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The Future of Succession Planning in Organizations

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Abstract

Succession planning is a process in an organization to determine the critical positions essential for leadership, sustainability and developing a plan of action for people to assume those roles [1]. It is important to understand an organization's culture and philosophy regarding leadership and success when understanding succession planning. Many organizations don't consider succession planning until someone dies, retires or leaves a position [2]. Most often the organization is then in a crisis situation which can lead to poor decision-making, as well as exhibiting a lack of confidence to internal and external constituents [2]. Leaders of exemplary organizations invest in knowledge of the entire organization. This paper presents concepts and recommendations related to implementing succession planning in organizations, as well as issues and roadblocks.

Key Words: succession planning, organizational planning, organizational success

INTRODUCTION

Succession planning is a process in an organization to determine the critical positions essential for leadership, sustainability and developing a plan of action for people to assume those roles [1]. Often, the role of the Chief Executive Officer is the most essential and obvious role that should always have a succession plan not only developed, but consistently supported within an organization. However, there are many critical roles within an organization in which a succession plan is imperative. Finance office staff at all levels for example provide critical roles within an organization, with essential day-to-day functions. In higher education, the role of the Provost or Vice President of Academic Affairs is a crucial role within the organization requiring a clear succession plan for an incumbent to allow for academic operations to function effectively for students, faculty and staff. For organizations to remain competitive, successful and profitable a well-designed and coordinated succession plan is critical [3].

It is important to understand an organization's culture and philosophy regarding leadership and success when understanding succession planning. Many organizations don't consider succession planning until someone dies, retires or leaves a position [2]. Most often the organization is then in a crisis situation, which can lead to poor decision-making, as well as exhibiting a lack of confidence to internal and external constituents [2]. Leaders of exemplary organizations invest in knowledge of the entire organization. There are specific areas of expertise needed, with strategic planning and decision-making related to how the employees accomplish day to day tasks [3]. If the organization invests in their workforce, supports robust

professional development with skill building, and successfully retains employees in essential roles, the more likely it is that a comprehensive succession plan is at the core of the organizational strategy [1].

Essential employees departing the organization can have significant consequences on the overall success and functioning of an organization [3]. But if the workplace has a well-designed and functional succession plan that can be successfully implemented, the leadership can avoid having to enter into a lengthy replacement process that is focused on replicating the departing employee [3]. The mentality of having to fill this crucial role can be just a statement, not a belief or practice. When a succession plan is implemented, it must be closely aligned with professional development and support [3]. Being able to select the most capable and qualified candidate is crucial because it has such a significant impact on current and future success of the organization [3]. Succession planning models have been designed to maintain continuousness and connection to safeguard power and command [4]. This has transitioned to organizations having the ability to shift quickly to meet the change occurring at a rapid rate and incorporate a multilevel approach to strategic and succession planning.

IMPLEMENTATION OF A SUCCESSION PLAN

Implementing a succession plan requires human resource professionals to understand best practices in the field, and most importantly how to implement them [5]. Having a well-planned approach to succession planning can reduce challenges, manage dynamic change and adapt to growth more successfully [5]. Before discussing best practices, it's important to understand these statistics as it relates to succession planning and training in the workplace. First, nearly nine out of 10 executives believe their highest priority are leadership issues [5]. In the United States (U.S.), only 14% of companies say they have a strong succession plan. Only 60% of business leaders have effective skill and judgment for the role. This speaks more to leadership development, but when combined with the need for an effective succession plan, the two intersect [5]. In today's business culture, only 48% of leaders successfully drive innovation and change, and 70% of CEO's feel they are tackling issues that are mission-critical for their organizations. They are not confident or lack experience in making those decisions [5]. Other challenges facing the U.S. is that number of individuals between the ages of 18 to 64 years old, those considered the "working eligible" will remain flat for the next decade. Because of this, organizations are faced with spending more on talent acquisition than ever before. This adds to overall operating expenses and pressure to hire a candidate from the available employment pool [5]. All of this leads to the importance of investing in employees, providing professional development training and skill building, then creating a strong internal pipeline to replace critical positions quickly and effectively [5].

