



Unit 3

Development of a Succession Plan

Staff Training Solutions

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Create and discuss aspects of a succession plan.
- ✓ Discuss the elements of a succession plan in terms of roles, responsibility, function, scope, and evaluation

Unit 3

Development of a Succession Plan

Putting the Plan Together

Using Appreciative Inquiry (AI)

Many businesses have failed where others succeed. Or, should we really be asking how successful businesses flourish where others fail?

- Appreciative inquiry is about acknowledging what is working rather than searching for what is broken and fixing it.
- Succession planning may require full-scale change.

AI is an approach or philosophy that forces us to consider what is working instead of spending time or energy on things that are not working. In a traditional performance review, we often point out the lack of someone's skill or their failure to meet production or service standards. We focus on things that they do poorly, and justify reasons not to increase their salary or somehow acknowledge them at work. Appreciative Inquiry is very different. AI actually means to "ask questions about things that are worth appreciating." AI focuses on what is going well, who people are, and what their strengths are. AI is a pretty natural fit for succession planning.

The formal process for AI uses the 4 D's:

- Discover the processes that we are using that work well.
- Dream about what will work well in the future (like developing a formal succession plan!).
- Design a process that is going to get us through this.
- Deliver (execute) the design.

A Permanent Vacation

The CEO of the Acme Shoe Company visits the warmth and hospitality of Easter Island and decides to stay there. Forever. As in he is never coming back. The board of directors sets up an emergency meeting to look at their options. The conversation around the table starts out in a bit of a panic, but notice that Kim steers them towards an AI approach.

Chair	So folks, we all know why we are here. David went to visit Easter Island and has decided to stay. I cannot believe this myself; I thought he was really committed to our cause. We make the best running shoes sold in the world, don't we?
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(People nod and make noises of agreement around the table)	
Director Don	I am choked, actually. We were in the middle of a product launch; what the heck are we going to do? We've got all this stuff set up and now we have to drop everything to recruit someone new. It took us a year to find David!
Director Kim	Well, how about if we focus on what we know and what we have?
Director Max	Oh, yeah, real pie in the sky, Kim. It's not going to get David back in here. I think we could lose the business and you want to look on the bright side?
Kim	Members of the board, I would like the floor.
Chair	You have five minutes.
Kim	Thank you. Ladies and gentlemen, we do appear to be in the midst of a crisis. David has resigned his position with no notice. I suggest that we move forward under the premise that he is not willing to come back, and that we develop a plan.
Max	Kim, we don't have time for this fluffy nonsense stuff. We need to decide about this company and fix the problems at hand.
Kim	<p>Max, bear with me. I have another 4 ½ minutes. Folks, I suggest that we use an Appreciative Inquiry method to figure out how we can overcome this problem, this gap we have in a critical position of the company. I want to start by asking you a few questions.</p> <p>First, who do we know that has most or all of the leadership and technical skills that David has?</p> <p>Second, of the people that we know off the top of our heads, who is interested in moving into a highly public and challenging position like the CEO of this company?</p> <p>Third, if no one has expressed interest, what is the most effective way for us to find the answers to these questions?</p> <p>From what I know about this organization, I believe that the talent that</p>

	<p>we need is right here in this building. I think that if we take some time and actually do what is opposite to problem solving – some Appreciative Inquiry – we can get the answers that we need very quickly. We may have to look at bundling some duties and we may have to consider doing things differently than we ever have before. I suggest that we speak with our department managers today and forge ahead in this manner to discover what we are doing that works well.</p>
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Instead of going to battle stations and abandoning projects or selling the company, AI is going to actually get this board, and the company, to the best place they can be.

Tough Choices

Another example of AI is its use during a reorganization. A municipality is faced with a tough decision: put up municipal taxes anywhere from 12-16% or reorganize staff. The mayor and council know that if they put taxes up that high, they will never get through the next election. So they undertake a massive reorganization. Not in the traditional sense, where managers are told to slash budgets, but using Appreciative Inquiry. This was a slightly longer method, but the benefits to the organization were enormous. People were excited about being involved in a project that actually not just meant that they would still be employed; they actually got to make some very important choices.

