

# Effective Succession Planning

STRATEGIES TO ENSURE ONGOING BUSINESS SUCCESS AND LONGEVITY



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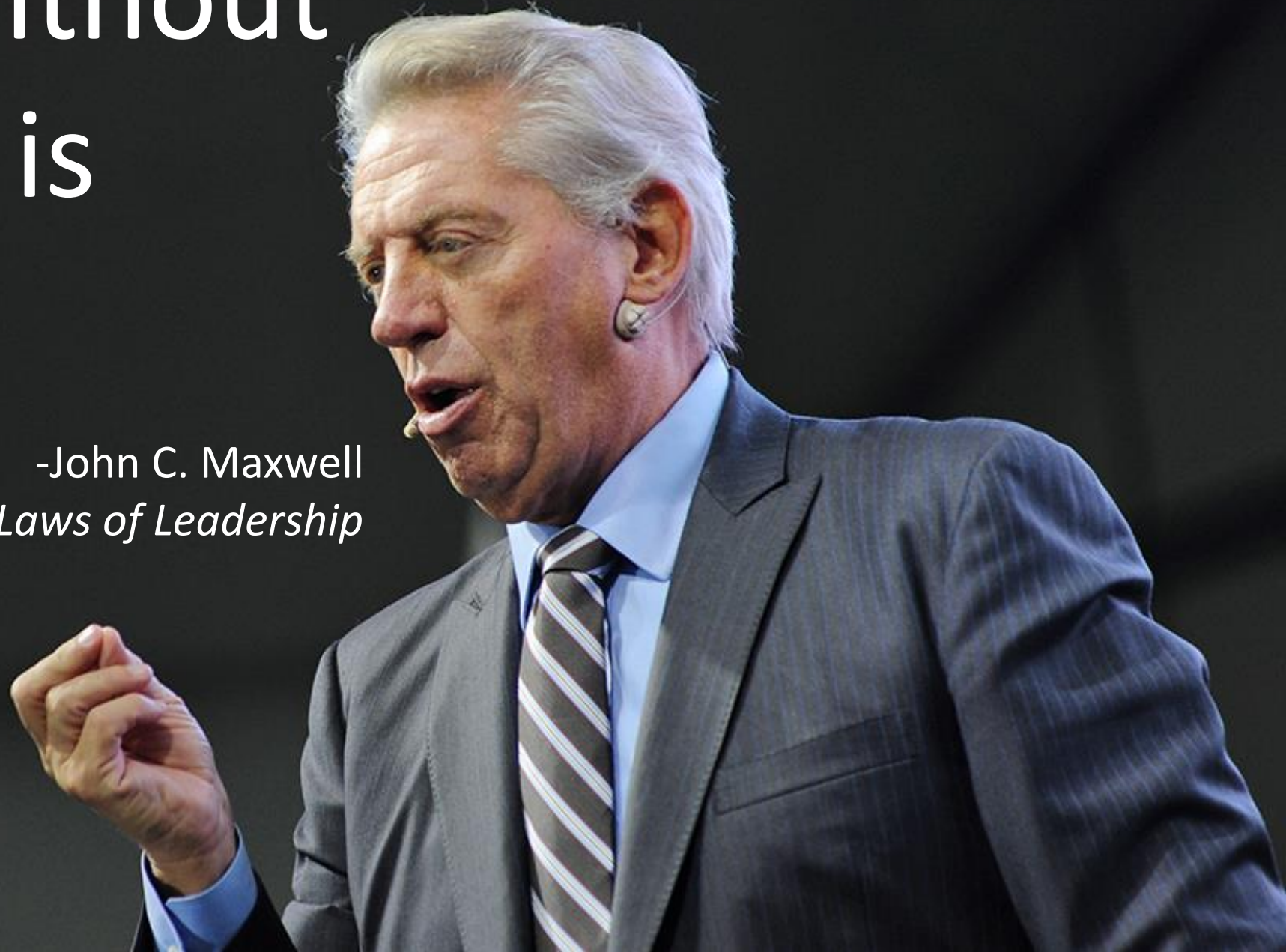
Wade@WadeLarson.com

“An organization is  
only as good as the  
people that work  
for it.”

“Success without  
succession is  
failure...”

-John C. Maxwell

Author of *The 21 Irrefutable Laws of Leadership*







# Why Succession Plans?

When we  
need water...





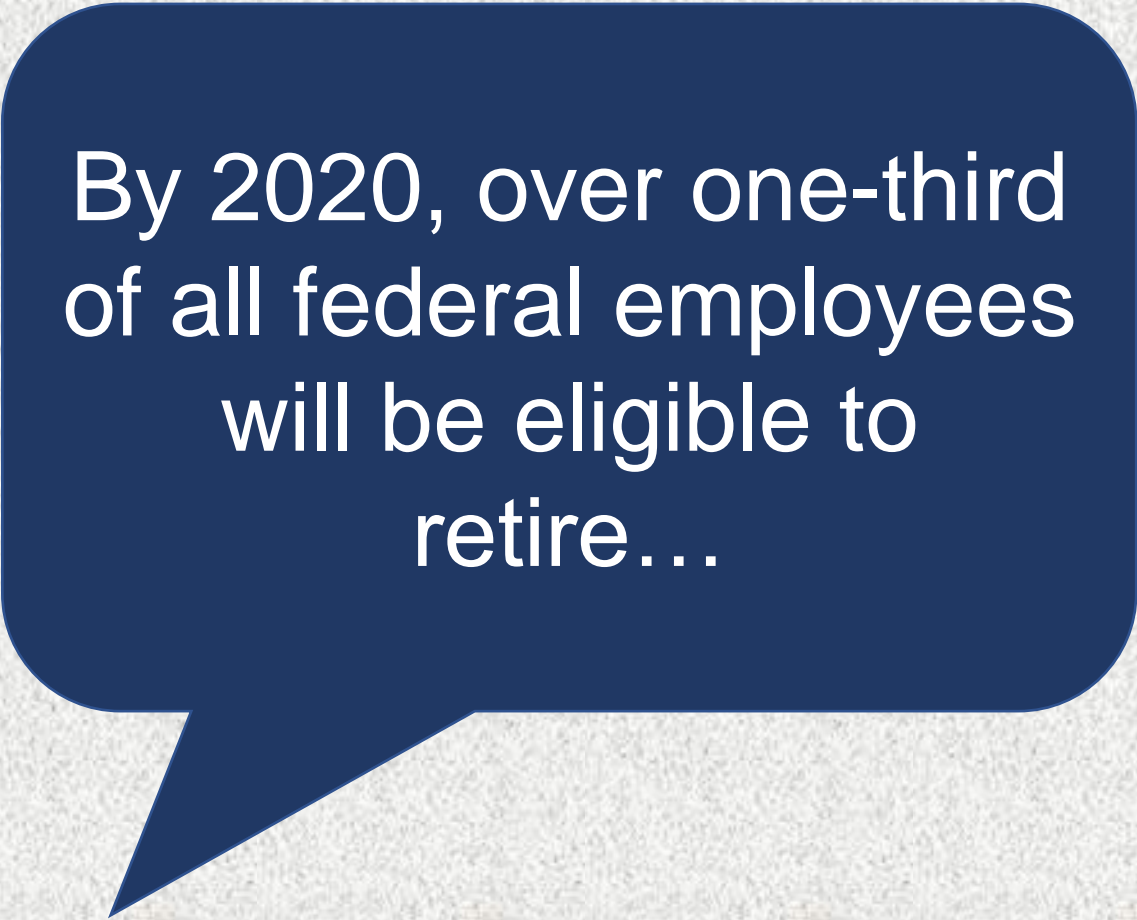
What if the  
well is dry?