Understanding the challenges facing the implementation of an organizational succession plan incorporates best practices and approaches. If approached strategically, succession planning can create a competitive edge for an organization [5]. Organizations implementing this planning should first evaluate the leadership development process, and how leadership is cultivated [5]. Determining this important process will assist in establishing the steps for succession planning in the organization, and the overall process for the planning. To establish a process, it is important for an organization to identify the skills, talents and qualities necessary for its success, but also to lead the organization going forward [6]. Companies and organizations must embrace succession planning in order to remain competitive in workplace

changes, especially in a post-pandemic environment. The first steps to establishing a strong succession planning process within an organization to create rules or basics for the planning. Some modern workplace examples include making succession planning an important part of the onboarding process [6]. Organizations hiring new employees should discuss how the opportunity for advancement supports the company philosophy about succession, and even citing examples of internal executive leadership that were promoted from within [6]. Understanding the challenges of the current modern workplace, employers must confront a multitude of issues as a result of marketplace volatility, supply chain, and the significant challenge of a dwindling talent pool [6].

Implementing a strong succession plan resonates first and foremost from the Chief Executive Officer and the executive team. It should be an organizations leadership that takes ownership and responsibility for how the succession plan is executed but remains a focus within the organization [6]. Human resources or hiring managers may help execute the plan or an executive recruiter may be contracted to source potential candidates. Before the 2020 pandemic, many companies viewed succession planning as something that was nice to have but not essential [2]. But in a post pandemic work environment, for succession planning to work effectively, companies and leadership must make it a priority [2]. It is important to maintain the human aspect in the area of human resources, not to depend 100 percent on Artificial Intelligence (AI) or data analytics [4].

The steps to implement a strong succession plan begins with a goal. If a human resources team is motivated in ensuring that the organization will invest time and talent in developing future leaders, the company will obtain a strong return on its investment and ultimately solve many critical issues [6]. A great example of a process to implement a strong and successful succession plan is to incorporate discussion regarding talent development regularly in executive meetings. With the ultimate goal to have a successor in place for all critical roles within the organization [6], executives should openly discuss who they are grooming and developing for future roles so that not only do these individuals have a clear path for their career, but the company has the necessary talent in place for long term success [5]. Simply put, if a company puts goals in place to grow within their market, a succession plan allows them to determine if they have the talent and expertise within the organization to accomplish goals set [1].

CHALLENGES OF SUCCESSION PLANS

One significant issue to developing and implementing a long-term succession plan is workplace challenges brought on by the pandemic [6]. Although companies communicated succession plans effectively, executive leadership were identified for current and future leadership, and internal promotion practices were put in place for critical roles, the virtual workplace has created another whole set of circumstances, including opportunities and challenges [6]. The COVID-19 pandemic highlighted two significant realizations for human resource managers and organizational leadership. The importance of a having a succession plan in place is essential, especially when during the pandemic, employees were being furloughed or permanently laid off. Also, face to face and workplace training was basically eliminated. Consequently, employing succession plans with the workforce working remote, and ensuring that successors were prepared to step into leadership roles continues to be a struggle for most companies. For those organizations that had long term plans in place, they were able to effectively implement their strategy. For those that were not, there were many challenges to keep their companies

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and workforce efficient and productive [7]. This example is the justification for creating an effective process of succession planning going forward.

In order to determine an organization's outcomes with succession planning and implementation, it is important to establish an effective process. As mentioned, succession planning is often planning for the worst but expecting the best, and not waiting until a leader or essential employees leaves, dies or become incapacitated to initiate a good succession plan [7]. The essential first step to assembling an effective plan is to identify the key positions [7]. Developing a plan, then ranking the positions throughout the organizational structure in order to determine those most imperative versus those that may be less essential supports builds the structure for implementation [7].

The next steps include identification of need, both current and future [5]. When the needs are identified, job profiles can be developed and then a recruiting process commenced. Organizational leadership needs to determine recruitment objectives that identifies candidates who will potentially grow within a position [5], and those that are the best fit for the organization, supportive of the leadership and strategic direction and eligible for growth and promotion [3].

It's important that the process and planning is inclusive and minimizes risk to the organization and workforce [3]. In addition to communication and transparency with the entire workforce, and new and incoming employees, it is essential to involve as many staff and leadership in the planning as possible [3]. Employees that are involved; asked for input and support, will be the most effective at being advocates and supporters in the implementation and hiring process [3]. The implementation process includes the recruiting process, appointment of a successor, transitioning the new or current employee into the new role and finally and most importantly, followed by documenting the process and outcomes [7].

One very important aspect of effective succession planning is to ensure that cost-effective measures are included in the planning and implementation [8]. It may cost far more to not have an effective succession plan in place rather than having a well-organized and strategic plan in place and executing it when needed [5]. Often, especially in very large companies and organization, when the CEO announces a plan to retire or leave their position, and no succession plan is in place, organizations start from the beginning to find the suitable replacement [8]. The tendency to hire an expensive search company or consultant, reinvent the job description and spend valuable resources in marketing the position externally is common and often what companies feel is important to do in order to find the best potential candidate [8]. This can be extremely costly, both in time and resources. If the CEO in many cases provides significant advance notice with intent to step down, a prolonged search places the entire organization in a position of uncertainty and undermines the workers allegiance and belief in the retiring leader [8].

