

AACORA

**Guide for
Succession
Planning**



Succession planning is a strategic process that ensures the continuity of leadership and critical roles within an organization. It involves identifying and developing potential successors for key positions to ensure a smooth transition when current employees holding critical positions retire, leave or are otherwise unavailable. This guide is designed to help Canadian business owners approach succession planning from a human resources (HR) management perspective, providing practical steps and insights to navigate these transitions effectively.

CONTENTS

SECTION 1		
▶	What is Succession Planning?	03
SECTION 2		
▶	Why is Succession Planning Important?	04
SECTION 3		
▶	Getting Started with Succession Planning	05
SECTION 4		
▶	Identifying Key Positions	06
SECTION 5		
▶	Assessing the Skills Required	07
SECTION 6		
▶	Tools and Methods for Assessment	08
SECTION 7		
▶	Identifying Key Potential Successors	09
SECTION 8		
▶	Development Initiatives	10
SECTION 9		
▶	Knowledge Transfer and Contingency Planning	11
SECTION 10		
▶	Succession Plan Governance	12

SECTION 1

What is Succession Planning?

Succession planning isn't just about replacing leaders—it's about preparing the organization for future challenges and opportunities by ensuring that there's a pipeline of qualified and capable individuals ready to step into key roles. This process involves several key steps:

- 1. Identifying key positions:** Determine which roles are critical to the organization's success and need to be included in the succession plan. These positions are often those that have a significant impact on the organization's operations, strategy and overall performance.
- 2. Assessing potential successors:** Evaluate current employees to identify those who have the potential to grow into these key positions. This assessment should consider factors such as performance, leadership qualities, skills, experience and cultural fit.
- 3. Developing successors:** Create personalized development plans for potential successors to transition them for their future roles. This may include workplace coaching, training programs, mentorship, job rotation and other leadership development initiatives.
- 4. Implementing the plan:** Put a succession plan into action by gradually transitioning responsibilities from current role holders to their successors. This process should be carefully managed to ensure a smooth and effective transition.



SECTION 2

Why is Succession Planning Important?



Succession planning is crucial for several reasons:

- 1. Business continuity:** By having a succession plan in place, organizations can ensure that there's no disruption in operations when key leaders or employees leave. This leadership continuity is vital for maintaining productivity, customer satisfaction and overall organizational stability.
- 2. Risk management:** Succession planning helps organizations mitigate risks associated with unexpected departures or emergencies. By preparing for these scenarios in advance, businesses can avoid the negative impacts of sudden leadership changes.
- 3. Retention of institutional knowledge:** When experienced leaders and employees leave, they take valuable knowledge and expertise with them. Succession planning helps retain this institutional knowledge by ensuring that successors are well-prepared and informed.
- 4. Talent development:** Succession planning encourages the development of employees by providing them with clear career paths and opportunities for growth. This can lead to higher employee engagement, motivation and retention.
- 5. Strategic alignment:** A well-executed succession plan ensures that the organization's leadership and key roles are aligned with its long-term goals and strategies. This alignment is essential for achieving sustainable success and growth.
- 6. Adaptability and resilience:** Organizations that engage in succession planning are better equipped to adapt to changes in the business environment. They can respond more effectively to challenges and seize opportunities, making them more resilient in the face of uncertainty.

SECTION 3

Getting Started with Succession Planning



For those new to succession planning, it's essential to start with a clear understanding of the organization's goals and the critical roles that need to be filled. To get started...

- 1. Assess organizational needs:** Identify the key positions that are vital to the business' success and the skills required for these roles.
- 2. Identify potential successors:** Look for employees who demonstrate the potential to grow into these roles. Consider their skills, experience and leadership qualities.
- 3. Create development plans:** Develop personalized training and development plans to prepare potential successors to transition into their future roles.



SECTION 4

Identifying Key Positions



Key positions are those that have a significant impact on the organization's operations, strategy and overall performance. These positions are often essential for maintaining business continuity and achieving strategic goals. To identify key positions, consider the following factors:

- 1. Impact on operations:** Evaluate how each position contributes to the day-to-day operations of the business. If a position was to remain vacant for a period (e.g. two to six months), would it have a significantly negative impact on the operations of the business? Positions often considered key include those in production, sales and customer service.
- 2. Strategic importance:** Determine which positions are crucial for executing the organization's strategic plans. These may include roles in leadership, management and specialized areas such as research and development or marketing.
- 3. Unique skills and knowledge:** Identify positions that require specialized skills or knowledge that aren't easily replaceable. These roles may involve technical expertise, industry-specific knowledge or unique competencies that are critical to the organization's success.
- 4. Leadership and decision-making:** Consider positions that involve leadership and decision-making responsibilities. These roles are often key to guiding the organization and making strategic decisions that impact its future. These can include business owners who are seeking an exit strategy.

