skill complements.
- Standards and metrics.
- Plans for successful transitions.
- Alignment of existing practices.
- Effective use of technology in support of record keeping.

*See* Closing the Leadership Readiness Gap (www.shrm.org/hr-today/news/hr-magazine/pages/1015-readiness-gap.aspx)

### *Organizational foundations*

Like most HR programs, succession planning cannot be performed in a vacuum. Well-constructed foundation components should be in place long before succession planning programs can be implemented.

Each of these steps lays groundwork for succession planning. For example, jobs can be designed with complementary or layered skill sets. An open organizational structure can be designed to reduce the barriers that prevent cross-functional learning. Candidates can be viewed in light of potential functions beyond the immediate vacancy. Through assimilation, new employees can learn the organizational culture from the outset. Once these processes are secure, the organization can identify, based on strategic objectives, key positions that are best suited to succession planning. *See* Succession Planning Policy. (www.shrm.org/ResourcesAndTools/tools-and-samples/policies/Pages/cms_010931.aspx)

### *Scope of program*

Succession planning can go in two main directions: choosing by position or by person. A program that does both will ensure the greatest likelihood of addressing the primary purpose—keeping talent in the pipeline. Sometimes the talent resides in a particular individual who has numerous skill sets that would be valuable in a number of positions. Sometimes, certain positions themselves serve as good "training grounds" for future roles. In either case, an *individual* employee is selected, so that person should be:

- Comfortable with change.

- Interested in learning new skills.

- Accepting of uncertainty.

- Adaptable to multiple work environments and leaders.

Identifying positions to include in a succession planning program is more of an art than a science as it is certainly an organization-specific process. However, considering the following positions may be beneficial:

- Positions central to strategic goals or to a competitive advantage (which have the greatest effect on the consumers' buying decision—think of a housekeeper in a hotel or an architect with specialized and uncommon knowledge in a restoration business).

- Positions that are organization-specific or in a highly specialized industry (roles in the judiciary system or technicians in titanium mining).

- Positions of influence within the organization (those that influence resource allocation or decision-making).

- Jobs with long learning curves (assistant to a senior leader, specialized equipment troubleshooter, contract negotiator).

- Positions in which experiential learning is the main knowledge acquisition method (banquet chef, home inspector, case manager).

*See* What is a 9-box grid? (www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/whatsa9boxgridandhowcananhrdepartmentuseit.aspx)

### Implementation team

Some areas of expertise and commitment will improve the success rate of the program—such as in HR, organizational development or among other leaders. Knowledge of job design concepts, effective performance management practices, training and development initiatives, and adult learner and mentoring programs gives the program coordinators a good foundation for a well-rounded program. Having a receptive organizational culture (silo-free, accepting of change, with a learning-organization mentality and a focus on active performance management) is also essential to achieving program objectives. *See* Three Simple Ways to Motivate Employees (www.shrm.org/ResourcesAndTools/hr-topics/talent-acquisition/Pages/3-Simple-Ways-Motivate-Employees.aspx).

### Matching talent to tasks

Sensible job development requires that incumbent employees be suited for a series of positions. Fulfilling that objective entails matching individual talents with required tasks. A job analysis that reveals the knowledge, skills and abilities required for each role allows for mindful determination of practical succession steps. Identifying skill complements allows for easier transitions between roles, creates options for placement, reinforces desired performance of those skills and supports development-centered (i.e., future-focused) staff training. *See* 7 Steps to Developing a Replacement Plan (www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/7-steps-to-developing-a-replacement-plan.aspx).

However, remember that succession planning differs from career pathing in that it should equip incumbents with a wide range of skills to prepare them for a number of potential roles, in contrast to fast-tracking, which moves them through a linear path of jobs.

### Job design

Planning the stages of a succession plan requires an understanding of job design concepts. Understanding specific position attributes allows the program coordinator to perceive the relationship between the incumbent's success in one job and the potential for success in the next job, as well as the individual's appropriateness for a role based on personal preferences. Specialization and task variety, task

identity, task significance, autonomy, span of control, independence and interdependence, and job pace are all salient position attributes to consider.

*Standards and metrics*

Establishing standards and metrics (what success looks like and how it will be measured) is critical for determining whether a succession planning program has been effective. Deciding in advance what constitutes a successful program may include finding methods to gauge employee satisfaction with personal development, management satisfaction with employee performance and job readiness, the extent of goals achieved, and the time to full-function attainment.

