Succession Management Implementation Guide

Four steps for building high-impact succession plans:

1. Pinpoint future leadership gaps
2. Identify top talent
3. Customize high-potential development
4. Personalize onboarding for new hires
Executive Summary

Succession Management Is More “Doable” Than You May Think

Conventional wisdom is right: succession plans are important. All organizations aspire to have seamless transitions whenever a key leader departs—be it planned or unplanned. For HR leaders, the challenge is translating this broad aspiration into actual practice. And it can be especially daunting for health care HR leaders, who often look at the highly resource-intensive succession management programs in corporate America and see no way to translate them into health care.

Demystify Succession Management with These Four Counterintuitive Insights

The goal of this toolkit is to simplify and demystify succession planning for health care organizations. Succession planning is much more “doable” than is often thought—especially if you apply four counterintuitive insights to your succession planning efforts. These insights are:

1. It is OK to start small. Start with a handful of succession plans and prove ROI with a small number of seamless transitions. Perhaps even more counterintuitively, when you are deciding which (small) number of positions you want to build succession plans for, don’t make the decision based on title alone. Prioritize positions that would immediately impact daily operations if they are vacant for a day—for instance, the director of surgical services.

2. Performance reviews alone won’t identify high-potential staff who should be considered for a “next-level” position. At most organizations, performance reviews are so inflated that a very high percentage of staff are rated “top talent.”

3. Don’t rely solely on supervisors to prepare top talent for their next-level role. All too often, supervisors don’t have insight into the specific knowledge and experiences top-talent staff need to succeed in their next role—and even if they do, supervisors often lack the time and resources to create an effective development plan.

4. Create onboarding plans for internal promotions to critical roles. Many organizations overlook the fact that even internal candidates need support and feedback as they acclimate to a new role. A small investment in time and energy to provide internal promotions with clear milestones, support, and feedback will pay outsized returns in terms of ensuring new leaders succeed quickly in their roles.

12 Tools to Build Strong Succession Plans

This guide contains ready-to-use tools that will enable you to build effective succession plans for the most critical roles in your organization.
STEP 2

Identify Top Talent

Overview
Objectively identify staff who are ready for “next-level” positions, and who should be potentially included in succession plans.

Rationale
After selecting a limited number of positions warranting succession plans, organizational leaders need to identify a limited number of individuals with the potential to fill these roles. However, organizational leaders often select high-potential talent based on a direct supervisor’s opinion alone and do not apply consistent definitions of performance and potential. As a result, organizational leaders frequently select the wrong people or include too many leaders in the succession pool.

Associated Resources
- Leadership Potential Diagnostic
- Hi-Po Calibration Discussion Guide
Ideal succession candidates are among the organization’s top performers and have strong leadership potential. At first blush, leaders should be able to use the annual performance review to identify top performers who may be suitable for succession plans. However, many organizations struggle with rating inflation. When a disproportionate number of leaders receive the top rating, HR leaders struggle to identify the organization’s true top talent.

It can be equally challenging to identify leaders with high potential. There are at least three common misunderstandings of potential, each of which is described in the graphic.

The tools in this section will help organizational leaders consistently identify high-performing individuals and create a short list of succession candidates.

### Unreliable Measurements of Performance

**Representative Results from Leadership Performance Reviews**

<table>
<thead>
<tr>
<th>Percentage of Leaders</th>
<th>Unacceptable</th>
<th>Needs Improvement</th>
<th>Average</th>
<th>Exceeds</th>
<th>Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0</td>
<td>100</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Many leadership reviews skewed toward above average marks

Too many “outstanding” leaders makes performance data an ineffective screen

### A Flawed Understanding of “Potential”

**Employee Profiles Commonly Mistaken for High Potential**

#### “Mini-Me”
- Younger versions of current manager
- May not possess leadership qualities needed in the future
- More problematic if current incumbent is underperforming
- Likely to hinder diversity efforts

#### “Old Faithful”
- Long-time employee; loyal to institution and to manager
- Despite deep institutional knowledge, may never have wherewithal to perform at a higher level, even with additional development

#### “Ivy League”
- Highly intelligent; may hold several degrees, accreditations
- Performs well in academia but may not possess business, political savvy required at higher levels

Source: HR Advancement Center interviews and analysis.
Organizations should use two selection screens to identify a small and manageable set of high-potential individuals (hi-pos) comprising approximately 5% to 10% of all managers. The first screen identifies high-performing staff using a common definition of potential, with the goal of narrowing the pool of managers to the top 10% to 20%. The second screen includes a leadership discussion to calibrate assessments and make the final selection of candidates.