Integrating succession planning into the recruitment process is a very logical and vital piece of the hiring process. However, unfortunately 90% of succession plans don't work in the corporate environment. A study by Deloitte, combined with interviews of 50 executive form 50 different companies nationwide validated these findings [9]. Three key elements of the research identified what the weaknesses were that informed these findings: executive leadership buy-

in, simple plans and follow the correct planning activities at the right time and in the right order [9].

Establishing leadership development programs, clearly articulated in the hiring process will assist to create a clear path and the framework for ensuring that leaders develop the core competencies needed to learn, grow and be able to pivot into a leadership role in the future [9]. Developing skills, abilities and attitudes will support personal development, ensure that confidence builds, and strong teams are formed when all of these processes and programs align [5]. Building simple effective plans, overseen by human resources or hiring managers ensures that leadership does not complicate or intervene to derail the planning and succession implementation [9].

Communicating the succession plan seems like a very common and easy piece of the plan implementation. However, it is the one that is most often neglected [9]. Communication plans include ensuring that the succession plan goals and objectives are in the employee handbook, and outlined during the hiring process [9]. Employees should readily know where to find the plan, and how to reference it. Again, the plan should be simple, clear and include key components of implementation and in many cases, specific leadership roles and key positions within the organization that have been identified as a top priority in a succession planning implementation [9]. It has become even more imperative that a leader possess the core competency to align talent management to develop and implement new technological innovations [4].

IMPACT OF TECHNOLOGY ON SUCCESSION PLANNING

Data analytics and technology continue to impact human resource departments significantly. Payroll, benefits, recruitment, hiring processes, talent development, and succession planning are streamlined and more efficient; providing for enhanced strategic management initiatives. Related specifically to succession planning, Jackson and Dunn-Jensen [4] report that "part of this transformation includes how quickly organizations and their leaders organize and align talent to enable exploitation of core competencies with the need to develop innovations needed in this newer economy" (p. 274). These streamlined areas provide for improved efficiency and effectiveness of an organization in a competitive global environment.

The digital economy includes incorporating artificial intelligence (AI), big data, and predictive analysis in strategic planning. Ensuring that employees possess the skills necessary for the current and future workplace is a challenge. Jackson [4] report that,91% of employees believe that digital transformation will affect the way employees organize and do their work, yet only 41% are satisfied with their employers' responses to digital trends. Beyond technology, HR executives must identify and address the development of skills to manage and drive disruption for this newer economy (p. 274)

Human resource professionals are evaluating and implementing technology to meet the requirements of the newest generation growing the workforce, Millennials, individuals born between 1991 and 1997. This is being accomplished using software packages offering performance management systems, corporate training modules; guiding employees through every step of the employee lifecycle [10]. This digital-savvy generation expect new technology in the workplace. Constant evaluation is required to prepare for the future. HR software can

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assist in tracking leadership in the workforce, providing planning for employees related to digital curriculum to progress in organizations creating individualized programs.

CONCLUSION

In summary, the creation and implementation of a succession plan within an organization is not only a consideration that leadership must account for, but it is an essential element of creating and maintaining a strong workforce [11]. Many professionals, whether from health care, technology, higher education or other service organizations require constant, consistent personal and organizational learning in order to succeed [11]. It is unfortunate that so many organizations do not have strong or effective succession plans in place. This is especially true as the United States emerges from a pandemic confronting workforce recruitment and retention challenges most will ever encounter in their professional careers [6]. To remain competitive, sustain quality employees and recruit new talent that is essential for the continued growth and development of the organization, comprehensive yet simple and effective plans for determining the company's future leadership is no longer an option, it is mission critical. One very important factor resulted from the pandemic; the effective introduction of technology platforms to strengthen and increase training opportunities to all levels of employees [6]. The challenge of access, travel, cost and availability has been made easier. The influx of organizational technology provides a strong vehicle for new training options such as webinars, pre-recorded programming, Zoom and even blogs that have provided a significant opportunity for current and future workforce teams [6]. If employees feel invested, included in learning and training opportunities, have a clear vision related to the strategic direction of the organization; progress can occur. Having a clear understanding of the succession plans of the leadership and key roles within the organization, workplace performance, engagement and retention will not only be created but sustained [6].

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