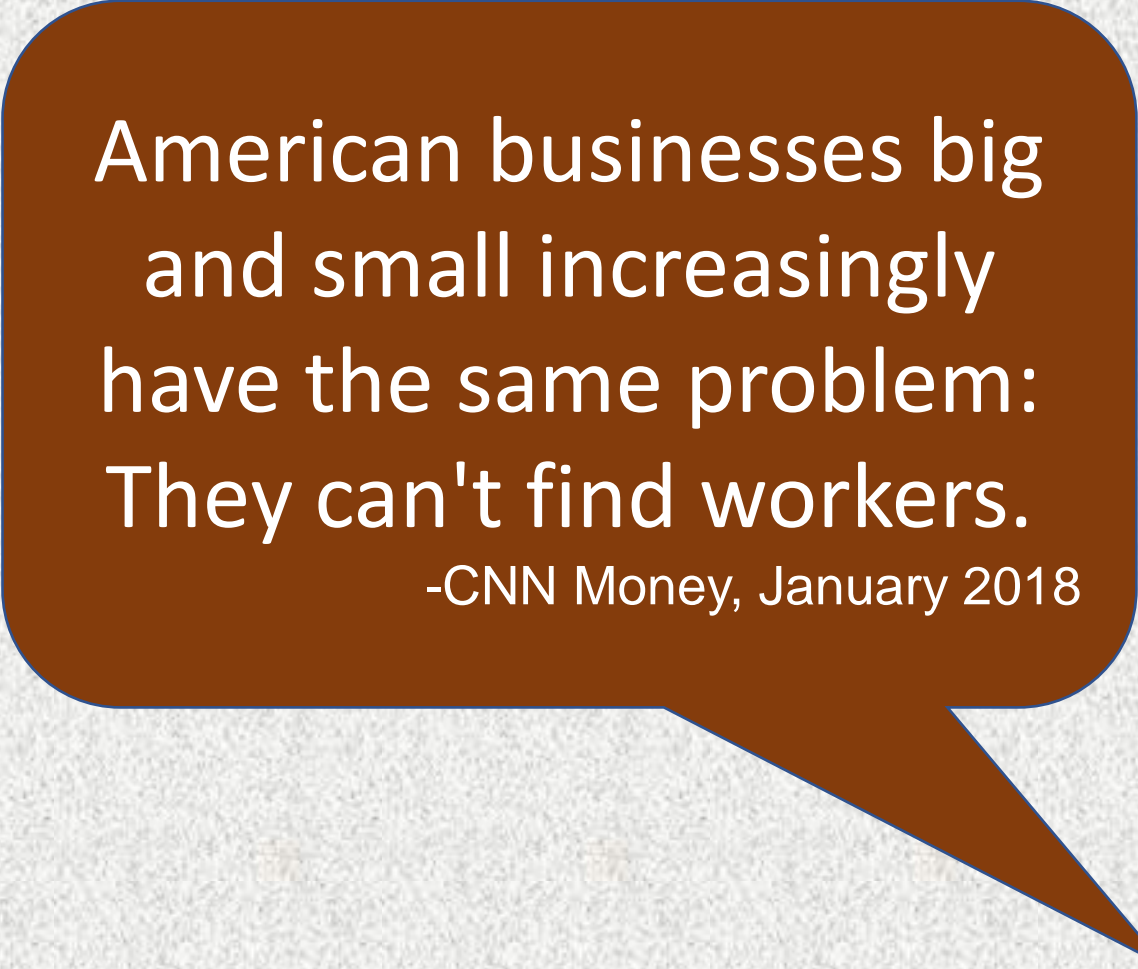


# What does your labor landscape look like?





By 2020, over one-third  
of all federal employees  
will be eligible to  
retire...



American businesses big  
and small increasingly  
have the same problem:  
They can't find workers.

-CNN Money, January 2018





## “Middle Skill” Positions

**61%**

of small business owners  
are experiencing extreme  
to moderate difficulty in  
finding quality skilled  
workers in order to expand  
their businesses.

-U.S. Bank Report, 2017

# Why the struggle to find qualified candidates?

Older workers retire  
Fewer younger workers  
available


Employers reluctant to pay  
more for talent

Students going to college  
for unneeded skills






# Long-term Considerations

A photograph of a happy family. A woman with long brown hair is smiling in the foreground. Behind her, a man with a beard and brown hair is also smiling, with a baby sitting on his shoulders. The baby is wearing a blue and white striped shirt and is also smiling. The background is a bright, out-of-focus outdoor setting.

General U.S. fertility  
dropped again to 1.86  
babies, well below the  
2.1 required to maintain  
a stable population.

-NY Times

# Long-term Considerations

A photograph of a young family. A man with a beard and brown hair is smiling broadly, looking slightly upwards and to the right. A woman with long dark hair is smiling at the camera. A young child with light hair is sitting on the man's shoulders, also smiling. They are all outdoors, with a bright, slightly blurred background.