There are two options for the first screen. The first option is using performance evaluation ratings. If your organization has an accurate performance evaluation process, you can likely narrow the talent pool to the top quartile of performance based on performance reviews alone. If you do not want to rely solely on performance evaluation scores, you can use the HR Advancement Center’s Leadership Potential Diagnostic, found on page 7. This tool instructs managers to vet current employees against high-potential criteria and can be used independently of performance evaluations. Regardless of the option selected, the first screen will yield a group of high-performing staff eligible for succession planning consideration. In the second screen, organizational leaders vet this group of high-performing staff in a peer forum to arrive at the final list of potential successors.

Two Screens to Isolate Hi-Pos

- **Identify High-Performing Staff**
  - Option 1: Accurate Performance Assessment
  - Option 2: Leadership Potential Diagnostic

- **Vet Top Selections**
  - Group Hi-Po Discussion

- **Final Pool of Potential Successors**

Percentage of Managers:
- All
- Top 10%-20%
- Top 5%-10%

Source: HR Advancement Center interviews and analysis.
The table below summarizes the two-step screening process for identifying the 5% to 10% of managers to include in the final pool of successors.

<table>
<thead>
<tr>
<th>Screen</th>
<th>Identify High-Performing Staff</th>
<th>Vet Top Selections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactic</td>
<td>Option 1: Accurate Performance Assessment</td>
<td>Option 2: Leadership Potential Diagnostic</td>
</tr>
<tr>
<td>Tactic Overview</td>
<td>Performance evaluation tools employ quantified goals and explicit qualitative criteria to accurately differentiate staff and identify top quartile of high performers.</td>
<td>Diagnostic tool enables managers to identify high performers by evaluating direct reports against standardized set of behaviors believed to demonstrate leadership potential.</td>
</tr>
<tr>
<td>Implementation Considerations</td>
<td>• Option 1 is most appropriate for organizations with performance evaluations that sufficiently differentiate staff. All others should adopt Option 2. • Some organizations adopting Option 1 may wish to further narrow the talent pool prior to the Group Hi-Po Discussion—this is achieved by applying Option 2 to top-quartile performers. • Organizations with inaccurate performance data may consider investing in better performance management due to its applicability beyond succession management to retain top performers, drive organization performance, and develop future leaders.</td>
<td>• Managers should evaluate direct reports using our Leadership Potential Diagnostic. Managers with large span of control may use personal judgment to narrow the list of those evaluated with the tool. • Organizations wishing to create a unique definition of “leadership potential” for the institution or a position can create a customized leadership potential diagnostic tool. However, ensuring that all managers apply a common definition when evaluating an individual’s potential is more important than selecting the most scientific definition of potential.</td>
</tr>
</tbody>
</table>

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Source: HR Advancement Center interviews and analysis.
Tool: Leadership Potential Diagnostic

**Purpose:** The Leadership Potential Diagnostic helps managers identify high-potential employees by evaluating direct reports against a standardized set of behaviors believed to demonstrate high leadership potential. A high-potential employee has these attributes: talent, ambition, and engagement to rise and succeed in more senior, critical positions within the organization. Leaders must have all three attributes. This diagnostic helps identify the fraction of employees in the top quartile of performance that are truly high potential.

We recommend distributing this diagnostic to leaders whose direct reports are potential succession candidates.

**Instructions:**

1. Narrow pool of direct reports to top quartile. This can be accomplished through performance evaluations, force-ranking exercise, or, for those without a formalized process, leader discretion.

2. Ask individual managers (with direct reports identified as top performers) to complete the diagnostic for each individual within this top-performing subset.

3. Once the questionnaire is completed, the manager who completed each diagnostic should calculate the number of “yes” responses for each question. See the Leadership Potential Diagnostic Scoring to assess the leadership potential of the employee.
## Leadership Potential Diagnostic (cont.)

