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# HR Practitioners Guide

**Productivity and Performance:  
Succession Planning**

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## **Succession Planning**

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### **Overview**

There is no shortage of planning in any organization, but without the right people in place and in the pipeline, the best laid plans are often for naught. The aim of succession planning is simple: To have the right people in the right place at the right time when openings occur. This requires an ongoing process for identifying potential future leaders and ensuring they will have the knowledge, skills, and abilities to succeed when they ascend.

### **Making the Business Case**

Succession planning is often an afterthought rather than a strategic imperative in most organizations. Considering the risk involved with not having talent ready to step into executive roles, it's astonishing that most companies don't have a formal process for developing successors for key positions.

At its most fundamental, succession planning is identifying in whose hands you will place the future of the enterprise, be it a department or an entire organization. When the organization is left without executives in key roles, this can result in lost revenue.

Another less prominent but equally compelling reason for succession planning is proactively focusing on creating opportunities to move underrepresented groups into positions of leadership. When the population is not proportionally represented in top leadership, business imperatives dictate that things must be done differently. Formal succession planning is an effective way to address these inequities.

Like any business initiative, succession planning can and should be subject to a rigorous process with

clear, well-defined objectives. Companies that get it right share several common practices:

- They have a rigorous process for identifying “high-potential” employees at all levels of the organization. High-potential employees are those with the ability and interest to assume greater responsibility.
- They systematically move high-potential employees into key development roles to expand both their knowledge base and their networks.
- They conduct frequent reviews to ensure continuous focus on individuals and opportunities.
- They deeply engage company executives in the development of high-potential individuals and expect all managers to actively develop those who work for them.
- They consistently refer to their companywide databases for candidate identification when key positions become open.

## **The Succession Planning Process**

Organizations define and measure success in a variety of ways. Whether measured by financial performance, growth, or some other dimension, the next generation of leaders must be able to comfortably and capably provide direction within the parameters defined by the leadership team. These success factors are the foundation for determining whether an organization has the right people in place to realize its goals. A prerequisite to defining those factors is a comprehensive strategic planning process that forecasts the organization's desired future state vis-à-vis financial performance, market penetration, growth initiatives, and human capital planning, among other criteria.

Succession planning is a key element of a holistic talent management strategy and should be a fluid, transparent process that assesses, identifies, and systematically develops individuals who are viewed as having a “high potential” to be future leaders in their organizations. Critical elements of an effective succession plan include:

- clearly defined organizational success factors,
- a competency model that maps leadership competencies to success criteria,
- an evergreen process for identifying high potential individuals,
- a fact-based assessment process that is consistently applied,
- a robust process for preparing identified candidates to assume expanded leadership roles, and
- a place of honor among the organization's core management practices.

## **Strategically Based Competency Model**

It is also essential to clearly define the competencies future leaders must possess or be able to develop if they are to successfully lead the organization in the future, and these competencies must be aligned with organizational success factors. Ideally, these competencies should span a variety of research-based attributes common among successful leaders, including the ability to:

- lead self,
- lead others,
- be a thought leader, and

- lead the business.

It is equally important to have well-defined success profiles for all key positions against which individuals are assessed. Unlike job descriptions, success profiles go further to attempt to realize “maximum fit” between the individual and the position for which they are being considered. Thus, success profiles would flesh out attributes such as leading others, building teams, communicating with authority, and the like, against which an individual would be measured.

### **Who Should Be Assessed?**

Below the officer level, this is usually an executive or management team decision and will depend largely on the size of the organization and the resources available.

Many small to mid-sized companies rely on those who have risen through the ranks, preferring to conserve resources by narrowing their focus to those deemed “high potential.” The inclination to “go small” and only focus on those employees who clearly are high potential is strong. Organizations can channel more resources and coaching toward employees who already have demonstrated great promise and have shown themselves to be a good cultural fit. In addition, the likelihood is that some informal grooming has already begun, so the process is less likely to be disruptive to the larger organization.