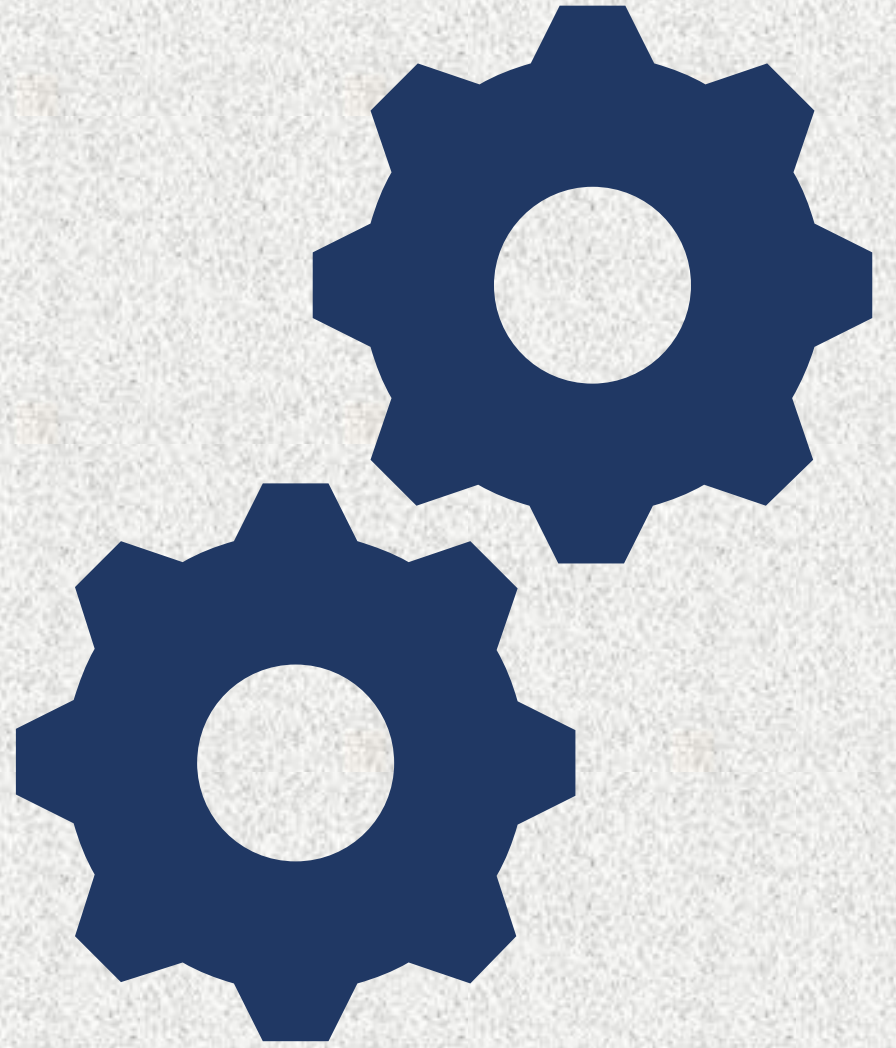
Millennials will widen the gap between lifetime expectations and lifetime results, resulting in a permanently lower fertility rate.

-Forbes, Jan 2017



# **Succession Planning**

Systematic  
approach to  
ensure  
continuity &  
growth....



# Why Strategic Planning?

- Contingency/Continuity Plans
- Company Growth
- Professional Development
- Replacement Strategies





## REPLACEMENT PLANNING

Find backups to fill vacancies

- Foreseeable vacancies
- Upcoming retirements
- Back-up/Contingency Plan
- Continuity Plans

