Succession Planning with a Multi-Generational Workforce

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Rehmann’s Quarterly Webinar

Presenters

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Areas of Service:
- Employment law
- Process improvement
- Employee relations
- HRIS implementation
- Staffing and retention

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Areas of Service:
- Transition Planning
- Leadership Development
- Organizational Development
- Executive Coaching and Recruiting
- Strategic and Succession Planning
- Human Resources Outsourcing
Our Agenda for Today

Generations in the Workplace
Identify the current generations in the workplace and their differences

Attraction, Engagement & Retention Strategies
Address succession planning challenges in a multi-gen workforce

Succession Planning
Defining the approaches

Identifying & Implementing
How to create a successful succession plan

Questions & Discussion

Generations in the Workplace
Why This Presentation Now?

First time in history five generations have been in the workplace together!

One Policy
Five Generations

Five generations will be working side-by-side in 2020. Here we look at the most effective ways to communicate a data privacy policy with each.

https://www.linkedin.com/pulse/one-policy-five-generations-jason-petterson/

What Does This Mean for my Organization?

- 1/5 of Current American Workforce Reaching Retirement Age by 2020 - 25 Million Workers!
- Within Next 10-15 Years, 60% of Professional Jobs (management and executive) Will Require Skills Possessed by 20% of Workforce
- Plan NOW for the new generations of workers
Current Generations in the Workplace

**Polling Question #1**

What Generation Are You?

A. Traditionalist 1900-1945
B. Baby Boomer 1946-1964
C. Generation X 1965-1976
D. Millennial (Generation Y) 1976-1996
E. Generation 2010 (Generation Z) after 1996
Global Workforce Make Up in 2020
Y + Z = 70%

- Millennials (Gen Y) are projected to make up over 50% of the workforce by 2020

- Gen 2010 (Gen Z) projected to make up 20% of the workforce population in 2020

Characteristics by Generation

**Baby Boomer**
- Loyal to employer
- Focuses creating a better future
- Tend to hold leadership roles
- Emphasis on team building and collaboration
- Place a high value on ownership, community involvement and prosperity

**Generation X**
- Skeptical of authority
- Very independent
- Need one on one time with manager
- Encourages feedback
- Comfortable with change and adapts quickly to it
Characteristics by Generation

**Generation Y - Millennials**
- Most educated & independent of all generations
- Thrives on recognition and attention for accomplishments
- Require connectivity, instant gratification, collaboration and career advancement
- Needs flexibility in all areas of career
- Work-life balance is a top priority

**Generation Z**
- Strong entrepreneurial spirit
- Require flexibility to be creative
- Passionate about their work with goal of positive societal impact
- Most technically adept
- Seek competitive salary to cover their rising education investments

Generational Differences & Succession Planning

- Expectations
- What is meaningful
- Longevity in position and employer “loyalty”
- Communication
- Work-life Fit
- Skepticism from other generations
- Skill gaps & technology
- Compensation & benefits
- Modern leadership – developing talent and retaining institutional and product knowledge
Polling Question #2

What is your most pressing concern related to your next generation/succession of leaders?

A. We have not identified high potentials
B. Skill gaps
C. No Development plan in place/no resources to develop leaders
D. Attraction/Retention in general
E. Communication – when and how?

Attraction, Engagement & Retention Strategies
How Do We Get People in the Door?

Where do you find your candidates?

1. Social media networking: LinkedIn, Facebook, Twitter, Instagram
2. Traditional Job Boards: CareerBuilder, Monster, Industry Job Boards, Indeed
3. Internal Hires: Postings, employee referral, transfers, promotions
4. Referral Network: Word of mouth, professional colleagues, associations
Social Media Recruiting

• Greater than 50% of employers use Facebook to post jobs
• 79% of job seekers use social media in their job search (86% with job seekers in first 10 years of careers)
• 94% are using LinkedIn as a recruiting tool.
• 9/10 individuals start their job search with a mobile device and 45% of job seekers use their mobile devices to search for jobs at least once a day.
• A huge referral network: Likes, instant videos, etc.
• “Dark Social” – Do not know where the information gets forwarded