However, a more holistic approach can yield benefits that are not readily apparent but may be more advantageous in the long term, including the emergence of candidates who were not anticipated or identified at the front end, particularly women and people of color. The ideal outcome of any approach should be a process that reveals great people, including diverse candidates, who might otherwise be overlooked. This approach creates the added benefit of not alienating the rest of the workforce who may otherwise feel excluded or overlooked. The chance to create a true meritocracy may be worth the extra time and effort by providing everyone the opportunity to distinguish themselves in a more objective environment rather than relying on imperfect instincts and informal networks.

### **High Potential Identification Process**

Key to the success of any high potential identification process are both a clear, consistently applied definition of potential and a well-understood rating system. It is also important to distinguish between potential, performance, and readiness. Potential is the likelihood that an individual can develop into a successful leader with significantly expanded, higher-level responsibilities. In contrast, performance reflects an individual's achievement level and competencies in current and past roles. Readiness, the final aspect to be considered, is the degree to which an individual's competencies, experiences, knowledge, and personal attributes are aligned with the requirements of a future role.

Companies that excel at talent development consider succession planning to be one of their organization's core management practices. They hold regular annual or semi-annual reviews of their succession pipeline and schedule on-going discussions at the senior leadership table about individuals who are deemed ready to assume more significant roles. These frequent calibration meetings among senior leaders can also be very effective tools both in judging a slate of potential successors and facilitating candidates' development.

As vacancies are anticipated, slates of candidates deemed to be both ready and able to succeed are reviewed, and promotion decisions are made. In addition, most large companies have a sophisticated process owner who ensures the succession planning process is implemented faithfully, effectively, and efficiently.

### **Fact-Based Assessment**

It is seductive to think that this aspect of the process is something straightforward. While an individual's work and educational history may get them across an initial threshold of eligibility, there is no substitute for in-depth psychometric assessments and feedback to glean information that is vital in assessing a person's suitability for a particular role within an organization.

Fact-based assessments provide the quality of information organizations need to discern an individual's potential to succeed in future roles. It goes without saying that new levels of responsibility often require mastery of different competencies than those that led to success in past roles, and many large organizations have a "ladder" of assessments that are administered throughout an individual's career to gauge the extent to which they possess the unique attributes required to succeed at different levels of responsibility. It is a well-accepted truism that as one ascends in an organization, soft skills such as executive presence, emotional intelligence, and strategic thinking matter more than technical expertise, and it is vital to know how prospective future leaders stack up.

Companies use a variety of tools to evaluate employees' attributes and competencies including:

- cognitive ability tests to measure a person's reasoning, logic, and abstract thinking;
- psychometric assessments to measure suitability for a role based on the required cognitive aptitudes and personality characteristics;
- real-time simulations, either in-person or online experiences that assess an individual's ability to respond in real time to the challenges leaders face daily; and
- self-assessments to determine an individual's motivations and career goals.

Research indicates that the most effective and valid approach is to use multiple methods and multiple raters.

The quantification of these more abstract characteristics validates the process in a way that relying on one's instincts never will. As one performs assessments of those tentatively identified as future leaders, valuable information can be gleaned by affirming or challenging the preconceived notions and the status quo in a methodical manner. Evaluators can thereby:

- avoid the default "inheritance" mindset (i.e., who's next?),
- have their instincts confirmed or challenged, and
- discern whether they have the right people to lead in the future.

## **We've Identified Our Future Leaders—Now What?**

Irrespective of the path taken, there is a model for talent development that will serve to ensure those identified as future leaders are prepared when the time comes. Ideally, this multi-step development process is used not only for succession planning, but also for talent development more generally, as discussed above.

As knowledge, competency, and experience gaps are identified, individual development plans should be crafted to address specific shortfalls. Forward-looking, evergreen documents, IDPs are best created through a collaborative effort between individuals and their managers or executive team. They should be targeted to the specific roles for which individuals have been identified as potential successors, and they should include estimated timelines for each of those positions, as well as the personal and professional development objectives they are striving for within those timeframes.

