



9 Powerful Reasons Why You Absolutely Must Plan Succession

By Jenni Murphy-Scanlon

The idea that planning succession is important has been around for some time now, and yet despite the seemingly excellent reasons for doing so, few organizations appear to be able to get a successful succession planning process off the ground. So just to reinforce conventional wisdom, here's 9 powerful reasons you absolutely must plan succession in your organization:

1. The cost of external hires for key roles is high

There's the direct costs of recruiting and selecting a replacement, but more importantly, the induction costs of bringing a new person into a key and/or senior role. It can take weeks or months to get a newbie up to full productivity, especially if the role is dependent on expertise and knowledge about the organization itself and/or networks within it. An existing employee with potential can be developed through your succession program to have that knowledge and those networks so they can 'hit the ground running'. This avoids loss of productivity typically associated with external hires.

2. New hires can cause disruption for staff, customers and suppliers

Someone new to the culture and processes can take a while to find their way around, understand the history and fully comprehend the impacts of some decisions. A successor to the role can provide reasonably seamless management of the team and relationships with customers and suppliers. There's likely to be less politicking by staff and less concern from key customers.

3. Strategies, projects and business plans can lose their momentum or be discarded altogether by new hires

The 'new broom sweeps clean mentality' can often result in an external hire heading off in a new direction to prove themselves, or simply not appreciating the effort that's already gone in to certain projects and plans. Without knowledge of the history and strong commitment to your organizational values, a new hire is less likely to see existing projects through. That can result in a waste of resources and energy that's already gone into plans and projects, and from disillusionment of others involved. On the other hand, one of your internal high potentials that you've developed and promoted is likely to already be involved in these key projects and strategies and therefore is highly likely to remain committed to seeing them through.

4. Talented staff may leave for companies that offer successor development

Your high potential people who seek a career path are likely to be tempted to head to competitors who offer a formal succession planning programme. You may see them as potential successors, and even be developing them informally, but if it's not upfront and recognized as a succession plan, they may not take it too seriously.

5. Owners have alternatives to a forced sale when they want to retire or reduce involvement

In an owner-operated business, or professional firm, when owners or partners want to retire, a ready successor gives options other than a forced sale. A senior staff member (or two!) who has been developed to succeed the owner allows a more controlled and gradual hand-over. The owner or partner is likely to receive a much better price for his/her share of the business and the exit can be planned in a much more manageable way.

6. It's easier to attract talent when you have a formal succession planning process in place

Just as you risk losing talented staff if you don't have a formal succession planning program, you are likely to attract talented recruits when you have one. And formal succession planning can mean you are recruiting less and at lower levels into the organization so you attract talent that you can then shape to your organizational culture and values.

7. You know who you are getting

The biggest issue in recruitment is being able to predict how someone will fit into your business and how they will actually perform on the job. Despite sophisticated tools available, there's no 100% guarantee that your new recruit at any level will actually perform and fit in the way you hoped. When you are developing internal talent for key roles, you know exactly what you are getting. You get to select who to develop and you can address any gaps in their knowledge, competence or networks. There is way less risk.

8. Helps ensure continuity of the organization and of organizational knowledge

Systematically developing successors ensures that organizational knowledge is passed on and not lost when someone leaves. It also ensures that your business can continue even if holders of key positions vacate them temporarily or permanently. Continuity can be assured.

9. It can be used to encourage diversity in key roles

You can ensure that your pool of potential successors to key roles is as diverse as you want it to be. Some of the barriers to women, minorities and other groups applying for senior roles can be mitigated. Providing formal development opportunities can boost the confidence of talented staff from these groups and help them apply successfully for key positions as they become vacant.

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