

Succession Planning: What's Next?

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What are people saying (or tweeting)?

Where will the next senior executives come from and how will we groom them?

How engaged are my agency's employees?

When and how can I become a supervisor?



I'm so tired of sitting in training. Aren't there better ways to learn more targeted concepts?

Why does it take HR so long to process my requests?

How many people should I hire to start my new program and what competencies should they have?

Misconceptions about Succession Planning

Myth

Reality

1 | Succession planning is an event performed as needed.

Effective succession planning requires an **on-going, systematic process** that is tied to the organization's strategy.

2 | Succession Planning and replacement planning are the same thing.

While often confused, the two are very different processes. Replacement planning is used to fill vacancies as they occur, while Succession Planning is **forward-looking**, considering not only current needs, but **future direction and resulting talent needs**, as well.

3 | Succession Planning focuses only on senior level positions.

To be most effective, the Succession Planning process **must extend to all critical positions throughout the organization**. A position is critical if the failure to staff it results in the organization's inability to achieve its mission.

4 | During the process, a few candidates are identified and "groomed" for positions.

Potential replacements can come from anywhere within the organization, and employees self-select into desired career paths. Professional development is available to those who choose to take advantage of it, not just to a select few.

Misconceptions about Succession Planning (cont.)

Myth

Reality

5 | Once a Succession Planning program has been determined, implementation is fairly straightforward.

Succession Planning is essentially **a form of organizational change**. It must be well planned, have sufficient support, and be **treated as a long-term commitment**. Consider the impact of an abrupt vacancy in a critical job. The severity of impact should be proportionate to the priority given Succession Planning in your organization.

6 | Succession Planning should be an initiative spearheaded by the HR Director.

This myth is code for department heads not having to participate, and instead, rely on the HR Director. To achieve your desired outcome, **all members of the executive team must be involved**. Both visibility and support from executives is critical to success.

7 | We can use some other organization's Succession Planning and adopt it as our own.

It is critical to **consider organizational-contextual issues** which must be factored in. Transplanting another organization's model brings with it inherent risk. To be truly effective, it must be customized to fit your organization's particular needs.

Succession Planning Defined

Succession Planning is the process of defining future leadership and critical competencies, managing associated gaps, and identifying and developing internal talent who have the potential to fill pivotal positions within the organization.

What it is

- An ongoing integrated business process
- Prioritizing pivotal positions that are aligned with business strategy
- Proactively identifying leadership gaps and critical skill gaps
- Identifying and developing talent pools for pivotal positions

... and what it is not

- A brief conversation held annually between HR and top leadership
- Simply keeping the top positions filled
- Finding replacements for leadership vacancies
- An organization chart with potential successors for each role

Do any of these pain points ring a bell?

There are common trends

Many companies across industries are experiencing the same Succession Planning pain points

Succession Planning pain points

Historically low retention

- Social and mobile technology make the talent market more transparent and accessible than ever
- Younger workers see opportunities as a collection of resume builders rather than a long-term career

Identification and development of high-potential

- Organizations don't know who their really talented people are. Judgments are arbitrary, inconsistent and based on hearsay.
- Most organizations spend 70% of their time on identification of successors and only 30% on developing them

