

Top Tips for Succession Planning

Planning Today Can Protect
your Tomorrow



All companies rely on peoplepower to develop and produce products and services to grow. Employees are the backbone of any industry and if you're short key players, you'll have a hard time competing. Engaging in succession planning can help your company cover the bases so talent shortfalls don't sink the entire ship.

Succession planning is a process that helps your existing talent advance and build their career path within your company by allowing managers to easily identify your best employees, so you can determine who will be able to take on key roles in the future. A proper succession plan ensures your employees know you are invested in their future by helping them achieve their goals and develop within your company, boosting their engagement.

Why You Need to Start Succession Planning Now

Succession planning not only helps keep your existing workforce engaged but can also be a powerful tool to help secure your company's future. According to [SHRM](#), there are several reasons why your company should be engaging in succession planning, including:

- Adapting to demographic changes and talent scarcity.
- Identifying skill gaps and training needs.
- Retaining institutional knowledge in a knowledge economy.
- Replacing unique or highly specialized competencies.

Adapting to demographic changes and talent scarcity.

The pandemic proved that anything can happen. One day it is work as usual and the next the world is turned upside down. Currently, the US has a severe labor shortage. According to [reports](#), five million fewer people are working than before the pandemic began and three million fewer are looking for work. With a succession plan in place, companies can easily adapt to talent scarcity by promoting from within, instead of continually recruiting new talent.



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Identifying skill gaps and training needs.

Succession planning also helps you proactively see where gaps in your company exist. Do you only have one employee who does payroll? What happens if that employee has an emergency? Is there someone else who can make sure everyone gets paid on time? A succession plan allows you to look at every aspect of your organization, or just parts of it, to determine where gaps need to be filled.

Retaining institutional knowledge in a knowledge economy.

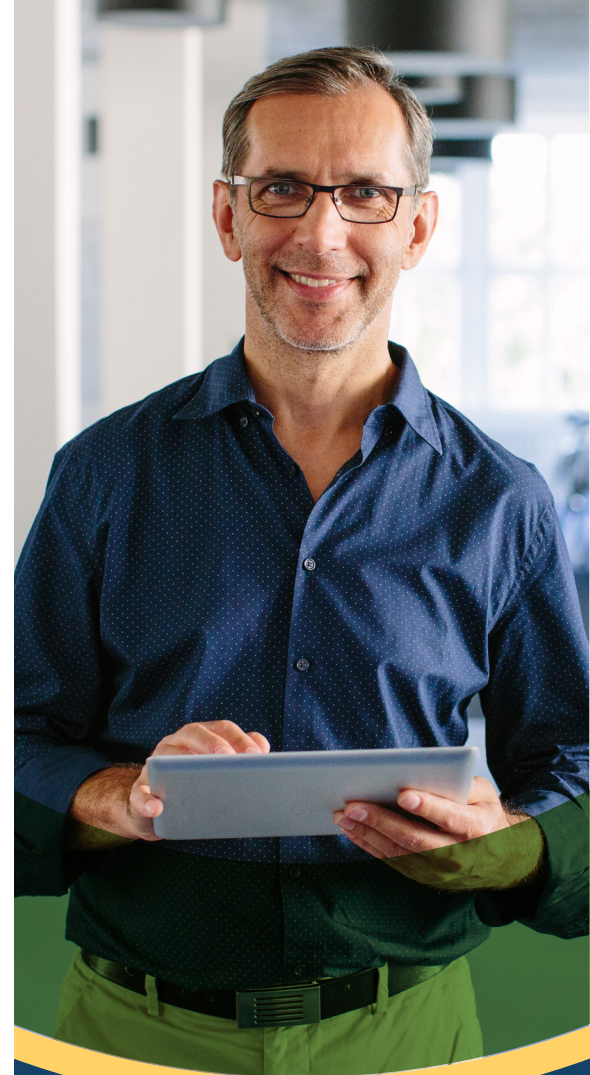
Baby boomers are retiring in large numbers. Early in the pandemic, nearly **30 million Baby Boomers left the job market**. Many of those boomers were in leadership. According to **research**, the number of people in leadership roles that plan to retire in the coming years is greater than those entering the workforce. Succession planning can help transfer the knowledge of outgoing employees to the ones slated to step up into their places because even the most loyal employee will retire at some point.

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Replacing unique or highly specialized competencies.

Companies don't realize that one employee leaving could seriously disrupt operations but many times there are multiple leaders or contributors with highly specialized knowledge. And if that indispensable employee does abruptly leave, replacing his or her knowledge can be both expensive and time-consuming. Succession planning can help prevent this by making sure employees share knowledge.

Succession planning not only meets the needs of the company but the employees as well. The process helps employees feel empowered to come forward for open positions and train them if they don't currently have the required skills. According to **CIO**, it can help organizations recognize future leaders and create and maintain diversity in senior roles.