<table>
<thead>
<tr>
<th>Talent Questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does this individual propose sound, defensible solutions to a problem?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>2. Does this individual collect information from all available constituencies and sources prior to drawing conclusions?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>3. Does this individual quickly learn complex concepts and then apply them to his or her work?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>4. Can this individual be an effective and inspirational manager, even with difficult employees?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>5. Does this individual remain calm even in stressful situations?</td>
<td>□ Yes □ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ambition Questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Is it important to this individual to be promoted to a senior leadership position at this or another organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>7. Is this individual motivated by being evaluated against his or her accomplishments, rather than shying away from accountability?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>8. Is it important to this individual to have his or her expertise in a particular field recognized by other staff and people outside of the organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>9. Is it important to this individual to undertake increased responsibility throughout his or her career?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>10. Does this individual embrace either formal or informal leadership responsibilities?</td>
<td>□ Yes □ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engagement Questions</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Does this individual take pride in working for the organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>12. Does this individual compliment the organization when speaking to others?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>13. Does this individual strongly believe in the mission of the organization?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>14. Does this individual make a concerted effort to help others when they have heavy workloads?</td>
<td>□ Yes □ No</td>
</tr>
<tr>
<td>15. Does this individual believe that this organization offers the best path for his or her career advancement?</td>
<td>□ Yes □ No</td>
</tr>
</tbody>
</table>

Source: HR Advancement Center interviews and analysis.
Tool: Leadership Potential Diagnostic (cont.)

**Leadership Potential Diagnostic Scoring**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of “Yes” Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent</td>
<td>___ / 5</td>
</tr>
<tr>
<td>Ambition</td>
<td>___ / 5</td>
</tr>
<tr>
<td>Engagement</td>
<td>___ / 5</td>
</tr>
</tbody>
</table>

**Scoring:** Any individuals scoring four "yes" responses or more in all three categories should be included in the small set of high-potential individuals to be considered in the Group Hi-Po Discussion. For further explanation of scoring, please see chart below.

<table>
<thead>
<tr>
<th>Score (Number of “Yes” Responses)</th>
<th>Employee Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent: ≥4</td>
<td>This employee is likely a high-potential employee and should be considered within the Group Hi-Po Discussion to determine if he or she should be groomed for a succession role.</td>
</tr>
<tr>
<td>Ambition: ≥4</td>
<td>Though employee has high ambition and is engaged, his or her skills are average. Unless the organization decides to heavily invest in this individual’s skill development, this individual should likely not be a candidate for a critical leadership role at this time.</td>
</tr>
<tr>
<td>Engagement: ≥4</td>
<td>This employee, while talented and committed to the organization, lacks the drive for success at the next level. It is advantageous for the individual and the organization for this employee to stay in his or her current role, rather than being groomed for the next level at this time.</td>
</tr>
<tr>
<td>Talent: ≤3</td>
<td>This employee, while talented and ambitious, is not fully committed to his or her work or the organization. Unless the organization can pinpoint and rectify reasons for disengagement, this employee is unlikely to be an inspirational leader.</td>
</tr>
<tr>
<td>Ambition: ≤3</td>
<td>All Other Scores</td>
</tr>
<tr>
<td>Engagement: ≥4</td>
<td>This employee is not high-potential and should not be considered for leadership positions at this time.</td>
</tr>
</tbody>
</table>

Source: HR Advancement Center interviews and analysis
Note on Use

Once the top quartile of performers is identified through performance evaluations or the Leadership Potential Diagnostic, we recommend that you narrow the list of candidates to the top 5% to 10% through a Group Hi-Po Discussion. Peer managers should attend these calibration sessions to discuss staff they have identified as most likely to succeed at the next level of management. To help focus the discussion, this tool provides a list of factors to consider when determining which leaders to select for the succession talent pool.

Job Complexity
• How complex is the individual’s job relative to others at the same level or in comparable functions?

Goal Complexity
• To what degree are the established goals more or less difficult or complex than other similarly situated individuals?

Collaboration
• Does the individual collaborate with others and build mutual respect beneficial to the organization?

Skill Versatility
• Does the individual use skills and abilities beyond those commonly held by people in similar roles?

Rare Talent or Expertise
• Does the individual possess skills or talent that are rare or uniquely valuable to the organization?

Reflects Leadership Values
• Does the individual model the organization’s values?
• Does the individual value diversity and manage a diverse workforce?
• Does the individual enable others to achieve their full potential?

Personality
Does the individual exhibit any of the following negative personality traits?
- Unsympathetic to others
- Frequently loses self-control
- Easily excitable
- Responds poorly to criticism
- Does not display humility
- Speaks without thinking
- Has trouble keeping sensitive information confidential
- Intimidating
- Abrasive style
- Appears cold, aloof
- Overly ambitious, plays politics

Source: Bank of America, Charlotte, N.C.; HR Advancement Center interviews and analysis.