It is equally important to consciously engage high potentials in high-visibility stretch projects or assignments to not only test their mettle but also raise their profiles in the organization. In his recent book *Succession: Mastering the Make or Break Process of Leadership Transition*, prolific author and thought-leader Noel Tichy advocates for putting high-potential employees in charge of critical projects to both accelerate the rate of change in the company and also test candidates' suitability for future roles. Many successful organizations also have a systematic process for pairing identified high-potential candidates with mentors who can support and guide their development.

According to Tichy, "succession should not be and never will be only about selecting the best [individual] from a pool of likely candidates. It must always be about building a continuously transforming succession pipeline carefully constructed and designed to grow truly transformational leaders on the inside. It is in this sense fundamentally about creating, coaching, and developing leaders at all levels."

## Preempt the Derailers

Any process is only as relevant and useful as the inputs used and the necessary stakeholder buy-in achieved. It would be very easy to set up a succession planning process without the necessary support, yet it would negate the entire purpose of the exercise. Be sure to consider the following in developing a succession planning program:

- **Don't stop with the top.** The best succession planning programs encompass the entire leadership team and senior executives. As one person moves up or out, another must be in line to step into any of these critical roles. Stopping at the top just creates a void further down the food chain.
- **Get the executive team (and the board) onboard.** Do not begin without the executive team's blessing and input. If you have a board of directors, their buy-in is critical to any succession plan. As they have oversight responsibility and are held accountable for organizational performance, the board must be integral to the identification of the organization's leaders and leadership pipeline. Successful companies regularly update the board on the status of their succession plan.
- **Keep top people engaged.** Frequently, executives will move only so far through the succession pipeline and then top out because the previous generation of leaders has not yet moved on. Think through the timing of retirements and other transitions and make sure there are new opportunities including stretch and collaborative assignments to keep those in the pipeline engaged and attached to your organization. Part of the process is ensuring your high potentials continue to grow into the roles you foresee for them.

## Conclusion

As long as your organization is functioning, there will be a need to identify and develop executives and leaders. A formal succession planning effort is an ongoing process that creates a framework for what should be an exciting and manageable opportunity to discover and develop the people who will lead your organization into the future.

## About the Authors

**Terri Hartwell Easter.** As the first female African-American chief operating officer of a top 100 national AmLaw legal practice and highly regarded organizational change strategist for leading professional services firms, commercial banks, and the White House, Terri Hartwell Easter brings new approaches and innovative thinking to some of the toughest human resource management issues. Leveraging expert coaching, organizational assessment, business process reengineering, and professional development skills, Terri's deft navigation of some of the most highly regulated, competitive environments is highly regarded in the industry. She has worked with a full range of talent — from both rising leaders to the most

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seasoned executives — to inspire more effective, inclusive management practices, helping them embrace change, reinvigorate, and manage more nimbly and effectively.

Terri is a graduate of Southeastern University with graduate coursework in business administration from Howard and Harvard Universities and specialized training in business process reengineering and service quality management from the Disney Institute and Stanford University. She is a former trustee of Southeastern University and former chair of the Human Resources Section of the Association of Legal Administrators (Capital Chapter).

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Susan received her Bachelor of Arts in Journalism from Louisiana State University and her Juris Doctor degree from the Paul M. Hebert Law Center at Louisiana State. She is an inactive member of the Louisiana and Pennsylvania bar associations.

**About T.H. Easter Consulting.** T.H. Easter Consulting helps leaders create successful, sustainable organizations that are great places to work. The firm's focus is on creating enduring outcomes both for individuals and for an entire organization's culture through leadership, HR strategy and management, employee engagement, diversity and inclusion, coaching, and executive search. T.H. Easter Consulting's team helps organizations recruit and develop inspiring leaders, build highly engaged workforces that value integrity and inclusiveness, and deliver field-tested business process improvement strategies that yield real results. To learn more, visit <http://www.theasterconsulting.com>.

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