

# Inspireity

HR that Makes a Difference™

Is your *heir* apparent?



The Inspireity® guide to succession planning through HR

**GETTING STARTED**

Top tips and common pitfalls in succession planning.

**A PLAN FOR ALL**

Develop leaders across the company to strengthen your workforce.

**THE EFFORT PAYS OFF**

A developed leadership team makes your exit strategy easier.

# WHAT IS SUCCESSION PLANNING?

## **A strategy for transition of power safeguards your company's future.**

It looks at the key players – from the CEO to front-line managers – and determines who will fill their shoes when they're gone. Planning ahead can keep your business moving forward when it's faced with change, growth or unplanned vacancies.

While succession planning will include financial and legal issues that require expertise in those fields, this magazine will explore the living, breathing piece: **your human resources.**



**Pro tip:** A succession plan showcases growth opportunities and challenges your employees to do more.

# Get started on a polished plan

Having a succession plan in place can help navigate your overall business plan, mission and goals. Here are some ways to start thinking about yours:

**1** Determine where you want your business to be in one, three and five years.

**2** How do you define leadership excellence?

**3** Do you have the staff and leaders to support your business plan?

**4** If not, where will you find future leaders?

**5** Identify your top performers and those with potential.

**6** Come up with a development plan for each person.

## Caution: pitfalls ahead

Avoid these common risks when you're looking at the next generation of leaders.

**Loyalty.** You have a friend who helped you build your business. It's understandable you want to reward their loyalty. But, unless they're ready – and qualified – to move into a bigger position, you're not doing them or your business any favors. If they fail, your business will suffer – and likely so will your friendship.

**Status quo.** The future leaders likely won't need the same skill sets as you or your current leadership team. Business and industry change. Don't look for a clone – look for someone who can expand your dream.

**Promotion without preparation.** You have an outstanding employee who shows great potential but hasn't received any leadership guidance. Suddenly, you have an open manager's position. You promote them out of need. It's anyone's guess whether they'll sink or swim.



### **Key takeaway:**

Identify leaders who can manage change and take your business to the next level.

# Characteristics of noble leaders

Sure, you want someone who has ambition, optimism and attention to detail, but what else should you be looking for to lead your company?

**The disruptor.** This is someone who rocks the boat a little. Someone who wants to go beyond the tried and true who shows creativity and cutting-edge cognitive ability.

**Emotional intelligence.** These are the soft skills of relationships, emotional maturity, poise and empathy.

**Attitude.** Someone may not have the exact skill set you're looking for, but they have an attitude and a background that will help them break ground in another area.

**Influence.** There is a difference between authority and influence. You want an influencer as a leader. Anyone can have "authority" or a title. Not everyone can influence others and help them grow.

## 5 keys to a successful succession plan



Be purposeful about it – make time for it and make it a priority.



Be transparent in identifying and training the next generation of leaders.



Focus on executive coaching to develop someone who may be a hidden gem.



It's not a crisis plan – be proactive.



The leadership team/ board and CEO own this process.

## Future leaders need to hone soft skills

**Interpersonal skills you should be teaching your leaders-in-training:**

- Team building
- Coaching and visioning
- Negotiation
- Conflict resolution
- Communication



# Diversity counts



When looking at your workforce, take an honest assessment of its diversity and equality. Does your leadership have diverse backgrounds, cultures, races and gender? Are you practicing equality in pay?

## Make it a *data-driven* decision

You should have documentation within your company that can help determine who is ready to take on a bigger role and where they may need development. Check out these sources:

**Performance management** Write-ups should include areas of strength and goals for growth. Who are your consistent high-achievers? Do they keep up with professional development? Are they goal-setters?

**Anecdotal comments** Is there someone who is always at the top of everyone's list to work with? Who regularly receives kudos for a job well done or who's easy to work with and ready to share their knowledge?

**Climate survey** Do you get feedback from a specific group that is consistently unhappy or disgruntled? Is it because of the manager? If so, is there someone you can groom to take over where this manager is failing?



## Get buy-in from those you want to groom

*Once you've identified someone for a leadership role, ask them:*

- What are your career goals?
- What do you want to achieve?
- Do you see yourself doing that here?