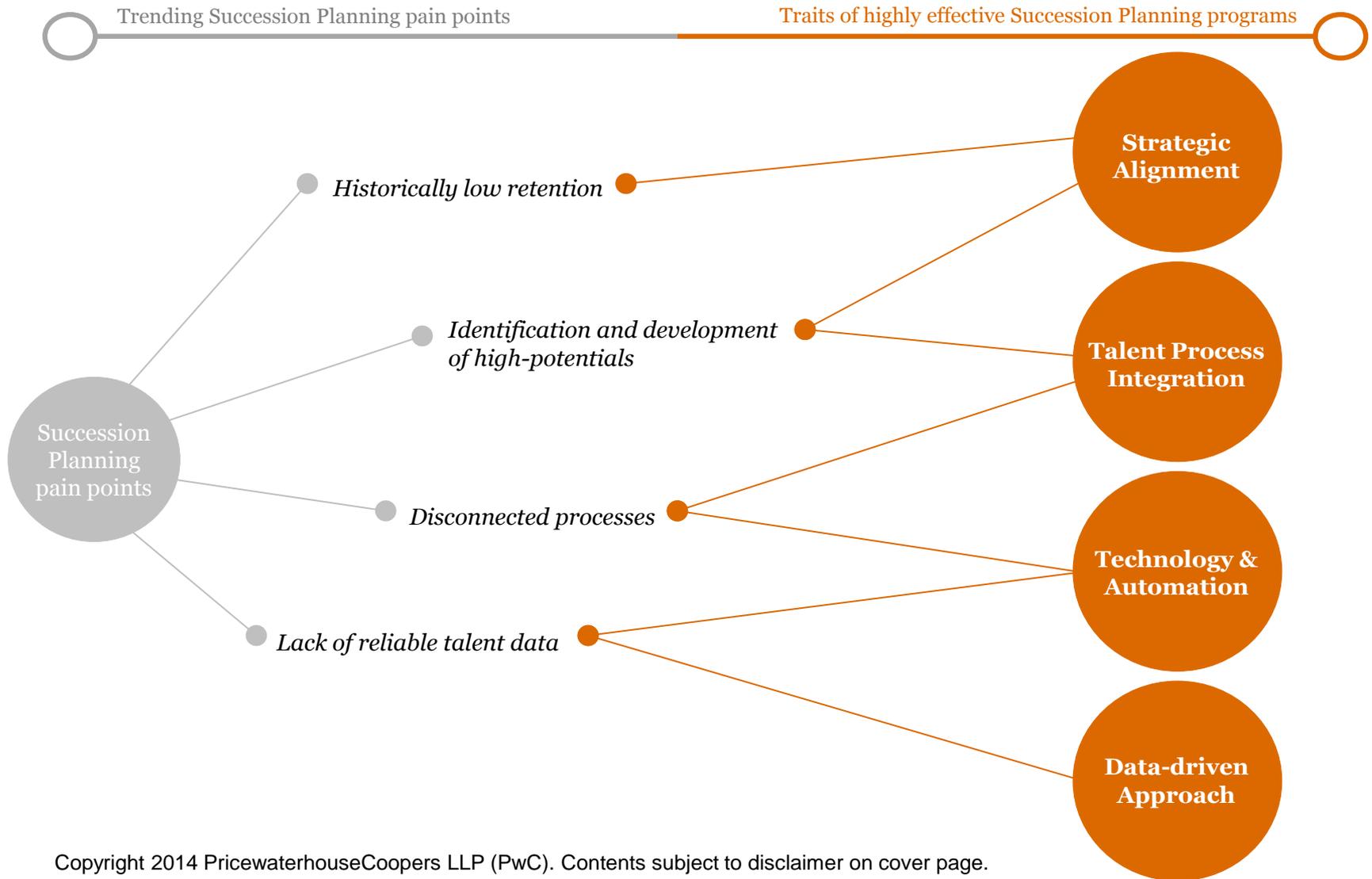
Disconnected processes

- Many businesses are looking for the next "hot trend" single solution instead of strategically integrating their talent processes
- Despite the importance of leadership competencies, organizations tend to place the weight of promotion decisions on the ability to hit targets. Such ability doesn't necessarily translate into higher levels of leadership

Lack of reliable talent data

- Line managers are generally effective in recognizing and encouraging talent among their direct reports if their direct report is like themselves
- High performance in one position is not necessarily an indicator of high potential in another. It may be related more to team context or to a specific match of competence and role
- With so much HR technology in the market, businesses struggle to identify a best-fit solution. Lack of quality information is making it difficult to anticipate strategic talent needs and plan ways to meet them effectively
- Only 16% of CEOs believe the HR management data they have is sufficiently comprehensive

Turning pain points into a competitive advantage



How high-performing organizations address pain points

1

Strategic Alignment

- High performing organizations are 4x more likely to have a process to align succession planning with business strategy and identify roles critical to success
- Know the roles that drive the business and review them periodically
- Deploy consensus meetings to define employee talents/strengths and developmental experiences

2

Process Integration

- Integrate both processes and technology with Strategic Workforce Planning, Talent Acquisition, Performance Management, Leadership Development, Reward and Recognition and Retention
- Accelerate leadership development programs by leveraging a multidimensional learning approach available to a pool of successors
- Apply a more holistic approach in career movement decisions by truly considering successors' maturity and proficiency in leadership competencies

3

Technology & Automation

- Seamlessly integrate HR data and Talent Management processes through comprehensive platforms
- High performing organizations are 50% more likely to use assessments to help determine who is high potential and 38% more likely to use them in promotion decisions
- Use integrated technology that spans the organization in order to assess performance, readiness and potential

4

Data-Driven Approach

- Give more credence to hard data and assessment tools, and rely less on manager instinct
- 53% of leading-practice organizations use tools such as data warehouses or repositories in order to easily manage analytics, modeling, viewing and permissions
- Enable a differentiated response to key roles through talent and business data and analytics

How mature is your Succession Planning?

