

People Work



Paperwork

Build your bench strength!

A guide to succession planning for growing companies.



PART 1

Competency isn't a Four-Letter Word



1. Establishing Competencies



2. Discovering Top Talent



3. Developing a Leadership Pipeline

> Succession planning starts with the letter C

Succession planning – the process of identifying, selecting, and grooming talent for leadership – is critical to achieving your company's long-term goals. It's really a no-brainer: finding and developing leaders ensures you're always prepared for expected and unexpected talent vacancies with a diverse talent pool of ready successors. Plus, smart succession planning gives you a competitive advantage, as it takes you beyond simple replacement planning – a gamble of talent and resources – to creating individuals who are qualified to lead your company in the future.

+ Knowing succession planning is important and actually planning for succession are two entirely different matters.

This may seem like a behemoth task at first glance, a pipe dream that requires too many resources to make it a reality. So what can smart companies do to get started?

Start with competencies

While the word often elicits dramatic sighs, there's more to competencies than meets the eye. Competencies are integral to succession planning because they blend learning opportunities and performance management initiatives. Providing competency-based career growth opportunities demonstrates a commitment to employees in the short term, and in the long run, ensures organizational survival amid rising Boomer retirement rates.



? Why integrate competencies into your succession planning?

Transcend the replacement mentality

Establishing, observing, measuring, and developing competencies helps your company go beyond the mere act of replacing staff members. Replacement is expensive in the long run; placing the wrong candidates in the wrong positions decreases efficiency and effectiveness. Relying on competencies to find and train the right people improves talent pools.

More easily – and consistently – identify talented people

Rather than searching for a needle in a haystack, you can quickly determine who is leadership material—and who isn't. Integrating competencies with performance management and learning initiatives creates a ready-made talent pool of employees who are prepared for more senior roles.

Do more with less

It's easier to build existing human capital than it is to search for new people at every sign of a vacancy. Your existing people already know your company well. Building competencies can cut down on the overall cost of hiring and promoting by engaging the employees you have, those already committed to and enculturated in your institution.

Build a road map for reluctant or hidden leadership candidates

Not everybody self-identifies as a leader. But by building and tracking competencies, you can find and promote hidden candidates, those whose stellar performance would go largely unnoticed without an easy, consistent way to bring them to the forefront.

Build transparency

With competencies tied into your succession planning, employees know exactly what they need to do and when to do it to improve performance and gain new opportunities. This transparency can help mitigate internal complaints and even the potential for discrimination lawsuits.

Improve your business as a whole and adhere more closely to your mission and values

Businesses that have clearly defined competencies not only fare better at succession planning, but are more integrated and transparent when it comes to their purpose and goals – a key factor in attracting and retaining top talent.

> Getting Started: Four Steps to Identifying Competencies



1. Conduct a position analysis.

Consider asking employees to fill out a questionnaire detailing their top responsibilities and what skills and behaviours those responsibilities require. This can also be achieved through behavioural interviews or group discussions.



2. Create a competency-based job description.

From the questionnaire results, create a competency-based job description.



3. Decide what constitutes high performance and average performance for each competency.

If possible, use real-life examples to see what each level of performance looks like. For example, Employee A is a stellar performer. How does Employee A fulfil their job responsibilities? What are the results?



4. Integrate each competency into your performance management system.

Using a performance management system – or even better, an integrated talent management system – lets you integrate competencies into every aspect of the employee lifecycle. This is critical when it comes to tracking development, doing reviews, and identifying leaders.

PART 2

Turning Performance Reviews into Smart Succession Components



1. Establishing Competencies



2. Discovering Top Talent



3. Developing a Leadership Pipeline

> You've developed your competencies. Now what?

Performance review

Evaluating competencies plays a key role in your ability to discover your high performers and leadership candidates—some of whom may be hiding in plain sight. Yet the effectiveness of your evaluations toward succession planning depends on assessing potential more than once a year.