Employee Attraction - Facts

• Millennials may work for 10-15 different companies in their career.
• Between 70-84% of employees are hunting in one form or another:
  • Actively Looking 12%
  • Casually Looking 13%
  • Using Personal Network 15%
  • Open to Talking 45%
  • Satisfied with current position 15%
• Think about it: You spend 80% of your life with your co-workers.
5 Ways to Hire the Best Candidates & a New Generation of Leaders

- Focus on who they are, not what they have done
- Determine how they progress from thoughts to action
- Find the right mix of mindsets
- Multiple conversation perspectives
- Body language
- Social media questions

Polling Question #4

What percent of employees are more likely to stay with the organization for 3 years or more with a great onboarding experience?

1. 20%
2. 42%
3. 56%
4. 69%
I can do less recruiting if people stay...

Employee Engagement & Retention

- All employees start their jobs engaged.
  - After the first 6 months the percent still engaged is?

- In general, with a longer term employee group:
  - 63 percent are disengaged; and
  - 24 percent are actively disengaged.

- The positive news is, employers that put in the effort toward re-engaging workers can anticipate great outcomes.
  - Highly engaged employees are 87 percent less likely to leave their jobs.
Benefits of Engagement

- Employees that stay with the organization
- No recruiting costs
- Retention of historical information
- No negative effect on morale of other employees
- It’s in the numbers!!
  - Disengaged employees cost employers about $450 billion a year in lost productivity.
  - A small increase in engagement directly impacts increase in revenue.
  - Think of the replacement costs!

What Creates Engagement?

- Opportunity to provide an opinion
- Employee recognition
- Meaningful or consistent communication
- Employee feedback, development and career paths
- Company vision
- Work environment/culture
- Compensation/benefits
- Leadership/management relationships
Employee Retention Elements

- Total compensation
- Technology
- Voluntary benefits
- Work structure: schedule, career advance, work/life balance
- Training/mentoring
- Career lattice vs. ladder
- Tuition reimbursements/educational opportunities
- Shadowing opportunities for Generation X/Y and exposure to board meetings, larger projects, etc.

TOTAL Compensation
Pay Philosophy & What Is Included
Voluntary Benefits

- Financial Wellness:
  - Supplemental unemployment insurance

- Low interest loans – student, in lieu of 401(k) withdrawals

- Student loan contribution

*All help with cash flow issues!
“It’s not just succession to the top – it’s getting the right person in place for every job. Some of tomorrow’s key jobs may not even exist now.”
-Robert M. Fulmer, Growing Your Company’s Leaders

“The final test of greatness of a CEO is how well he chooses his successor and whether he can step aside and let his successor run the company”
-Peter Drucker

“The old adage ‘People are your most important asset’ is wrong. People are not your most important asset. The right people are. Good to great depends on having the right people on the right bus at the right time.”
-Jim Collins, Good to Great

Succession Planning is Not...

THE SUCCESSION PLAN
IF ANYTHING HAPPENS TO ME, WALLY WILL BE YOUR LEADER.

I HAVE A MULTI-VITAMIN! QUICK, TAKE IT! 1/

WE'RE SAFE FOR NOW. THIS TURNED OUT TO BE A MIXED BLESSING.
Succession Planning is…

- A process for finding and developing internal people with the potential to fill key leadership roles in the company
- It is focused on the organization and leadership
- A good succession plan will:
  - Involve all of the major stakeholders
  - Retain the talent necessary for the business to succeed

Traditional Approach
**Integrated Approach**

- Workforce & Succession Planning
- Competency Model
- Recruitment, Selection & Hiring
- Training & Development
- Promotion & Career Mobility
- Retention
- Knowledge Management
- Compensation

**Vision Elements & Process**

**Steps:**

- Long term what needs to be different – what three areas of focus do you see?
- Define the three biggest challenges to that happening
- Define a plan
- Document it
- Communicate it
- Measure it (key indicators)
- Look at key positions, employees and development

**SWOT Analysis**

- **Strengths**
  - Knowledgeable staff
  - Leading the organization
  - Customer satisfaction ratings
  - Profit and loss
  - Management

- **Weaknesses**
  - Mission critical tasks
  - Proactive vs reactive
  - Uncontrolled expenses
  - Knowledge, Education & Technology
  - Management