As with all capabilities, organizations have a range of development and maturity. The depth and maturity of Succession Planning within an organization is a strategic decision. However, at each level of maturity, organizations face a unique set of challenges.

Challenges

Mature

Full integration of systems and process, and a forward-looking strategy

| **3**

- Complete integration of talent systems and processes
- Regularly update Succession strategy to keep pace with business strategy
- Defining the next level of Succession Planning development

Developing

Making Succession strategic, and taking it to the next level through systems or processes

| **2**

- Distinguishing High Potential employees (HIPO's) and creating a corresponding development program
- Effectively implementing an Human Resource Information System (HRIS) or talent management suite
- Loss of leadership attention for Succession Planning

Nascent

Establishing a basic program and process.

| **1**

- Maintaining a current set of employee data
- Expanding Succession ownership beyond HR
- Gaining top leadership support and ownership

Succession Planning maturity – Level 1: Nascent

Matching current employees to positions that need to be filled.

Organizational characteristics

Strategy

- CEO is accountable for succession planning outcomes in the organization
- Business strategy informs identification of key leadership positions
- Basic plan in place, however, influenced largely by turnover

Operations

- An annual succession planning process is in place, but is form-driven
- Scope of succession planning limited to successors for top leadership positions
- Talent pipelines are limited
- Anticipated leadership gaps inform other Talent Management activities (e.g., Talent Acquisition, Leadership Development)
- Contingency planning is a concept, but not put into action

Technology

- Core HR data is available, as well as reporting against key succession metrics
- Some electronically assisted processes exist
- Some tools available (e.g., leadership assessments)

People & Culture

- Information about competencies, prior work experience and career aspirations is collected reactively
- Some value is placed on sending talented professionals to management training

How to get there...

- Achieve buy-in from executive leadership
- Establish basic process and procedures
- Configure technology (as basic as spreadsheets)
- Communicate employee success criteria

Common metrics

- Average Tenure
- Bench Strength
- Key Positions w/ Identified Successors
- External Cost per Hire

Succession Planning maturity – Level 2: Developing

Proactively identifying high-potentials and developing them to fill the key positions of the future.

Organizational characteristics

Strategy

- Business strategy informs workforce planning and identification of future leadership requirements
- CEO updates the board annually regarding leadership succession and talent planning
- A robust succession plan is in place; it is reviewed and refined annually with c-suite and next level participation

Operations

- A succession planning process is in place, supported by technology
- Scope of succession and talent planning extends to multiple levels in the organization
- Succession is integrated with other Talent processes (e.g., Performance Management)
- Talent pools are identified and robust; Early identification of potential leaders
- Contingency planning is integrated into Succession Planning process

Technology

- Utilizes one or more technology solutions to deliver Succession Planning process and reporting
- Tools are used and linked to HRIS and Talent Management systems
- Succession Planning is incorporated into a leadership dashboard and visible to c-suite leaders

People & Culture

- Robust processes in place to collect and report on leadership and technical competencies
- Professional, management and leadership development programs are in place to develop current and future leaders

How to get there...

- Integrate business strategy and succession planning
- Integrate Talent processes; identify HIPO's
- Implement Succession technology
- Fully identify leadership competencies

Common metrics

- Average Tenure in Current Management Position
- High Potential (HIPO)
- HIPO Retention
- Succession Pipeline Depth
- Succession Turnover Rate
- Internal Cost per Hire
- Percentage of External Hires

Succession Planning maturity – Level 3: Mature

Continuously developing talent, while simultaneously updating roles and competencies to encompass the key skills necessary to meet the future strategic needs of the business, then tailoring those leadership roles to fit the available talent.

Organizational characteristics

Strategy

- Close alignment between the business strategy, workforce plan and succession plan has had a tangible, positive impact on the organization's ability to manage succession
- Accountability for succession is a shared leadership responsibility, starting with the CEO
- Succession and talent planning influences key decisions and strategy

Operations

- Succession Planning data, scenario planning and reporting are accessible to line managers
- Scope of planning includes multiple levels of leadership, management and pivotal roles
- Succession Planning is seamlessly integrated with other business and Talent Management processes
- Alternate plans and risk mitigation are in place and executed as required

Technology

- Organization uses an integrated Talent Management solution that links Succession Planning with other talent processes
- Tools and processes are linked via leadership competencies
- Multiple complex scenarios are simulated, analyzing potential organizational changes

People & Culture

- Leaders, managers and employees recognize the benefits of leadership continuity
- Leadership development programs and Succession Planning processes are known to produce high quality leaderships

How to get there...

