The Top 5 Problems with Succession Planning

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Leon, IA
“Succession planning, like a relay race, has to do with passing on responsibility...Drop the baton and you lose the race.”

~ Walter R. Mahler ~
Web Seminar Agenda

• Define Succession Planning
• Top 5 Problems with Succession Planning
• Strategies to Overcome Succession Planning Pitfalls
What is Succession Planning?

“A process to ensure continued effective performance of an organization, division, department, or work group by making provision for the development, replacement, and strategic application of key people over time.”

~ William J. Rothwell ~
55 Percent
Why Have a Succession Plan?

• No growth in # of workers age 25 – 44
• Workers age 55+ will grow 40 percent
• Leadership development = higher returns on equity & profit
• Top organizations hold leaders accountable for developing talent
The Value of Succession Planning

• Identify key positions
• Identify business needs & long-term strategy
• Identify and understand development needs of employees – HiPers & HiPos
Business Reasons

- Survival
- Cost Savings
- Previous Downsizings
- Favoritism
- Projections
- Planning
The Top 5 Problems

1. Mistaken Understanding
2. Incorrect Position Focus
3. Crown Prince / Princess Syndrome
4. Talent Drain
5. Rigid / Inflexible Plans
Mistaken Understanding
Mistaken Understanding

- Entry
- Termination
- Promotion
- Demotion
- Lateral Transfer
- Development in Current Position
Overcoming the Mistaken Understanding Pitfall

- Organizational Redesign
- Process Redesign
- Outsourcing
- Trading Personnel Temporarily
- Talent Pools
- Two-in-the-Box Arrangements
- Competitive Skills Inventories
Overcoming the Incorrect Position Focus Pitfall

- Employees reporting to the top person
- Middle management
- Individuals & key positions
- External talent pools
Crown Prince / Princess Syndrome
Overcoming the Crown Prince / Princess Syndrome

• Look further down the career ladder
• Consider outside talent
• Create talent pools
• Use a nine box matrix to classify performance
# Nine Box Matrix Example

<table>
<thead>
<tr>
<th>Potential</th>
<th>Performance</th>
<th>Needs Improvement</th>
<th>Solid</th>
<th>Exceptional</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td></td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>9</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>
Talent Drain
Overcoming the Talent Drain Pitfall

- Exit Interviews
- Identify Avoidable Turnover Opportunities
  - Review Organizational Charts
  - Look for High Turnover
  - Identify Gaps and Holes
Rigid / Inflexible Plans
Overcoming the Rigid / Inflexible Plans Pitfall

• Be careful of weaknesses
• Individual development plans (IDPs)
• 300 ways to develop employees
• 80/20 rule
Overcoming the Rigid / Inflexible Plans Pitfall

- Evaluate the succession planning program
  - Survey participants
  - Measure development activities
  - Analyze data
  - Measure results
Employer Solutions Blog
Predictions
“Have you thought about how quickly you could replace certain positions at your company?”
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“The ability to make good decisions regarding people remains one of the last reliable sources of competitive advantage, since very few organizations are good at it.”

~ Peter Drucker ~
Questions
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