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Why All Companies Don't Succession Plan

With so many benefits of succession planning, many companies still aren't on board with the initiative and there could be some explanations as to why. According to [Training Industry](#), lack of time, leadership buy-in, money and simply not wanting to have uncomfortable conversations are reasons why companies neglect succession planning.

Lack of Time

Some companies don't have a succession plan in place simply due to lack of time. Companies are so fixated on client and employee demands that they allow it to consume their day. Some executives might be more concerned with serving clients than taking the time to build up their employees. But without talent, you can't serve clients and your best talent will leave.

Lack of Buy-In

If your senior leadership doesn't want new blood, no amount of succession planning will work. Some leaders may not want to think about leaving their position or responsibilities ("I'm never going to retire.") Others don't want to hand over the reins because they still have goals to achieve, no matter how unrealistic those goals are. Some leaders simply don't want a successor to overhaul and change everything they've built, even if a new leader's ideas will bring growth.

Lack of Money

Succession planning is a commitment that does require some investment. Not only is there the time to put together the plan, but the training needed for existing employees to close skills gaps and transfer institutional knowledge but also learn new skills, like expertise in emerging technology or communication skills.

Not Wanting to Have Uncomfortable Conversations

Deciding who will move up or out are difficult decisions that can lead to some uncomfortable conversations. Existing managers will feel judged and employees who aren't targeted for leadership can feel left out. But these decisions will affect your company in the long term and must be made for the health of your business. Make sure all employees can see the big picture.



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Succession Planning Best Practices

Succession planning is most effective when companies strive for the smoothest transition possible. Follow a couple of steps to make the most of your succession planning process.

1. Evaluate your future goals and what plans it will take to get there.

A succession plan is all about helping a company achieve its vision and goals. **Ask yourself:**

- What are your growth aspirations?
- Who are your target markets?
- What types of services do you want to offer?
- Who are our highly skilled employees with succession potential?

Answering these questions can help companies start filling positions with employees who share the same vision as the company.

2. Assess current employees and their skill sets to find gaps.

You can't prepare for future skills gaps if you don't know where yours are. Audit the skill sets of your staff using simple surveys or asking managers to evaluate their employees to make sure the listed skill sets are accurate. A performance management system can help by providing good data as well as setting up discussions about goal setting and other feedback.

3. Talk to employees about their career goals.

Having **open, transparent dialogue** with employees is an integral part of a succession plan's success. These conversations allow employers to really gauge whether their employees' career goals fit within the company. Some employees may see themselves as leaders, others may be fine where they are. It also may be necessary to create a plan to set them up for success through a mentorship program.



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4. Begin the succession process with identified employees.

Succession planning works best when it is combined with performance management and learning management, which provides the data and tools to develop your potential leaders. Managers need to have continued conversations with employees in the succession planning process to keep them on track and to help fill in the gaps. Conversations should be constructed around:

- Revising/revisiting succession goals and processes on an as needed basis
- Defining roles and expectations
- Outlining clear, measurable goals to gauge successes and failures

Some employees may need training and development in other departments to make their succession an accomplishment as well. To help make succession planning a success, a lot of businesses will hold managers accountable for their performance in their ability to help their subordinates fill in crucial skills gaps.

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5. Always be improving the program.

As employees are moved in and out of a succession planning process, it's important for companies to take the data compiled over time to study and use to improve the process. With automated reporting tools handy, companies can use data shared from succession and any other processes such as performance and learning management to make improvement decisions based on evidence.



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How Succession Planning Software Can Help

Along with [Performance Management](#) and [Learning Management](#) solutions, [Succession Planning](#) software automates the entire process while providing valuable data that's stored in a secure location.

Arcoro Succession Planning software is a cloud-based module which gives companies the power to accurately review employee performance and readiness with scorecards, comparative ratings and 9-box Talent Matrices. This module can be integrated with various modules, systems, platforms and more within human capital management (HCM) and [enterprise relationship planning](#) (ERP) suites.

The module helps to facilitate the sharing and streamlining of data between administrators and leadership to improve reporting, increase transparency and enhance the decision-making process based on evidence.

Key features with Arcoro's Succession Planning module include:

- Access to a talent dashboard
- Assign tasks, activities and assign feedback partners
- Identify high-potentials at-a-glance
- Access to comprehensive reporting on employee evaluations, courses, 360s, certifications and more
- Succession talent pool or 9-Box Matrix
- Career planning
- Display competency performance in green/yellow/red
- Export real-time reports

Stop being reactive when it comes to filling top positions and start being proactive by creating and implementing an effective succession plan. Arcoro's Succession Planning software can help. Contact one of our representatives to find out more or schedule a [free demo](#) to see it for yourself.



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Arcoro delivers modular HR & people management solutions to help companies hire, manage and grow their workforces.



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