

Information Note

Succession Planning

Winning the “War for Talent”

Changes in the profile of the labour market, long term skills shortages and the increasing focus of employees on having a life as well as a career have lead to the so called ‘war for talent’. Success is based on developing and implementing integrated strategies, policies and practices that effectively attract, nurture, develop and retain the talent vital for an organisation to succeed.

This requires HR professionals to be able to identify and understand the capabilities required within their organisation that will make it stand out from the crowd and articulate these in terms of the talents that will be required of employees now and in the future.

“Talent can be considered as a complex amalgam of employees’ skills, knowledge, cognitive ability and potential. Employees’ values and work preferences are also of major importance”

(CIPD, Talent Management, Understanding the Dimensions, Oct 2006)

Talent management is a complex idea that means very different things in different organisations, suffice to say that it sits at the heart of the strategic human resourcing conundrum and is critical to the success of the people management agenda and therefore an organisation’s wider strategy.

Succession planning is one element of talent management and should be viewed as such rather than a stand alone activity or initiative that relates only to a small group of “high fliers”.

Background

Succession planning has traditionally been viewed with some suspicion within the voluntary sector due in part to a perception that it is a process which needs to involve highly-structured, mechanistic, secretive and top-down schemes aimed at identifying potential successors and planning their career paths to provide the appropriate range of experience for them to slot into new roles when they arise. This perception is based on an interpretation of how the larger multi-national companies typically approached the subject in the past and jars with the voluntary sector’s more egalitarian philosophy and adherence to the principles of transparency, particularly in the interpretation placed on equal opportunities. In fact, many businesses in the private sector are also finding that the changing corporate landscape means that such structured approaches are no longer valid.

However, organizations in *all* sectors must be able to find good quality people with appropriate skills to fill key specialist and top leadership positions if they are to survive and thrive. Hiring in new skills and perspectives will always be important to refresh an organisation and to fill unanticipated roles. However, there can be an over reliance on importing skills and experience in the INGO sector with significant cost to the organizations – both real and in terms of unrealized potential of existing employees and consequent drop in motivation. The CIPD have suggested that a ratio of around 80:20 between internal and external appointments is a healthy balance to aim for. Whilst there may be good reasons why the INGO sector might struggle to meet this there is a strong case to argue that organizations would be better served if they spent as much on developing their internal talent pool through appropriate succession planning and development as on recruiting and picking up the pieces of failed deployments.

What do we mean by “Succession Planning”?

Quoting Wendy Hirsch, the CIPD defined succession planning as:

‘a process by which one or more successors are identified for key posts (or groups of similar key posts), and career moves and/or development activities are planned for these successors.’

Succession planning is, therefore, not necessarily about plucking individuals out of the general talent pool and circumventing existing processes to ‘fast track’ or place them into more senior positions. It is one part of range of resourcing and development processes which Hirsch refers to as ‘succession management’, sometimes also referred to as talent management. These cover resourcing strategy, HR planning, processes for filling vacancies, management and other professional development and should involve talking to and well as about employees and their aspirations. It’s a dynamic process and should be repeated annually or bi-annually.

Approaches to succession planning

There is no one single model for succession planning but typically organisations place their focus on their most senior posts or key specialist roles, which are business critical or hard to fill. Increasingly, in assisting employees to plan their careers and identify opportunities, they try to strike a balance between the needs of the organisation, as far as they can be predicted, and the needs and aspirations of individuals so that development is targeted, appropriate and motivational. This can result in career paths that move up the hierarchy in a fairly traditional way, and lateral moves to different jobs and/or disciplines to further develop (with or without additional compensation). These are sometimes called developmental roles

Furthermore, the traditional focus on building a career by moving between identified and often specialist jobs has given way to a wider focus on developing groups of jobs with core/transferable or generic skills and providing development paths that assist employees to acquire the skills and competencies that will equip them for more than one role. Types of roles may be clustered together, or generic roles in different regions (e.g.: country directors) for example using a job family approach, to help focus on the core skills that are required at different levels. Use of competencies frameworks can also help with assessing and developing skills.

In some organisations succession planning focuses simply on ensuring that there is an adequate internal talent pool to compete for future vacancies. It may take the form of regular senior management and HR discussion about individuals, their career aspirations and performance development plans in a more 'joined-up' way. In others the approach goes so far as to place individuals onto a focused programme of development activities from which future senior roles will be recruited.

