

# ***SUCCESSION PLANNING***



**INSTRUCTOR GUIDE**

**1-DAY COURSE**

**SUCCESSION PLANNING**

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2002 Renaissance Boulevard #100

King of Prussia, PA 19406

Phone: (800) 633-4533

Fax: (800) 633-3683

Web: [www.HRDQ.com](http://www.HRDQ.com)

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# Instructional design and learning philosophy

We are committed to providing the best core-skills content possible for Instructor-Led Training (ILT). The following principles are applied in the development of programs:

## Sound Instructional Design

All course content is developed using a variety of research techniques. These include:

- Brainstorming sessions with target audience
- Library research
- Online research
- Customer research (focus groups, surveys, etc.)
- Subject Matter Experts (SME)
- Interviews with trainers

Expert instructional designers create imaginative and innovative solutions for your training needs through the development of powerful instructional elements. These include:





- Learning objectives — effective tools for managing, monitoring and evaluating training
- Meaningfulness — connects the topic to the students' past, present, and future
- Appropriate organization of essential ideas — helps students focus on what they need to know in order to learn
- Modeling techniques — demonstrate to students how to act and solve problems
- Active application — the cornerstone to learning — helps students immediately apply what they have learned to a real-life situation
- Consistency — creates consistent instructions and design to help students learn and retain new information
- Accelerated learning techniques — create interactive, hands-on involvement to accommodate different learning styles

## Application of Adult Learning Styles

Adults learn best by incorporating their personal experiences with training and by applying what they learn to real-life situations. Our experienced instructional designers incorporate a variety of accelerated learning techniques, role-plays, simulations, discussions, and lectures within each course. This ensures that the learning will appeal to all learning styles and will be retained.

# Course timing

## Chapter One: Keys to Effective Succession Planning




Type of Activity	Segment	Time
	What is succession planning?	25
	Trends and influences	10
	Learn from the best	20
	Keys to effective succession planning	10

## Chapter Two: Expanding the Pipeline






Type of Activity	Segment	Time
	Leadership development for all	30
	Developmental strategies	5
	Leadership coaching	20
	Communication skills for coaching	20

# Course timing

## Chapter Two: Expanding the Pipeline (cont.)

Type of Activity	Segment	Time
	Employee development plan	20
	Mentoring	15
	Action learning	15

## Chapter Three: Actively Develop Rising Stars





Type of Activity	Segment	Time
	Competency identification	25
	Gap analysis tool	10
	360-degree assessment	15
	Values clarification	10
	Values identification	20

# Course timing

## Chapter Three: Actively Develop Rising Stars (cont.)

Type of Activity	Segment	Time
	Pinpointing potential leaders	15

## Chapter Four: Is It Working?

Type of Activity	Segment	Time
	Evaluating and refining the program	10
	Assessing alternatives to internal development	10
	Checklist for getting started	10
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## Course objectives

Successful completion of this course will increase your knowledge and ability to:

Identify high-potential employees

Conduct a gap analysis to identify current and future needs

Develop a cadre of successors at several levels

Use employee development plans (EDPs) as a tool for leadership development

Consider individual results and adherence to values in your assessment of high-potential employees

Identify pitfalls of poor planning or no planning

Measure, evaluate and refine your succession management program

Note: The activities in this training will all be application-oriented, not theoretical, because we believe that will offer the most value to you and your organization. You will be able to address your specific succession planning issues.

**Suggested pre-work:** Come with a list of positions or job descriptions that are part of your succession planning picture. Also, bring a list of your organization's stated values, mission/purpose and core competencies.

### Succession Planning

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#### Course objectives

- Identify high-potential employees.
- Conduct a gap analysis to identify current and future needs.
- Develop a cadre of successors at several levels.
- Use employee development plans (EDPs) as a tool for leadership development.

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#### Course objectives (cont.)

- Consider individual results and adherence to values in your assessment of high-potential employees.
- Identify pitfalls of poor planning or no planning.
- Measure, evaluate, and refine your succession management program.