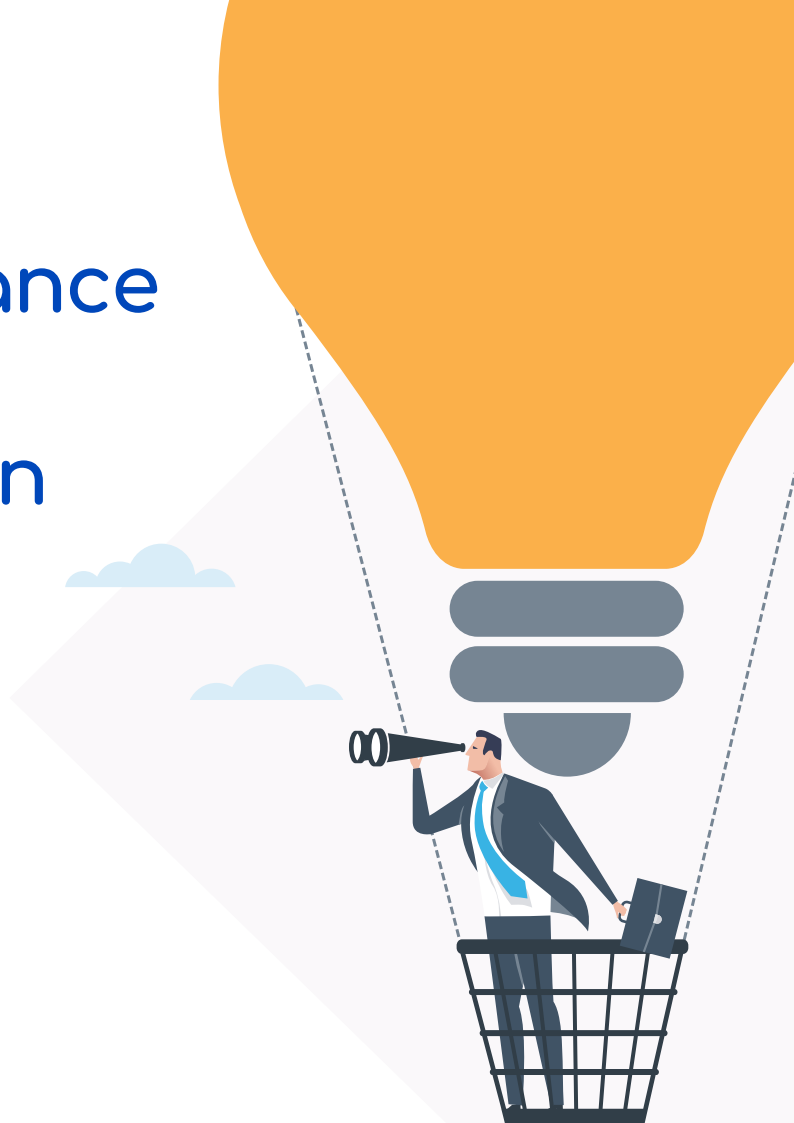
How can something as simple as smarter competency evaluation lead to smarter succession planning? It all begins with rethinking performance reviews. In the realm of integrated talent management, performance reviews that tie in and inform succession planning are no longer one-offs performed once a year.

Instead, performance reviews geared toward smart succession planning are:

Frequent

If performance reviews were like fashion, then more frequent reviews and goal-setting would be a must-have item for successful companies. Annual reviews are the bane of smart succession planning. Potential leaders can slip through the cracks and the wrong candidates can sometimes appear more competent than they truly are.

Frequent talent evaluations using competencies—and on-the-job, real-time assessments—allows for a more complete picture of progress, skill gaps, and potential. Reviewers can more quickly see who is consistent in their performance, motivation, and engagement—and who isn't.



360 degree

Leaders have to interact with everybody, so feedback should come from more than just an immediate supervisor. Peer opinions matter, as do the opinions of those being mentored or supervised by the leadership candidate.

Smart companies use assessment tools and technology designed to automatically gather feedback from a variety of employees. This also helps find surprise candidates who may have a number of leadership qualities but may need performance management and learning opportunities to develop their careers.

Designed to align employee goals with company goals

Planning a big expansion or unveiling a new product line? Create learning initiatives for employees that will provide them with the right skills and knowledge to make your company's goals a reality.

Excellent at identifying skill gaps

Giving stakeholders visibility into employee skill gaps enables them to create customized learning opportunities that address the teams' weaknesses. Training opportunities can drive your company's revenue and succession planning goals.