Using an AI process meant that:

- The city consciously reviewed processes and practices to discover what they were already doing well.
- They proposed different ideas (the dream stage) that included how the organization could be structured in the future.
- They designed a process that included aligning different departments and sections together in different ways to save money, improve results, and save jobs. This included allowing people access to short career-planning programs so that if they were already qualified or nearly qualified to try out new jobs, they could move into new areas.
- They implemented the changes over a gradual period to allow the least amount of disruption to customers and to allow for a suitable transition for staff.

How to Choose the Leader

In order to understand what someone does and whether they are in the right place and are the right person for the job, we must have information from more than one source. Traditional performance reviews assess an incumbent's weak areas and might make recommendations for improvement, but they often do little to encourage meaningful development on the part of the individual. In order to have a meaningful assessment of what an employee does in a certain role,

some employers are making the move to work portfolios rather than resumes, and multi-rater performance assessments such as a 360° review.

A work portfolio allows an employee to present examples of work they have done, just the way an artist does. Having the opportunity to review what someone has actually done can be much more meaningful than a description of generic keywords on a resume.

The multi-rater review is just what it sounds like: a performance review that is prepared with input from the complete range (hence 360 degrees) of people and services that the incumbent is responsible for.

Whichever system you use, you can create a quick reference that will assist you in objectively identifying the up-and-coming leaders. We have included a sample leadership quality assessment on the next page.

Leadership Quality Assessment - Confidential

Name:		Position:	
Review Date:		Supervisor:	
Overall Rating:		Review Period: Six Month (circle one) Annual Review	
Rated By:			
Result Indicators	Performance During Current Period		
On track	Met and sometimes exceeded goals established		
Above track	Consistently exceeded goals established		
Below track	Met some but not all goals established		
Leadership Indicators	Performance During Current Period		
Leads	<ul style="list-style-type: none"> ● Often the first to volunteer; sets an example that others emulate ● Takes initiative consistently ● Makes suggestions for improvements or change with reliable backup ● Rating in the above track area 		

Follows	<ul style="list-style-type: none"> ● Demonstrates preference to be a part of the working team ● Takes initiative occasionally, but not consistently ● Accepts leadership from others
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Add to succession plan for profile development?	Yes	No	Not yet
Justification:			
Signature:			
Date:			

Test your Knowledge

What do you perceive as the benefits to AI and multi-rater performance review in support of a succession plan process?

Are there drawbacks to using some kind of leadership quality assessment, and if so, how would you improve it?

How could you sell the potential of AI and multi-rater performance reviews to your organization?

Putting the Plan into Action

Phased Implementation

We have said several times that succession planning is really a process. It involves a commitment to several different transitions rather than one significant shift. The succession program planners and those responsible for implementation must be able to “sell” the value of the plan to many individuals involved in the organization, not the least of which would include the CEO and perhaps a board.

In order to elicit buy-in for the plan (which is the more politically correct way to say “sell the plan”), you must know your plan intimately (the “set” part of our SUCCESS acronym). Once you have your plan established and can describe it in simple terms (i.e. to a board of volunteers that has no experience with succession planning just yet) and complex terms (i.e. to the actuaries, lawyers, and accountants who must back the program), you will have become intimate with the value of the program.

Then you can lead the changes in thinking and attitude that are a part of succession planning, such as:

- Considering staffing as a continuous process rather than an annual undertaking (perhaps during the budgeting process). Succession planning involves discussions about staffing with senior management throughout the year. Those meetings are arranged on a timeline and not just at the request of management, in order to keep the succession plan in constant evaluation.
- Making the shift from a reactive replacement strategy (short-term and immediate need to fill a space with anybody, not necessarily the best person) to a long-term retention and development strategy (which ensures the right people are in the right place at the right time).
- Evolving from a culture of lack, to a culture with a pool of talent at the ready.

- Shifting from subjective or creative non-measurement strategies to an emphasis on meaningful data. These numbers do not have to be complex; if we are able to identify the number of key positions that have at least two ready successors, the percentage of key positions that we will fill from external sources, and the number of action plans with targets being met on time, then we are able to produce useful and accurate data.