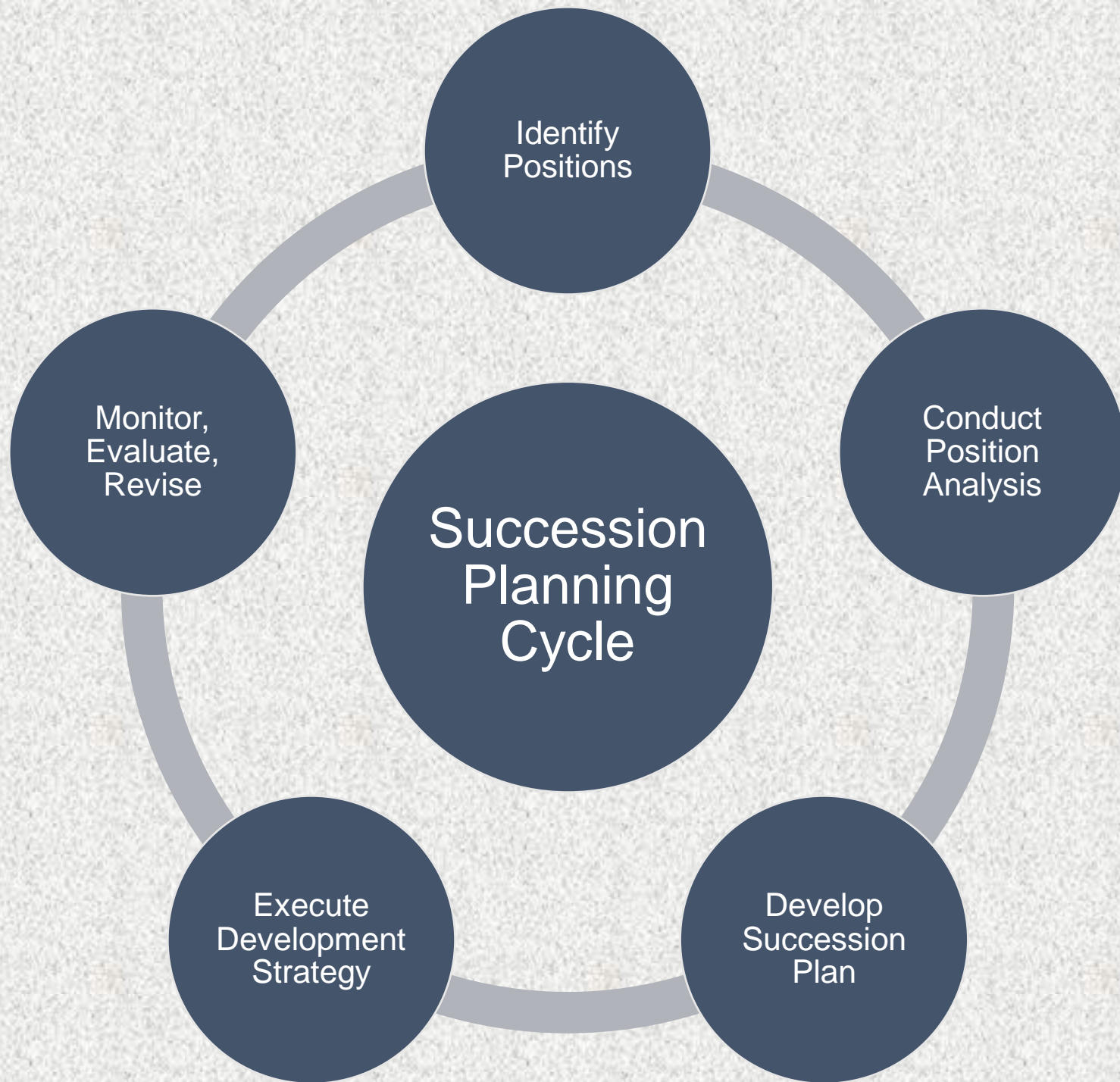
## SUCCESSION PLANNING

Groom talent  
for the future

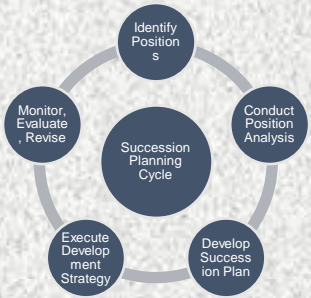


**C-Suite: Before We Begin...**





# A Model



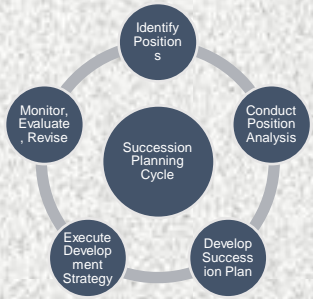
Executive Positions

Key Positions

Heavy Turnover  
Positions

Likely Near-Future  
Turnover





Identify Positions

## Executive Positions

- Death
- Incapacity
- Retirement
- Removal
- Resignation

- CEO
- President
- VPs – C-Suite
- Owners



Many entrepreneurs look at their businesses as a way to build wealth for themselves and their families. But new research shows that if the founder dies, a firm typically suffers significant setbacks that affect the value.

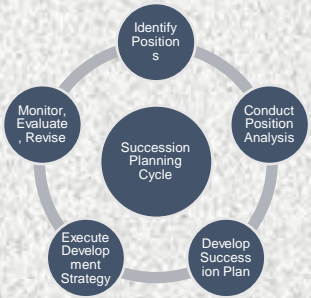
-Forbes, Feb 2013



CEO Mark Hurd's departure from Hewlett-Packard in late 2010 revealed the company's inadequate succession planning, with shareholders protesting against Hurd's \$40 million separation agreement and the board struggling to find a new leader. As a result, the tech firm experienced a 12% slump in stock price, and stagnated for months – **damage that is still affecting the company** almost five years later.

