

Succession Planning

Meaning

Succession planning is a process by which individuals are scanned to pass on the leadership role within a company. The process ensures that business continues to operate efficiently without the presence of people who were holding key positions as they must have retired, resigned, etc. Succession Planning, specifically termed as Management Succession Planning, involves coaching and development of prospective successors or people within a firm or from outside to take up key positions in an organization through an organized process of assessment and training.

It ensures a smooth transition of power in key leadership roles. If the successor is chosen within the organization, it will help motivate the employees, and also save on cost and extra time which the management would have spent in scanning candidates from other firms.

Objectives of succession planning

The various objectives of succession planning are:

- i. To create organizational data that can be used for staffing decisions.
- ii. To identify employees with high potential so that they can be trained to undertake higher responsibility.
- iii. To provide assignments and opportunities for high potential employees so that they get the necessary exposure to groom themselves.
- iv. To involve senior leaders of the organization in grooming these identified employees.
- v. To improve employee loyalty and engagement.
- vi. To cater to the career development expectations of the workforce and thereby enhance their commitment to the organization.

Importance of Succession Planning

Succession planning is an essential part of doing business, no matter how certain your future appears. It's easy to put off planning when everything seems to be going so well, right? Wrong. Now is the time to begin succession planning. Here are some reasons why it can't—and shouldn't—wait:

- **You can't plan for disaster.** No matter how good you and your staff are at revenue projections or economic predictions, no one can truly plan for disaster. Whether it's an unforeseen illness, a natural disaster, or a CEO's decision to suddenly retire, the reasons for having a succession plan in place before it is needed are endless. So while you can't plan for disaster, you can put into place a series of contingencies that will help your company stay afloat if, in fact, catastrophe occurs.
- **Succession planning benefits the business now.** Just as business practices have evolved over the years, succession planning has also grown and changed. It's no longer a plan that can only be accessed when leadership is going to change; a succession plan can be used before its "real" intent is necessary. It can be used to build strong leadership, help a business survive the daily changes in the marketplace, and force executives to review and examine the company's current goals.
- **Succession planning gives your colleagues a voice.** If you're running a family business, the process of succession planning will give family members an opportunity to express their needs and concerns. Giving them that voice will also help create a sense of responsibility throughout the organization, which is critical for successful succession planning. Resist the temptation to solely carry the entire weight of creating and then sustaining a plan.
- **A succession plan can help sustain income and support expenses.** Talking about money should be a priority. People generally don't want to work for free and things don't pay for themselves. A succession plan can provide answers as to what you—and your staff—will need for future income, as well as what kinds of expenses you may incur once you step out of the main leadership role. Ask yourself questions about your annual income and other benefits including health and dental insurance for you and your dependents, life insurance premiums

paid for by the company, your car, professional memberships, and other business-related expenses.

- **Succession planning gives you a big picture.** Some companies mistakenly focus solely on replacing high-level executives. A good succession plan can go further, however, and force you to examine all levels of employees. The people who do the day-to-day work are the ones keeping the business going. Neglecting to add them to the succession planning mix could have dire consequences. As you develop your plan, incorporate all layers of management and their direct reports.
- **Succession planning strengthens departmental relationships.** When regular communication occurs between departments you are more likely to experience synergy, which breeds a culture of strength. Make sure that you link your succession planning activities with human resources. After all, HR is about people. By including HR in succession planning, you can incorporate elements like the employee-evaluation process, which can help when deciding whether to fill vacancies with internal candidates.
- **Succession planning keeps the mood buoyant.** Change—a major component of a succession plan—is exciting and can bring a company unforeseen rewards. Still, change can be a source of tremendous stress, especially when people's livelihoods are at stake. As you put your succession plan together, consider its positive effects on the business. Planning for the future is exciting and, if done correctly, can inspire your workers to stay involved and maintain company loyalty. It's true that a plan is often put into place to avert catastrophe, but it's also a company's way of embracing the future—a business strategy that is essential for survival.

Steps in effective Succession Planning

1. Identify Key Areas and Positions

Key areas and positions are those that are critical to the organization's operational activities and strategic objectives.

- Identify which positions, if left vacant, would make it very difficult to achieve current and future business goals

- Identify which positions, if left vacant, would be detrimental to the health, safety, or security of the Canadian public

2. Identify Capabilities for Key Areas and Positions

To establish selection criteria, focus employee development efforts, and set performance expectations, you need to determine the capabilities required for the key areas and positions identified in Step 1.

