

The Nuts and Bolts of Succession Planning:

A Dale Carnegie® White Paper

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Most managers know that talented people are hard to find. If managers try to replace current employees, they often find that recruiting comparably qualified employees from outside the company may cost much more than keeping current employees. Succession planning is about filling the organization's talent pipeline and building internal bench strength. It is about leveraging the talent that the organization already possesses by developing it to full potential.

But how is succession planning different from replacement planning, talent management, and succession management? What model summarizes the essential elements of a succession planning program? This Dale Carnegie® White Paper addresses these questions. It also provides readers with several simple tools to facilitate replacement planning and succession planning.



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How Is Succession Planning Different from Replacement Planning, Talent Management, and Succession Management?



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This section addresses how succession planning is different from replacement planning, talent management and succession management. These terms are confused with each other, so having precise definitions is important.

Replacement Planning

Replacement planning is the process of identifying individuals within an organization, and often in the same division or department, who would be best-equipped to serve as backups for current employees. There are two kinds of replacement planning.

Short-term replacement planning addresses the problem of how to keep the work flowing—and the right decisions being made—even when key people are out sick or on vacation. Work cannot grind to a halt just because some people are temporarily away from their desks. Additionally, short-term replacement planning encourages cross-training so that temporary backups are prepared to fill in when necessary. Such cross-training is a means of worker development too.

Long-term replacement planning addresses what to do when one or many key people are catastrophically lost due to death, retirement, surprise resignation, or long-term disability. It can also include ways for organizations to cope when leaders are held for ransom a growing problem in some parts of the world.

There is no doubt that replacement planning is an important part of a comprehensive risk management program. It is not enough to plan for the loss of data, finances, equipment or facilities. Organizational leaders must also plan for the loss of key people. That is particularly important when terrorism has emerged as an issue of global concern. Consider, for instance, that 172 corporate vice presidents suddenly lost their lives when the twin towers of the World Trade Center collapsed in a terrorist attack. Many organizational leaders realize that terrorism could prompt the loss of a headquarters facility—as in the Oklahoma City bombing—or many people as in an airline crash—or even the loss of an entire city if terrorists set off a “dirty” nuclear bomb. The challenge: could any organization survive the total loss of its headquarters and all its senior executives at once?

Insight ...

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The Dale Carnegie® Perspective ...

As with succession planning, a good place to start with replacement planning is with meaningful descriptions of the work performed. Dale Carnegie® offers products to help create results-oriented job descriptions.

Replacement planning is usually based on the assumptions that:

- A goal is to identify “backups” for current job incumbents
- “Backups” may be completely prepared to do the jobs of their immediate supervisors or else just good enough to serve in an “acting” capacity while the organization undertakes a search for the most qualified candidate from inside and outside the organization
- Backups will be identified primarily within a division, department or unit and only secondarily from other parts of the organization or from outside
- The current organizational structure will be preserved, even though a reorganization can change the number and type of key positions

Replacement planning is a good place to start when introducing succession planning or talent management to an organization for the first time. One reason is that it is not usually difficult to make the case for replacement planning. Even skeptical managers can accept the need for it. A second reason is that it opens a dialogue among managers about the supply of available talent in the organization. A third reason is that it will prompt many questions about what it takes for a worker to be “ready now” to fill his or her boss’s shoes, how a replacement is and should be identified, and what on-the-job developmental strategies are necessary to make people genuinely “ready now.”



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What Is Succession Planning?

Succession planning is “a means of identifying critical management positions, starting at the levels of project manager and supervisor and extending up to the highest position in the organization” (Carter, 1986). Although it is often confused with replacement planning, succession planning goes beyond replacement planning because its focus is broader than one position, department or division (Rothwell, 2005a). While often associated with planning for senior executive replacements only, it is really broader than that and can extend as far down the organization chart as managers wish to go. It also differs from replacement planning because successors are considered *by level* on the organization chart. A *talent pool* is identified underneath each level and a typical goal is to prepare as many successors as possible to be 80 percent ready for promotion to any position at the next level on the organization chart. The remaining 20 percent of development is provided when individuals have been promoted to higher level responsibility.