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Review the course objectives with participants and add: Too many people think of succession planning as worthwhile only for family owned companies or large conglomerates. In fact, succession planning should be a part of every company—it is the vision of where the company will be going in the future. If there is no succession planning process, how will the company know how to develop its employees? How will you be able to plan for the future without some assurance that the key posts will be filled with people able to carry on and excel? How will you maintain company culture and institutional knowledge? Succession planning is much more important than the time many companies devote to it would indicate.



## Chapter One



# ***KEYS TO EFFECTIVE SUCCESSION PLANNING***

Icebreaker activity: Divide participants into small groups. Hand one set of flash cards to one person in each group. That person will read each question and the rest of the group will guess the answer. Optional: Award a small prize to the winner in each group, or to everyone (piece of candy, etc.) Participants can use this time to introduce themselves to the rest of the group.

What percent of companies with revenues greater than \$500M have no succession plan? Nearly half.

What percent of HR executives are satisfied with their succession plan? 20%

What percent of the federal civilian workforce is eligible for retirement? 34%.

What is the average tenure of a CEO? 7.6 years (9.5 years in 1995)

What percent of CEOs fail in the first 18 months? 40%

Emphasize the second point: Succession planning is not just for the CEO position. Organizations can improve their performance by using succession planning at all levels.

Analogy: A lack of succession planning is like driving your car in the dark without headlights. Effective succession planning is like having halogen headlights that shine farther and brighter than any other kind of headlight.



"Today is the tomorrow you worried about yesterday."

## What is succession planning?

Choosing a successor is not one decision, but the result of a series of decisions made by many people over many years.

It involves creating a pipeline of potential top leadership (not just prospective CEOs).

The earlier you identify talented people, the sooner you can develop their broad business base and/or provide job assignments needed by top level executives to gain the appropriate experience.

The best preparation is a progression through positions with increasing responsibility for steadily larger and more complex P&L centers.

If there aren't natural opportunities, companies should create positions to give rising stars the exposure/opportunity.

P&L responsibility at every level is key.

## Benefits of actively managing succession planning

Engages senior management in a disciplined review of leadership talent.

Guides development activities of key executives.

Brings selection systems, reward systems, and management development into alignment with the process of leadership renewal.

Assures continuity of leadership.

Avoids transition problems.

Prevents premature promotion.

## Mistakes that contribute to poor succession planning

- Focusing only on technical skills
- Overlooking employees who don't appear to fit your standard company "template"
- Failing to offer appropriate training and development opportunities, especially at the top levels
- Not aligning leadership development efforts with strategic goals
- Not holding managers accountable for succession planning
- Not sharing data with employees
- Poor or misguided board of directors' involvement in CEO succession planning
- Relying on executive recruiters

## Consequences of poor (or no) succession planning

- Poor corporate performance
- Limited ability to achieve corporate goals and strategic plans
- Higher turnover and corporate instability
- Loss of critical institutional knowledge

Pitfalls: Misjudging business needs and therefore targeting the wrong talent.

You run the risk of losing good employees if they don't realize the organization has plans for their development and long-term career. Colgate-Palmolive requires that senior managers retain 90% of their high-potential employees or lose some compensation.

Executive recruiters tend to go to the same pool of people over and over. Three firms control 80% of the Fortune 100 CEO search market.

**Dipping in the same pool**

- Three executive recruiting firms control 80% of the Fortune 100 CEO search market

Institutional knowledge is lost both through outside hiring (not promoting within the organization) and through outsourcing or offshoring (substituting foreign workers for domestic workers).

**Poor succession planning**

- Critical institutional knowledge is lost through:
  - External hiring for key positions
  - Outsourcing and/or offshoring

Succession planning is proactive and concerned with developing a pool of high-potential employees that can assume a variety of leadership positions throughout the organization. It focuses more on developing general competencies and creating flexibility among leadership candidates to respond to an ever-changing business environment, than on pinpointing specific jobs that may change or become obsolete.

Activity: Have participants fill in the blank in the "New" column as you walk them through this section.