-CMI, 2015





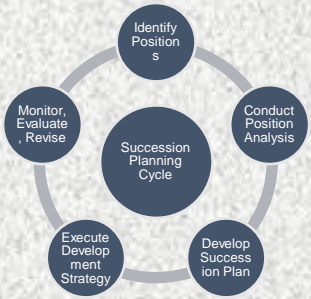
Identify Positions

## Key Positions

- Death
- Incapacity
- Retirement
- Removal
- Resignation

- Brains
- Brawn
- Top Performers
- Geniuses
- Money Makers





Identify  
Positions

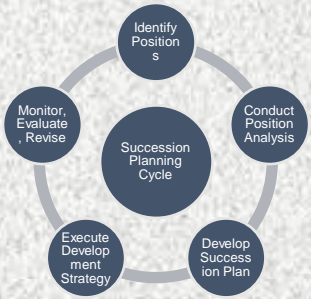
## Heavy Turnover Positions

- Resignation
- Promotion
- Growth

- Highly skilled
- High demand
- Hard to find
- Required to run the company





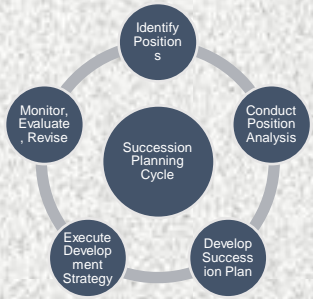


Identify Positions

## Likely Near-Future Turnover

- Retirees



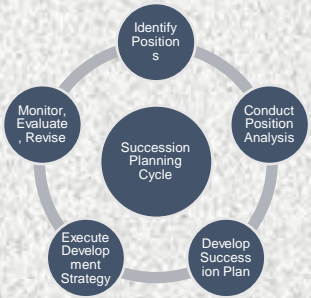


# Who's First?

Identify Positions





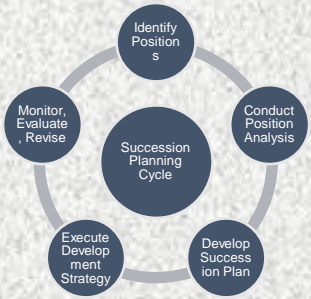


# IDENTIFY



# KSI

## KEY SUCCESS INDICATORS



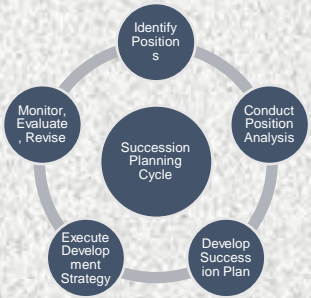
Conduct  
Position  
Analysis

## Capabilities

- Inherent skills
- Abilities
- Talents





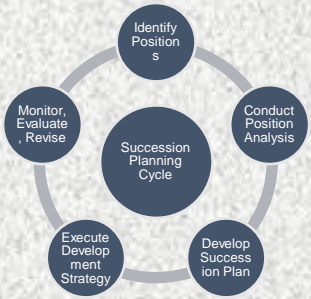


Conduct  
Position  
Analysis

## Competencies

- Bodies of Knowledge
- Areas of Expertise
- Specific Knowledge





Conduct  
Position  
Analysis

## Key Attributes

- Leadership
- Problem solving
- Teams

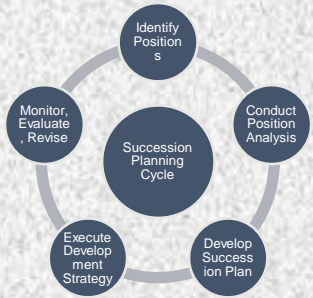




**50%**





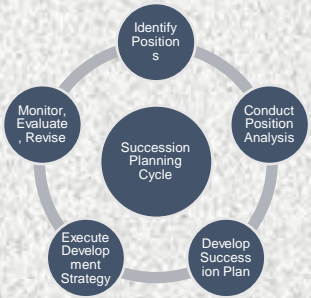


Conduct  
Position  
Analysis

## Other Company Specific Needs







Conduct  
Position  
Analysis

### JOB ANALYSIS QUESTIONNAIRE


- 1) Agency: \_\_\_\_\_
- 2) Division/Institution: \_\_\_\_\_
- 3) Unit/Office: \_\_\_\_\_
- 4) Position Control Number: \_\_\_\_\_
- 5) Headquarter County: \_\_\_\_\_
- 6) New \_\_\_\_\_ Reclassification \_\_\_\_\_ Update \_\_\_\_\_
- 7) PCN & class Number & Title of immediate supervisor: \_\_\_\_\_  
\_\_\_\_\_
- 8) Normal Working Hours: From \_\_\_\_\_ To \_\_\_\_\_
- 9) Check if applicable: \_\_\_\_\_ Rotating Days Off  
\_\_\_\_\_ Works Weekends  
\_\_\_\_\_ Flexible Work Hours
- 10) Check all that apply:  
\_\_\_\_\_ Classified  
\_\_\_\_\_ Unclassified per Revised Code section: \_\_\_\_\_ (cite statute)  
\_\_\_\_\_ Bargaining Unit  
Exempt as \_\_\_\_\_ Confidential \_\_\_\_\_ Supervisory  
\_\_\_\_\_ Fiduciary \_\_\_\_\_ Managerial
- 11) How long have you been in your current job classification? \_\_\_\_\_
- 12) What is the overall purpose of the section for which you work? Describe a typical day.  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# DATA COLLECTION

-J A Q

-J D

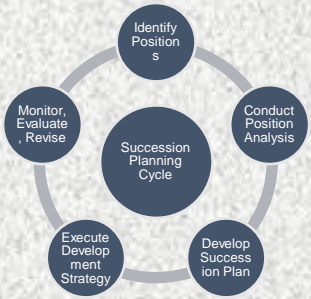
May serve as a starting  
point, but not enough  
to do it all...

A man and a woman are sitting at a desk, looking at a laptop screen. The woman is on the left, wearing a light blue button-down shirt, and the man is on the right, wearing a grey blazer over a dark blue shirt. They appear to be in a professional setting, possibly a meeting or a collaborative work environment. The background is a plain, light-colored wall.

**Best Sources  
of  
Information?**



Leadership Competencies Rating:														
N/A – Not Applicable			IE – Ineffective			SE – Somewhat Effective			E – Effective					
			VE – Very Effective			O - Outstanding								
Name of Individual			Business Acumen	Dealing with Ambiguity	Decision Quality	Developing Direct Reports & Others	Drive for Results	Interpersonal Savvy	Managerial Courage	Managing Vision & Purpose	Managing & Measuring Work	Priority Setting	Problem Solving	Strategic Agility
Cultural Capabilities Rating: N/A, IE, SE, E, VE, O														
Derailer Assessment Rating:														
NP – Not a Problem			PNP – Probably Not a Problem			NS – Not Sure			PP – Probably a Problem			DP – Definitely a Problem		
NEI – Not Enough Information														
Name of Individual			Tenaciously Resourceful	Passionately Aligned	Dynamically Responsive	Derailers:			Betrayal of Trust	Defensiveness	Lack of Ethics & Values	Failure to Staff Effectively	Insensitive to Others	Performance Problems



# 3 PRIMARY QUESTIONS

1. What do you have?

2. What do you need?

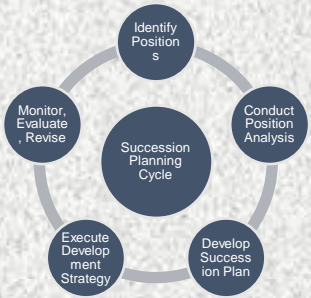
3. Risk of vacancy?

(Probability and Impact)





**WHAT DO YOU HAVE?**



# Long-Term Perspective

## Talent Readiness Scale

Develop  
Succession  
Plan

### 8-10+ Years

Demonstrates the right attitudes, attributes, and potential for long term success.  
Prime for mentorship.