Test your Knowledge

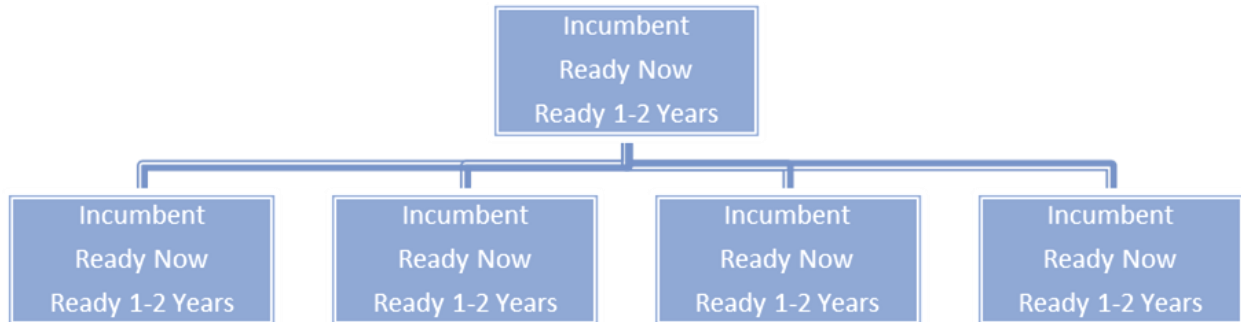
What are the four most important positions in your organization?

Which position will be the first one to have a succession plan completed and in implementation?

Consider your position in your organization, today. Can you identify two to three levels of individuals that can succeed you? Who are they, why do they fit, and where will they come from?

Succession Plan Organizational Chart

Eventually you will have created a Succession Plan Organizational Chart that has the same shape as your own organizational chart, but with three names in each box: an incumbent, someone who is ready to succeed right now, and someone who is ready to follow within one to two years.



Technology

Technology can be discussed in both online and high-tech approaches to succession planning.

What are some differences between online and high-technology methods?

The best methods to suit your organization will depend on your needs, budget, location of operations, and the technical savvy of participants. There are several software packages available that provide talent and succession management services. (These are not listed here as we are not endorsing a particular product; however, a little additional research will lead you to them quite easily.)

Test your Knowledge

How would you rate your current organization on its technological savvy, on a scale of one to ten?



What does your organization's commitment to technology say to you about their commitment to an undertaking like succession planning? Are the two related? Can you estimate where your CEO, board, or executive management team sits on the one to ten scale?



If your organization, or the organizations of other people in the room, does not appear to be ready to embrace a succession plan, what specific actions can you take to encourage their commitment?

Evaluating and Reviewing the Plan

Evaluation Challenges

Essential Ingredients

Evaluating your program is the only way to know if you are on the right track.

- Every succession plan requires a system of evaluation.
- You can adapt your evaluation model from others; many are rooted in principles of adult learning and education.

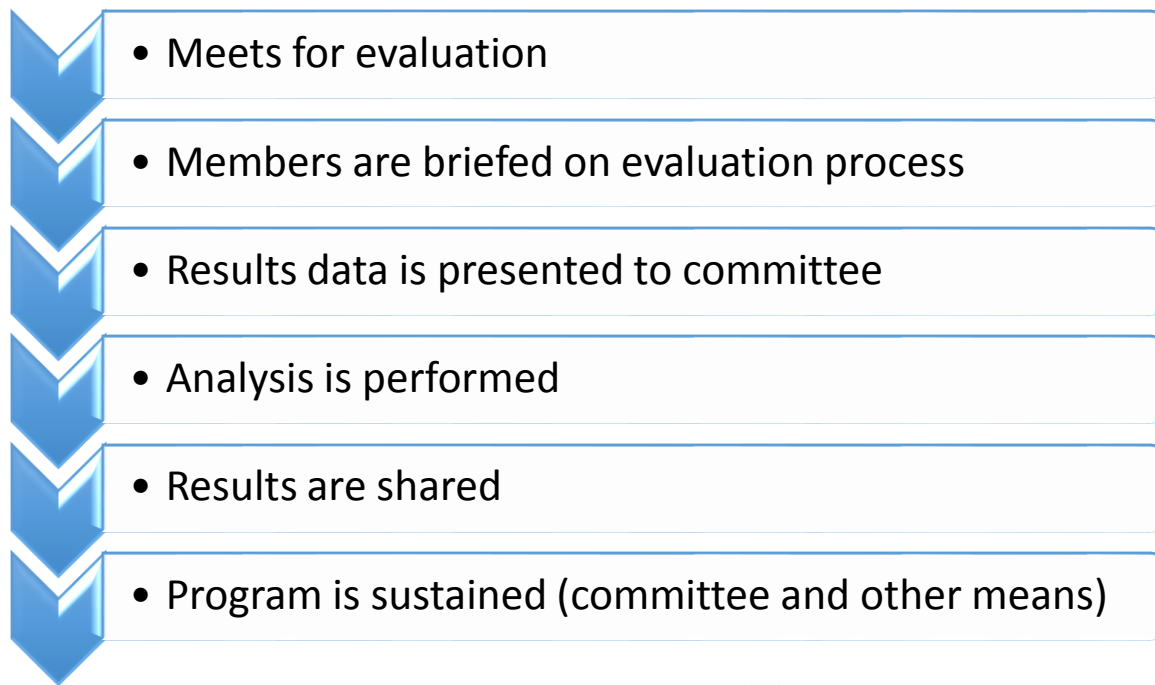
If you cannot validate the worth of your program, chances are the program will not survive. At the same time, succession planning can be such a complex undertaking and so difficult to measure that we actually become overwhelmed with trying.