One method of identifying key positions can be the creation of a scoring matrix that evaluates elements such as risk level, impact if left vacant for X period of time, difficulty to fill, availability of resources (internal and external) and time to prepare successors. Adding up all the factors with a total score can help to easily identify real, rather than perceived, gaps and opportunities.



SECTION 5

Assessing the Skills Required



Once you've identified the key positions, the next step is to assess the skills required for these roles. This involves:

- 1. Job descriptions:** Review and update job descriptions to ensure they accurately reflect the responsibilities and requirements of each key position. Include details on the skills, experience and qualifications needed for the role.
- 2. Competency frameworks:** Develop competency frameworks that outline the specific skills, education, fit factors and behaviors required for each key position. This helps in identifying gaps and areas for development.
- 3. Performance metrics:** Establish performance metrics to evaluate the effectiveness of individuals in key positions. This can include measures such as productivity, leadership effectiveness and contribution to strategic goals.

SECTION 6

Tools and Methods for Assessment

By thoroughly assessing organizational needs and identifying key positions, businesses can create a robust succession plan that ensures continuity and prepares the organization for future challenges and opportunities. The following are just some of the tools and methods that can be used for this assessment:

- 1. Surveys and questionnaires:** Conduct surveys and questionnaires to gather input from employees and leaders on the importance of various positions and the skills required for them.
- 2. Interviews and focus groups:** Hold interviews and focus groups with key stakeholders to gain insights into the critical roles and competencies needed for the organization's success.
- 3. Data analysis:** Analyze organizational data, such as performance reports and employee records, to identify trends and patterns that highlight key positions and skills.
- 4. External benchmarking:** Compare your organization's key positions and skills with industry standards and best practices to ensure you're aligned with market expectations.



SECTION 7

Identifying Key Potential Successors

Identifying key potential successors is a critical step in succession planning. Here are some strategies to help you identify the right individuals:

- 1. Performance and potential:** Evaluate employees based on their performance and potential. Look for individuals who consistently deliver high-quality work and show the ability to take on more responsibilities.
- 2. Leadership qualities:** Identify employees who exhibit strong leadership qualities, such as effective communication, decision-making and the ability to inspire and motivate others.
- 3. Cultural fit:** Consider employees who align with the organization's values and culture. A good cultural fit ensures that the successor will be able to maintain and enhance the company's work environment.
- 4. Feedback and recommendations:** Seek feedback from current leaders and colleagues to identify potential successors. Recommendations from those who collaborate closely with the candidates can provide valuable insights.
- 5. Developmental readiness:** Assess the readiness of potential successors for development. Look for individuals who are eager to learn, open to feedback and willing to take on new challenges.



SECTION 8

Development Initiatives

Organizations can use a variety of development initiatives to identify and prepare successors for key roles. This includes:

- 1. Workplace coaching:** Offer personalized leadership or executive coaching to strengthen core skills and prepare individuals for future roles and increased responsibilities.
- 2. Training programs:** Implement training programs that focus on developing essential skills.
- 3. Mentorship:** Establish mentorship programs where current high performers can guide and support potential successors.
- 4. Job rotation:** Encourage job rotation to provide employees with diverse experiences and a broader understanding of the organization.



SECTION 9

Knowledge Transfer and Contingency Planning



Effective knowledge transfer and contingency planning are critical components of succession planning. Steps include:

- 1. Documenting processes:** Ensure that all critical processes and procedures are well-documented.
- 2. Shadowing:** Allow potential successors to shadow current leaders to gain hands-on experience.
- 3. Contingency plans:** Develop contingency plans to address unexpected departures or emergencies.

SECTION 10

Succession Plan Governance

Succession planning should be an ongoing process with specific timelines for key activities, including:

- 1. Regular updates:** Conduct annual reviews of the succession plan to ensure it remains relevant and up to date. Review and update the succession plan regularly to reflect changes in the organization and its goals.
- 2. Development milestones:** Set milestones for the development of potential successors, such as completing specific training programs or achieving certain performance goals.
- 3. Transition periods:** Plan for transition periods where outgoing leaders can gradually transfer responsibilities to their successors.

To ensure your succession plan stays up to date, consider the following:

- 1. Feedback mechanisms:** Implement feedback mechanisms to gather input from employees and leaders on the effectiveness of the plan.
- 2. Continuous development:** Encourage continuous development and learning for all employees to keep the talent pool strong.

Support that suits you.

To access resources like this—including information on health and safety, leaves, professional development and more—get in touch today!

**Get a
custom
Arcora
Solution.**