



Audit staff training workshop– Nairobi

Presentation by:

CPA Dr. Memba Florence

Friday 15th Nov 2019

Succession Planning



Succession Planning is defined as the systematic process of **recognizing and creating future leaders** who are able to take the position of the old ones when they leave the organization due to retirement, resignation, termination, transfer, promotion or death

In finer terms, it is a modern technique followed by many companies, that concentrates on identifying the prospects, out of many employees in the organisation, who might be possible successors, for the key positions

Who Needs Succession Planning?



All organizations, no matter their size, need succession planning. While it is less likely that you will have potential successors for every role in a ten-person company, you can minimally cross-train.

Cross-training ensures that employees are prepared to babysit the key job when the employee resigns.

Historical development of SP



Henri Fayol (1841-1925), French pioneer of management history, was among the first to recognize and document the universal organizational need for succession planning (Rothwell, 2001)

Consider the scriptural picture of Joshua succeeding the revered Moses or Elisha who followed the mighty Elijah. These examples show that “spiritual leaders always invested in the next generation of leaders”



The Bible reveals God's pattern of working through successive generations. God gave his people specific instructions concerning how they were to train and prepare the emerging generation of leaders (Deut. 6:6-9; 20- 25)".

There are many leaders today who give little or no "thought to the conclusion of their leadership and so they do little to prepare for it. However, when suddenly faced with leaving their office, they realize that much of their work will have been in vain unless there is a capable successor



Great Britain's former prime minister, Margaret Thatcher, came face to face with this reality when she was forced from office. “When it became clear she must relinquish her office, she observed: ‘But there was one more duty I had to perform, and that was to ensure that John Major was my successor. I wanted – perhaps I needed – to believe that he was the man to secure and safeguard my legacy and to take our policies forward’” (Blackaby & Blackaby, 2001)

Survey findings



Nearly “two-thirds of CEOs said they were likely to step down from their positions in the next 10 years” (Jusko, 2005). Of those CEO’s who will step down over the next decade, 39% “said they have a likely successor in mind, with 45% having identified no successor at all” (Jusko, 2005). These startling facts place a new sense of value and importance on the succession planning process

Succession process

STEP 1. Identify Key Areas and Positions

Key areas and positions are those that are critical to the organization's operational activities and strategic objectives.

- ☐ Identify which positions, if left vacant, would make it very difficult to achieve current and future business goals
- ☐ Identify which positions, if left vacant, would be detrimental to the health, safety, or security of the Canadian public

STEP 2. Identify Capabilities for Key Areas and Positions

To establish selection criteria, focus employee development efforts, and set performance expectations, you need to determine the capabilities required for the key areas and positions identified in Step 1.

- ☐ Identify the relevant knowledge, skills (including language), abilities, and competencies needed to achieve business goals
- ☐ Use the Key Leadership Competencies profile
- ☐ Inform employees about key areas and positions and required capabilities

STEP 3. Identify Interested Employees and Assess Them Against Capabilities

Determine who is interested in and has the potential to fill key areas and positions.

- ☐ Discuss career plans and interests with employees
- ☐ Identify the key areas and positions that are vulnerable and the candidates who are ready to advance or whose skills and competencies could be developed within the required time frame
- ☐ Ensure that a sufficient number of bilingual candidates and members of designated groups are in feeder groups for key areas and positions

STEP 4. Develop and Implement Succession and Knowledge Transfer Plans

Incorporate strategies for learning, training, development, and the transfer of corporate knowledge into your succession planning and management.

- ☐ Define the learning, training, and development experiences that your organization requires for leadership positions and other key areas and positions
- ☐ Link employees' learning plans to the knowledge, skills (including language), and abilities required for current and future roles
- ☐ Discuss with employees how they can pass on their corporate knowledge

STEP 5. Evaluate Effectiveness

Evaluate and monitor your succession planning and management efforts to ensure the following:

- ☐ Succession plans for all key areas and positions are developed;
- ☐ Key positions are filled quickly;
- ☐ New employees in key positions perform effectively; and
- ☐ Members of designated groups are adequately represented in feeder groups for key areas and positions

Benefits of SP



To provide increased opportunities for "high potential" workers.

To identify "replacement needs" as a means of targeting necessary training, employee education, and employee development. .

To increase the talent pool of promotable employees
You rely on staff to carry out the mission and the vision and to accomplish the goals of the organization. The loss of a key employee can undermine your ability to accomplish these important objectives.