> Getting Started: Three Simple Steps to Smarter Performance Reviews



1. Ditch the paper processes.

Getting the bird's eye view of your talent, not to mention integrating employee goals with institutional goals, takes more than a file cabinet full of annual paper reviews.



2. Work toward integrating your performance management with your learning and development initiatives.

Competency-based performance reviews will highlight both the good and the bad. Yet performance feedback without the opportunity to provide development opportunities is a non-starter. Performance and learning go hand-in-hand, and managing both effectively often requires switching to an integrated talent management system.



3. Set short-term goals that can be reviewed frequently.

Employees will be more engaged with goals that are achievable, relevant, and tracked often.



PART 3

Think Training, Not Talent



1. Establishing
Competencies



2. Discovering
Top Talent



3. Developing
a Leadership
Pipeline



Talent isn't all it's
cracked up to be.

In reality, talent is made stronger through training. Yet some stalwarts still believe the adage that leaders are born, not made. Nonsense. Regardless of a colleague's leadership capabilities, education and training play a pivotal role in creating superstars.

Of course, the importance of training from a performance standpoint is rather obvious. Improved performance through learning opportunities helps companies identify which employees are most valuable to their long-term goals.

But what about training's effect on succession planning? It's just as powerful. From a succession standpoint, training fosters the next generation of leaders with skills critical to the company's specific operations. It ensures there's always someone with the right competencies to step into vacated roles.



Engaging in ongoing training also helps save money; when internal candidates transition into new roles, companies won't have to spend valuable money and time on outside recruiting. Those resources can instead be used to create and manage powerful training opportunities.

Training your existing employees as part of your succession planning makes business sense, too: a study by the Wharton School found that those hired externally were **61 percent more likely to be laid off or fired** and **21 percent more likely than internal hires to leave a job on their own accord.**¹

1 Korn, Melissa. "Is It Better to Promote from Within?" The Wall Street Journal. Date published: April 3, 2012. Date accessed: October 23, 2014. <http://online.wsj.com/articles/SB1000142405270230475040457732000041035504>.

? So how can organizations create training opportunities that prepare candidates for new roles and provide companies with viable succession planning options?

Consider these five key steps:



1. Find the gaps

You know how to find gaps in your team's skill set. But what about gaps in your learning opportunities? Map your leadership competencies to your learning opportunities. Any discrepancies or shortcomings in your competencies should guide your learning opportunities, and vice versa.



2. Determine key positions for training

What are your critical positions? If you lost a key member of your team tomorrow, how would your organization fare? With a little preparation, surprise vacancies in crucial positions won't grind your business to a halt. Identify the competencies needed for major roles, then create learning programs for employees that address those skills. Then, when an opening occurs, you already have qualified team members you can instantly plug in.



3. Develop your curriculum

Building a learning curriculum needs to do two things: improve employee performance, and drive your business goals. Looking to expand operations or improve customer service? Create a training module for employees that will inform those initiatives.

As an added benefit, you'll gain insight into which employees can best fuel your company's growth.



4. Find the bottlenecks

What would keep your key people—your potential top talent—from achieving their goals of leadership? What's really standing in the way of receiving training and ensuring a higher level of performance? Often, the solution to these hiccups is very simple. For example, ensuring training is available on-demand eliminates many time constraints, as users can access training on their own schedule, 24/7.



5. Look to the future

Training and performance should always be treated as living entities. New theories and research change how learning opportunities are delivered and employee growth is guided. Always be on the lookout for how you can integrate new information and technology to create even more powerful succession-related learning opportunities.



About Cornerstone

Cornerstone OnDemand SMB is a world leader in talent management solutions. Our cloud-based software is helping companies recruit, train, manage, and empower their people. Cornerstone SMB has more than 20 years of experience and clients across the world, ranging from the largest, most established companies to thousands of small and medium businesses.



Cornerstone SMB is a recognised global human capital management leader with a core belief that companies thrive when they help their employees to realise their potential.

No matter what your talent management needs are, Cornerstone SMB offers the right solutions at the right price for your business. Our solutions help your business handle every aspect of talent management and learning across the employee lifecycle with a modern, easy-to-use platform. A unified system will automate your processes and help you better attract, retain, and develop your employees.

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- » Transparency & partnerships
- » Engagement opportunities

