Design a High-Value Succession Planning Program

Succession planning is complex. Take a systematic approach to address all of the moving parts.

SAMPLE

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EXECUTIVE SUMMARY

Situation

- Organizations that are more effective at placing high performers in critical roles are 2.2 times more likely to outperform their competitors in total returns to shareholders (McKinsey).
- Succession planning has been rated the least effective or second least effective area of HR for five years in a row (McLean & Company HR Trends Report, 2014-2018).
- Organizations focus on top management roles without evaluating which critical roles would add the most value to the organization.

Complication

- Because the stakes are so high in succession planning, implementing it poorly can do more harm than good.
- Succession planning is complex because it is so interlinked with other HR programs.
- Perceived lack of fairness in talent assessment and successor identification can cause significant disengagement among employees.

Resolution

- Design a program that is value driven, integrated, evidence based, and inclusive to maximize value.
- Ensure that leaders are accountable for conducting succession planning, with the support, process design, and facilitation of HR.

Walk away from this blueprint with:

- Clearly identified goals and metrics and an informed approach to program transparency
- A designed succession planning process with customized tools and templates
- A launch plan with associated program management

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MCLEAN & COMPANY OFFERS VARIOUS LEVELS OF SUPPORT TO BEST SUIT YOUR NEEDS

DIY TOOLKIT

"Our team has already made this critical project a priority, and we have the time and capability, but some guidance along the way would be helpful."

GUIDED IMPLEMENTATION

"Our team knows that we need to fix a process, but we need assistance to determine where to focus. Some check-ins along the way would help keep us on track."

WORKSHOP

"We need to hit the ground running and get this project kicked off immediately. Our team has the ability to take this over once we get a framework and strategy in place."

CONSULTING

"Our team does not have the time or the knowledge to take this project on. We need assistance through the entirety of this project."

Diagnostics and consistent frameworks used throughout all four options
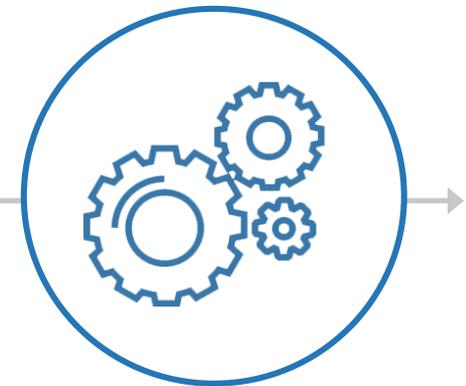
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Use McLean's Three-Step Process to Design a High-Value Succession Planning Program

STEP 1
Set the Program Direction

STEP 2
Design the Succession Planning Process

STEP 3
Prepare to Launch & Manage the Program

Succession planning improves performance by reducing the impact of sudden departures

Business Continuity

Succession planning **limits disruption to daily operations** and **minimizes recruitment costs:**

Organizations that are more effective at placing high performers in critical roles are **2.2 times more likely to outperform their competitors** in total returns to shareholders (McKinsey).

The average time to fill a vacant role externally in the US is approximately 43 days (Workable). Succession planning can reduce this via a **talent pool of ready-now successors.**

Engagement & Retention

Effective succession planning is a tool for **engaging, developing, and retaining employees:**

62% of employees and **94% of employers** report that succession planning has a significant **positive influence on employee engagement** (Software Advice Industry View).

45% of departing employees cite **lack of opportunities for career advancement** as the **moderate, major, or primary reason they left** (McLean & Company Exit Survey, 2018, *N=7,530)*.

Innovation & Growth

Knowledge is a strategic asset, and succession planning can help retain, grow, and capitalize on it:

Retaining the experience and expertise of individuals departing from critical roles supports and **enhances the quality of innovation** (Harvard Business Review).

Intellectual capital–enhancing HR practices improve innovation performance by increasing an organization's ability to absorb and retain knowledge (Soo et al.).

> " *The ROI of our succession planning program has been two-pronged: first, the right candidate gets selected; but more importantly, we have multiple qualified job candidates when there is an opening.* "

– Jason Sage, HR Director, Caterpillar Inc.

Getting succession planning right remains a challenge for most organizations

Consistently Ineffective

Succession planning has been rated the least or second least effective area of HR (out of 31 areas) for five years in a row (McLean & Company HR Trends Report, 2014-2018*).*

Consistently a Top Challenge

Succession planning has been rated as one of the top five workforce challenges for two years in a row by HR professionals (SHRM & Globoforce).

Talent Remains Scarce

77% of CEOs are concerned about the threat that a lack of key skills poses to their business (PwC).

McLean & Company insight

Succession planning is challenging. HR should not underestimate the complexity involved and important interlinkages with other HR programs. Take a systematic approach to continuously and effectively identify the right people for critical roles.

Succession planning also needs to evolve to meet changing employee expectations

Transparent

Management transparency has been found to result in higher employee satisfaction, commitment, and productivity for millennial workers (Unito).

Implication: Make the succession planning program as transparent as possible.

Inclusive

Today's workers seek to work for organizations that have a strong commitment to equality, fairness, and inclusiveness (Johansson) and demand less formality and bureaucracy in the workplace.

Implication: Involve key stakeholders in the design and management of the program.

Data-driven

Today's workers are more data savvy and data hungry, and they are less afraid to call out issues at work involving bias, groupthink, and politics (Johansson).

Implication: Succession planning requires an approach based less on intuition and more on data and logic.

> *In this world of diversity, by choosing assessment tools that are predictive and measure consistently across candidates, data-driven succession planning can assist the organization to avoid bias.*

– Gail Voisin, CEO, Gail Voisin Executive Coaching

Design a high-value succession planning program based on four key success factors

Plan program scope for **roles at all levels that matter the most** to the organization's bottom line, not for top management alone.

Synchronize with other HR programs to ensure efficiency, effectiveness, and consistency across the organization.

Value driven

Integrated

High-Value Succession Planning

Evidence based

Inclusive

Limit subjectivity in decision making by taking a fact-based approach and creating a structured process wherever possible.

Involve stakeholders in program design and implementation and **strive for transparency** wherever possible.

Select the appropriate talent assessment methods

Identify all talent assessment types used in your organization and examine their ability to inform decision making for **critical role assignments**. Select **multiple sources** to ensure a robust talent assessment approach:

- Competency-based assessments (objective data)

- Recent performance evaluations (predictor of future performance)

- Peer feedback/360-degree feedback (breadth and accuracy)

- Evaluated stretch assignments (challenge comfort zones)

- Structured interviews (objectivity and confirmation)

- Talent calibration meetings (leadership input): individual assessment results are calibrated against peer group results

- External assessments and executive coaching feedback

If your organization uses a 9-box, see McLean & Company's *Transform the 9-Box Talent Assessment* blueprint for information on talent assessments that can enhance the use of this instrument.

A sound talent assessment methodology will involve **both quantitative and qualitative** components.

Multiple data inputs and perspectives will help ensure relevant information is prioritized and suitable candidates aren't overlooked.

However, beware that **too many inputs** may slow down the process and frustrate managers.

Beware of biases in talent assessments. A common tendency is for people to recommend successors who are exactly like them or who they like personally, not necessarily the best person for the job. HR must (diplomatically) challenge leaders to use **evidence-based assessments.**

Style doesn't predict performance; behavior does.

- Gail Voisin, CEO, Gail Voisin Executive Coaching

McLean & Company insight

Decisions made when succession planning are often based on subjective factors such as relationships, emotions, and politics. **Use multiple data sources** for increased objectivity and trust.

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– Jennifer Rozon,
Vice President,
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