- Achieve full, continuous ownership by top leaders and business leaders
- Continuously update strategy and process to facilitate business needs
- Implement comprehensive, integrated data collection and analysis
- Ingrain leadership competencies into developmental processes and culture within the organization

Common metrics

- HIPO Employee Satisfaction
- Executive Stability Ratio
- Cross-Function Mobility
- Successor Performance

Lessons learned

No silos.

Engage leadership across the organization including 2nd -3rd middle management.

Mature over time. Start small.

Like all capabilities, it should be built over time and allowed to mature and take root in the organization.

Beyond the executive team.

A stable executive team does not mean succession planning is not required. Define unique capabilities/roles that bring disproportionate value to organizational performance.

Define success criteria.

Ensure talent processes are effectively linked and that success is defined.

Talent first.

Consider how individual HIPO's can be developed to lead, rather than finding the perfect "fit" for a defined role.

Ensure diversity.

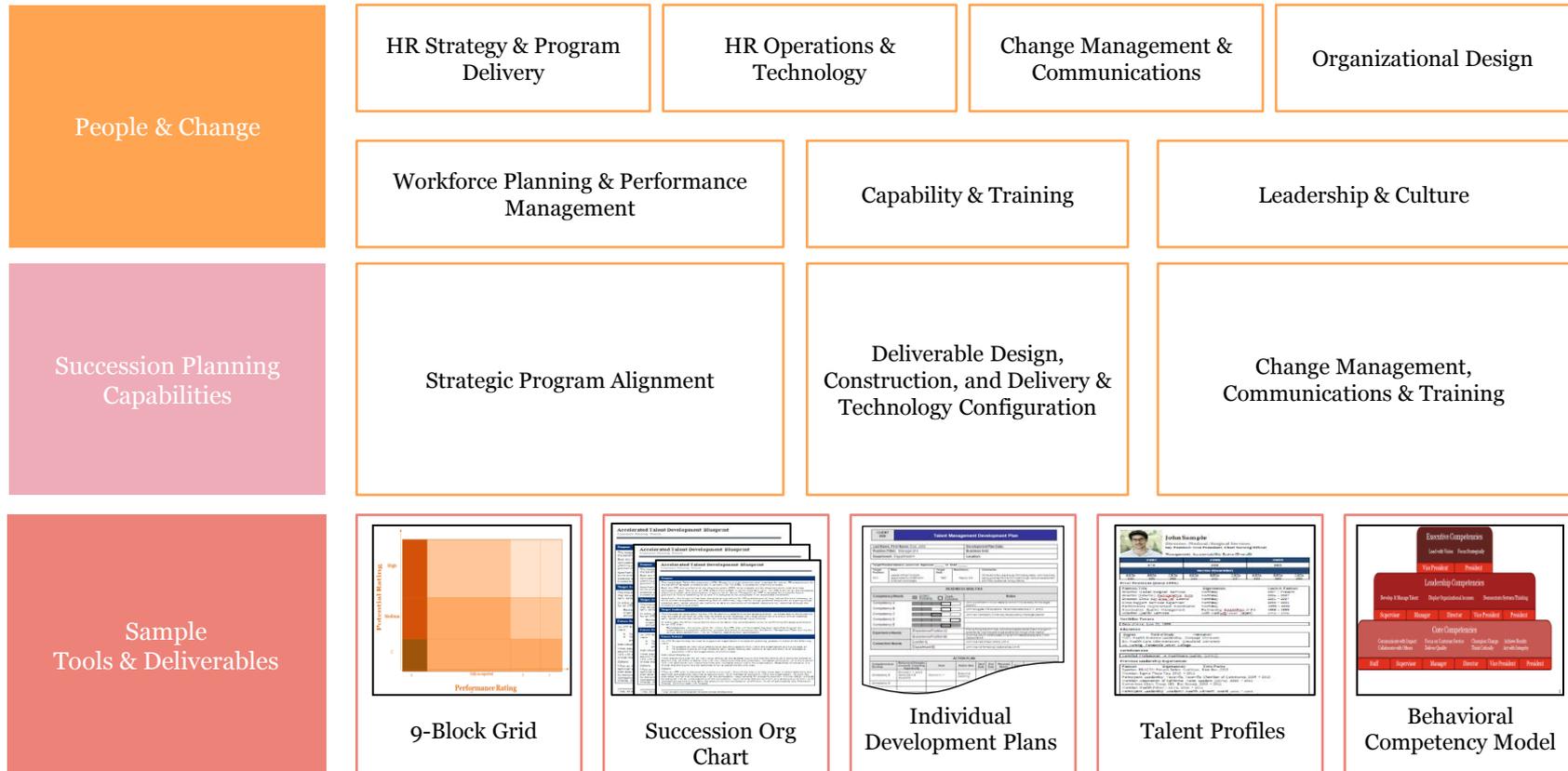
A best practice in this area is to include succession management as part of the diversity plan. If your diversity picture is not reflective of the market, consider including the next level of managers to enhance your diverse candidate growth and development.