- Identify the relevant knowledge, skills (including language), abilities, and competencies needed to achieve business goals
- Use the Key Leadership Competencies profile
- Inform employees about key areas and positions and required capabilities

3. Identify Interested Employees and Assess Them against Capabilities

Determine who is interested in and has the potential to fill key areas and positions.

- Discuss career plans and interests with employees
- Identify the key areas and positions that are vulnerable and the candidates who are ready to advance or whose skills and competencies could be developed within the required time frame
- Ensure that a sufficient number of bilingual candidates and members of designated groups are in feeder groups for key areas and positions

4. Develop and Implement Succession and Knowledge Transfer Plans

Incorporate strategies for learning, training, development, and the transfer of corporate knowledge into your succession planning and management.

- Define the learning, training, and development experiences that your organization requires for leadership positions and other key areas and positions
- Link employees' learning plans to the knowledge, skills (including language), and abilities required for current and future roles

- Discuss with employees how they can pass on their corporate knowledge

5. Evaluate Effectiveness

Evaluate and monitor your succession planning and management efforts to ensure the following:

- Succession plans for all key areas and positions are developed;
- Key positions are filled quickly;
- New employees in key positions perform effectively; and
- Members of designated groups are adequately represented in feeder groups for key areas and positions

How to ensure effective succession planning

- 1. Establish measurable goals to guide the succession planning program.** Closely align the measurable goals of your succession planning program to the organization's measurable strategic goals.
- 2. Recalibrate succession planning program goals on an annual basis.** Assess changing competitive and organizational conditions and priorities.
- 3. Prepare current job descriptions so that the work to be performed is clear.**
- 4. Prepare competency models by level on the organization chart.** Use a rigorous examination of objective performance requirements. Plan for future competencies that are necessary for achieve future strategic goals. Ensure all competency models are clear and measurable.
- 5. Carefully define the roles to be played by each key stakeholder group in the succession planning process.** Key stakeholders include the board, CEO, senior executives, middle managers, supervisors, and even workers. Keep senior managers and other stakeholders engaged in the succession planning program by establishing clear, measurable accountabilities.
- 6. Establish talent pools by levels based on the strategic strengths of the organization.**

7. Take an inventory of your talent. Ensure that individual strengths and areas for improvement are recognized. Conduct talent reviews on a continuing basis to ensure that promotable individuals are being properly developed over time.

8. Evaluate the entire succession planning program on a regular (usually annual) basis. Compare processes and results against the measurable succession planning goals established at the beginning of the yearly planning cycle.

Distinction between "Career Planning and "Succession Planning

No doubt, career planning as well as succession planning constitutes very important input to manpower planning. Sometimes, many people consider that the terms "Career' Planning" and "Succession Planning" are synonymous. But it is not so. Distinction between them is made clear in the following box.

Career Planning	Succession Planning
1. Career planning is the process or activities offered by an organization to the individuals or its employees to identify their strength, weaknesses, specific goals and the jobs they would like to occupy. Through career planning, the employees, individuals, identify and implement steps to attain their career goals.	1. Succession planning is the important process which involves identification of individuals or employees as the possible successors to the key or very senior positions in an organization which such position become vacant. Thus, in short, succession planning focuses on the identification of vacancies and locating probable successor.
2. In career planning, an organization is concerned with strategic questions of career development.	2. In succession planning, the focus of attention is the persons who can occupy the vacant post.
3. Career Planning is a must for all managerial cadres and posts.	3. Succession planning is essential for all those who operate in key functional areas and also for key managerial cadres that are likely to become vacant.

4. Career Planning's basis is long term till the retirement of the employment contract.	4. Succession Planning is usually for 2 to 5 or 2 to 7 years period for an individual but it is a continuous exercise for an organization.
5. The important objective of career planning is to explore the opportunities to enable the individual employees to grow and to develop and also to encourage or motivate them for self-development.	5. The important objective of succession planning is to identify the most suitable, potentially qualified, efficient, skilled and experienced employees or individuals to occupy or succeed to key positions when they become vacant.

From the discussion done so far we come to know that career planning and succession planning are very important from the view point of an organization and its employees. Career planning helps to integrate the employees needs, aspirations with their organizational requirements. Perhaps, it is one of the important challenging task which has assumed great importance in the present century since organizations are becoming keenly interested in attracting, retaining and utilizing the potential of highly talented, efficient, technically specialized, professionally trained and well experienced experts. It is also found that some organizations also think properly and pay attention to succession planning wherein those executives possessing the desired skills and potentials are systematically identified and efforts are made to develop the appropriate executives to hold the position in future. Career Planning and Succession Planning, though are different, act as one of the important tools for harnessing the human potential in which top management, Human Resource Managers have a major role to play.