Managing Succession:

Principles, Guidelines and Challenges of *Growing Talent as if Your Business Depended on It*

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Today, you will learn

- The evolution of succession management
- The state of succession planning today
- Why an integrated approach to talent management is important
- The positive impact on retention
- The critical role of line managers
- How to align talent with strategic priorities
- How technology acts as an accelerator

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Question 1:
What Is *Succession Planning*?

Simply stated, *succession planning* is a process of developing talent to meet the needs of the organization now and in the future.

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Question 2:
How does *Succession Planning* differ from *Replacement Planning*?

- *Replacement planning* is about finding backups to fill vacancies on an organization chart.
- But *succession planning* is about grooming the talent needed for the future.
- They are related but different.

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Question 3:
Why Is Succession Planning Needed?

- **Organizational leaders need to think about aligning their staffing and leadership needs with the organization's future strategic objectives.**
- **If they do not take action to establish an effective succession planning and management program, they are likely to fall victim to the so-called "like me" problem…**
  - **… when people are biased to pick people like themselves, viewing them more favorably.**

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Question 4:
Why Are Organizational Leaders Interested in Succession Planning and Management Now?

1990s Layoffs

2006 marks the 60th anniversary of the debut of the Baby Boom generation & the start of the largest wave of retirements across all sectors of the economy, all occupational groups within those sectors, and all levels within those groups – health care organizations included.

Concerns about unexpected retirement, and even death from the anticipated avian influenza pandemic have raised the stakes on prudent planning to ensure that leaders, and other key workers, have backups in case they are needed.

Finally, years of downsizing and other cost-cutting measures have reduced the internal bench strength of many organizations so that it is more difficult to find internal replacements.

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Question 5:

What Are the Essential Components of a Succession Planning Program?

Think about:

- **The Purpose of the Program.**
  - *Why do you need it?*

Do NOT assume that all executives of the organization will just naturally share the same objectives. They will not. Some will want some things; others will want others. But confused goals will not lead to effective results.

- **The Measurable Objectives of the Program.**
  - *What measurable results are desired from it over time?*

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Question 5a:

What Are the Essential Components of a Succession Planning Program?

- **The Competencies Needed for Success Now.**
- **The Way Those Competencies Are Measured.**
- **The Competencies Needed for Success in the Future.**

- **The Way the Organization Assesses Potential.**
- **Narrowing Gaps.**
- **Evaluating Results.**

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Question 6:

How Do You Get Started on Succession Planning & Management?

- **Start by "making the business case"**
  - **which means "show a compelling business need to establish and implement a succession program."**
- **Based on that case,**
  - **establish the goals to be addressed by the program.**

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Question 7:

What's the ROI for Succession Planning & Management Programs?

- **Nobody knows the average ROI for succession planning and management programs.**
- **Even best-in-class companies have not effectively measured it.**

- **Determine ROI by starting with the measurable objectives to be achieved by the program.**
- **Find out what it costs—and how long it takes—to fill vacancies today.**
- **Then find out what it costs—and how long it takes—to fill vacancies after the succession planning and management program is up and running.**

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Question 8:

What Are the Most Common Start-up Problems That Organizations Experience?

- **Defining it as an HR problem**
  - rather than defining it as a responsibility shared by the Board of Directors, senior leadership team, managers at all levels of the organization, and even individual workers.
- **Understaffing the effort.**
- **Establishing confused or overly ambitious goals.**
- **Failing to hold people accountable.**

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Question 9:

What Are the Biggest Benefits that Organizations Experience?

When an organization has established an effective succession planning program, organizational leaders should expect:

- **Easier to fill vacancies**
- **Alignment**
- **Prepared for the unknown**

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Question 10:
What Are the Roles of Various Stakeholders?

- Board
- CEO
- Senior managers
- Department Managers
- Individuals
- HR

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Gradation of Succession

Replacement Planning	Succession Planning	Succession Management
Risk Management • Informally name single successors for highest positions • Minimize immediate risk of vacancies	*Talent Assessment* • Formalized process to assess talent strength • Minimize risk by preventing immediate job vacancies and pipeline shortages	*Proactive Talent Development* • Assess talent strength *and* assign development actions to ensure readiness

Succession Progression

Succession planning is on right track

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Polling Question #1

- **Where is your organization in relation to the succession continuum?**

A) Nothing formalized for Succession Planning
B) Replacement Planning
C) Succession Planning
D) Integrated Succession Management
E) I Don't Know

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Where we stand!

- **Succession planning broken in most companies**
- **1/2 of $500M+ companies have no meaningful executive succession plans**
- **A 2005 CLC survey found only 20% satisfied with succession process**
- **Too dependent on outside talent for key positions**
- **55% of outside CEOs who departed were forced to depart by their boards vs. 34% of insiders**
- **HR is at mercy of executive search firms**
- **Insiders can have problems too!**

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Philosophy

Growing talent and nurturing a strong internal leadership pipeline fundamentally depends upon creating an **aligned and integrated** talent management system.