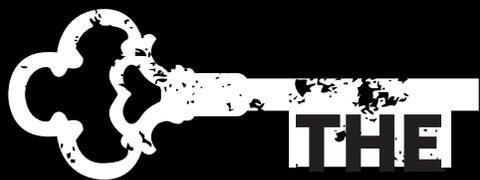
Then, you can decide whether your succession plan matches their goals and objectives. If it doesn't, don't try to convince them. You don't want to turn a happy employee into one who isn't.



### ***Know before you go***

Every manager, no matter where on the food chain they are, should know who on their staff is the heir apparent for their job. If there's no one currently on the team who can be trained (and who wants the job), that's a red flag.

The issue should be addressed so an employee – perhaps in another group – can be identified or hired to fill the gap.



# THE KEYS TO THE KINGDOM



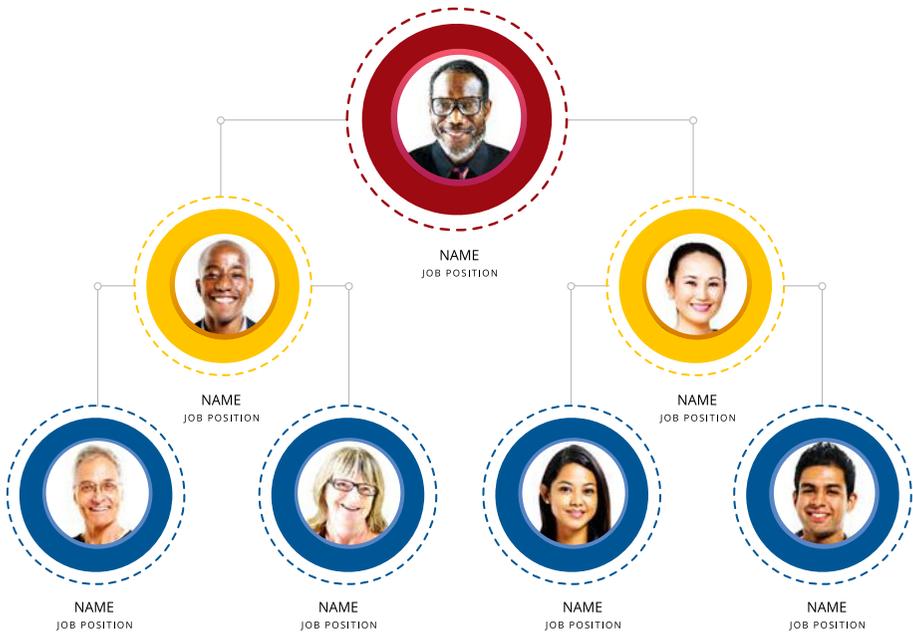
## Advice from Insperty leaders on how to develop your team for the future of your company

- “ Sometimes we confuse achievement with leadership. You do well as an individual performer and bam, you’re promoted to a manager position. A leadership role is very different from a position where you are being judged solely on individual performance. Identifying the next leaders is about identifying those who can enable others to make decisions and take ownership. ”
- *Michelle Mikesell, Managing Director, HR Services*
- “ Don’t rush into making decisions. Invest time in thinking things through, formulating a plan and executing your strategy. ”
- *Joy Mincks, Executive Vice President, Sales and Marketing*
- “ When you grow a business as an entrepreneur, this has been your baby. You want to make sure you’re leaving it in good hands. What’s your process in identifying who you’ll hand the reins to? It’s a big decision when it’s your reputation and your brand. When it’s been your blood, sweat and tears, the last thing you want to see is that compromised in any way, because it’s a reflection upon you and the success that you’ve had. ”
- *Steve Arizpe, Executive Vice President and COO*
- “ Leadership doesn’t equal tenure. Tenure doesn’t equal leadership. ”
- *Scott Eastin, Regional Vice President, Sales*
- “ A lot of businesses fail or falter because of a leadership weakness that could have been recognized beforehand. ”
- *Paul Sarvadi, Chairman and CEO*
- “ Identifying talent in its raw form and then nurturing that along is an important aspect of leadership development, especially as you grow. ”
- *Sam Larson, Senior Vice President, Innovative Technology Solutions*
- “ As you exit, do so with a legacy of customer service that will be admired and replicated by those who wish to emulate the success you enjoyed. ”
- *Lisa LeBlanc, Managing Director, Payroll Service Operations*
- “ Just like a chess match, succession planning requires thinking several steps ahead. Waiting until a leader leaves to identify a replacement is too late. ”
- *Mary Massad, Division President, Traditional Employment Operations*
- “ A lot of owners aren’t prepared. You have to decide what you want to do with the business and plan for it. Smart owners have exit strategies. ”
- *Kenny Randle, Regional Vice President, Sales*

# What positions fall under succession planning?

Having a plan for key leadership positions such as the CEO, COO and CFO helps to keep your business on track – even if there’s an unexpected loss at the top.

