

## Member's Quarterly

Spring 2023 Edition

### Feature

# Plan to Succeed

## Succession planning for smaller organizations

Succession planning is important, not only for large corporations but for small organizations as well. Large or small, succession planning must be on your to-do list so that you can maintain your success and build for the future. In fact, many experts think that it is more crucial to have succession planning in smaller organizations because there are fewer people to carry on and carry out the mandate if something happens to one of the owners or leaders.

### The case for succession planning

The principles of succession planning are to ensure that you have the capacity and the ability to carry out your organization's mission, to continue to provide services and to meet the business goals of the organization. It is a particularly important time to think about succession planning because we are undergoing one of the largest out-migrations of senior managers in history. The impact has been a bit muted because some older leaders are deciding to stay at work longer, but that is simply postponing the eventual need for a new management cadre.

Many large organizations have seen the future loss of the baby boom executives and have active leadership development plans in place. But many smaller and mid-sized organizations simply do not have the resources to devote to such an exercise. One study a few years ago by accounting firm Deloitte found that only 17 per cent of smaller and family-owned companies surveyed had a formal leadership succession strategy in place. The other 83 per cent are putting their organizations at risk and the loss of one senior executive could have a very damaging impact on their organization.

### Start right now, but take your time

If you don't have a formal succession plan in place, you really should get started. Keep in mind that you need to be level-headed and not panic. An emergency occurs when the building is on fire. You have a problem that will not become a crisis unless you ignore it. Succession planning is not done in weeks or months - it needs to be mapped out and implemented over several years.

The starting point is to assess your situation today before you start thinking about tomorrow. Take a look at your current leadership and organizational structure and see if they meet your existing needs based on your strategic plan, goals and objectives, or priority programs and projects. Conduct a thorough and honest evaluation of the executive team and make an assessment of when they would likely leave or retire. Ask them what their plans are. You need to know.

### Who's in the bullpen?

Once you have an initial assessment of your leaders, you can look at who might be in the feeder system to replace them and/or have the capacity to move up in the organization. Develop a profile for all existing staff so that you know whom you can call if your starting pitcher needs relief. Who could be trained or mentored to fill gaps? Which ones may be good candidates for an executive development program?

If you don't have that capacity internally, it's better to recognize that now and come up with some outside recruitment strategies. This will take both time and resources since every other organization in your field is likely engaged in the same task of finding the new pool to fill your talent pipeline.



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#### **Make a plan and stick to it**

Now that you know your strengths and weaknesses, you can begin to implement your succession plan. This plan should include both an internal and external component. Internally, you will need a combination of training and development for your existing staff. At the same time, you will need to be actively out there in the labour market, recruiting more experienced people into your organization.

You also need to have supports in place to ensure that both the internal candidates and those you bring into the organization can succeed in their new roles. That should involve the active participation of the current leadership team to make a smooth transition into the corporate suite. It is one thing to designate a successor. It's quite another to ensure their continuing success.

#### **Watch out for potholes on the road to success**

Sometimes the best laid succession plans do not succeed. Be prepared to adjust your plans as required. The most common pitfall is to make assumptions about aspects of the plan or to allow personalities to trump principles. This will require HR professionals who are leading the plan to remain calm when, for example, executives change their mind about giving up the reins of power. They may claim that the people replacing them are not as qualified as them and they may be right. However, the plan must go on.

The other main failing of succession planning, particularly in smaller organizations, is that everybody gets shifted off course by the problems of today. Unless someone can clearly steer the succession plan ship on its path or mission, the future leaders and future solutions will never appear. Put your succession plan in writing. Get the senior leadership to formally sign on. Remember to keep everyone in the organization on the course that you've set. There will surely be smoother waters ahead.

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