*Planning*

The in-advance nature of succession planning significantly enhances the transition for all parties. The employee, new leader and team have the opportunity to interact and develop a work style. There is also an overarching culture of employee development as an investment in the interest of the organization as a whole, as well as a practice of ongoing transitions and shared expertise.

*Alignment*

Succession planning cannot be accomplished as a stand-alone process. The principles that support succession planning must also influence the selection process and performance management. Identifying roles eligible for succession planning requires forethought during the selection phase to ensure that the right person, with development potential, is chosen. Future-focused performance management practices that highlight personal initiative, skill acquisition and development are most suitable.

*See* Should You Tell Employees They're Part of a Succession Plan? (www.shrm.org/hr-today/news/hr-magazine/Pages/010215-sucession-planning.aspx)

*Record keeping and technology*

In larger organizations where succession planning may cross departmental, business unit or even substantial geographic boundaries, the collection and organization of records associated with the process can pose considerable challenges.

To manage this - particularly in the early stages - administration of a succession planning program can be limited to:

- Identifying portions of the organizational chart with target positions.
- Creating informal charts showing skill complements and job design commonalities between target positions and potential feeder positions.
- Maintaining summary skill set and interest resumes of incumbents in something as basic as a spreadsheet.
- Creating a Gantt chart of development assignments and program milestones for project planning.

Once a program has a track record, it may be possible to make the case for acquiring software applications that compile succession planning data and integrate it with existing human resource information systems (HRIS). Such systems can even generate sensible succession planning avenues based on organizational structure. Of course, the quality of the data retrieved is directly related to the quality of the data entered and maintained, so records retention should be designed with this anticipated use in mind.

**Potential Obstacles**

Depending on the scope of the project and the organization's culture and readiness, the following obstacles to a formal succession planning program may exist. Consider them when planning and marketing the program.

*Resistance to change*

Succession planning is one initiative that can be done incrementally. Enhance existing selection and performance management programs to show the value and importance of building internal bench strength. Introduce the ideas of waning skill sets in the labor market and the existence of internal talent that can easily be developed. Start small, maybe with one major function, to create a success story and build credibility and agreement.

### Lack of support by persons of influence

If outspoken naysayers get the floor, succession planning can be a tough sell. Find the source of their skepticism, and present facts and figures to support the program and neutralize issues such as these:

- Concerns that jobs are at risk.
- Worries about costs or lost productivity.
- Tendencies to promote knowledge-hoarding rather than knowledge-sharing.

### Organizational silos

One way to address silos in the context of succession planning is to start with a function that is partially shared among one or more business units. Find leaders who believe in knocking down silos to see if they have jobs that could be feeders into another area. Explore the possibility of temporary assignments in other areas that could be used to develop employees for future roles.

### Equal employment opportunity

Succession planning involves preparing employees for possible future roles; it is not pre-selection. If the succession planning program is rooted in diversity and equal employment opportunity, the ultimate selection of employees to fill new roles will reflect that focus. During the succession planning process, choose positions generally filled from within, work to identify a number of potential feeder roles and incumbents, and ensure everyone knows that succession planning is intended to match the organization's needs with the employees' interests and that it makes no promises. *See* Is Your Organization on Target in Developing Women for Senior Leadership Roles? (www.shrm.org/resourcesandtools/hr-topics/organizational-and-employee-development/pages/is-your-organization-on-target-in-developing-women-for-senior-leadership-roles.aspx)

### Weakness in performance management

If the organization has not had a consistent practice of giving honest performance feedback, not only is that an obstacle for succession planning, it is a bad business practice that needs immediate correction. Educate managers about the legal and ethical reasons for giving honest feedback. Employees deserve to know when their behavior or performance is meeting expectations. They also deserve the chance to improve their behavior or performance when it does not.  There are four essential factors in an effective performance management program:

- A feedback process that is continuous and timely throughout the review period, so employees know how they are doing and what is expected.

- A dialogue that includes performance feedback measured against clear and specific goals and expectations established at the outset of the performance management cycle.

- A documented process for acknowledging the outcomes of the performance review process between the manager and the employee.

- A two-way individual conversation between the manager and the employee (preferably face-to-face) at least once a year.

