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SUCCESSION PLANNING FOR EXECUTIVES

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Succession planning is a key part of a board's responsibilities. Often perceived as just an human resources "box ticking" process, succession planning is essential to ensure an organisation is able to continue with its purpose in the event of unexpected disruption. It requires the commitment of the full senior leadership team and board to identify business-critical roles, the skills and attributes required to succeed in them, and to develop and nurture talent to ensure they can step into those roles successfully. Done well, good succession planning will ensure the legacy of any board for years to come. Done poorly, or not at all, organisations risk a backward slide at the loss of just one key player.

At its most fundamental, succession planning requires a board to anticipate the needs of the business and identify the roles that are integral to its continued success. Establishing the skills and attributes required to fulfil those roles is then the starting point of a process to build a talent pipeline which extends through the business in order to ensure a steady supply of future leaders. Some key questions for a board, particularly at the start of a succession planning process, include:

- Where are we at risk of business failures in the event of an unexpected disruption?
- Do we have a formal succession plan in place?
- What are the key roles in the business?
- Do we have profiles/outlines for key roles to understand the attributes needed in successors?
- If the entire SLT was replaced, what would our legacy be?

Keeping one eye forward

As well as looking at current incumbents and considering what may be required to fill those roles, the board also needs to keep one eye forward, anticipating how the needs of the business may change. Not only should succession planning identify business-critical roles, and establish those skills and attributes needed for successors, but it is vital the board also looks to the future and considers the likely changes in skills needed – perhaps as a result of changing regulation, consumer habits, or technological advances. These changes will mean that the skills needed to fulfil roles will need to adapt over time, making it vital that succession planning be a continual, ongoing process.

- What changes and trends are we anticipating, and what impact will that have on the skills and attributes the business needs?
- How often are we reviewing our key role profiles to ensure they match the changing long-term needs of the business?
- How will we combat high demand for specific skills and attributes in the future?

Embedding success into your culture

The best succession planning is integral to the culture of a business. It is essential the board leads by example and embraces a mindset that is geared towards talent development and pipelining. Done properly, this will ensure that your carefully nurtured talent will remain in the business despite temptations from elsewhere. The best leaders strive to develop their successors to be better than they are, rather than viewing them as the competition. It is no surprise that businesses where the drive for talent

development is authentic have the highest rates of retention. The board must ensure that their commitment to good succession planning is echoed through the senior leadership team and embedded into the culture of the business. This will also ensure that succession planning is embraced as an ongoing process, rather than a simple once-a-year tick box exercise. Some key questions for boards to ask themselves might be:

- Who are the owners of our succession plan? And how are the owners of our succession plan demonstrating their ownership?
- How would I know that we have a formal succession plan in place that lives and breathes our culture?
- What are members of the senior leadership team doing to demonstrate support and involvement in our talent development process?
- How would we describe our “talent development” mindset?
- What are we doing to engage and attract talent down the pipeline to develop the leaders of tomorrow?

Growing the leaders of tomorrow

We have discussed the importance of the involvement of the board and senior leadership team in the successful succession-planning process, but the engagement of employees is also key. The board's role here is to ensure the process is objective to engage the support and trust of those in the talent pipeline. The board should seek to understand how talent is identified, against what criteria they are assessed, and how they are developed. External assessments, such as psychometric testing, can offer a useful, objective perspective for understanding skills, attributes, strengths, and weaknesses, at both an individual and collective level.

Individual development is not a one-size-fits-all process, so it should be understood that techniques which suit one individual (coaching; 1:1 mentoring; assessments; courses and so on) may not suit another. It is essential to get this right, as without the engagement of the employee in their own development, the pipeline will inevitably fail. The board must ensure that the process of assessment and development is objective and measurable, so that the best talent is being attracted and retained, and the process is carried out with the needs of the business foremost, to prevent bias from creeping in. While retaining internal talent has many obvious

benefits, there are times when fresh blood would be useful, so the board should also challenge itself and the senior leadership team to consider whether this would be beneficial and complementary to the existing team.

- How confident are we that we have the talent that we will need in our pipeline?
- What measures are in place to ensure we are retaining our talent?
- Would a fresh perspective (from external talent) be useful to the business?
- What are we doing to validate our beliefs and assumptions of our people in order to do the best for them and us?
- How are we developing our people to be better than our current incumbents?
- What skills should we be looking to develop to ensure we are able to fulfil our key roles in the future?
- Are we ensuring our talent is given suitable development opportunities?
- What are the best techniques to nurture talent and ensure we retain our best employees? Are we using them?

Creating a balanced and effective team

While it is of course critical to ensure that individuals in the pipeline have the skills and attributes needed to take on a specific role, it is also important to consider the broader profiles of the team they will work with. Assessment techniques, as mentioned above, can also be used to map out the profiles of a team collectively to identify those attributes which are missing. Teams which have been together for a long time can often develop well-worn thought patterns, become stale, and lack the ability to solve problems creatively – they can become “stuck in a rut.” To work effectively, the best teams have an optimum blend of skills and attributes, quite often with diversity of thought and background to challenge and offer a fresh perspective. These attributes can be quite separate to the specific skills required to carry out a role, but can be critical in order to ensure a team functions in an efficient and balanced manner.

- How long has the senior leadership team been working together?

- Are we confident that the senior leadership team members are regularly challenging their assumptions and considering new perspectives?
- How do we know the team is functioning effectively?
- At a collective level, what attributes does the senior leadership team display? Are there attributes they are missing?
- Has the existing team become safe and complacent? How would we know if they have?

Setting up for success

As well as ensuring the continued existence and growth of an organisation, succession planning should also take into account the individuals and roles within that organisation. Boards can take advantage of their position to take a strategic overview of the succession planning, recruitment, and development processes within their business, and consider which elements have worked, and which have not. Setting your people up for success is a continual process which requires regular reviews to ensure that processes are continuing to deliver the leaders your business will need for the future. Objectively reviewing previous appointments to understand where they succeeded – or failed – is one way of understanding what makes an appointment – and a succession plan – successful. There are a few others:

- How confident are we that our planned successors would be successful if they moved into the role tomorrow? If not, why not? What can we do to ensure this?
- How do we set up our people for success in their roles, either pre- or post-appointment?
- What would success look like for each role and each successor?
- How successful have our internal appointments been?
- How successful have our external appointments been?
- Do we have at least two potential candidates for each organisational-critical role? Or are we reliant on a handful of “rising stars” to be slotted in “in case of emergency”?