

Volume 19

What I'm hearing

Why would I create a succession plan for my company?

What it means

What is "succession planning"? The term can mean:

- A legal and financial plan for passing a business on to the next generation of family members
- A board-created plan to quickly respond to a CEO or senior executive departure
- A process for identifying key people who could take the place of senior leaders — both those ready now and those ready in one to five years
- A process that human resources makes us do once a year

Therein lies the problem. The term is both confusing and disconcerting, because the underlying message is, "the plan for when I'm gone." Mortality is an unpleasant topic; as a result, only 35 percent of organizations have succession plans.

For leaders at all levels, succession planning is a critical process. It's about planning for the future not only for your business, but for your best people. My standard rule for a successful performance conversation is 30-30-40: 30 percent of the time is spent on past performance, 30 percent on the present and 40 percent on the future. It's impossible to get to a future focus of 40 percent — especially with regard to leaders — without some form of succession planning.

What you should do

First, stop calling the people part "succession planning." In working with leaders or boards, I refer to it as "a talent review of your most valuable people and most critical roles."

Next, make two lists:

First List: Name the people in your organization who, if they left suddenly, would cost you sales, expose you to a legal risk, or make your life miserable for an extended period of time. For each of these individuals, ask four questions:

- Have I given him/her a compliment in the last month?
- Has s/he gotten a meaningful reward in the last year?
- Do I have a development plan for this person?
- Do I have a future spot in the organization that matches his/her career goals?

Any "NO" answer requires an action plan to make it a "YES" and to retain that individual for your company.

Second List: Name the critical roles in your organization that must have great people in them for the company to be successful. All executive roles should be included, but consider also roles at any level within the organization. For these roles, ask four questions:

- Are at least 80 percent of the people in these roles A or B/B+ players?
- Do I have a plan for the B-/C players?
- Do I have a list of people I would plug into these roles if someone left?
- Who were the B-/C players last year and where are they?

It's that simple, but, needless-to-say, not that easy.

Do you need help creating, modifying or maintaining succession plans within your organization? Are you a board member or leader needing help with your yearly checkup? Contact me. scott@thetrugroup.com

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