- **Opportunities**
  - Changing customer needs
  - Developing and eliminating costs
  - More revenue
  - Change in organizational structure
  - New start in the industry

- **Threats**
  - Changing customer needs
  - Changes in product/service
  - Market changes
  - Unfavorable tax or distribution channels
Getting Your Team Vested in the Vision

- Team members fit/belief in your vision
- Can they really help create the vision?
- Clearly communicating the vision
- Soliciting input/commitment to having their role aligned ... Individual development plans
- Adding the “WIIFM” that ensures focus
- Constant progress reporting/monitoring
- Planning for the future leaders

Starting Blocks – How is it Successful?

- Commitment from the top
- Make Talent Development a Strategic Focus – the Primary Expectation and Function of Senior Management
- Culture with strategy to develop leaders at all levels
- Create a Straightforward Policy that is Communicated Clearly and Consistently
- Integrated HR process
- Identify organizational skills needed in the next 3, 5 or 7 years
Who Should Participate?

High Impact Team Members!

- Determine who is key or essential to the organization and delivery of services and look at their impact on things such as:
  - Operations
  - Service Delivery
  - Morale/loyalty of other employees
  - Mentoring of successor managers
  - Customer relations
Position Competencies

- Leadership
- Technical competence
- Contribution to organization growth
- Business acumen
- Executive/professional presence
- ??

### Key role 2015 2016 2017 Comment

<table>
<thead>
<tr>
<th>Key role</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Director</td>
<td>Jane Michaels</td>
<td>Jane Michaels</td>
<td>Jane Michaels</td>
<td>No change</td>
</tr>
<tr>
<td>Senior Program Director</td>
<td>n/a</td>
<td>n/a</td>
<td>George Mendoza</td>
<td>George should take on additional operational roles across 2015-16; if he delivers, he will move into this senior program director role in 2017</td>
</tr>
<tr>
<td>Program Director</td>
<td>George Mendoza</td>
<td>George Mendoza</td>
<td>n/a</td>
<td>If George is promoted, this role will be replaced by the new senior program director role in 2018</td>
</tr>
<tr>
<td>Program Director</td>
<td>Sarah Miller</td>
<td>Sarah Miller</td>
<td>Sarah Miller</td>
<td>No change</td>
</tr>
<tr>
<td>Chief Development Officer</td>
<td>Tom Smith</td>
<td>Cynthia Reed</td>
<td>Cynthia Reed</td>
<td>Cynthia should use 2017 to build her skills with corporate and foundation donors, and implement a development metrics dashboard; if she delivers, she will be ready to move into the CDO role</td>
</tr>
<tr>
<td>HR Director</td>
<td>Ellen David</td>
<td>Ellen David</td>
<td>Ellen David</td>
<td>No change</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>TBH in 2017</td>
<td>TBH in 2017</td>
<td>TBH in 2017</td>
<td>TBD – This will likely be an external hire, due to the junior finance bench</td>
</tr>
</tbody>
</table>
9 Box Grid Tool

- **Higher Potential**
  - **Fails** to meet most performance expectations
  - Has demonstrated advanced leadership potential, perhaps inconsistently or in a different role
  - **Meets** most performance expectations (e.g., strong program leader but lacks supervisory skills)
  - Demonstrates all of the potential criteria required of more advanced leadership positions
  - **Fully meets** all performance expectations and potential criteria
  - Capable of moving into a senior leadership position at your organization today and aspires to do so

- **Different Potential**
  - **Fails** to meet most performance expectations
  - **Some** potential to move into a senior leadership position, but needs to demonstrate additional aspects
  - **Meets** most performance expectations (e.g., strong program leader but lacks supervisory skills)
  - **Some** potential to move into a senior leadership position, but needs to work on some development areas
  - **Fully meets** all performance expectations, including both programmatic and supervisory skills
  - **Some** potential to move into a senior leadership position but needs to work on some development areas

- **Insufficient Information**
  - **Fails** to meet most performance expectations, and shows low potential
  - **Meets** most performance expectations of (e.g., strong program leader but lacks supervisory skills)
  - **Low** potential to move into a senior leadership position (i.e., lack of aspiration, ability, and/or engagement)
  - **Fully meets** all performance expectations, including both programmatic and supervisory skills
  - **Low** potential to move into a senior leadership position (i.e., lack of aspiration, ability, and/or engagement)