### 5-7 Years

Shows good potential.  
Requires additional experience, education, training

### 2-4 Years

Requires additional specific training and/or experience

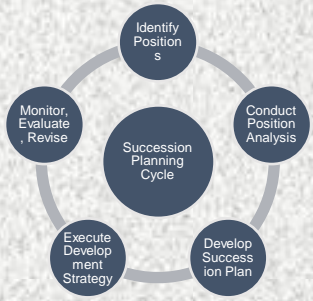
### 1 Year

Can be ready in a short period of time with specific training

### Ready Today

Can walk in and do the job with minimal training



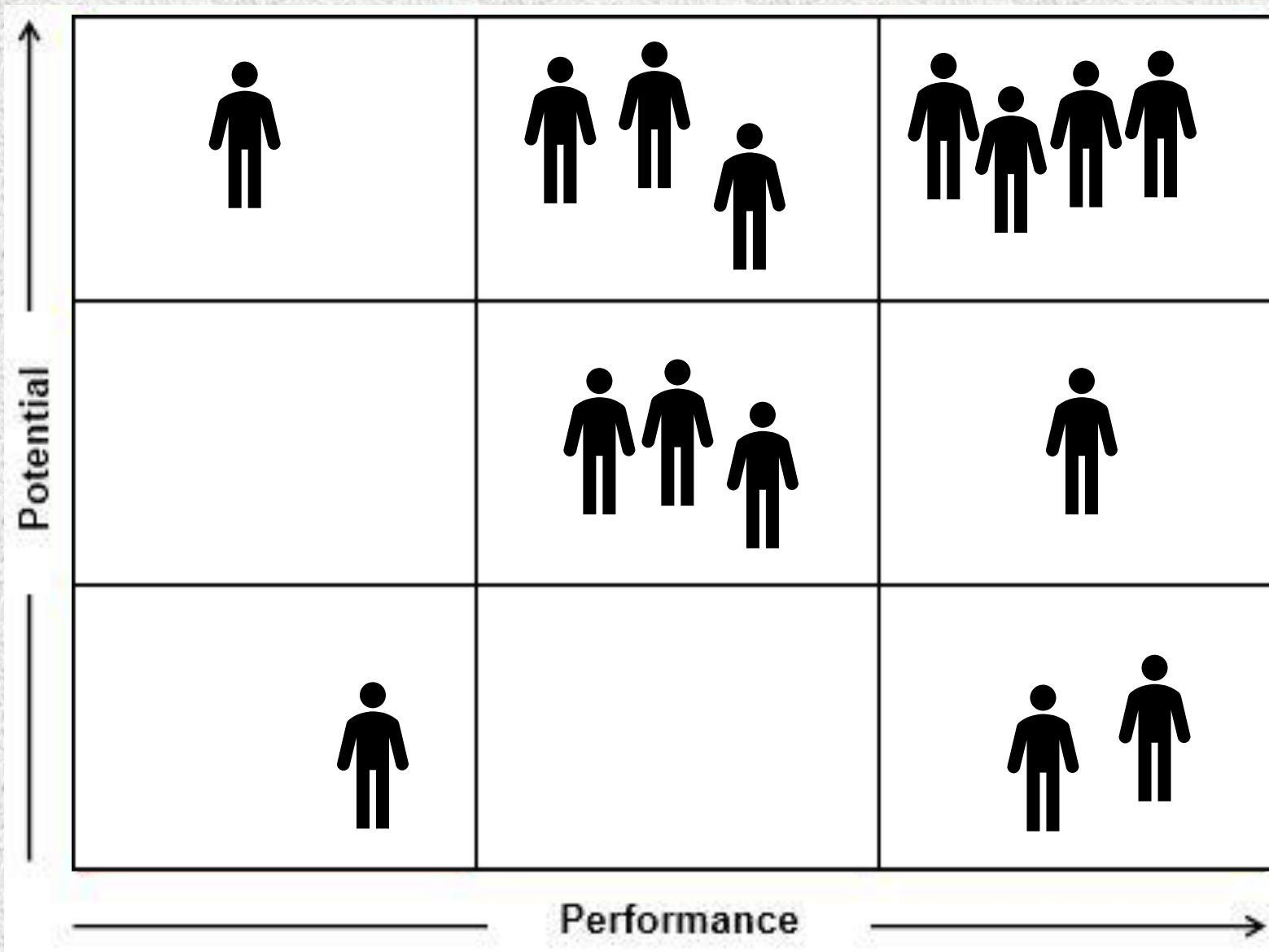


# How do you identify the talent?



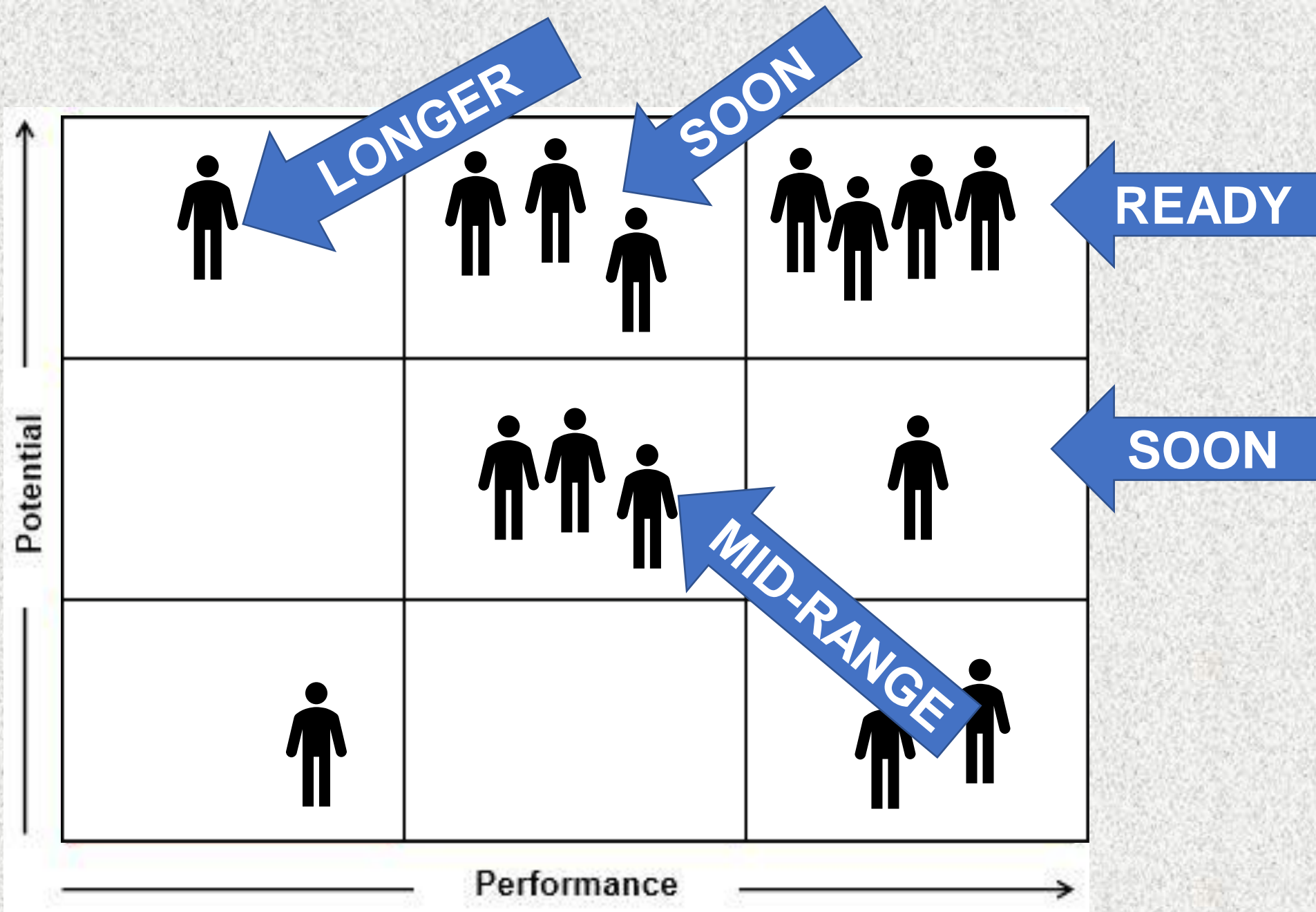


Use your  
established  
criteria to  
assess  
potential



For each  
position or  
group of  
positions...





POSITION	CEO	SVP, HR	SVP, FINANCE	SVP, OPERATIONS	SVP, MARKETING	SVP, TECHNOLOGY
CURRENT	Joe Smith	Lane Brody	Dennis O’Neil	Clare Crosby	Lara Sample	Ed Letty
Tentative Retirement Date	Jan 2017	May 2020	N/A	June 2018	May 2020	N/A
UP-NEXT: Ready NOW						
	Clare Crosby	Peter Jones		Lane Brody	Gabby Raines	Oliver White
	Ed Letty					
		SAMPLE ANALYTICAL FORMAT				
ON-DECK: Ready 1-3 yrs						
	Lara Sample		Khloe Yettle			Don Cherry
	Dennis O’Neil					
	Lane Brody					
HI-POTENTIALS: Ready 5+ yrs						
	Gabby Raines	Chris Letter		Ralph Fiennes		Anna Code
	Oliver White					





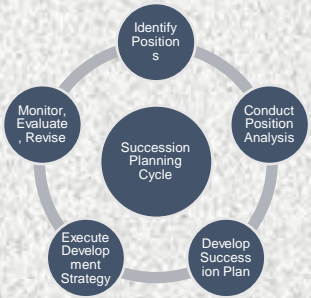
VACANCY

**WHAT DO YOU NEED?**

POSITION	CEO	SVP, HR	SVP, FINANCE	SVP, OPERATIONS	SVP, MARKETING	SVP, TECHNOLOGY
CURRENT	Joe Smith	Lane Brody	Dennis O'Neil	Clare Crosby	Lara Sample	Ed Letty
Tentative Retirement Date	Jan 2017	May 2020	N/A	June 2018	May 2020	N/A
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	Dennis O'Neil					
	Lane Brody					
HI-POTENTIALS: Ready 5+ yrs						
	Gabby Raines	Chris Letter		Ralph Fiennes		Anna Code
	Oliver White					

LONGER-TERM  
RECRUITMENT PRIORITY





# CONSIDER



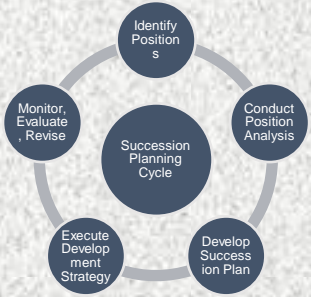
# RISK

## PROBABILITY AND IMPACT OF VACANCY

Succession Plan  
Organization Name, Department Name

[illegible]

