



Succession Planning: Planning for the Future Success of Your Organization

Simply put, succession planning is the act of focusing on the future of your organization as it relates to the “people” side of the business. Typically, most people think of succession planning as it relates to replacing a retiring CEO; however, it is as equally crucial to extend succession planning to the entire management team and other key employees. Proper succession planning could mean the difference between a viable, thriving organization and one that could quickly go out of business.

For most companies, succession planning is certainly on the “to do” list, but many don’t focus on it until it’s too late. There is no right or wrong process to follow – it’s more a matter of timing. Do it sooner rather than later is the key.

Let’s walk through an example. Let’s assume that a 60-year old CEO wants to retire in two years but has no idea who will be the next leader of the company. The company can explore two avenues:

1. Recruit someone outside the organization
2. Select someone internally who could assume the position

Unfortunately, many organizations do this without *really* understanding the profile and role of a CEO. What type of business experience, leadership style, and communication skills does the CEO need to deal with the challenges facing the company both internally and externally?

The following is a short interview with **Jim Geier, president of Human Capital Consulting Partners**. We asked Jim to give us his insight on succession planning.

When is the right time for succession planning?

Geier: Management should always be cognizant of who the best people are in an organization, no matter what level. They need to spend time understanding who those people are and delve into their backgrounds, experiences, and talents. A CEO should identify between five and ten people who they are going to learn about over time and observe them in various situations and scenarios. Why five to ten? If starting from scratch, it is important to begin with a manageable number. As you become more comfortable with those five or ten people, you can add another few to the mix. Observe them as much as you can but at least four different times during the year and in different situations.

How should I approach a likely successor?

Geier: Tread slowly! Don't approach them in the beginning because people won't be themselves. Wait until you feel that there's something of substance, then verify it through a trusted advisor who can spend time with that individual and give you an objective second opinion. Only then have a conversation with that person. The conversation might start like this...

"You're a high-potential person in our organization. I and the rest of the management team have been very impressed with your contributions over the last few years and greatly appreciate what you have done to assist us in growing the company. In an effort to further develop you, we'll try to give you other opportunities and exposure over the next few years in different areas to give you a chance to see our business from a different point."

When it comes to succession, you need to understand a potential successor's strengths and weaknesses, figure out how to fill the gaps whether it's through training, coaching, or mentoring. Also, you need to think about how to develop and *retain* this person - which can be done by job rotations, increased responsibilities, and a more competitive compensation package.

Whose responsibility is succession planning?

Geier: It's the management team's responsibility - not just the CEO's. It is their collective responsibility to ensure that they understand the key positions in the organization that will drive and deliver on the business strategy, as well as the top- and bottom-line results. In addition, they must understand who their key players are as well for the future.

How big do you need to be to be worried about his?

Geier: Size doesn't matter. All companies need to know their employees and have a plan to replace key people if they resign their positions.

How does CEO succession differ from that of general management?

Geier: For a CEO, the Board has to be involved in the process as they represent the interests of the shareholders. They ultimately will have the final decision about selecting the right CEO. If you are the current CEO, make sure that you are having discussions with the Board about your plans for the future as well as the competencies you believe are needed for the job. Be sure to discuss the internal people that you think could take the CEO job and give them as much exposure as possible to the Board to assist them in the evaluation process.

What about non-profits and government agencies?

Geier: The issues are the same.

How can a company get started if they've never done it before?

Geier: At every management meeting, spend some time talking about who in your organization you cannot afford to lose. The first crucial step is to put together a list of key players. Second, get to know a little about each of those key players - watch them more closely. Third, after those fact-finding sessions are completed, have an open discussion as a group. Do those candidates have the potential to move forward in the organization or someday move to a higher level position? What do you see as their gaps? Fourth, determine how the organization will fill those gaps and develop those individuals.

Finally, at the end of each year go back and review those people and have discussions about what each of you has seen transpire. - the good, the bad and the ugly. You must have dialog. Be sure to observe and comment on actual situations, not hearsay.

About Jim Geier

Jim Geier, president of Human Capital Consulting Partners, has more than 25 years of global and board-level corporate and consulting experience. During his distinguished career, Jim has proven his ability to drive shareholder value by focusing on business strategy, business issues, and organizational dynamics to design and implement practical and effective human capital strategies. He has impacted business performance by developing and implementing global HR strategy, assisting in the evaluation of acquisitions and divestitures, leading acquisition integration, developing and coaching senior management teams, and designing management development programs in top companies in manufacturing, life sciences, healthcare and financial services.

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