Succession planning is usually based on the assumptions that:

- A goal is to identify a talent pool of many people who are willing to be considered for promotion and work to be developed for it
- The future may not be like the past, and the competencies required at each level may be different in the future so that merely “cloning” past leaders is not appropriate
- Development occurs primarily on the job rather than by off-the-job training experiences

In succession planning it is usually assumed that the current organizational structure will be preserved. But talent pools provide sufficient flexibility so that reorganizations will not pose major challenges to building bench strength.

Related to the talent pool is the so-called acceleration pool. An *acceleration pool* is a group of employees being developed on a faster-than-normal basis for higher level responsibilities. Acceleration pools are particularly appropriate when large percentages of retirements or other long-term talent losses are expected in strategically critical work groups (Byham, 2002). As one simple example, engineers are often critical in manufacturing firms. If a high percentage of the engineers in a manufacturing firm are expected to retire within several years, then the organization may choose to recruit, develop and prepare less experienced engineers in an acceleration pool so as to assume more responsibility faster as retirements pare the more experienced engineering ranks.



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Since succession planning focuses on internally developing employees, it is usually necessary to devote more time and attention to planned training, on-the-job development, and other experiences designed to build competencies. At the same time, organizational leaders may wish to take a hard look at their internal job posting systems to ensure that they adequately encourage people to apply for positions of increasing responsibility. Organizational leaders must also examine any disincentives to seeking promotions, such as potential loss of overtime eligibility for those moving from hourly to salaried positions. Another promising approach is to integrate top-down succession planning, in which managers identify possible future leaders, with career planning, in which individuals share their career goals (Rothwell, Jackson, Knight, Lindholm, 2005b).



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What Is Succession Management?

Succession management focuses on the supervisor's daily role in grooming employees for higher level responsibility. It goes beyond replacement planning, which focuses on backups, and beyond succession planning, which focuses on the internal development of individuals who are willing to work for the future. Its goal is to build the capacity of employees through daily coaching, mentoring and feedback provided by their immediate supervisors. Since most development occurs on the job, the supervisor's role in coaching, mentoring and giving feedback is critically important. Such matters cannot be left to the HR department, since HR practitioners do not interact with employees on a daily basis.

What Is Talent Management?

As noted in another Dale Carnegie® White Paper, *talent management* is a process of attracting the best people through recruitment, retaining the best people by a planned approach to retention, and developing the best people internally. Thus, it integrates recruitment, development and retention efforts. It goes well beyond replacement planning and succession planning. For more information on talent management see the White Paper on that topic.



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Insight ...

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The Dale Carnegie® Perspective ...

Dale Carnegie® provides training on how managers can be more effective in their interpersonal relationships and approach to leadership with employees, a key to successful succession management.

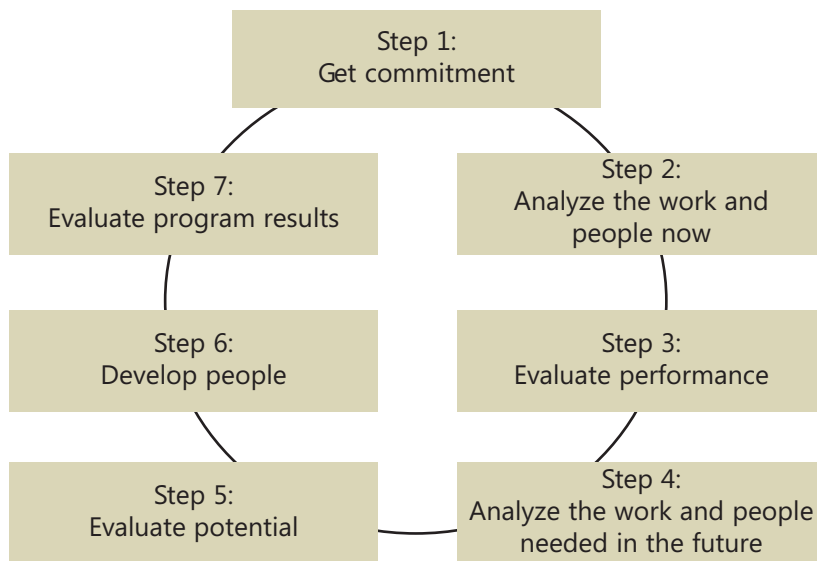
Insight ...

