



Succession Planning Avoiding the Risks

A Whitepaper

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Introduction

Succession planning is the process of identifying and developing individuals within an organization who have the potential to fill key leadership positions in the future. It involves preparing for the inevitable turnover of key personnel due to retirement, promotion, or unforeseen circumstances. By proactively identifying and developing future leaders, organizations can ensure a smooth transition of leadership and maintain the continuity of operations.

Effective succession planning requires a comprehensive understanding of the organization's mission, vision, and values and a thorough assessment of the skills and potential of current employees. It involves creating a plan outlining the steps to identify, develop, and promote individuals best suited to take on key leadership roles. With proper planning, organizations can build a strong leadership pipeline and ensure a bright future for their employees and stakeholders.

Succession planning is essential for any organization to ensure continuity and stability. However, even with a well-designed succession plan, risks can derail the process and impact the organization's future success.

In this whitepaper, we will discuss the eleven common risks associated with succession planning and offer suggestions for how organizations can address them.

Leadership Skills and Competencies



1. Lack of clarity on leadership requirements:

One of the critical risks in succession planning is the need for transparency on the specific skills, qualities, and experience required for leadership roles within the organization. When there is a clear understanding of what is needed in a leader, it becomes easier to identify and develop potential candidates who possess those qualities.

To address this risk, organizations must have a process to identify the operational skills and soft skills, like leadership style, EQ, and cultural fit, that are needed. Most succession plan failures have resulted from the lack of attention to soft skills and over-focus on operational skills. Operational and tactical skills can be taught, but a new leader's soft skill abilities dictate the successor's long-term success.



2. Limited availability of suitable internal candidates

Another significant risk in succession planning is the need for more qualified internal candidates. Sometimes, the organization may need more individuals with the necessary skills, experience, and leadership potential to fill critical positions. This may force the organization to look outside for talent, which can be time-consuming and expensive. This risk is significant for smaller organizations.

To mitigate this risk, organizations need to be brutally honest about the capabilities of their current staff and determine if the skill and experience needs of the successor are available internally or whether an external search is required. There is no room for relationship bias to creep into this evaluation process. A successful candidate's values, leadership style, and purpose must align with the organization's culture.



3. Lack of diversity and inclusivity:

One of the most significant risks of succession planning is that it can lead to a lack of diversity and inclusivity in leadership positions. An inclusive organization has an established balance of leaders from protected classes, including race, religion, ethnicity, gender, and sexual orientation.

If organizations only focus on developing and promoting employees who fit a specific mold, they risk perpetuating the same biases and inequalities that may exist in the current leadership team.

Organizations that do not have a diverse pool of potential successors may find themselves in a situation where they have limited options when selecting a new leader. This can result in a lack of innovation and a failure to adapt to changing market conditions. It's essential to ensure that succession planning is inclusive and diverse and that candidates

are chosen based on their skills and potential rather than their background or demographic.

To manage this risk, the organization must have a clear mission for cultural diversity and, through a cultural audit, identify the existing diversity gaps and any selection processes that unknowingly contain cultural biases. In addition, organizations should prioritize diversity in their succession planning. They should identify potential successors from a variety of backgrounds and ensure that they have equal opportunities for development and advancement. Typically, this audit needs to be done by an outside consultant that can identify any unintended biases in the organization and its selection and personnel/performance management processes.



4. Over-reliance on internal candidates:

Another risk of succession planning is over-reliance on internal candidates. While developing and promoting talent from within the organization is important, organizations should also consider external candidates who may bring fresh perspectives and new ideas. Including candidates that have met challenges and had experiences outside the organization can make the succession plan more dynamic and prepared for the future.

The tendency to only look internally in a succession plan is expected. To minimize this over-reliance, organizations should look at what talent and skills they need, make a talent and skills wish list, and use this list to evaluate the capabilities of internal staff. It is possible that the existing siloes and departments may not be aligned with the strategic objectives. In these cases, the succession plan should include identified future leadership needs.



5. Failure to identify and develop potential candidates:

Another risk of succession planning is failing to identify and develop potential candidates early in their careers. Organizations that wait until a leadership position becomes vacant before considering potential candidates may need more time to prepare internal staff properly. Identifying high-potential employees early on and providing these candidates with a plan to get the necessary training and development to prepare them for future leadership roles is essential.

It is common for an organization to have high-potential employees that need to be developed. Ensuring internal candidates are developing starts with understanding the leadership needs and expectations identified in number one above will help organizations tailor a leadership development roadmap for these high-potential employees.



6. Failure to identify the fitting successor:

Another risk associated with succession planning is the failure to determine the proper successor. Organizations may spend a lot of time and resources developing potential successors, only to find that they are unsuitable for the leadership role when the time comes.

