

Succession Planning Guide

Introduction

While succession planning sounds like an overwhelming task, it's actually simply a method of considering who your organization's potential leaders may be in the years to come and placing them on a path to fulfill those roles. While future leaders will most likely come through a combination of both promotion from within and recruiting sources from outside the organization, succession planning focuses on that first source of talent, your current employee base. Succession planning is merely a method of proactively identifying and developing internal employees to assume some of those future leadership positions.

This guide is intended to break down this task that many consider overwhelming into simple steps and provide you with the tools that you need to implement a formalized succession planning program within your organization.

Use the chart below (see instructions just after) to help organize your succession planning efforts.

Succession Planning Tools by Step

Step	Task	Tool
Step 1: Consider the organization's future leadership needs	Identify the short-term and long-term vision and direction of the organization. Analyze future leadership requirements for products and services offered now and in the future. Identify future leadership positions.	Organization charts, SWOT analysis, strategic plans
Step 2: Identify the competencies and experiences necessary for success in future leadership roles	Perform an analysis of the leadership positions to define the qualifications that a successful job incumbent would possess.	Job analysis questionnaire
Step 3: Assess current talent	Find the obvious and hidden talent within your current organization.	Nine-Box Grid (later in this guide)
Step 4: Develop pathways	Create a roadway of how an identified high potential employee would attain the qualifications defined in step 2.	Individual development plan
Step 5: Evaluate progress	Follow up with the employee as to how they are doing in achieving the desired qualifications for a future leadership position. Also, continually evaluate the organization's evolving leadership needs, and periodically repeat steps 1-4.	Individual development plan

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Succession Planning Steps

Step 1

When performing succession planning, generally the first step is to consider the company's future need for leaders. Some important questions to ask in this process are:

- Is the organization's head count anticipated to grow?
- Will the organization be moving into areas in which different expertise is needed?
- Where are the organization's current and anticipated gaps in leadership and expertise?
- What type of leaders are needed to support the company's culture?
- Is the need for these future leaders anticipated in the long-term or short-term?
- Which individuals are expected or likely to leave in the near future (through retirement, resignation, project completion, etc.)?
- Which new leadership positions will be required to support the organization's strategic plan?

Step 2

Once the company has considered some of these larger strategic questions and determined its current and future need for talent and expertise, it's time to move to the second step of succession planning—identifying the competencies and experiences necessary for success in future leadership roles. In order to identify who your potential future leaders may be, it's first important to identify the knowledge base, educational background, experience level, professional traits, specific skillsets, and natural abilities that you feel are necessary to succeed in those leadership roles. Many organizations skip this step, but this is probably the most important step to avoid the pitfall of the “Peter Principle” which is the danger of “promoting individuals/managers to their level of incompetence.”

Step 3

The third step is to evaluate your current talent pool. This exercise is intended to identify those current employees who may have a high potential for future leadership positions and/or targeted expertise. Some employees are well-suited for management positions and others are well-suited for expertise leadership positions that do not involve managing others.

Step 4

The next step is to develop pathways for those identified employees to move into those leadership roles. Before investing too much time in developing a pathway for a potential high performer, it's very important to ask the employee about their professional goals to ensure that the employee is even interested in the position or positions for which you are grooming the individual for. This step involves laying out specific plans regarding how a high-potential employee at any level may move into a higher leadership position, whether it is a knowledge-

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based leadership position or a management position. Pathways may include many elements such as:

- Training (internal or external)
- Education
- Achievement of certifications
- Formal mentoring programs
- Informal mentoring assignments
- Coaching sessions
- Leadership simulation experiences

Step 5

After pathways have been developed and presented to high-potential employees, the organization should consider designing a plan to evaluate progress along the pathway. Periodic review of where the employee currently stands, potential skill gaps, and the company's evolving leadership and expertise needs should be taken into account in these periodic reviews.

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Performance/Potential Nine-Box Grid Chart

	Under Performance	Effective Performance	Outstanding Performance
High Potential	Box 5:	Box 2:	Box 1:
Medium Potential	Box 8:	Box 6:	Box 3:
Low Potential	Box 9:	Box 7:	Box 4:

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Performance/Potential Nine-Box Grid Instructions

Goal

The goal is to place each employee into one of the nine boxes in the grid on the previous page. The completed product will have all employees in the unit, department, or reporting-relationship listed somewhere in this grid.

