



## OF SPECIAL INTEREST

*This year, one in five executives will be ready for retirement.*

*The highest rate of resignations occurs within the professional ranks.*

*Within the next five years, most organizations will lose 40-50 percent of their senior talent to retirement.*

*There simply are not enough workers in subsequent generations to replace the retiring baby boomers.*

***Does your organization have a succession plan in place to ensure its survival through the next war for talent?***

## The Case for Succession Planning

On the verge of the retirement of an entire generation, succession planning has become an increasingly important factor in every organization's survival. To remain competitive, an organization must realize that succession planning is not about simply finding successors for the CEO or other top officer roles. It is about committing to a leadership development planning system to ensure that your very best leaders have the future skills required to maintain and further grow your company. It is a drive to maintain high caliber talent in all positions.

The key to succession planning is making your strategy specific to your

organization: it should focus on your key roles, as well as the leadership traits and business knowledge that are essential to a successful company executive.

A strategic succession plan will ensure that all your positions are filled with top talent, not just today but tomorrow and ten years from now. A fully-optimized plan will aid in selecting and attracting top performers, further developing their abilities and preparing them for their future roles within your organization, all while retaining them to ensure a return on your investment. It will help you build a deep talent pool that will contribute to current and future success, as well as

meet your employees' career development objectives, especially those determined to be your top performers and future leaders.

When implemented correctly, a succession plan will also act as a tool to pinpoint areas of leadership weakness and develop talent where it currently does not exist. Thus, if you do not have someone internally who can develop into the successor for your COO role, you will have the time to bring someone in from the outside and give him/her the opportunity to learn the different facets of your business, its processes, and its culture before the time comes to move him/her into that specific leadership role.

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## Top 5 Benefits of Succession Planning

1. Continuous supply of well-trained, well-rounded, self-motivated leaders who are familiar with your organization and ready to step into key roles as needed
2. Alignment of your future organizational needs with the availability of appropriate human capital resources within your organization
3. Defined career paths and motivational goals for top employees will allow you to retain a capable supply of successors for each key position defined in your succession plan
4. Continuous input from various viewpoints will help improve internal processes and strategies, allowing you to improve your service and product offerings
5. A company reputation boost as a challenging, stimulating, "best place to work" employer, allowing you to increase your ability to attract top talent



*A recent Effective Succession Management study (EFS) found that only one percent of surveyed organizations rated their succession management plans as excellent, and two-thirds described them as fair or worse.*

**Secure your organization's future success today. Create and implement a succession plan.**

## Key Steps to a Successful Succession Planning Strategy Defined

### **Clearly Define Your Objectives**

Outline the underlying objectives of your succession plan: what is the ultimate goal and what objectives need to be met to reach that goal. This includes listing key roles that are part of the succession plan.

### **Establish Core Leadership Competencies**

Outline the most desirable and necessary traits for senior-level employees within your organization. This should be specific to your company. Don't allow your succession team to use general leadership terms like self-motivator and mentor leadership style. What does it really take to succeed at the executive table within your company? What traits will be necessary in the future to further grow your organization?

### **Outline the Process**

Clearly define the succession plan and each leader's role in the process. To ensure a consistent and unbiased review of potential leaders by the various members of your succession and leadership team, create a rating system to be used. Additionally, design templates for leadership development charts and key position succession charts. These steps will allow for a more effective implementation.

### **Ensure Buy-In from Your Current Leadership Team**

Communicate! Thoroughly explain the goals of your organization's succession plan and its process to your leaders. Get their buy-in by making them comfortable with identifying high potentials rather than feeling threatened by them. Help them understand that, as senior leadership, they are accountable for building great leaders.

### **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. Using the rating system you developed, rate them on their performance and potential, determining which developmental stage they are in. Suggest development paths that will maximize each individual's potential.

### **Guarantee Open Communication & Strategizing**

Schedule a succession team meeting, including all key leaders. In an open forum, discuss all potentials and their further 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 and allow you to (a) put a potential on a new track or (b) hire from outside to fill the gaps.

### **Develop Potentials**

Invest time and money in your potentials to further develop them. Present them with challenging trial assignments and special projects to allow them to further refine their talents and to uncover new abilities.