You may find some very complex systems for evaluation; however, our goal is to provide you with a simple, straightforward tool that measures information in objective ways whenever possible. We have also resisted the tendency to focus on vague questions that would reflect individual satisfaction levels more than actual data.

Your evaluation needs to encompass the entire business succession program. Formal evaluation needs to take place each quarter, and should be conducted by a formally appointed committee that includes representatives from a cross-section of the organization; managers, CEOs, and board members can all be part of this committee.

Evaluation Process

We recommend that the committee follow a six-step process like this one:



Step 1

The committee meets for the sole purpose of program evaluation.

Step 2

Committee members are briefed on the need for evaluation and the steps to follow.

Step 3

Results data is presented to the committee (benchmarks from this organization as well as competitors). Make sure that you have access to the information that you need, and that committee members find the most useful. In order to efficiently gather information for the committee members, hiring managers will need access to a form or web-based questionnaire that quickly and effectively collects the information.

The following benchmarks and questions might be helpful for your committee:

- Turnover rates within the succession plan members.
- Number of positions replaced with internal/external candidates.
- Was a successor identified to take the position before the job was vacated?
- If so, how was the individual being prepared?
- If not, explain why we were not preparing a successor.
- Who was selected, and why?

Step 4

Analyze the results of the program, recommend improvements, and document evaluation results.

Step 5

Share the results that identify specific goals and targets for improvement with the people responsible for succession planning.

Step 6

Sustain the program with ongoing training, management, and by sharing information with stakeholders.

List five essential questions for an evaluation form about a succession program.

Sample Evaluation

Through the life of a program, shorter quarterly meetings that review progress should be supplemented by longer annual or semiannual meetings to keep the program on track.



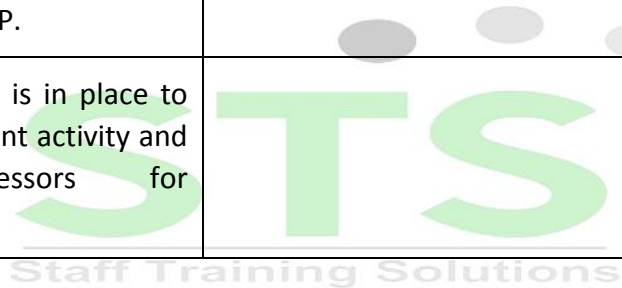
Since your program is unique to your organization, your evaluation program will be unique as well. This sample is designed so that you can gather and compare meaningful data over time, while at the same time being very sensitive to people’s commitment to this program and the time that they have already invested. The following list of questions can be answered by your planning committee through the program inception and design, and then revised prior to implementation. (By revised, we mean that it will be shortened to meaningful questions that apply to your organization.)

Succession Program Evaluation Checklist

Evaluation committee members can complete this list independently or in consultation with other program members. You are encouraged to discuss points that need clarifying or explaining and make recommendations for improvements or modifications.

