



THOUGHT LEADERS.....

Don't lose your leaders

Organisations that lack a rock-solid succession management plan risk their growth and survival.

Forward-thinking organisations are increasing their focus on what will happen as their baby boom employees retire. Their concern is justified, for not only does this generation represent the largest segment of the labour market, it also represents experience, particularly leadership experience.

The impending loss of key workers and the knowledge they bring to their roles is compounded by the comparatively smaller population of skilled entrants into the workforce.

New research by the Aberdeen Group of 310 organisations worldwide adds to our understanding of how 'best in class' companies are responding to these trends. These organisations are becoming more proactive in establishing succession management programmes, as well as developing pipelines of high-potential talent across layers beyond the C suite. The benefits are not just in talent readiness; their programmes also have a significant impact on engagement and retention.

The research defines a top 20% that report the following achievements through effective succession management:

- Increased the percentage of key vacancies filled by internal candidates on average 44% (compared with 15% for an average performer).
- Improved job performance of successors on average 24% (compared with 2% for an average performer).
- Improved bench strength (percentage of key positions for which qualified succession candidates are identified) on average 21% (no change for an average performer).
- Increased employee engagement on average 20% (3% for an average performer).

Included in this top group is The Warehouse, where a succession management programme has had dramatic results. Since its introduction in 2006, 50% of key positions have been filled with internal candidates. Prior to that, virtually all of these key positions were sourced externally. The company has also developed a strong pipeline, which is critical as it grows and adds more stores to its operation.

Best-in-class organisations are highly strategic in their approach to succession management, comments Christien Winter, director of Sheffield.

“They understand how critical it is to build a strong leadership pipeline horizontally, to encompass all business units, and vertically, to include non-managerial employees.

“They use formal processes to identify their future leaders, based on the competencies they will need to help them realise organisational objectives.

“They analyse gaps, and shape individual development plans to fill them. And they regularly review the performance and progress of those in high-potential programmes.”

The Aberdeen research compares the best in class with average and laggard performers on a range of factors.

Table: The Competitive Framework

	Best in Class	Average	Laggards
Formal process to identify high-potential workers	71	43	33
Systematic process where senior managers regularly review the performance and progress of high potentials	68	52	42
Clear linkages between leadership development and organisational objectives	59	32	30
Widely publicised people culture and developmental mindset in the organisation	57	54	31
Individual career development plans that are aligned to corporate succession plans	54	25	22
Clearly defined success profiles for key positions	53	40	31
Updated database of high potentials	50	39	36

Source: Succession Management: Addressing the Leadership Development Challenge, the Aberdeen Group