



# Succession Planning:

Developing Your Bench Strength

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# Agenda

- The Business Case for Succession Planning
- The Wedding: Succession Planning meets Leadership Development
- Top 10 Ideas for Building Your Bench





# The Business Case for Succession Planning

- **The Numbers**
- **Success Requirements**
- **Company Culture**
- **Why Do It?**

# The Numbers say...

- According to a survey conducted by the Corporate Leadership Council:
  - 72% of companies predict they'll have an increasing number of leadership vacancies over the next 3-5 years.
  - At the same time, 76% of respondents are "less than confident" in their abilities to staff these positions.
- Applying SP only to the "C-suite" is a competitive mistake.

# SP Defined\*

- A deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement.

\* William Rothwell, PhD

# Why Plan for Succession?

- Anticipated demographic changes and scarcity of true talent.
- Need for a tool to identify skill gaps and training needs.
- The criticality of knowledge retention in a knowledge economy.
- The effects of retention and morale from investing in employees.

# The Art of Choosing Positions

- Find positions that:
  - Are key to strategic goals or the company's competitive advantage
  - Are organization-specific or in a particularly unique industry
  - Are influential in the organization
  - Have lengthy learning curves
  - Require experiential learning as a key to knowledge acquisition
- Don't just think "up", SP can be used to fill lateral positions as well!

# Requirements for Success

- Companies that create an effective SP management process:
  - Quickly anticipate and fill succession gaps
  - Identify employees with high mgt. potential and actively plan their careers
  - Align their “people strategy” with their “business strategy”
- Meeting these requirements creates the kind of leadership and management capacity that delivers sustainable business results.



# Best-in-class Organizations

- How do MOST companies identify and fill open positions?
- Contrast this with Best-in-Class organizations that use a systematic and PROACTIVE approach (next slide).
- SP is part of their business culture.

# The Proactive Approach

- Use an ongoing planning process: staffing reviews, team performance evaluation, needs assessment.
- Be inclusive: develop large pools of management and leadership talent.
- Keep it simple and make it transparent.
- Mgt. must “own” the process: it cannot be delegated, it is integral to business success.

# Best Practices

- Emphasize on-the-job development. Real development doesn't happen in a classroom.
- Create progressive assignments. Be quick but careful.
- Carefully design assignments. Mgrs. understand what they are to learn and do.
- Individualize development. Use coaching, ongoing feedback.

# Best Practices, cont.

- Help managers make crucial decisions. 40% of all newly promoted managers failed within 18 months because they didn't build strong teams and relationships.
- Rather than relying on standard curriculum, develop your managers and leaders through challenging and diverse experiences!

# Applying to Your Organization

- Make sure the organization understands and nurtures each employee's unique talents and potential.
- Evaluate the organization's talent pool to identify leadership gaps and suitable candidates.
- Ensure that executives make the necessary SP decisions through group discussion and review sessions.

# Individual Career Planning

- Promote an ongoing dialogue. Talk with the employee about successes, strengths, needs, and aspirations.
- Avoid the Peter Principle! To do this, DON'T make promotion criteria based solely on performance at current position.
- Instill a coaching culture. Development must be ongoing, not a once-a-year event.

# The Wedding: Succession Planning meets Leadership Development!

- Nothing is more vital to an organization's long-term health than the choice and cultivation of its future leaders.
- Today's business leaders **MUST** master general business competencies.
- Managing succession requires a flexible system oriented toward development activities.

# Leadership Development is NOT Training

- Training usually focuses on one-off educational events.
- Usually participants return to the workplace and, though energized, get stifled by the reality of corporate life.





# Effective Leadership Development

- Pair classroom training with real-life exposure to a variety of jobs and bosses.
  - Job rotation, special assignments
- Try “action learning”
  - Pull a group of high-potential employees together to study and make recommendations on a pressing topic.

# More on Action Learning

- Provides developmental experiences for employees who are forced to look beyond functional silos.
- Often results in a useful work product for the company.
- These opportunities may be crucial to employee development in today's down-sized organizations.

# Group Development Review

- GDR is a periodic review of a single person, involving input from past and present supervisors.
- It IDs the next steps the employee should take.
- The immediate supervisor reviews the feedback with the employee and incorporates it into his/her development plan.

# Top 10 Ideas

1. Transfer knowledge and experience from the top. This aids in educating and developing future leaders.
2. Build relationships across generations. Skills, talents and values from a diverse group strengthens overall leadership.
3. Strengthen leadership peer relationships. Helps leaders break down "silos" and learn from each other.

# Top 10 continued

4. Develop succession plans. Don't wait until the need for a leader is obvious!
5. ID and nurture high-potential employees. This group can be the most likely to leave.
6. Provide needed cross-departmental learning and exposure. This develops understanding of the organizational system.

# Top 10 continued

7. Offer executive coaching. Look for fresh ideas from outside experts.
8. Include more leaders in succession planning. Foster strategic thinking early in the career path.
9. Provide mentoring support for new managers. Helps to acclimate them to their new roles.
10. Assess talent. Give leaders insights to help them increase their effectiveness.

# Open Dialogue

- What does your company value most about its leadership?
- What improvements would you like to see?
- What is your company's philosophy about leadership?
- What leadership skills are crucial to the company's success?

# Next Steps

- Once started, continue to apply Succession Planning wider and deeper in the organization.
- Plan for both current AND future skills needs.
- Fully automate the Succession Planning process.
- Integrate Succession Planning with other Human Capital initiatives, such as performance mgt.



# Final Thought

- Succession Planning will likely be influenced by work/life concerns.
  - Organizations will need to find ways to help high-potentials balance their work responsibilities and their personal lives.
  - Organizations must understand the impact that generational influences have on employees' views of career development.



**Questions?**

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