Such a system **develops leaders**; **deploys** them into the right positions at the right time; and **enables the execution** of a company's strategy.

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Succession planning is tip of iceberg

The aligned talent management system is the rest of the iceberg.

Readiness Scale for Talent to take on Senior Leadership Positions:

7 to 10 Years | 4 to 7 Years | 2 to 4 Years | Ready Now

Talent Readiness Scale

Talent Management Objectives — **Talent Identification and Development**

Succession Planning Objectives — **Succession Planning**

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Holistic Approach to Talent Management

- High potential leadership identification
- Leadership proficiency model definition
- Internal and external recruiting processes
- Evaluation and feedback system
- Performance calibration
- Formal leadership assessment

Identify Talent

Talent Management

Develop Talent

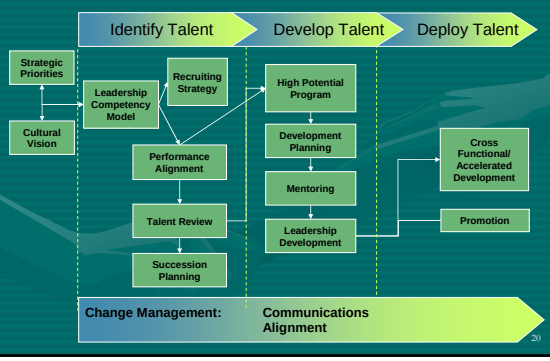
- Mentoring Programs
- Individual Development Planning
- Diversity Initiatives
- Cross-Functional Training and Action Learning Programs

Only 24% of companies believe their leadership development activities are aligned with strategic goals. Even worse, goals are a moving target. -- CLC

Deploy Talent

- Cross-organizational talent sharing
- Define key position descriptions
- Leadership succession planning
- Outplacement

Synchronized Processes & Activities



Benefits of Aligned Talent Management

Critical Success Factors

- Communication
- Right resource
- Alignment
- Culture

Outcomes

- Line ownership
- Capability enhancement
- Ample supply of talent
- Better managers

Polling Question #2

How aligned are the key components of your organization's talent management process?

1 2 3 4 5

Not aligned — Very aligned

Aligned/Integrated Internal Processes

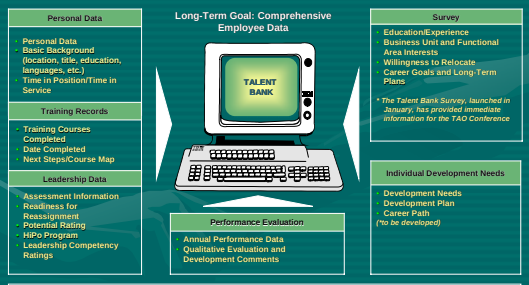
- Strategic clarity
- Cultural aspiration
- Competency model

- Performance management
- Recruiting
- High potentials

- Leadership development
- Talent review process
- Organizational communication

Talent Review & Succession Process

Create Talent Bank/Talent Tracking Mechanism



Successful leadership development and succession planning require a technology backbone to track talent and match qualified employees with development opportunities

Talent Review & Succession Process

Talent and Succession Review Process (Sample)

Activity	Responsible	Format	Supporting Materials
Present Nominee	• Nominating Officer	• Presentation of nomination form	• Nomination form/other materials
Q&A About Nominee	• All participants	• Moderated, provocative discussion	• All binder materials
Placement of Nominee on Talent Map	• All participants	• Large org. chart posters with space for developmental needs	
Specific Developmental Action Capture	• All conference participants	• Posters – development sections • Post-conference actions	• Nomination form, performance reviews etc.

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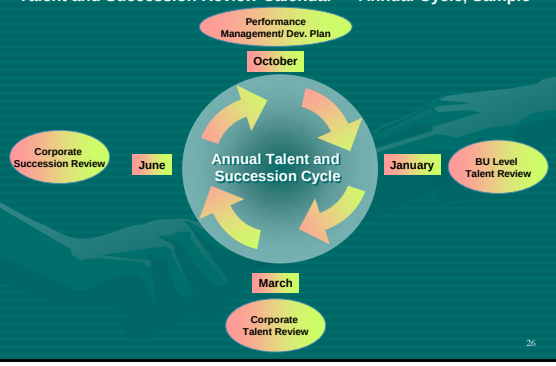
Talent Review & Succession Process

Talent and Succession Review Calendar — Annual Cycle, Sample



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Value of Technology in the Equation

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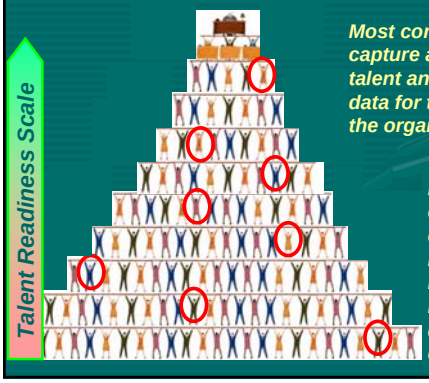
The Talent Tracking Challenge



Most companies capture at least some talent and succession data for the very top of the organization…

More and more companies are challenged with identifying High Potential individuals deeper in the organization.

