

# SMALL Business Times

Reprinted from *Small Business Times*, April 4, 2003

## The next generation

*Don't wait for older workers to retire before you develop successors*

By **DANIEL SCHROEDER**, for *Small Business Times*

**Question: Here's an issue we need to come to grips with - our key executives are approaching retirement. Additionally, as I look at our managerial team in general, I see more and more gray hair. What concerns me is that we're not preparing for the exit of these key players. I'd like to see the company implement a formal succession plan. Any suggestions on how we should get started?**

**Answer:** Succession planning is a crucial process for most organizations today. It is the process by which successors are identified for key posts and targeted career development activities are offered. While succession planning has always been a part of human resources programming, it has become increasingly relevant as organizations like yours confront the realities of an aging workforce.

Specifically, the Baby Boomers (i.e., individuals born between 1946 and 1964) are getting older and retirement time is just around the corner. There are major organizational implications in this. By definition, these are experienced individuals (they have been in the workforce for decades). Further, in many cases, they occupy important and strategic positions. So, when they leave, significant "know how" will leave, too.

It is also worth noting that demographic data indicates that there are fewer Generation X (i.e., those born between 1965 and 1981), or Generation Y (i.e., those born after 1982) employees to replace these aging Baby Boomers - the Baby Boomers are simply a larger age

cohort. So, unless organizations prepare for it, when the Baby Boomers retire, the gaps may be formidable.

Cast against this backdrop, then, succession planning cannot be something that you are simply pondering or researching - it needs to be something you are actively practicing. Right now. Today.

You cannot afford to wait until tomorrow, because when tomorrow comes, somebody else will have retired and you may not have a ready replacement waiting in the wings.

Some benefits that organizations realize from implementing formal success plans include the following:

- Increased precision in employment selection and placement because of clearer targeting of organizational success factors.
- Comprehensive development of employees by offering systematic and structured developmental opportunities.
- Increased understanding of the skill sets of employees through the use of formal measurement systems.
- Fostering of a collaborative corporate culture based on the sharing of knowledge, insights, and experiences.

Typically, an effective succession planning process is comprised of the following ongoing activities:

**Studying and documenting current positions and people** - This step is absolutely foundational. The idea is to describe the activities that attached to each position in the organization (i.e., job analysis, role analysis, task analysis) and the characteristics necessary to carry them out (i.e., knowledge, skills, abilities, and personal attributes or behaviors). Some have compared this step to an audit. It is a valid comparison in that data are collected and studied so that gaps or surpluses can be identified.

**Forecasting organizational trends** - This involves looking forward and anticipating what the future holds. What products or services might be pursued (and eliminated)? What will be the implications of doing so in terms of the jobs the company offers and the people who will occupy them?

**Developing a succession chart** - In essence, this is analogous to what the Green Bay Packers do each year when they develop their depth chart. Brett Favre is the starting quarterback. Doug Peder-

son backs him up. Someone else is third string.

The same is done for each position on the team. This same approach is applicable to a business organization. Formally listing “who’s who” provides a structure for planning for the next aspect of succession planning, the creation of individual development plans.

#### **Implementing individual development plans –**

Drawing upon the Packers example again, knowing that Doug Pederson backs up Brett Favre, the question becomes, “What does Doug need to know, be able to do, etc. to step in when called upon (i.e., when Brett retires)? Perhaps he needs some focused understudy time with Brett where Brett shares his perspectives, insights, best practices, etc.

Perhaps Doug will benefit from building his skills in the area of passing mechanics. And so on. In short, what needs to happen is the creation of a program of ongoing learning and development so that each player learns the “playbook” and builds skills so that he can become a player who makes increasingly responsible contributions.

**Evaluating program effectiveness and making fine-tuning adjustments –** It is important to note that succession planning is not a one-time activity. It is an ongoing effort because organizational members are perpetually coming and going.

The idea is to build a “system” which is dynamic and adapts and evolves to match changes in both the external and internal business environments. This means studying data gathered from the steps listed above and then making changes to ensure that the succession planning process remains on-target.

A couple of concluding thoughts. Historically, succession plans have been closely held, even secretive. Today, like other organizational processes, succession planning is becoming more open and

free flowing. After all, if you are planning someone’s future, it makes sense to include him/her in that planning.

Additionally, if succession planning is well done it has the potential to shape the corporate culture. Think about it.

By following the steps outlined above, the company is, in essence, telling its employees, “You are important to us. We recognize you as a valuable asset. We want to help you achieve your potential. And, we want you to do that here, with us, rather than feel the need to leave us in order to move to the next level in your career.”

Finally, succession planning reinforces the concept that employee development is an important duty for any manager within the organization. This message is consistent with the old adage about an effective manager being the one who works himself/herself out of a job.

By emphasizing employee development, the organization is clearly saying that one primary ingredient of the managerial success formula is to hire the best people and then develop them to the fullest.

By following the principles outlined in this article, succession planning can become an important part of the organization’s ongoing strategic agenda, rather than something that is done only when the boss retires.



Daniel Schroeder, Ph.D., of Organization Development Consultants Inc. (ODC) in Brookfield provides “HR Connection.” Small Business Times readers who would like to see an issue addressed in a column can reach him at 262-827-1901, via fax at 262-827-8383, via e-mail at [schroeder@odcons.com](mailto:schroeder@odcons.com) or via the Internet at [www.odcons.com](http://www.odcons.com).