- You need prepared employees to step into roles as your company grows and expands its offerings and services. Or, your lack of developed employees will stymie your growth plans.
- Knowledge about key, skilled, contributing employees is shared with managers organization-wide. This information allows managers to consider the widest number of candidates for any open job.
- It also emphasizes with your employees that your organization provides the career development opportunities they seek.
- Succession planning allows companies to avoid disruption that can lead to a loss of productivity given that the process of recruitment is costly and time-consuming process,

- The speed of organisational change, driven by globalisation, grooming staff for specific roles could result in employees being ready to take on roles that become superfluous due to shifts in organisational strategy.
- SP has strong links to Talent Management, Talent Retention, Intellectual Capital and Human Capital Management

Succession management



Succession management is the process of ensuring that pools of skilled employees are trained and available to meet the strategic objectives of the organization. It is a tool to identify employees who have the potential to assume key positions in an organization and to prepare them for the future.

Importance of succession management



- Ensures continuity
- Establishment of talent pool of promotable employees and provide opportunities for high potential workers
- Identify talent need for targeting necessary training, education, and development of employees
- Contribute in implementing the organizations strategic plan
- Help individual realize career plans within the organization
- Improve employee ability to respond to changing organizational plans

Encourage advancement of diverse groups

-Decide which worker to terminate
without damaging organisation

Four tips for Succession Management



Start at the beginning.

Succession Management starts when someone starts working for your company. Focus on building a personal development plan as part of the onboarding process. Map out expectations, ambitions and goals. This will provide a much broader perspective on the employability of employees. And by involving the employees in the process, you co-develop a route map and discover needs for training or education early.



Let employees choose their own successor.

Employees think about their career. Let them also think about their successor. If you work together to prepare the successor you'll likely to be more successful. And thus you can achieve higher internal mobility.. The synergy between master and apprentice can create positive energy that can attract new talent to your organization as well.



Big Data is a Big Talent Pool

A talent pool is a group of people with certain talents that allow them to rapidly step in a role. For example a talent pool of strong Project Managers. And such a talent pool can be much more than a list of internal employees. Modern technology makes it possible to add talent on a global scale. And to add talent from outside the organization: applicants, contractors, freelancers, etc. That is why Social Media is so important. It gives easy access to a lot of data. Especially solutions like LinkedIn.

How to select a successor 4Cs



Chemistry. A good rule of thumb when choosing a successor is to not pick anyone whom the partners would not want to eat lunch with regularly.

How to select a successor

4Cs



Capacity. How many chargeable and nonchargeable hours does the retiring partner/owner devote to the firm? Is all the time she invests required to be replaced by partner-level professionals, or can some of that time be delegated to lower-level staff?

How to select a successor

4Cs



Capacity. How many chargeable and non chargeable hours does the retiring partner/owner devote to the firm? The successor should either fit in or other hrs given to others.

How to select a successor 4Cs



culture

How to select a successor 4Cs



Continuity

When assessing internal candidates



Look at their track records. How have they performed when promoted in the past? Have they picked up things quickly? What does the track record show about their attendance and work ethic? Have they shown an ability to develop and retain clients

When assessing internal candidates



Put them in a position to prove themselves. Whenever possible, it's wise to see if a person can do a job before promoting him or her permanently. Not the length of period he has been with the firm

When assessing internal candidates



REPLACE THE ROLE, NOT THE BODY

Firms need to create a plan that doesn't simply replace a body with a body. Firms must choose a professional or professionals who can fill, as closely as possible, the roles that the retiring person was handling.

Succession advisors



- Company advisors may include: financial, Investment, capital, legal among others.
- Many agents and advisors spend a good deal of time advising their clients about the need to prepare for the future, but quite a few of them don't seem to be taking that piece of advice themselves when it comes to planning for the future of their own business.
 - most advisors do not have a formal succession plan that details how and when they intend to exit the business.

Succession advisors



- You've spent a career helping clients prepare for retirement. But have you taken the time to think about your own?
- More than a third of financial advisors are planning to leave the business over the next 10 years yet have no SP.
- More than \$2.3 trillion in assets are managed by advisors who are 60 and older.
- Less than 25% of these advisors have no succession plan in place.

Succession advisors



Without a succession plan, not only do advisors leave clients feeling vulnerable, they also miss potentially beneficial opportunities. But when handled with thought and foresight, an advisor's retirement can maintain a lifelong professional reputation, do right by clients and colleagues, and even generate post-retirement income. When clients know their advisor's plan for transition to retirement, their confidence in the relationship — as well as a new relationship with the advisor's successor — is much more likely

Succession advisors



-If advisors do not make it a priority to recruit and train new advisors in the interim, the basic supply and-demand economics of an industry shortage could make retirement a complicated task

-Just as advisors continually urge clients to carefully plan and consider the many aspects of retirement, it's time for advisors to take their own advice.

activity

- Identify two employees who may succeed you in your organisation and explain why they are suitable for this post