Talent management is a process of attracting the best people through recruitment, retaining the best people by a planned approach to retention, and developing the best people internally.

What Model Summarizes the Essential Elements of a Succession Planning Program?

Any exceptional succession planning program will be organized around a roadmap that integrates all its components and emphasizes the internal development of existing employees in the organization (Rothwell, 2005a). Figure 3 illustrates an example of a succession planning roadmap. What follows is a step-by-step description of this roadmap.

Figure 3: A Roadmap to Effective Succession Planning



Source: Adapted from Rothwell, W. (2005a). *Effective succession planning: Ensuring leadership continuity and building talent from within*. 3rd ed. New York: Amacom.

Step 1: Get Commitment

No succession planning program can work without managers and employees at all levels clearly understanding why a succession program is needed. A compelling case must be made for it. At the same time, executives, managers, supervisors and employees must clearly understand their role in the program.

Step 2: Analyze the Work and the People Now

To prepare successors, managers must know what work is done, how it is done, and what kinds of people do it best. This step requires the creation of up-to-date job descriptions, clear work outputs and work accountabilities, and job competency models to describe the characteristics of the people who do the work best.

Step 3: Evaluate Performance

Step 3 refers to *performance management*, the process of planning, managing and appraising worker performance over time. This step is important in a good succession planning program because individuals must be held accountable for the work they do, the responsibilities they shoulder, and the competencies they demonstrate. It is worth emphasizing that it is not enough to have any performance management system; rather, the performance management system must measure people against what they are expected to do, what results they are expected to achieve, and what competencies and behaviors they are expected to demonstrate.

Step 4: Analyze the Work and People Needed in the Future

The future will not necessarily be like the past. In this step, decision makers align the organization's strategic objectives with the work and competencies needed to realize those objectives. The organization's future requirements should be driven down to each level, job and function. The result should be expected future job descriptions and future competency models.



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Step 5: Evaluate Potential

The potential for promotion to higher level responsibilities should be considered against the backdrop of the future. In other words, every individual who seeks promotion is really working to be developed on an escalator because the competitive environment within which the organization performs is not static. Things are changing as individuals are being developed. It is not enough to assume that successful performance in the past will guarantee successful performance in the future. Instead, organizational leaders must find objective ways to determine how well individuals will function at a future time and at a higher level of responsibility.

Step 6: Develop People

Step 6 focuses on closing developmental gaps found by comparing the results of steps 4 and 5. To carry out this step successfully, organizational leaders should establish an individual development plan (IDP) for each employee to narrow gaps between what the individual does now and what he or she must do successfully in the future to function at higher levels of responsibility.

An IDP is like a learning contract. It is usually negotiated between an individual and his or her supervisor on an annual basis. Individuals are encouraged to identify, and plan for using, resources to help them build the competencies they need at higher levels of responsibility. Resources may include training courses inside the organization, seminars or conferences outside the organization, internal job rotation experiences, and many other competency building efforts.

Step 7: Evaluate Program Results

How can the results of a succession planning program be evaluated? The answer to this question must be obtained by measuring program success against the objectives established for the program in Step 1.



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Dale Carnegie's® competency based development system allows organizations to select training designed to develop individuals in line with an organization's specific competency model.

Conclusion

This Dale Carnegie® White Paper began with a goal of answering several key questions: (1) How is succession planning different from replacement planning, talent management, and succession management? and (2) What model summarizes the essential elements of a succession planning program?

As the White Paper has shown, succession planning focuses on building internal bench strength. It differs from replacement planning, which focuses on identifying “backups.” It differs from succession management, which focuses on the daily development of talent by supervisors. It differs from talent management, which integrates recruiting, developing, and retaining the best people.

The essential components of a succession planning program, similar in many respects to a talent management program, include: (1) get commitment; (2) analyze the work and people now; (3) evaluate performance; (4) analyze the work and people needed in the future; (5) evaluate potential; (6) develop people; and (7) evaluate program results (Rothwell, 2005a).

Dale Carnegie® offers many solutions to help you build your internal bench strength. If you would like more information about how Dale Carnegie® can help you strengthen your succession planning program, please contact your local Dale Carnegie® office at www.dalecarnegie.com.



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