Why is succession planning important?

What is Succession Planning and what role does it play in your organization? Succession planning is nothing more than having a systematic process where managers identify, assess and develop their staff to make sure they are ready to assume key roles within the company.

- Having this process in place is vital to the success of the organization because the individuals identified in the plan will eventually be responsible for ensuring the company is able to tackle future challenges. These "high potential" candidates must be carefully selected and then provided training and development that gives them skills and competencies needed for tomorrow's business environment.
- Another reason it's important is because these high potentials will one day become the leaders of the Company. This is why their development needs to incorporate a broad range of learning opportunities in your organization. The individuals should also be exposed to as much of the working environment as possible so that they gain a good understanding of what the company requires to remain successful.

Succession planning is one of those initiatives that many companies don't find the time to start until it's too late -- if you don't address succession planning now your organization may end up facing the burden in the middle of a crisis.

Finally, organizations that understand the need to manage the development of their high performers are a step ahead of their competitors! The effort required to establish a development program for future leaders is worthwhile because it creates a motivated and capable group of employees that are ready to move forward in the organization when the need arises.

Here is an example: Jack Welch, who started working at General Electric in 1960. As he moved upward in the organization he displayed leadership qualities that set him apart from his peers. But what did Jack Welch think of succession planning? One of his most admired skills was the ability to develop his subordinates so there was always someone ready to take his place when Jack was offered a promotion.

How successful was his strategy? In 1981 he became the CEO of General Electric and served in that position until he retired in 2000. Furthermore, in 1991, Jack Welch stated: "From now on, choosing my successor is the most important decision I'll make. It occupies a considerable amount of thought almost every day." That's a pretty strong statement for someone that had the vision and leadership ability to increase the value of General Electric from $13 billion to $410 billion dollars during his tenure.

It's clear to see that succession planning and development of future leaders does not exist in isolation - it needs to reflect the company's strategic objective and strategic goals. For any organization to implement an effective succession plan there are a number of key issues that need to be considered:

- The succession planning program must have the support and backing of the company's senior level management.
Succession planning must be part of an integrated HR process that includes training, development and performance appraisal.

- Identify what skills the organization will need in 5, 10 or 15 years.

- Critical positions must be identified and included in the Company's succession planning program.

- Identify high-performers that are almost ready to step into those critical positions.

- Analyze the workforce and identify who will be eligible for retirement within the next five years.

- Managers need to identify the responsibilities, skills and competencies that will be needed by their replacements.

- A system for communicating succession planning information to managers must be established.

- A systematic approach for identifying, nominating and selecting potential successors must be established.

- Background information on potential successors, such as education, experience, skills, appraisals and potential should be reviewed.

- The training and development requirements of potential successors needs to be determined.

- The skills of potential successors must be developed through work experiences, job rotation, projects and other challenging assignments.

- A system for monitoring candidate's development plan progress by senior management should be established.

- Succession planning must include a system for providing feedback and encouragement to potential successors.

- Succession planning is basically a "numbers game" that requires good organizational skills and the ability to pay attention to details.

- Finally, the succession plan must belong "to the organization" and not to the HR department in order to make sure it has the attention it deserves.

Succession planning is not something a well-run company can ignore because the consequences of not being prepared to replace key personnel will have a major impact on an organization's ability to achieve its goals and strategic targets.

The succession planning process needs to be considered as part of the company’s strategic planning process because it deals with projecting future changes by anticipating management vacancies and then determining how to meet these challenges.
In its simplest form succession planning is nothing more than getting managers in a company to use a systemic process to determine the current training and development requirements of their subordinates. Of course there are also a number of pitfalls you need to be aware of regarding succession planning:

- Focusing only on the "technical competencies" and failing to consider the team-building and leadership development requirements
- Underestimating people within the organization or overlooking employees that don't appear to fit your standard "company template"
- Implementing a program that is designed for upward mobility only - lateral succession moves should also be included in the plan
- Failing to offer the appropriate training and developmental opportunities
- Creating a development program that only offers generic "leadership" training programs

And the two biggest errors made regarding succession planning efforts:

- Not holding managers & leaders accountable for succession planning
- Not sharing the data with employees - you run the risk of losing promising employees if they don't feel the company has a plan for their development

This is why succession planning must be a coordinated effort between HR and line and senior executives must ensure the line managers get involved with their own division succession planning efforts.

Finally, don't make the mistake of thinking succession planning is only concerned with "upward" succession. Lateral assignments may also be used because there are fewer opportunities as you progress upward in the organization.

It's the role of every manager to help their promising subordinates develop their fullest potential by continually challenging them and increasing their leadership competencies.