Effective Programs Contain the Following Elements	Our Program Succeeds With This At Least 80% Of The Time	Our Program Needs To Keep Or Exclude This Element
Succession plan is coordinated w/organizational strategic plans.		
All succession incumbents have been identified.		
All potential incumbents are identified at least 2 layers deep.		
Succession plan is linked to internal training and development programs.		
Potential incumbents have a completed profile.		
There is a written mission, vision, and values statement specific to succession program.		
There is a written action plan that is being followed.		
We have developed a budget and resources for the succession program.		
We have designed a method to record and develop individuals who are designated successors.		
Management employees have attended up-to-date workshops/training about the program.		

Effective Programs Contain the Following Elements	Our Program Succeeds With This At Least 80% Of The Time	Our Program Needs To Keep Or Exclude This Element
Career development workshops have been provided to employees.		
We have established a method to compare individual skills with potential future positions.		
A method is in place to forecast future talent needs.		
A method is in place to meet succession demands by utilizing profiles and the IEP.		
A tracking system is in place to record development activity and prepare successors for advancement.		



Action Steps That Result From This Assessment

Goal Statement	Review Date

Note that each step should be written in the form of a SPIRIT goal:

- Specific
- Prizes
- Individual
- Review
- Inspiring
- Time Bound

Check Out the Checklist

Define any ambiguous or unclear statements in the checklist so that it makes sense.

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Your Action Plan

Plan and Then Do

Succession planning, as we have seen, is a large undertaking, and creating a plan involves:

- Access to people at different levels of the organization.
- Access and coordination with functions of Human Resources.

You have almost enough knowledge to get started on developing a succession plan, or being a valuable member of an existing team in your workplace.

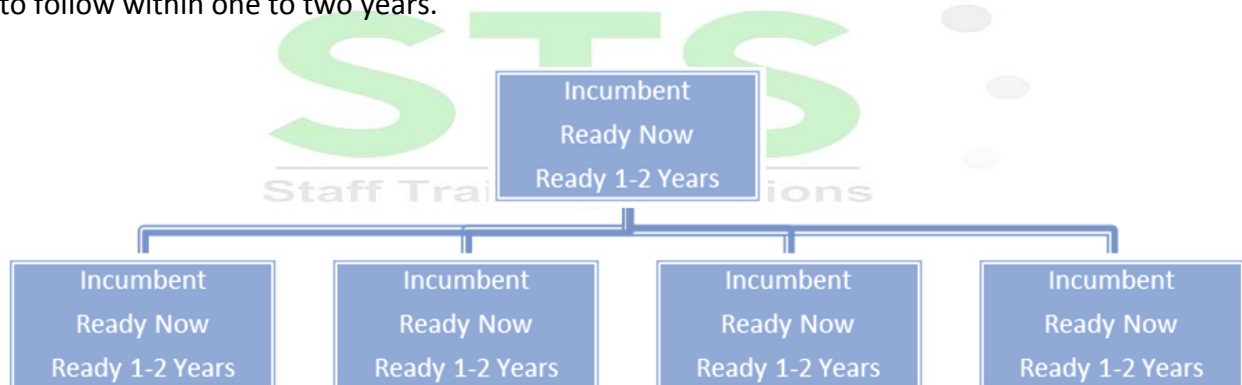
To keep your list from getting too long, try to restrict yourself to five items. Write them as a SPIRIT goal and be sure to put your follow-up date directly into your calendar.

If you're having difficulty choosing where to start, review these questions:

- Do you know the extent of progress the current succession plan in your workplace has made?
- Who are the members of the succession plan committee?
- Who is coordinating the development aspects of the plan?
- Who is responsible for following up on benchmarks?

Next Steps

When you find yourself getting in over your head, or need some way to ground yourself as to where you are at in the succession plan process, imagine your organization chart that we spoke of earlier today. Imagine that it looks something like this, with each position actually listing three individuals: an incumbent, someone who is ready to succeed right now, and someone who is ready to follow within one to two years.



Test your Knowledge

Write out your review questions and their answers in the space below.

Session	Question	Answer
One		
Two		

Session	Question	Answer
Three		
Four		
Five		
Six		
Seven		
Eight		
Nine		
Ten		
Eleven		
Twelve		

Further Reading:

- ✓ *Cooperrider, David D., and Diana Whitney. Appreciative Inquiry: A Positive Revolution in Change. Berrett-Koehler Publishers, 2005.*
- ✓ *Rothwell, William. Effective Succession Planning: Ensuring Leadership Continuity and Building Talent from Within (Fourth Edition). AMACOM, 2010.*