Assessment

Performance: Performance should be rated based on the employee's most recent performance review. Generally those employees that have an overall evaluation of exceeding expectations will be placed in one of the boxes on the right of the grid. Employees with an overall rating indicating they are meeting the company's expectation will be placed in the middle column, and employees who are currently failing to meet the company's minimum performance requirements will be placed somewhere in the left column.

Potential: Potential is based on management's assessment of the employee's ability to assume a leadership position in the short or mid-term, generally within the next two years.

Analysis

Box 1: Employee has basically mastered their current role and has the qualifications to assume a leadership position. It's critical to retain these employees, as they have the potential to be the future leaders of the organization. Consider offering them opportunities for learning and leadership in new projects. Consider placing these employees with company mentors. Continually communicate with these employees to ensure they are tapping into their potential, finding challenge in their work, and avoiding burnout. Create development plans with clear pathways for leadership positions.

Box 2: Employee performs consistently and has the qualifications to assume a leadership position. It's important to retain these employees, as they have the potential to be future company leaders. The next steps are finding work with variety and challenge, coaching them to achieve a higher level of performance in their current role, and creating a development plans for future leadership positions. Mentoring may also be helpful for Box 2 employees.

Box 3: Employee has basically mastered their current role, but may lack some of the qualifications to assume a leadership position in the short-term. These employees are very steady performers in their current roles, and often form the backbone of the organization's operations, so it's important to focus on retaining these employees in the long-term. The next steps are to create a development plan that focuses on gaps in the employee's qualifications for the assumption of a leadership position. Mentoring may also be helpful. This employee may be a good candidate for grooming for a leadership position that does not involve the management of people, depending on where those qualification gaps lie.

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Box 4: Employee has basically mastered their current role, but lacks many of the qualifications to assume a leadership position in the short or long term. These employees are very consistent performers in their current roles and often have a high level of position-specific expertise. The next steps are to create a development plan that focuses on reasonable goals that the employee may achieve within their current position. These employees often make good trainers for new employees entering the position and also have the potential to grow within their current role.

Box 5: Employee is unique in that they are currently not performing well, but seems to have a high potential for leadership. It's important to consider whether this employee is in the role that best utilizes their skills. Coaching/mentorship may be important to clearly assess the employee's strengths and weaknesses, and work on those weak areas. This is most likely an employee you will want to set both short and long term goals for and regularly assess those goals.

Box 6: Employee is meeting the organization's performance standards for their current job, but may lack some of the qualifications necessary for the assumption of a leadership role. The first goal for this employee is to increase their current performance from effective to outstanding in their current role. The more long-term goal should be a plan for obtaining the qualifications necessary for leadership. So the next steps with an employee in this box is generally to set a plan in place to get the employee to Box 3, then Box 1.

Box 7: Employee is meeting the organization's performance standards for their current job, but lacks most of the qualifications necessary for the assumption of a leadership position. The next step is to focus on increasing performance in the employee's current role (Box 7 to Box 4). So it's important to create a development plan that focuses on reasonable goals that the employee may achieve within their current position to bring them from a standard level of performance to an outstanding level of performance.

Box 8: This employee is currently not meeting the requirements of their current position, but seems to have some potential for advancement later on down the line. It's important to consider whether this employee is in a position that fits their skill set. It's also important to focus on how to bring this employee's performance to an acceptable level in the short-term. This employee may be a good candidate for a Performance Improvement Plan rather than an Individual Development Plan until the employee's performance level in the current position improves.

Box 9: This employee is not meet the current requirements of their position and also does not have the qualifications necessary for advancement within the organization. The goal for this employee is to bring the employee's performance up to an acceptable level. A Performance Improvement Plan rather than an Individual Development Plan is most likely more appropriate. Demotion, transfer, or separation of employment may be necessary if a Performance Improvement Plan proves ineffective in bringing performance to an acceptable level.