New "long-term strategic requirements": *Develop the competencies you will need in the future.*

New "focus on leadership requirements": *Use job analysis techniques to develop objective criteria for a broader, more flexible future leader.*

New "use objective assessments": *Use 360-degree feedback which is far more accurate and reliable than the rating of a single manager.*

New "add value ...": *Focus on the individual in the context of the leadership team and adding value to the entire organization.*

## Trends and influences

The biggest change in thinking is moving from replacement planning, which selects and then prepares employees for specific jobs, to succession planning, which develops and then selects employees to support strategic needs.

### The old and new principles of succession planning

Focus on long-term strategic requirements	
Old	New
Focus only on ranking for replacement needs	

Focus on leadership requirements	
Old	New
Emphasize specific functional skills and industry experience	

Use objective assessments	
Old	New
Use assessments that were based on the judgment of an individual manager	

Add value to the organization, not just to the individual	
Old	New
Prepare high-potential individuals	



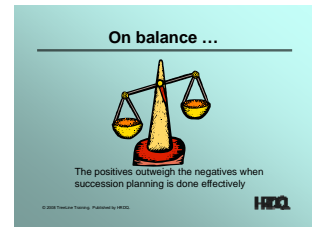
Keep the process open	
Old	New
Shroud succession planning in mystery and secrecy	

New "Keep the process open": Keep managers aware of succession plans—keep the process transparent to include high-potential people whenever they are in your organization.

While the trends and influences in succession planning are all generally positive, there are some aspects of it to be aware of as you delve into it. Go through the discussion points briefly.

### The future of succession management

Plus	Minus
<p>Technology makes assessment and measurement easier, more accurate</p> <p>More open and objective process</p>	<p>Insufficient supply of developmental opportunities</p> <p>Generational resistance to certain opportunities</p> <ul style="list-style-type: none"> <li>○ Dual-career couples where spouse is reluctant to be the "trailing" partner</li> <li>○ Kids in school at prime of career (due to having kids later) make some reluctant to make a geographic move or take an extremely time-demanding promotion</li> </ul> <p>Competencies just an intellectual exercise that bear little resemblance to reality</p> <p>Drawbacks to 360-degree feedback</p>



Quote from Steve Bertamini, CEO of GE Australia and New Zealand: "If a person is promoted or is not performing, we know who the right person is to put in their place. We also track who is ready to move to a different business in order to accelerate their career development."

GE's famed "Session C" is another tool used to assess employees. Every GE business conducts its annual talent review, called Session C. In it, leaders analyze their unit's strengths and needs, the results of employee development and utilization, and their team's overall staffing gaps and succession planning needs. Next, a strategy is created to meet those critical needs by developing their people and making changes in the organizational structure and job assignments.

GE's vitality chart (also known as 9 Block) is the main tool used to assess an employee's performance and promotability. It is an annual process that ranks each employee into the top 20 percent of the workforce, the middle 70 percent, or the bottom 10 percent. When considering where to slot an employee, results and values count. An employee who scores low on results but high on values will be given a second chance, whereas an employee who scores high on results but low on values will not be given a second chance.

# Learn from the best

## General Electric

Talent is tracked at a variety of layers, from promising new hires to executive talent.

GE invests \$1 billion annually on a comprehensive learning and development program for all employees.

Flattened management structure improves communication and builds a more cohesive culture around its values.

Session C annual talent review: Unit leaders assess their business unit's strengths and needs, their employees' development and utilization, and the team's overall staffing gaps and succession planning needs.

### "Vitality" chart

Used to plot an employee's performance against their potential.

Each employee is ranked into the top 20 percent of the workforce, the middle 70 percent, or the bottom 10 percent.

Employees must adhere to corporate values to score high on potential.

### The vitality chart



## Dell Computer Company

Office of the chairman (OCC) is the champion and final residing place of the succession management process.

Business unit leaders are accountable for developing the leadership potential within their units.