Fairness and equity

It is always likely that the number of employees with potential will be bigger than the number of possible future vacancies. However structured the organisation wishes to be in its succession planning methodology, openness and fairness in placing employees on any development scheme and/or appointing to roles as and when they become vacant, in line with internal resourcing policies and processes is important to build trust and give credibility to the system. This involves objective assessment and decision making criteria, openness with employees about their career plans (including quality career conversations about their aspirations, constraints and realistic potential). Many organisations have succession development committees or planning groups that regularly review succession plans and the talent pool, ensure fairness and offer process improvements.

Sometimes these committees are made up of representatives from different regions and different functions, to enable high level brokerage conversations

The role of the manager

The role of line management in succession and talent management is also critical and managers must be trained and equipped to play their part with staff from recruitment onwards. Key is the ability to have quality development conversations that are open and honest about individual potential, then put appropriate development support in place to help it to be achieved.

Technology and the role of HR

Technology has a role to play in succession planning and various databases and software exist to help organisations link vacancies with potential candidates and their identified development moves and other learning activities. The HR function or named department can play an important role in coordinating the process on behalf of the senior team. Technology can be used to collect information from individuals from a distance, views from senior manager, testing and challenging perspectives to facilitate an on-going dialogue, then table proposals to the succession planning committee/group.

The business benefits

The important thing about succession planning is that it should be tailored to the needs of the organisation and fit comfortably with its values and culture. If done well and sensitively and integrated into a wider HR and organisation development strategy the business benefits are indisputable.

The National Institute for Careers, Education and Counseling and CIPD developed the Business Pay-off model below which identifies 6 advantages to undertaking succession planning, adapted in 2006 by business coach and trainer Emma Thompson:

1. *Growing the skills for the future*

Organisations need to grow the skills and experience the business needs for now and the future. The majority of high-skill jobs require skills that are specific to the organisation or are hard to recruit.

2. *Effective deployment of skills*

Planning ahead assists the effective deployment of skills – that is, helping people move into jobs where their skills are best used and developed. Particularly important when staff are contracted or deployed on a fixed term basis at the end of which many INGOs currently leave employees to fend for themselves in terms of finding a next deployment –

which often takes them, their experience, and their potential to another employer.

3. **Career development equates with high organisational performance**

Career development seems to be linked to high organisational performance as one of the bundle of HRM practices that motivate people at work.

4. **High flyers need the chance to grow**

Research on attracting and retaining good quality employees by the Career Innovation Group shows that 'high-flyers will stay for today if offered challenge and empowerment; they will stay for tomorrow if offered the chance to grow.' In this study, 61% wanted career advice but only 27% received it. The amount of career support experienced by employees was also linked to their intention to stay with their employer.

5. **Making the most of each person's stay**

Taking the lid off what people can achieve at work is not often used as part of the business case, but it should be. What could your organisation achieve if all your people were really using their full potential?

6. **Responding to business needs**

Standing still is lethal. If people are not always developing in response to changing business needs, the organisation can't survive.

Every organisation needs to provide for its future and the range of skills and experience required of leaders and specialists are wider than that which can be acquired on traditional one-off training courses or isolated interventions. Succession planning as part of a more strategic process of succession management can ensure that the right experience and skills are developed that will be needed to ensure the organisation's continued success in the future by providing a credible internal pool of successors and candidates for future roles.

Succession planning in practice

At the Emergency Personnel Network Conference, 2005, Frank Keepers, Group Director of Talent Management from TNT defined talent management and leadership development as, "supplying the right number of people, with the right skills and experience, at the right place, at the right costs and at the right time. It includes people from recruitment to departure." He summarised his approach to talent management as: recruit well, deploy widely, develop internationally and talk with, not about, people.

This involves:

- Developing varied sources of recruitment
- Succession planning
- Identifying and fast tracking high potential staff transparently and fairly
- Career dialogue to help people know you are interested in them
- Development plans for staff to help them know you are willing to invest in them
- Performance management to help identify and improve talent
- Ensuring your line managers are skilled and capable performance managers
- Buy-in from the board and senior management to drive initiatives in order to deliver success

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