

# Nothing ensures success like succession planning

The tight labor market is an important problem facing local government, according to more than 60 percent of Colorado municipalities that responded to the 2000-2001 CML financial condition survey. The costs of employee turnover are high, making it crucial to recruit and retain quality employees.

An array of tactics being employed by municipalities are explored in this *Colorado Municipalities* series. Some of the ideas might work for your municipality.

This final article in the series, looks at succession planning.

Past issues have explored ways to boost employee morale, ideas on how to interview for the best fit, the world of benefits, the volunteer workforce and effective performance management.



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**S**uccession planning is critical to the long-term viability of an organization.

An effective succession plan will identify and analyze key positions, assess candidates against job and personnel requirements, and create individual development plans for

potential successors. Its purpose is to ensure the continuity of an organization's leadership by identifying and developing potential candidates for key management positions.

A succession plan should be developed based on the organization's culture and operating environment to maintain the organization's culture. It should incorporate the values and vision of the organization's leadership. And the organization's life-cycle stage, technology, degree

of risk associated with decision-making and the type of feedback cycle should be considered. "The assessment of executive/organization match should involve comparing each potential executive's skills-and-competencies profile with the organization's requirements in terms of tasks, roles, culture, risk, feedback and technology," according to Beatty, Schneier and McEvoy, authors of *Executive Development and Management Succession*.

### **The problem**

Many requirements must be met if organizations are to survive in a fiercely competitive environment. William J. Rothwell wrote, "One of the aims of succession planning and management is to help the organization meet the strategic and operational challenges facing it by having the right people at the right places at the right time to do the right things."

At the 2001 CML conference and at a Colorado Public Personnel Association meeting, an informal poll of more than 40 municipalities and organizations indicated that the overwhelming majority did not have succession plans. Most engaged in a reactive personnel-replacement strategy that is coupled with a focus on substituting personnel as a means of risk management.

This is common. Most organizations and businesses do not have the time or resources to create a succession plan, much less implement and maintain it.

Succession planning should not be confused with replacement planning, though they are compatible and often overlap. Rothwell said, "The chief aim of replacement planning is to reduce the chance of catastrophe

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stemming from the immediate and unplanned loss of key job incumbents. Succession planning goes beyond simple replacement planning for it is proactive and attempts to ensure continuity of leadership by cultivating talent from within the organization through planned development activities."

Information about past and present problems, as they relate to finding talent and qualified leadership, will help establish solutions. A few problems that could be uncovered include:

- Employees charge that advancement is made on a personal, subjective basis rather than objective criteria of who is best qualified for the position.

- Key positions take too long to

fill and, as a result, production suffers.

- People are trained after they are promoted.

- Staff complains that a new replacement is not getting the job done.

- High-talent employees are recruited from outside the organization.

Once problems are identified, the organization can move on to identify needs and develop an appropriate succession plan.

### **Organizational need**

Organizations are evolving, living/dying dynamic systems. As with any system, there is a need to replace key components and resources such as equipment, processes, revenue – and personnel.

Rebecca L. Wolf identified four reasons to develop and implement a succession plan: Identify highly talented individuals, promote employee development, refine organizational planning and establish a talent pool.

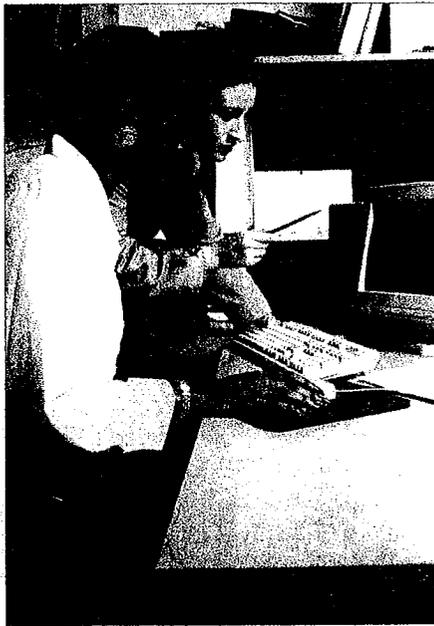
There are a variety of approaches to consider in developing a succession plan. Each municipality or organization has unique needs. The following five approaches can be mixed and matched as needed.

- **Career-driven:** Plan careers to match organizational goals. Succession planning and management is tied to strategic plans through individual career-planning processes. In consultation with their superiors and

others, individuals examine their own career goals in light of the organization's strategy to make decisions about how they can best contribute to emerging organizational needs while improving their own chances for advancement.