### **Recognize that Succession Planning is an Ongoing Process**

On a regular basis, such as semi-annually or quarterly, each company must realistically look at its future needs and determine what talent resources it has in place. Conduct an ongoing review. The process must be fluid as potentials move into leadership roles, new potentials join the organization, and some employees leave the company. Key position succession charts and potential leadership development charts may need to be updated more frequently, depending on your specific needs. Mentors and leaders should continually monitor potentials' development plans and make adjustments to their grooming as necessary.



## Avoid These Succession Planning Pitfalls

- ▶ **No/Unclear Communication**  
Communicate clearly with all parties involved with the succession planning process: reviewing managers, those in key positions covered by the plan and employees that you are grooming for leadership roles. Open lines of communication will encourage full participation by all involved parties and will help retain top employees because they will feel more comfortable with their current positions if they know they are being prepared for higher roles.
- ▶ **Lack of Written Plan**  
Possession of a formal plan for each potential leader and every key position will help ensure the success of your succession plan.
- ▶ **Rigid Plan**  
Just like your succession plan is specific to your company, your development plans should be tailored to each potential leader and should allow for changes as employees progress or as the business world changes, causing new key attributes for positions outlined in your plan.
- ▶ **Too Much Time Elapses before Real Movement**  
Actions speak louder than words. If you wait too long before showing employees movement, they may leave the company for outside career opportunities.
- ▶ **Unqualified Potentials**  
Choosing qualified and motivated employees for inclusion in the development aspect of your succession plan is vital to your success.



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***How far ahead should you begin implementing a succession plan?***

*A realistic succession must be planned years in advance of the expected need. You must account for the time needed to properly train successors and expose them to a variety of opportunities within your organization: various divisions, processes, culture, etc.*

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## Emergency! Our CEO Was Hit by a Garbage Truck. Now What?

Smart succession plans have two components: your gradual leadership developmental plan and an emergency plan to implement in case something tragic should happen to your CEO or other key executives.

Most companies do not have a back-up plan.

In a formal plan, spell out who is in charge of your leadership roles should an emergency strike. Designate the successor, not by name,

but by position. This way it does not need to be updated every time someone changes roles or leaves the company. Assume that the situation is temporary. You want the successor to get you through the day or the week.

## Retention: What Top Talent Wants

How can you retain employees on your leadership track? A Watson Wyatt study indicated what employees most valued:

1. Bonuses
2. Annual Raises
3. Stock Grants
4. Healthcare Benefits
5. Contribution Plans
6. Project Incentives
7. Training/Development
8. Stock Options
9. Spot Bonuses
10. Flexible Benefits



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## Making Your Succession Strategy Work

- ▶ **Commitment**  
Commit to succession planning and ensure your team's dedication to the strategy by involving them and communicating with them throughout the process.
- ▶ **Persistence**  
Continually address the issue. At the beginning of the year, put succession planning meetings on the agenda either annually, semi-annually or quarterly, depending on your specific needs.
- ▶ **Open-mindedness**  
Keep your options open. You are judging employees' potential, not their current strengths. The purpose of planning is to further develop potentials into the executives that you will need in the future.
- ▶ **Strength in Numbers**  
Don't put all your eggs in one basket. Choose multiple successors for each key role. Create a deep talent pool to choose from when the need arises.
- ▶ **Mentor Mentality**  
Your current leaders should make an effort to become mentors to their potential successors. By getting to know these employees, they can better judge what developmental steps are needed.
- ▶ **Assessment**  
Regularly evaluate your succession strategy's progress, as well as your developmental strategies, and make adjustments as necessary.

## Still Not Sold on Succession Planning?

If you still are not convinced that your organization should invest the time and money in developing a strategic succession plan, ask yourself these questions:

- ▶ Do you believe in creating a will so your family/estate is taken care of should anything happen to you?
- ▶ Without a succession plan in place, how will your organization develop and grow its own talent?
- ▶ How can you ensure that your organization has strong and capable leaders to take over when your current generation of leadership retires?
- ▶ How can you plan for the future without knowing that your company will have the talented employees required to fill critical leadership posts to maintain and grow your organization?

## About Jacobson Executive Search

Jacobson Executive Search is a division of The Jacobson Group, the nation's leading provider of professional and human capital services to the insurance, healthcare and financial services industries. Our search and selection practice provides retained search services for executive-level positions within these industries, including Vice President, C-Level and Board Member assignments. The firm maintains offices throughout the country.