"The day after" matters.

Once completed, the real work really starts, developing your people and readying for the future. A Succession program must be regularly maintained and refreshed.

How we can help

PwC can work with you to assess the utility of a Succession Planning program, evaluate your current program, define an action plan, select technology, implement the plan and configure the solution.



Client Case Study: Department of Defense Competency Modeling and Workforce Strategy

Client Issue

PwC supported Military Sealift Command by providing assistance with the development and implementation of a Strategic Workforce Planning processes, including the development of competencies, support for the transition to a competency-based organization structure, review of job series and position descriptions, development of succession plans, identification of training requirements, implementation of career paths, and other human capital initiatives.

PwC Solution

PwC conducted a preliminary organizational assessment and review of processes and procedures to identify supervisory and technical competencies. Following this initial activity, PwC conducted a job analysis with recommendations for classification, provided tools to analyze competencies in employees, and identified training programs to fill competency gaps and improve workforce performance. PwC then pivoted to focus on succession planning, analyzing data for development of succession plans and knowledge transfer and creating a tool to identify and prioritize succession plans.

Key Activities

- Development of a Strategic Workforce Plan and Implementation Workbook.
- Development of competency models for over 50% of the ashore workforce.
- Population of a Competency Evaluation Tool.
- Development of Succession Plans for key positions.

Benefit to Client

PwC supported Military Sealift Command in implementing a systematic approach to developing, evaluating, and aligning organization and employee competencies to the Command mission and strategic business objectives. Military Sealift Command is now better able to identify vulnerabilities in the workplace where there may be a skills shortage, and better inform interventions to develop key skills in the present workforce or fill gaps through recruiting.

Client Case Study: Private Sector hospital services Succession Planning and Leadership

Client Issue

As a mission-oriented, non-profit culture, the client identified a gap in its talent pool and ability to attract and retain the talent required to meet organizational needs. Having worked previously with other consultants on mission and vision development, the organization still found itself without a compelling value proposition for recruiting. It also lacked a clear approach to help internal talent “step-up” to larger roles. The organization's human capital strategy called for its senior leadership council (SLC) to establish a "leadership brand" that would be recognized in the marketplace.

PwC Solution

- Supported the client in Designing, developing, and facilitating, a day-long "Talent Summit", chaired by the CEO and involving the entire senior leadership council.
- Supported development of a new talent review process and timeline. Process enhancements included: examination of leadership depth among key jobs, evaluation of retention risk, and examination of diversity / inclusion metrics and progress.
- Partnered with the client to establish new talent reviews, tested in three pilot sessions and implemented.
- Conducted analysis on ROI and recruiting costs facilitated by the talent reviews.
- Supported the design and development of a new standard of excellence for leadership performance expectations, built upon prior work within the organization toward cultural development, including "guiding behaviors“.

Benefit to Client

- Identification of a new strategic direction to build new and improved leadership expectations to help develop and measure leaders and align the talent and performance management processes on a go-forward basis.
- A new talent review process with a strategic long- term view of career development, success metrics and staff competencies.
- Development of a leadership brand and value proposition that align, link, and articulate emerging requirements for leadership development, including coaching, courses, job placement, performance management, 360-degree feedback, and other tools.

Client Case Study: Dept of Homeland Security Talent Acquisition and Succession Planning

Client Issue

The Department of Homeland Security (DHS) Chief Procurement Officer (CPO) required assistance in standing up the Acquisition Professional Career Program (APCP), focused on attracting, training, and retaining the necessary talent to generate a pipeline of future acquisition leaders across the Department.

PwC Solution

PwC supported the development of a full lifecycle support solution for the DHS CPO focused on the establishment of internal program management capabilities, as well as standard operating procedures for a range of activities to include recruiting, hiring, learning and development, performance management, and stakeholder communication management.

