

Planning for Succession in Changing Times

“The most powerful message from this study is that organisations seeking a more agile response to business change are moving in the direction of a more agile succession approach to match - simple, flexible, robust and leading to context-specific action on development and job filling.”

Wendy Hirsh, report author.

Executive Summary

- 1 This study examines the purpose, nature and practical uses of succession planning: “a process by which one or more successors are identified for key posts – or groups of similar posts – and career moves and/or development activities are planned for them.”
- 2 Detailed evidence was gathered from 50 survey respondents in 36 CRF member organisations – plus interviews with 21 senior HR professionals/directors in 17 case organisations, and six subject experts.
- 3 Over three-quarters of respondents use formal succession planning and more intend to do so. The few which do not, report lower commitment at the top to addressing succession issues, poorer information on potential candidates, and lower satisfaction with their ability to fill senior positions.

The business drivers

- 4 The high interest in succession planning is being driven by the following.
 - Changes in the skills and experiences required in leadership/management roles, especially when moving into emerging markets and for strategic refocusing.
 - Increased concern with succession at the top – especially for CEOs – as part of corporate governance and because of the organisational vulnerability that follows an unplanned departure.
 - The growing importance of senior professionals and experts as a source of competitive advantage.
 - Increasing reliance on small numbers of individuals in operationally critical, but not necessarily ‘senior’, roles, for delivering business results.

- For all these workforce groups, external recruitment is seen as too risky to meet business needs with the speed, quality and increasingly specific skills required.
- 5 Organisations agree on two purposes for succession planning. First, it mitigates the short-term business risks of not being able to fill key job roles when they fall vacant. Second, it drives the longer-term development of pipelines of people to meet future business needs. Part of the developmental purpose is diagnostic – to identify where pipelines are weak and the specific skills, knowledge or experience lacking in the workforce.

The focus of succession planning

- 6 Succession planning as a process is adapting to these changing needs.
 - Virtually all the organisations in this study are moving towards combining and integrating succession planning with broader talent management approaches.
 - Talent approaches tend to start at the people end and identify high potential employees, usually seen as those with leadership potential. Succession planning, on the other hand, by starting with types of role, focuses on employee development more specifically – especially career experience and functional skills – thus growing credible candidates for real jobs.
 - As regards timeframes, ‘emergency’ and ‘ready now’ successors are in the spotlight, in addition to those with short-term (one-to-two years’) and longer-term (usually three-to-five years’) potential.
 - Succession planning retains its focus on senior leadership/management roles for over 80% of survey respondents. In over half the sample, succession planning was used for selected ‘critical’ roles at a range of levels; and for selected professional roles or groups, 44% and rising.

“Increasing transparency of succession planning is strongly espoused, but the effective career dialogue which this requires remains a weak link in organisations.” **Wendy Hirsh.**

- The corporate centre is usually directly responsible only for small numbers of very senior roles, but also ensures appropriate devolved processes are in place within regions, divisions or functions.

7 Succession or talent reviews, also called forums or succession committees, are becoming more strategic in scope, being used by over 60% of respondents.

Links to job filling and development action

- 8 Organisations expect successors to achieve their planned or similar jobs, as a return on the investment in them. Nearly three-quarters think succession plans influence senior appointments – but under half actually track whether posts are filled by successors.
- 9 Succession planning should link to development actions, especially for specific skills or to give wider career experience – often in a different function, unit or location.
- 10 Increasing transparency of succession planning is strongly espoused, but the effective career dialogue which this requires remains weak. Less than half of respondents have regular career conversations with successors or high potentials – and only a third train their managers to identify and develop talent.

Effective implementation

- 11 Just having a process ‘kit’ for succession and talent is not enough. Succession planning must be integrated with other people management processes, especially assessment and actions for job filling and development. A strong business focus needs to be retained – and leading organisations have the capability to operate and sustain the succession process in a consistent, robust way.

Towards a more ‘agile’ succession approach

12 There are signs that something we might call ‘agile’ succession planning is emerging from the well-established ‘developmental’ approach. This will

- identify successors for selected roles where the business is vulnerable – not just senior management
- plan for these selected roles at appropriate levels of detail – often for groups of jobs not single posts – and with relevant timeframes
- identify external as well as internal successors, where appropriate
- continue the long-term trend towards involving individuals in planning and delivering their own skill and career development
- mix and match the open job market with managed career moves when filling vacancies.

13 If succession planning can respond to this need for agility, then it will become a key mechanism for speeding up responses to shifting business demands and increasingly diverse employee aspirations.

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