Processes and tools

1. Review of leadership needs
2. Review of leadership talent
  - Biographical data, career history, and interests
  - Competency strengths and development opportunities
  - Review of developmental activities over the past 12 months
  - "Scaling call" (employee's ability to handle a bigger job)
  - Preview of developmental activities for the next 12 months
3. Identification of gaps between needs and talents
  - Employee development plans (EDP) and appraisal
  - Career discussions
  - 360-degree feedback
4. Development of plans to close the gaps
  - Executive education
  - Mentoring
  - Coaching
  - Assessment centers
  - Project assignments
  - Job assignments
  - Cross-organizational movements
5. Implementation, measurement, and review (by OCC)

Dell Computer: The success of Dell's succession planning system is due primarily to the involvement of the office of the chairman (OCC), and the annual review process and presentation required of all business unit leaders.

### Dell's model

- Stage 1: Helping and learning
- Stage 2: Contributing independently (personal leadership)
- Stage 3: Contributing through others (local leadership)
- Stage 4: Leading through vision (organizational leadership)

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Dow: Acquiring and applying stages attained by all employees (or they are let go); leveraging and visioning stages include the top 3,000 employees. A subset of visioning is the global leader, which applies to the top 250 leaders in the organization.

Activity: Instead of lecturing through this material, divide participants into three groups and assign each group one of the companies — General Electric, Dell, and Dow. If more than three groups, some groups will have the same company. Tell each group to review its company's information and summarize briefly the main concepts that make that company successful. Record each group's answers on flip chart paper. Hopefully, the concepts will be similar to each other and to the keys listed on the next page.

**Dow's model**

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Stages of employee development

- All employees
  - Acquiring skills (new hires)
  - Applying skills (or let go)
- Top 3,000 employees
  - Leveraging
  - Visioning (subset: 250 global leaders)

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## Dow Chemical Company

Eight global competencies that form the basis for evaluation of high-potential employees: Initiative, innovation, interpersonal effectiveness, leadership, learning, market focus, teamwork, value creation

Dow definition of a future leader: An employee who demonstrates accelerated development in the critical competencies

Learns jobs faster than peers

Impacts the organization faster than peers

Also excels in a subset of global competencies called "international effectiveness"

Dow attempts to identify five percent of the professional/managerial population as future leaders with an eye toward parity in gender, race, and global citizenship

Dow doesn't use a rating or ranking assessment; instead bases assessments on employee development plans (EDP) and 360-degree feedback

Four stages of professional development: Acquiring, applying, leveraging, and visioning

Top 70 positions are considered corporate-critical roles, and succession planning for these positions is owned by the Corporate Operating Board

## Keys to effective succession planning

Create as wide and deep a pipeline as possible (leadership development for all, etc.).

Identify key positions beginning at the middle management level on up (competency identification and values clarification, “mission critical” positions).

Actively develop rising stars (create positions, mentor, etc.).

Evaluate on performance results (“what”) and leadership behaviors (“how”).

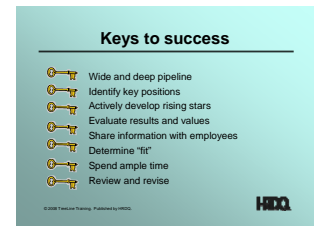
Share information about employees with employees (people don't see other people's information, but should know where they stand in terms of their own “rising star” potential).

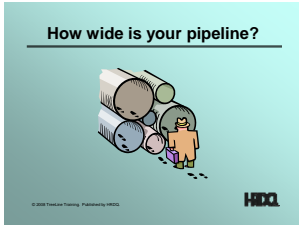
Determine “fit”—three or four skills, talent, characteristics, experience, etc. that are non-negotiable criteria.

Spend ample time getting to know high-potential candidates (both executive leadership and corporate directors should do this).

Regularly review and revise. Is the current system working? Are positions being filled internally? Is the right talent being developed? Are rising stars more ready now than they were a year ago? Are any gaps evident (i.e., any positions that cannot be readily filled)?

Transition: As we've seen from the “right way” examples, there are several keys to effective succession planning. The remainder of the program will be devoted to fleshing out these key points.





The funnel represents a visual image of what succession planning should look like—a wide funnel or pipeline at the top, which gradually narrows down based on “filters” of competencies identified for particular positions and the concept of “fit,” which encompasses factors such as living the corporate values.