Key Activities

- Partnered to develop a new Talent Acquisition Strategy.
- Partnered to develop new Interview Protocols and related supporting materials.
- Supported the creation of participant training and develop programming, including orientations, networking events, team-building courses, and rotational opportunities.
- Supported the creation and maintenance of developmental documents for participants, including individual development plans, rotational assignment plans, and progress reports.
- Partnered to support ongoing program reporting on the APCP candidate pipeline and progress for CPO senior leadership.

Benefit to Client

- Improved internal program management.
- Improved efficiency and enhanced operations through the development of SOPs.
- Increased capacity for screening, interviewing, and vetting potential candidates.
- Improved stakeholder communication throughout the hiring pipeline.
- Enhanced participant developmental experience as they navigate the program.
- Enhanced data management practices and improved access to information to support operations and reporting functions.

Client Case Study: Private Sector Health Care Talent Identification and Assessment

Client Issue

The client faced an aging workforce, with several critical leaders approaching retirement, coupled with a demographically challenged recruiting environment. Additionally, the client lacked a sustainable succession management program and required a more robust performance management process and other talent management capabilities to support a succession management process.

PwC Solution

- Supported the development of a succession management model including processes, roles, metrics and tools.
- Partnered to develop success profiles for key positions, including identification of pipeline positions.
- Supported the creation of a succession management guidebook and customized training workshops.
- Partnered to develop a detailed implementation plan and project charters for the development of supporting talent management capabilities (e.g., leadership development, performance management at director-level and above).
- Supported the design of a leadership development framework, curriculum and immersion program.
- Supported the redesign of a performance management process for senior executives.
- Supported the development of a talent management communication plan for introduction of succession management and other, new supporting talent management capabilities.

Benefit to Client

- Additional foundational tools and training, including a Succession Management guidebook and executive workshops allowed the client to fully leverage succession planning activities and take the program to a more impactful level.
- Client had a transparent process in identifying key skills and competencies for progression, thereby creating focus on career planning.
- Identified needs for further leadership development and employee engagement.

Potential Next Steps

Possible next steps to apply our approaches and frameworks within your organization include:

- Assess your Talent Management objectives, pain points, trends, challenges and strengths.
- Determine your maturity level and readiness for change
- Assess your current processes, needs, gaps, and your future requirements
- Identify initiatives and strategies to create the workforce of the future
- Create a strategic action plan for managing, communicating and measuring your progress

PwC People & Change

Why PwC?

You aren't just looking for good service from a consultant. You expect results — ones that last long after the work is complete. So do we. That's why...

- **We're issue-based because you are too.** If we don't help you get to the real issues behind your challenges, then what's the point of hiring us?
- **We're results-oriented because results are what matters to you.** At the end of the day, you're interested in the results a consultant can help you achieve, not simply in how hard the consultant works to achieve them.
- **We work collaboratively with you** and bring you relevant, practical guidance and tangible solutions tailored to deliver results in the context of your organization.
- **Teams work together across industries, geographies, lines of service and specialties** to bring the full suite of PwC services in order to best address your business issues.
- **Our capabilities extend beyond HR consulting services.** We are differentiated by our ability to combine top-tier HR consulting expertise with the tax, accounting and financial analytics expertise that have become critical aspects of HR programs.
- **We practice what we preach** — Proof lies in our Great Place to Work, learning, diversity and other people award achievements.

Our perspectives



PwC's Next Gen: A global generational study

Study on various forces influencing the experience of Millennial employees



10Minutes on talent priorities

Looks at how talent can help power growth, realize ROI, manage risk and enable transformation



Seizing back the people agenda

Draws on PwC's 15th annual CEO survey results and how FS organizations can take the business forward



HR Innovation Summer 2013

Focus on total rewards



Are you getting the most from your talent?

Understanding and overcoming the common pitfalls in performance management



Want to know more?

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6,000

Global HR professionals, with 1,000 in the US

Vanguard

Ranked in Change Management Consulting and Human Capital Strategy Consulting

Leading

Analytics and research through PwC Saratoga®, the world's leading source for human capital metrics

26

Industries served by our depth and breadth of real world experience

180K

Employees that we call upon in 776 locations

2nd

PwC is the 2nd largest global consulting provider²

158 countries

Supporting Human Capital at CDC

#1

On DiversityInc's 2012 "Top 50 Companies for Diversity" list

Top 100

Of Fortune's "100 Best Companies to Work For," 2005-2012

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