O.D. Professional's Challenge

- **Enough staff to keep talent data up-to-date?**
- **Is talent data as deep as you would like in your organization?**
- **Is talent data high quality and available to those who need it?**
- **Have buy-in from line managers you need to support talent data collection and sharing initiatives?**

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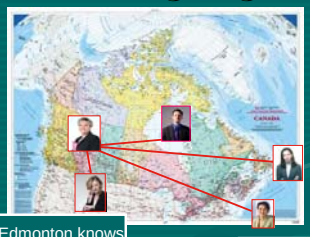
The Talent Sighting Challenge



Elaine in Edmonton knows John down the hall is a great candidate for the job, but…

…what if the BEST candidate works somewhere else in the organization? How will she know?

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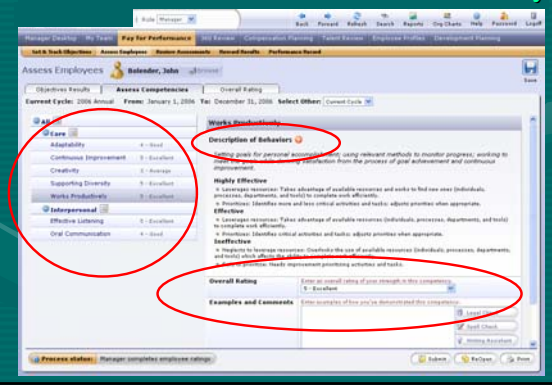
Talent Management Technology

- **A framework for your talent management processes**
  - Identify
  - Develop
  - Deploy
- **An accelerator for your talent management process**
  - Repeatable process
  - Reusable data
  - "Cover more ground" and go deeper in the organization

Track Performance and Promotability



Case Study

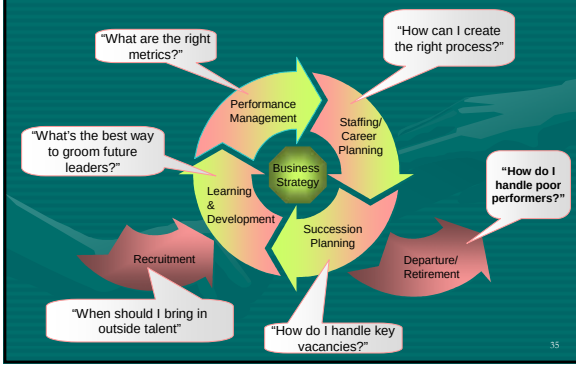
Fortune 100 Consumer Packaged Goods Company

Fortune 100 Packaged Goods Company

Client Profile	Background and Challenges
• Fortune 100 corporation • Many employees • Fast revenue growth • Multiple business units • Just merged • CEO commitment	• No cohesive integration strategy • Ad hoc initiatives • Many components missing • Territorialism

Client CEO invited an objective, outside advisory team to design and pilot an integrated talent management system to identify, develop, and deploy talent throughout the company

Board and CEO had some nagging questions



Project Goals

- Develop practical approach
- Ensure alignment of developmental activities
- Focus on key developmental activities

- Leverage best practices
- Ensure Line leadership
- Deliver a measurable approach

- Build HR capability and capacity

Principles, Guidelines and Challenges of *Growing Talent as if Your Business Depended on It*

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Principles

- Boards and CEOs are responsible for establishing and cascading succession management throughout the organization
- Succession planning needs to be an objective competency based initiative to be credible in the eyes of aspiring leaders and employees alike
- Succession planning must be aligned directly with the organization's strategic plans
- Treat succession management as a risk management strategy – if you are not managing succession, are you not placing your organization at risk?

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Guidelines

- **Make key decisions about your talent strategy**
  - Focus on a few vs. many initiatives
  - Establish consistent communications
  - Evaluate your organizational bandwidth
  - Create a roll-out timeline
  - Identify skills required for future
  - Consider external vs. internal recruiting

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Challenges

- Institutionalizing an aligned talent management system takes 3-5 years
- Program design must align with existing and future organizational culture
- Look before you leap!

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Q & A

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Today's Speaker

For more information

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