



Professional and Human Capital Services for Insurance, Healthcare and Financial Services

# The New Generation of Succession Planning



# The New Generation of Succession Planning

By Margaret Resce Milkint, Managing Partner, The Jacobson Group

**Subscribing to the forward-thinking outlook of a realistic optimist may provide your organization an edge in the years ahead. “Companies should not be hitting the ‘panic button,’” says Jeff Rieder, president of Ward Group, the leading provider of operational benchmarking and best practices services.**

Today’s economy has affected all members of the industry. Companies are making internal changes in strategy and refocusing their priorities. Mature workers are staying in the workforce longer than they originally planned and new graduates are finding it harder to get their feet in the door. Employees are concerned for their current positions, while executives are focused on cutting costs. This change in the economic landscape not only affects companies’ current day-to-day activities; it forces all organizations to reevaluate their long-term succession plans.

Contrary to conventional wisdom, now is not the time to shelve your succession planning agenda. The economic downturn has created a frenzy of hiring freezes and staff size reductions. The media has focused a glaring spotlight on the recession but has neglected to highlight companies that are poised to capitalize on the economic situation and increase their business and their human capital.

Succession planning is critical to an organization’s long-range health and strategy. Firms that abandon or postpone succession planning rather than reworking their succession plans may be set up for failure in the years ahead. In this time of realigning and shifting, it is important to step back, take a deep breath and refocus.

**Understand the realistic effects of baby boomers’ postponed retirement.**

The media tells us that nearly one-third of the baby boomer

generation plans to postpone retirement due to the economic slowdown. In fact, the Social Security Administration predicts that in 2020, 30 percent of 65-70 year-olds will be employed and 20 percent of 70-79 year-olds will be employed. Their 401(k) plans have been cut by as much as a third, the equivalent of several years of retirement. While baby boomer retirement may be elongated, relinquishing succession planning strategies compromises an organization’s future. Don’t get trapped in this narrow-minded vision.

The shift in retirement could mean several things to the insurance labor market. If not handled properly, members of Generation X - who have been primed to take over the baby boomers’ executive roles - will have no upward mobility. In turn, there will be no room for millennials to enter and advance in the workforce. Your succession plan should account for the interests of each generation currently in the workforce.

**Navigate the corporate lifecycle.**

While the baby boomers’ retirement plans are directly affected by the recession, other generations are also being impacted. Traditional advancement from entry-level to management to executive-level positions is occurring at a decelerated speed, creating a challenge for development-focused organizations. GenXers have been in the baby boomers’ shadows since entering the workforce. Now, armed with years of experience, this generation is ready to continue the natural progression into executive-level roles. Neglecting their need for upward mobility will drive them to seek out new employers who will offer a defined career path.

Millennials are also feeling the impact of the economy. With less experience, members of this generation are often the first to be laid off. However, millennials are also willing to do whatever it takes to contribute to their roles, as well as their organizations. According to the Experience, Inc. 2009 Economic Impact Survey, 30 percent of millennials are prepared to take on additional projects or assist colleagues in order to keep their jobs; and 33 percent are willing to work

extra hours to enhance job security.

### Create an effective succession plan.

Does your succession plan speak to the current marketplace or to the marketplace of five years ago? Take a fresh look at your talent acquisition and retention strategies. Determine your most valuable employees and begin preparing them for advancement, even if you are currently unable to offer raises or promotions.

Succession planning is more than simply finding a successor for the CEO. "In a downturn, America's most admired companies focus on retaining talent and maintaining a positive focus," says Marc Wallace, senior consultant of Hay Group, a global management consulting firm. To remain competitive, an organization must commit to a leadership development planning system to ensure that future leaders have the skills required to grow the company. Organizations must strive to maintain high caliber talent in all positions. Reworking your succession plan requires planning and analyzing. Follow the key steps to effective succession planning:

**Clearly define your objectives:** Discuss and determine your ultimate goal.

**Establish core leadership competencies:** Identify the most desirable and necessary traits for senior-level employees within your organization.

**Outline the process:** Clearly define the succession plan and each leader's role in the process.

**Identify and assess potential leaders:** Identify those who have exhibited the potential to become future leaders. Create a profile for them, outlining their history, accomplishments, strengths and weaknesses. Suggest development paths that will maximize each individual's potential.

**Guarantee open communication and strategizing:** Schedule a succession team meeting that includes all key leaders. In an open forum, discuss all potentials and their future development. Create succession charts reflecting each key

position, potential successors and their current state of development. These meetings should help determine if there are any gaps in your organization.

**“To remain competitive, an organization must commit to a leadership development planning system to ensure that future leaders have the skills required to grow the company.”**

**Develop potential successors:** Invest time and money in your potentials to further develop them. Present them with assignments and projects to further refine their talents and abilities.

**Recognize that succession planning is an ongoing process:** Companies must take a realistic look at their future needs on a regular basis. Conduct an ongoing review of your succession plan.

### Capitalize on the opportunity for knowledge transfer.

Prior to the recession, one of the impending threats of the mass exodus of baby boomers was the knowledge drain. Baby boomers are staying in the workforce longer, allowing organizations to incorporate knowledge transfer into their succession planning programs. Promote mentorship opportunities between mature workers and their younger counterparts to formally encourage intellectual capital and experience sharing.

Keep in mind that eventually the economy will improve and baby boomers will retire. Your organization will need to possess trained employees who are prepared and able to take on new challenges. Maintain a strong bench and focus on recruiting and retaining the best and brightest. The strategic fabric of succession planning must remain vital. Engage and prepare for the recovery - or better yet, be a part of it! ▲

**About the Author:** *Margaret Resce Milkint is the Managing Partner of The Jacobson Group and handles executive management and actuarial searches on a national and international basis for the organization's retained search division, Jacobson Executive Search. Milkint's expertise on career and recruiting issues is widely-recognized throughout the industry. She was most recently called upon to share her perspectives with The Actuary, Best's Review, Claims, Insurance & Technology, TechDecisions, and Diversity/Careers. She is based out of the firm's National Headquarters in Chicago and can be reached at mmilkint@jacobsononline.com or (800) 466-1578.*

---

## About The Jacobson Group

---

Since 1971, The Jacobson Group has provided insurance, healthcare and financial service organizations with the professional and human capital solutions necessary to achieve results. Our extensive portfolio of talent solutions includes executive search, professional recruiting, interim staffing, consulting and outsourcing. Headquartered in Chicago, The Jacobson Group maintains offices nationwide.

For more information, please contact:

The Jacobson Group

800.466.1578

[info@jacobsononline.com](mailto:info@jacobsononline.com)

[www.jacobsononline.com](http://www.jacobsononline.com)