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Who's Next? Succeed with Succession Planning

According to recent studies most U.S. companies do not have an adequate pool of internal candidates to replace employees slated to be promoted to the next management level, including the most senior executives. Adding to the problem is the impending retirement of Baby Boomer employees. More than 7,900 of the nation's 78 million Baby Boomers -those born between 1946 and 1965 -started turning 60 years old in 2006. This will continue through 2031, when the last of the Baby Boomers will turn 66, the Social Security retirement age.



Common problems affecting succession planning programs are:

- Lack of support from top management;
- Corporate politics--use of the corporate ladder to promote friends, allies, etc.;
- Quick-fix attitudes--where effectiveness is sacrificed to expediency; and
- The low visibility of many succession planning programs--to be successful, succession planning must enjoy the active support and direct participation of management employees at all levels.
- In addition, the rapid pace of organizational change creates considerable difficulty in predicting succession over a three to five year period in an era of rapid change.
- On a more pragmatic level, succession processes often fail due to too much paperwork and too many meetings.

Closely Held and Family Businesses Lack in Succession Planning

A survey of almost 4,000 family-owned businesses reveals that management succession is one of the foremost problems faced by family-run firms. The

survey found that:

- One in four of the current CEOs of family-run businesses intend to retire in five years.
- 23 percent of current CEOs plan semi-retirement in a similar timeframe.
- Only 40 percent of these companies have designated a successor.



One survey of middle-market firms reported only 51 percent have a CEO succession plan; while another study cited only 43 percent of the respondents indicated intentions to develop or update their succession plans within the next six months.

Suggested reading: *When the Boomers Bail: How demographics will sort out communities into winners and losers* by Mark Lautman (2011). Logan Square Press, Albuquerque, NM

Successful Succession Planning Steps

Leaders should follow these steps to guide their organizations through the succession planning process:

1. Identify business challenges. Define leadership competencies needed to meet current and future business challenges.
2. Identify and prioritize leadership needs. Outline resources needed to meet critical business objectives.
3. Conduct a "succession audit." Companies can maintain an accurate account of current succession readiness by conducting a succession audit.
4. Evaluate level of mastery. Determine whether talented successors possess all needed leadership skills or if additional development is needed to ensure success.
5. Outline framework to meet targeted outcomes. Determine the scope and frequency of learning events needed to provide talented leaders with opportunities to master leadership skills.
6. Involve stakeholders. Gain consensus among critical stakeholders for how success is measured-both for the leadership development process and for the leaders themselves.
7. Align the succession plan with overall company goals. Make sure the succession plan reflects not only current, but future skills required to run the company.
8. Accept that your next generation of leaders may not be working for you today. Develop a knowledge of the talent that exists within the industry,



or within the functional areas where the company has significant internal gaps.

9. Aggressively develop internal talent. Identify and develop the employees who have the qualities desired in senior-level managers.

Focus on Millennials for Leadership Development



There is a dramatic change in leadership demographics—a new leader is moving in out with boomers and in with millennials. Drawing on data from a survey his organization conducted among 13,124 leaders at 2,031 organizations in 48 countries, 30 percent were undergoing aggressive growth, 25 percent cautious growth and 21 percent no or minimal growth.

In companies that were growing more rapidly, there was a higher percentage of millennials, and in those that were growing more slowly or were flat, there was a lower percentage of millennials. The millennials are here, and they are the future of our organization.

All leaders should be targeted for leadership development; particularly younger leaders. This is about providing quality experiences for all leader levels, with a special focus on accelerating development for millennial leaders.

The ways in which up-and-coming leaders learn are changing because the modern millennial learner has arrived. Build in ongoing opportunities to immerse leaders in building functional experience via mobile and social tools.

Succession planning should include all positions that are critical to the company's future. Thus a succession plan may not include all existing managerial positions and may include positions that will never be supervisory or managerial.

Succession planning must be done in concert with strategic planning and can provide a basis for enhancing managerial training programs.

Click [HERE](#) for a comprehensive report on Succession Planning from The Blake Group's website published by Blomberg/BNA.

Show me the report on Succession Planning

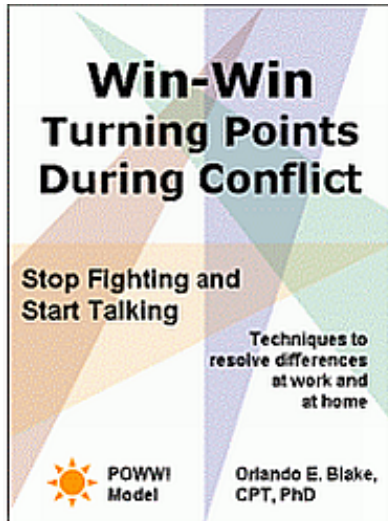
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For any questions related to your business, please contact me. I would be happy to learn more about your organization.

Sincerely,

Orlando E. Blake, PhD, CPT

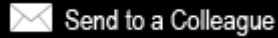
The Blake Group
Organizational Consulting LLC
520.455.9393 / 877.844.4969
www.blake-group.com
oeb@blake-group.com



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