To address this risk, organizations should clearly understand the skills and competencies required for leadership roles. Four important attributes are often overlooked. These attributes include EQ, strategic and cultural alignment, and leadership style. Including these four attributes in the identification process will ensure improved success in chosen successor. Ignoring these four attributes results in a challenging transition for the organization. Assessing potential successors against these requirements will ensure that the leader is given the necessary training and development.



7. Over-reliance on the individual:

Too often succession planning often involves identifying a single individual to assume a key leadership role. This over-reliance on one individual can be risky as it creates a significant dependence on that person, leaving the organization vulnerable if that individual becomes unavailable or leaves the organization.

In an effective succession plan, the final decision on a specific “who” is only made when the need to fill that position is imminent. Ideally, the organization needs to have a bench strength of strong contenders, and their ultimate selection will depend on the work they have completed to prepare themselves for advancement.



8. Lack of preparation:

One of the most significant risks associated with succession planning is looking at it as a short-term project. Succession planning is a long-term process that requires careful planning, identifying potential successors, and developing skills and competencies. Organizations that didn't prepare for succession planning adequately may find themselves in a situation where they must scramble to find a replacement when a key leader leaves, resulting in instability and uncertainty. Inadequate training and development can lead to the promotion of individuals who need more skills to succeed in their new roles and therefore struggle to succeed.

Succession planning should be based on thoroughly assessing candidates to ensure they have the necessary skills, experience, and potential for the leadership position. If the assessment process is inadequate, organizations can promote unprepared employees for the role, harming the organization's performance and reputation.

To address this risk, organizations should start preparing for succession planning early. They should identify potential successors and start developing their skills and competencies as early as possible so that they are ready to step into leadership roles when the need arises.

Succession planning is a long-term process, but it is essential to remain flexible and adapt to changing circumstances. An organization's needs may change, and the previously identified candidates may need further development to stay suitable for the organization's evolving needs.



9. Loss of key talent:

Succession planning can also be risky because it may result in losing key talent. If potential successors are identified and developed, they may be attractive to other organizations. They may choose to leave the organization for better opportunities, leaving it without a clear path for leadership succession.

In addition, some key employees not identified in the succession plan may seek opportunities with other companies. This real risk can result in high-profile leadership gaps that need to be filled.

To avoid this risk, transparency and retention plans should be implemented. High-potential employees who may see themselves as successors will look for development plans (identified in number five above) to help them gain the experience or skills they currently lack.



10. Resistance to change:

Succession planning often involves a significant shift in the organization's power structure. Some individuals may resist these changes, particularly if they feel their position or authority is threatened. This resistance can lead to conflicts, delays, and, ultimately, the failure of the succession plan.

To manage this risk, transparency is necessary, and the change resisters should be identified. Once identified, these resisters must be coached and mentored until they understand the succession plan. Sometimes executives must help these resisters agree or have the tools to seek a position elsewhere.



11. Failure to communicate effectively:

Succession planning should be transparent and communicated to all employees. A lack of clarity and transparency in the process can lead to confusion and distrust among employees, ultimately harming the organization's culture and productivity. This communication should include the selection criteria and the process to ensure that employees understand the organization's approach to succession planning.

Communication is essential in any organizational change initiative, including succession planning. Transparency will only come from effective communication of the succession plans. Failure to communicate the rationale for the succession plan, the criteria for selection, and the expected outcomes can lead to misunderstandings, distrust, and resistance.

To minimize this risk, organizations need a communication plan to help all management cascade the rationale and criteria throughout the organization.



12. Inadequate assessment of candidates:

Mitigating succession planning risks requires a proactive and strategic approach. Organizations should prioritize diversity and inclusivity, consider internal and external candidates, communicate the process clearly, identify and develop potential candidates early on, and assess candidates thoroughly. By addressing these risks, organizations can ensure that their succession planning process is effective and beneficial for long-term success.

To address this risk, organizations should have retention strategies for key talent. They should ensure that potential successors are compensated fairly and given opportunities for career advancement within the organization.



In conclusion

Succession planning is a critical process that enables organizations to proactively prepare for leadership changes, maintain operations continuity, and ensure stability. It involves identifying and developing individuals with the potential to fill key leadership positions in the future, which helps retain top talent and ensure a smooth leadership transition. By investing in succession planning, organizations can build a strong leadership pipeline and position themselves for long-term success.

However, effective succession planning requires a comprehensive understanding of the organization’s mission, vision, and values, as well as a thorough assessment of the skills and potential of current employees. It requires commitment and dedication from all levels of the organization and ongoing monitoring and evaluation to ensure the plan remains relevant and practical. By addressing the risks identified in this white paper, the succession plan will be a valuable investment allowing an organization to navigate leadership transitions and achieve strategic success.