### Manager resistance

To some extent, a succession planning process involves asking managers to prepare to let go of their best performers. Approach that challenge by:

- Fostering a sense that keeping talent within the organization, wherever it may migrate, is the goal.
- Holding managers accountable for developing their subordinates and recognizing those who excel in that area.
- Educating managers that employees will recognize as managers-of-choice those who invest in their subordinates' development and that they will likely have *their* choice of internal candidates as job vacancies arise.

*See* Succession Planning Training for Supervisors. (www.shrm.org/ResourcesAndTools/tools-and-samples/presentations/Pages/successionplanningtraining.aspx)

### Lack of time

This issue represents the age-old conflict between time spent and time invested. Consider the amount of time spent recruiting, selecting, training and managing new employees, not to mention the assimilation learning curve. Compared with those time-consuming activities, the investment in developing incumbents' skill sets does not seem so daunting. Time invested in succession planning prepares the employee for a wider array of responsibilities within the organization.

### Rewarding the wrong behavior

Many employees seem reluctant to share expertise with others. Often their self-esteem is linked to being the local expert. However, it is in the organization's best interest to reward employees who willingly share their expertise and demonstrate interest in learning new things.

**Components of Great Programs**

To help ensure the succession planning program meets the organization's needs and expectations, a number of components are worth considering for inclusion. *See* Retool Your Succession Planning to Meet Future Challenges (www.shrm.org/hr-today/news/hr-news/conference-today/pages/2018/retool-your-succession-planning-to-meet-future-challenges.aspx).

### Prepare leaders to participate

Cultivating high-level commitment and support will have a positive influence on the succession planning program. Succession planning involves not merely making time to provide learning opportunities for employees; it also involves leading the culture toward lowering barriers and creating a learning organization.

### Align the program with business objectives

When selecting job functions for the program and methods for the transfer of learning, be sure to align them with business operations, practices and schedules.

### Use a variety of methodologies

Adult learning occurs in different ways. Use a combination of techniques, including mentoring, cross-training, job enlargement or enrichment, job shadowing and case studies, vestibule training, and classroom training.

### Incorporate in performance management

Employee interest in succession planning, willingness to be a part of it and efforts toward achieving goals associated with it should be part of performance management. Incorporating relevant goals in development plans is relatively easy.

### Promote a long-term view

Succession planning is a 12- to 36-month process. Encourage team members and leaders to think long-term and big-picture during the program development. Reinforce the concept of preparation, not pre-selection.

*Think of succession planning as creating a "farm team"*

The sports analogy resonates with employees and managers alike. Responsiveness to new situations (including unexpected ones) and resilience in the face of conditions in the external environment are traits of successful organizations. Having all your knowledge or skill "eggs" in one person's "basket" is never good business practice.

*Look beyond the obvious*

Good candidates for succession are not necessarily already in traditional feeder positions. Look far and wide for employees with complementary skill sets who may be appropriate for the program.

*Plan for knowledge transfer*

Succession planning includes identifying skills and competencies next-generation employees will need to function well in key positions. Developing systems to identify and transfer that knowledge and shorten learning curves should be a primary objective. Partner with a trainer to determine the best way to promote learning.

*Look at succession planning in layers*

Layering competencies achieves many of the same benefits as developing skill complements for succession planning paths. Even if certain roles are not well suited for formal succession planning, the incumbents may be candidates for acquiring layers of related skills. Consider including them in a sort of "a la carte" learning along with the succession planning participants.

*Job development is not limited to promotion*

Succession planning might include job expansion in addition to job progression. That is, if traditional step-by-step succession planning does not work for certain functions, consider individual skill development opportunities such as enrichment, enlargement and cross-training as sources for enhancing employee skill sets.

**Tools and Samples**

Succession planning training for supervisors (www.shrm.org/ResourcesAndTools/tools-and-samples/presentations/Pages/successionplanningtraining.aspx)

Succession planning policy (www.shrm.org/ResourcesAndTools/tools-and-samples/policies/Pages/cms_010931.aspx)

Career Development Plan (Succession Planning) (www.shrm.org/ResourcesAndTools/tools-and-samples/hr-forms/Pages/cms_009007.aspx)

Toolkit: Developing Organizational Leaders (www.shrm.org/ResourcesAndTools/tools-and-samples/toolkits/pages/developingorganizationalleaders.aspx)

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