But the best succession plans will look at developing new leaders ***across the board***. This helps strengthen your workforce, makes employees feel valued and challenges them to continue growing in their careers.



## Preparing execs for the future

When a top leader leaves, a lot of intellectual property goes with them. That’s why an ongoing training program is crucial.

**Current leadership team members should:**

- Include their leaders-in-training on projects.
- Mentor them on decision-making and leadership.
- Share the culture for how things get accomplished and decided.
- Recommend areas that need improvement.
- Develop a plan for training.





# Let growth reign

Most employees won't be senior leaders. But most everyone wants to see growth opportunities and everyone likes to be challenged.

Help your whole company stay committed by preparing for departures and vacancies in all levels of your company. This requires effort on your part by developing employees' skills. But if you make it part of your succession plan from the beginning, it'll be easier to promote from within and know who's ready for promotion.

## Not everyone is in line to lead

In addition to finding employees who can be groomed to lead in the future, succession planning can expose employees who aren't promotable – for various reasons.

Not everyone should or wants to be a leader. There will be those whose skills aren't ever going to match your needs for future leaders. Then, there will be others who are already in the job that best suits them – and they're doing it well. But, you'll also likely find employees who are superstars, but they have no desire to be the boss – they're happy right where they are.

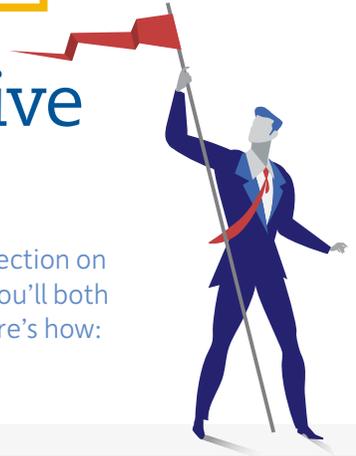
All of these employees can benefit from development plans – if only to align their efforts with your business goals.



**REMINDER:** There's a difference between a really good employee and one who can lead people.

# 5 steps to a distinctive development plan

Employees who follow development plans get clear direction on how to increase their skills and advance their careers. You'll both benefit from the effort it takes to put one together. Here's how:



1

**Consider your business goals.** Identify your business objectives to determine the necessary skills, knowledge and competencies you'll need to support those goals.

2

**Talk to employees.** Some may not even know you're considering them for promotion. Others may want to be promoted, but don't know how to make that happen. Be transparent about your needs and their abilities.

3

**Don't confuse readiness and potential.** An employee may have leadership potential, but may not be ready – meaning they lack the desire, skills or experience. What can you do to make them ready?

4

**Consider all types of training.** What works for one may not be good for another. Stretch assignments, coaching, mentoring, workshops, networking, etc. should all be on the table.

5

**Have measurable checkpoints.** Give the development plan structure. Have ways to give feedback and make sure your employees understand what you expect them to learn, and how this benefits the company and their careers.

## How to keep track of employee progress

**Organizational chart:** Capture and archive employee information/company position

**Performance management tool:** Document training, goals, past performance

**Check-ins:** Have them report on professional development or new techniques learned

## Plans A, B and C

It's OK to have multiple people you're considering for a leadership job. Your first choice doesn't always work out. And, if there's no one in-house who can do the job, don't force the issue. You may need to look outside your company.



# Don't wait until you exit to have a strategy

Whether you expect to enter into a merger or acquisition, sell your business or leave it to future generations, your exit strategy shouldn't wait until you're ready to exit. And having a succession plan will play into each of those exit scenarios.

## **MERGER OR ACQUISITION**

There will be a period of change when your business merges or is acquired. Have you considered possible redundancies of jobs? Do you have the right people to lead through change and who will be an asset to the new owners?

## **LEAVING A LEGACY**

This is a hard one because you want to leave your business to your family. Finding a family member who has your same passion or business acumen can be hard. Make sure you're leaving it in the hands of someone who can do the job and expand on it, not just a loyal family member.

## **SELLING**

The buyer will want to know the key players who have the institutional knowledge of the business and its client base. Having that in place can increase the value to a potential buyer.



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