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**Difficulty to Replace & Probability of Leaving**

<table>
<thead>
<tr>
<th>Difficulty in replacing this person</th>
<th>Low Risk</th>
<th>Medium Risk</th>
<th>High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unique skills/knowledge; a pivotal person in the organization</td>
<td>37</td>
<td>22</td>
<td>8</td>
</tr>
<tr>
<td>Important resource whose specific skills/knowledge require careful attention</td>
<td>60</td>
<td>50</td>
<td>10</td>
</tr>
<tr>
<td>Important resource, but person’s competencies are shared and not at risk</td>
<td>74</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>General competencies in own area</td>
<td>70</td>
<td>22</td>
<td>6</td>
</tr>
<tr>
<td>No specific competencies; easy to find in the market</td>
<td>9</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

Probability of persons leaving organization, %

Based on market demand for employee skills, latest salary trends, existing recruitment effort, family situation, and known preferences and concerns.
Talent Development Plan

Overall Performance Summary:
(Indicate recent performance including major accomplishments or performance issues.)

Key Strengths:
(List 2-3. Indicate key technical or professional competencies, skills, or knowledge the person has.)

Development Needs:
(List 2 or 3. Indicate key experiences, skills, or knowledge the person lacks in order to move to the next level.)

Development Actions:
1. On The Job: (What new responsibilities do you plan to assign to help this person develop this year?)
2. Special Assignment: (What task force, projects, or special assignments will be given this year to aid development?)
3. Training: (What specific training or seminars are recommended this year for his/her development?)

Potential For Promotion:
(Indicate this persons readiness to be promoted to the next organizational level.)

- Ready now for the next level.
- Ready in the next 24 months.
- Ready in 2 to 3 years.

Recommended Next Position: (List the next assignment that would most benefit the individual in his/her development.)

Succession Plan Summary Tool

Organization: ______________

<table>
<thead>
<tr>
<th>Key Position Title</th>
<th>Incumbent Name</th>
<th>Position Vulnerability</th>
<th>Succession Candidate Names</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Open in &lt; 1 Year</td>
<td>Open in 1–3 Years</td>
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<td>Open in 3 + Years</td>
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## Vest in the Vision – 12 Months & Longer Term

### Individual Career and Leadership Development Plan

<table>
<thead>
<tr>
<th>Leader's Name:</th>
<th>Supervisor's Name:</th>
<th>Date:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Goals</th>
<th>12 mos. Activities</th>
<th>Barriers</th>
<th>Resources</th>
<th>Review</th>
<th>Deadline</th>
</tr>
</thead>
</table>

### My personal goals for career and Leadership development:
I will achieve these goals by performing the following activities:

These conditions could negatively impact my progress:

I will need these resources (people, technology, etc.) to achieve the goal:

This is how I will measure my progress and success at achieving the goal:

This is my target date of goal completion:

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### Example of Employee Training & Development Opportunities

#### On The Job
- Job Enrichment
- Special Projects
- Committee Assignments
- Task Force Participation
- Lead Person Responsibilities
- Giving Presentations
- Prepare Proposals
- Install A New System
- Lead A New Program
- Temporary Job Assignments
- Full Job Change

#### Learning From Others
- Working With a Mentor
- Teaming with an Expert
- 360 Feedback
- Focused Interviews

#### Training & Education
- Seminars & Conferences
- Continuing Education
- E-Learning
- Cross Training

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Highest Return...
- Full Job Change Focused On Development Needs
- Job Restructuring Based On Development Needs
- Mini Rotational Assignments
- Cross Divisional Project Leadership Or Assignment
- Focused Coaching & Counseling
- Industry Representation
- Client Visits Accompanying Partners
- Formalized Education Programs
- Full 360 Degree Feedback and Evaluation
- Motivated Self Development
- Seminars and Conferences

... Lowest Return

Administering Your Succession Plan

Review your plan periodically and adjust accordingly

| Review talent pool and development plans | Report progress and make plan adjustments | