

# Succession Planning:

*Planning for the Future of Your Business*

- Presented by



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# Succession Planning

- What does it mean to you, and to your business?
- What do you want out of this session today?

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# Succession Planning Defined

Succession Planning is planning for the expected or unexpected departures of key members of your organization, by developing current staff with the potential to fill those positions when/if they become available.

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## Why Is It So Important?

*Successful businesses can fail quickly if leadership or key players are lost.*

### Expected

- Retirement
- Involuntary Termination



### Unexpected

- Resignation
- Medical Issues
- Hit by the proverbial bus



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## Expected Departures - Retirement

### Currently in the Workforce:

- Traditionalists, 1925-1946 2%
- Baby Boomers, 1946-1964 29%
- Generation Xers, 1965-1980 34%
- Millennials (Gen Y), since 1981 34%

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## Unexpected Departures - Resignation

### *Two of the top reasons for employee turnover:*

- Lack of career growth / advancement opportunities
- Lack of training

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## Turnover Costs

- Staff/Management: **16 – 21%** of their annual salary
- Executive: up to **213%** of their annual salary

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**Succession Planning**  
should be a priority for  
every business that plans  
to stay in business.

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## What is Succession Planning?

*It's a process of*

- Identifying company needs
- Identifying high-potential employees
- Evaluating those employees' abilities and skills
- Matching those abilities and skills to company needs
- Developing those skills and preparing them for advancement into positions that are considered key to the success of the organization

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## What You Need to Know Going In:

- The organization's long-term objectives and goals; its vision for the future.
- Where are your needs?

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## What You'll Establish In The Process:

- Who are the high-potential employees, and where do they want to go?
- Does where they want to go match where you want to be? COULD it match?
- What do the high-potentials need to get from here to there?

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## Steps Involved in Succession Planning

- 1. Establish present and future leadership/key roles and objectives.**
  - \* Upcoming retirements, departures
  - \* Additional positions needed for growth?
  - \* Other positions "vital" to the organization
  - \* Defining needs/pre-qualifications for those positions

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## Other “Vital” Positions?

- Central to strategic goals or competitive advantage
- Organization-specific or highly specialized
- Influence resource allocation or strategic decisions
- Long learning curves
- Experiential learning is the primary method

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## Steps Involved in Succession Planning

### **2. Choose employees with the potential to fill key roles in the organization.**

- \*Communication
- \*Legal and diversity issues
- \*Consistency in the process
- \*Notifying selected and not selected employees

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## Steps Involved in Succession Planning

### 3. Identify “emergency” positions for which there are no successors.

- \*Some positions cannot be filled from within.
- \*Hire from outside before position is vacant?  
*Practicality considerations.*
- \*What would you do if it happened tomorrow?

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## Steps Involved in Succession Planning

### 4. Evaluation of strengths, weaknesses and readiness for succession in key employees.

- \*Technical Knowledge vs. Management Skills
- \*What are you willing to invest?

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## Steps Involved in Succession Planning

### 5. Planning for the individual development of, and ways to retain, key employees.

- \*Technical and non-technical skills
- \*Retention considerations

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## Communicating The Plan To Employees

- Timing of communications
- Mode of communication - newsletters, all staff meetings, one-on-one meetings
- Communication content: the benefits of succession planning to the organization, and how it affects them

*Staff will see that management is looking toward the future and investing in staff development and growth*

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## Challenges to Effective Succession Planning

- Size of the Organization
- Financial Resources
- Mobility of the Workforce
- Unknown Timeframe
- Executive Support
- Communication
- Changing Goals



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## Key Roles vs. Key Functions

- Cross Training
- Operations/Procedures Manual

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## Keeping the Plan Current

- Review the plan periodically
- Determine if the current plan still meets the organization's needs
- Determine if candidates have changed
- Alter the plan if necessary
- Identify any new candidates/positions and work into the plan



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## Questions?

*Thank you!*

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# Succession Planning:

## *Planning for the Future of Your Business*

Goals

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Key Roles

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Vital Positions

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High Potentials

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Retention Strategies

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Challenges

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