**Competitive or market-driven:** Maintain a competitive edge in the market with talent that will stay on top of the situation. Succession planning and management is governed by marketplace needs and requirements.

**Visionary:** Anticipate the future and plan the leadership talent around those needs. A well-managed succession plan becomes a vehicle to anticipate talent needs that stem from corporate strategy. It is viewed as a way to scan external environmental conditions and match the organization's internal talent to the demands created by those conditions.



**Problem-solving or rifle:** Solve problems that confront the organization. Succession planning and management is focused on solving specific, identifiable problems as they occur – such as higher-than-

expected turnover at some organizational levels or in some job categories.

**Organization-directed or top-down:** Include the visions and values of top leadership. Corporate strategy drives succession planning and management. Leaders identified through a systematic succession planning and management process support the successful implementation of strategy.

As an organization charts its course toward leadership continuity, it must intentionally implement a systematic and solid succession plan rather than rely on a simple replacement plan or a reactive approach that focuses on risk management and coping with crisis. Effective succession planning works toward continuity and future-oriented planning for possible scenarios.

There are a variety of considerations in planning for potential

scenarios: a shortage of promotable employees, numerous plateaued employees, rapid turnover of nonexempt employees, loss of high-potential employees, shrinking middle management, new employees leaving soon after starting their jobs, a need to adapt to rapidly changing technology, lack of managerial bench strength and slow growth or shrinking organization.

### **Plan development**

Succession planning in some organizations can be so informal that communications completely break

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## **Give top priority to the goals of leaders and management, the strategic objectives of the organization and human-resource objectives.**

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down. Few organizations have a good understanding of the way replacements are developed or chosen. But if the existing system works, document the process to formulate a more systematic plan; and put it in writing.

It is useful to have an interviewing system, a written survey and informal meetings to discuss status of the succession plan. It also is important to consider a variety of questions in the planning process.

1. How is leadership continuity handled at all levels?
2. What ideas can be explored for organizing a succession-planning program?
3. What are the key positions in each area?

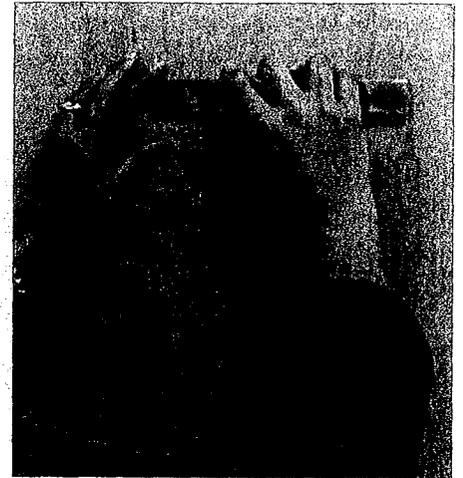
4. How would employees be replaced if they left key positions?
5. What positions are critical to the continued success of the municipality?
6. How many key position losses have been experienced?
7. How can talent and future leaders in the department or divisions be identified?

Furthermore, consider questions to ask to prepare a succession-planning proposal that relates to both the organization and human resource strategies. Gear the questions to your organization. Questions to ask might include:

1. How are the key positions defined in your city or town?
2. How are work requirements clarified for each position?
3. What is the view on employee evaluations?
4. How are evaluations conducted?
5. How is exceptional talent documented?

6. Have the requirements for key positions changed in the past few years?

7. What resources are needed to develop leadership in the organization?



8. What are the strengths and weaknesses of training practices?
9. How can the succession-planning policy be improved?
10. Is there a formal system for

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identifying replacement needs from retirement losses?

11. Have layoffs or reorganizations overloaded key talent?

12. Is key talent motivated or disenchanted?

13. What is done when key people depart unexpectedly?

14. Do key people feel their skills are up to date?

15. Is the organizational structure secure enough to support a strategic succession plan?

## **Conclusion**

One plan doesn't fit all. Organizations have different requirements for their succession-planning programs. Each design will be based on how large the organization is, the type of organization, how long it has been in operation and expertise available as well as any other factors that must be considered.

Give top priority to the goals of leaders and upper management, the strategic objectives of the organization and human-resource objectives.

A number of succession plans are described in the suggested references. Each municipality has to determine the focus and extent of their succession-planning effort.

What is the plan designed to accomplish? For example, improved "bench strength," leadership development and replacement, career development, intellectual capital redundancies, future needs assessment, personnel replacement, resource risk management and resource allocation in a shrinking/growing budget. All are possible scenarios that could be managed more effectively with a succession plan in place.

Systematically answer the questions raised, create dialogues with the municipal leadership and design and implement a succession plan to help the organization thrive for years to come. ■