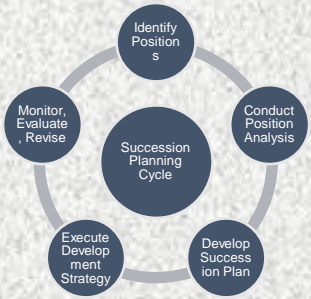




Execute  
Development  
Strategy

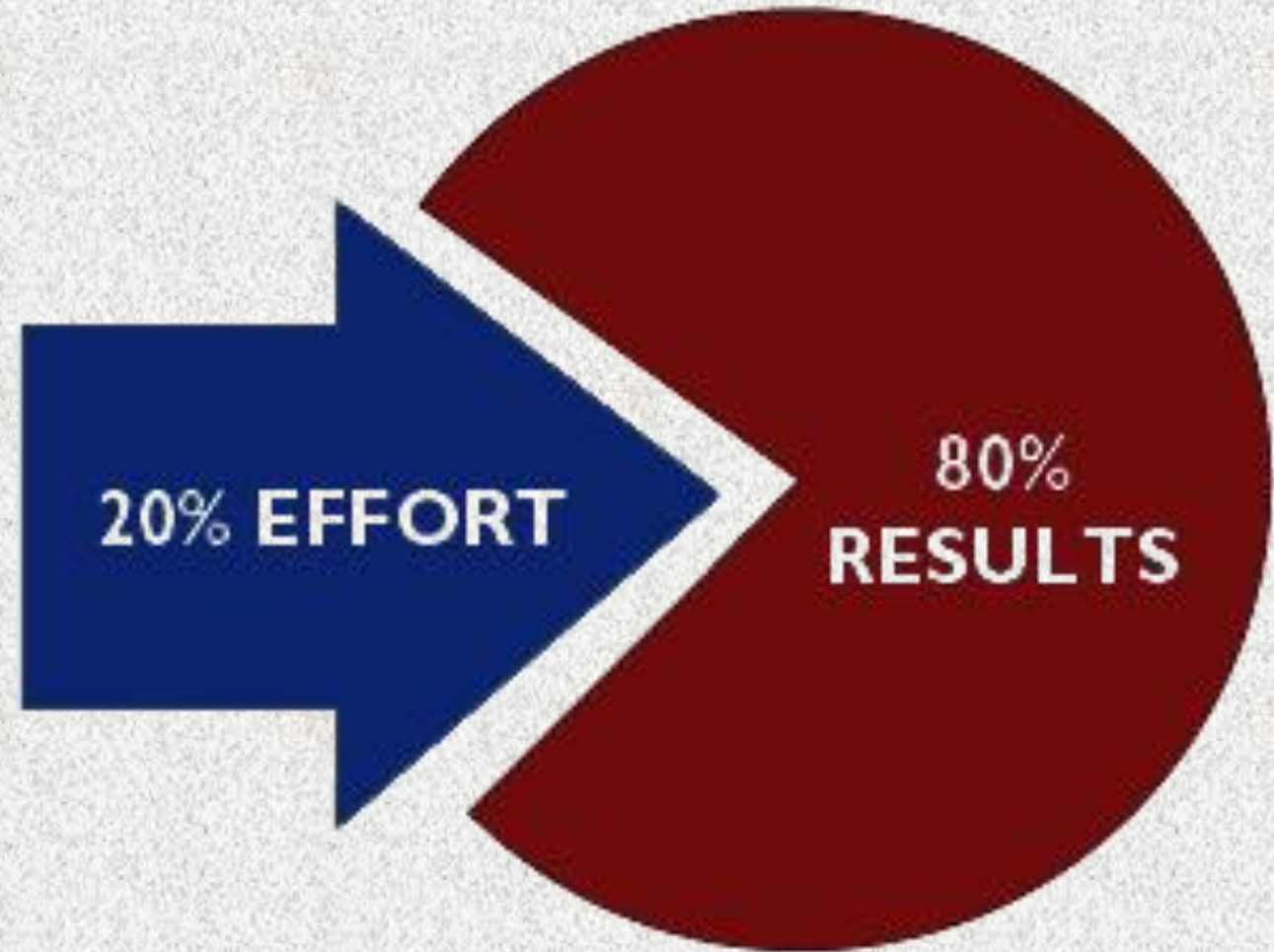
Develop  
**WHAT**  
matters most

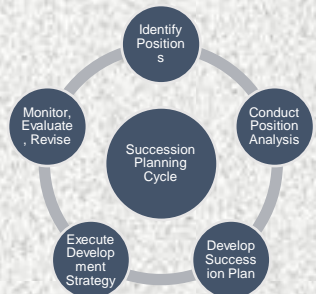




Execute  
Development  
Strategy

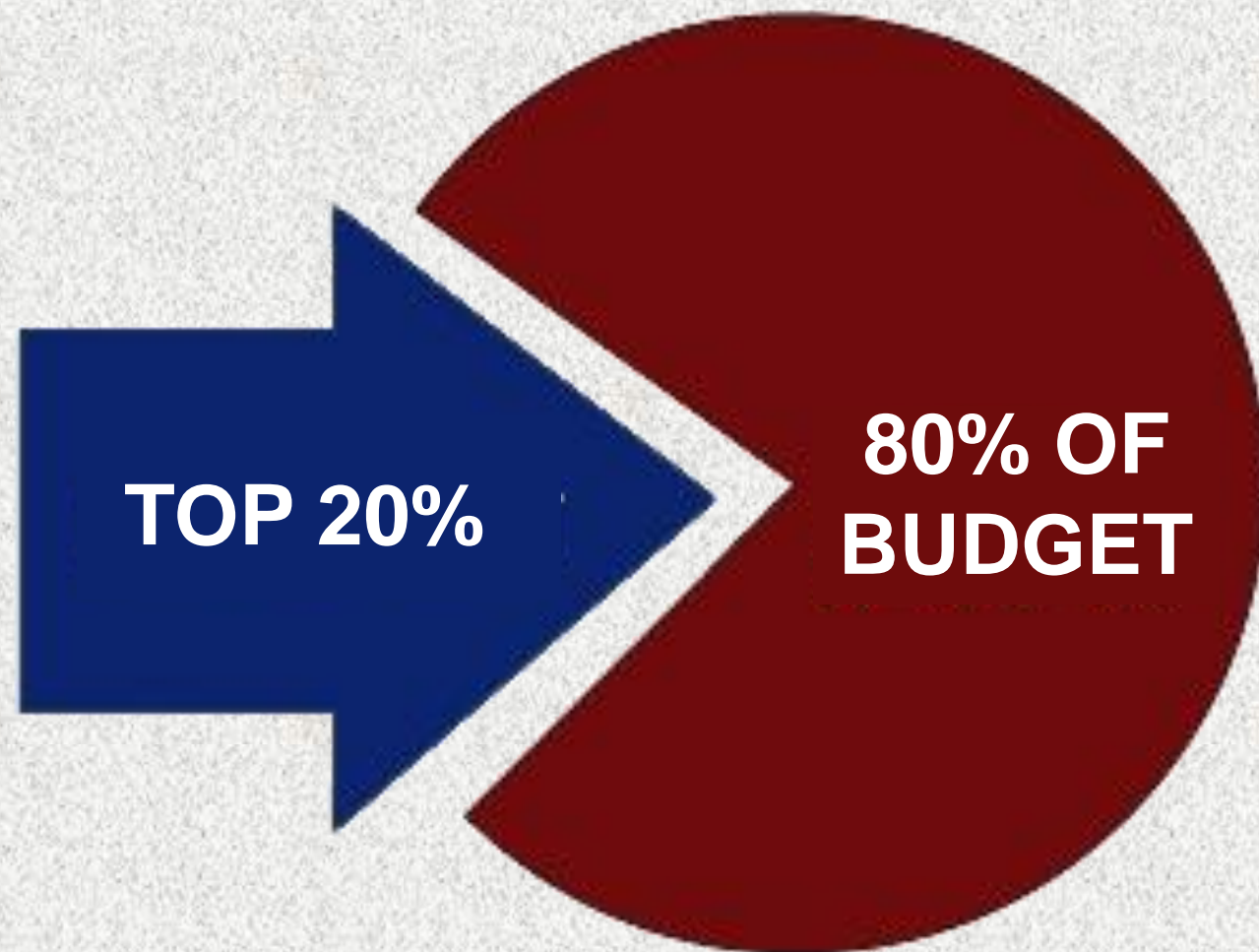
Develop  
**WHO**  
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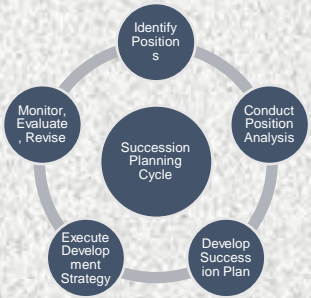


Develop  
**WHO**  
matters most

# TRAINING BUDGET







## At Least Annually

1. Update Succession Plan
2. Update 9-Box (Progress)
3. Update Position Scorecard
4. Evaluate Development Plans (What and Who)
5. Revise, Adjust, Align, Execute



College Hall, Trinity College, Cambridge University

# Questions

The logo for Wagstaff, featuring the word "wagstaff" in a bold, lowercase, sans-serif font. The "w" and "a" are connected, as are the "g" and "s". A registered trademark symbol (®) is located at the end of the word.

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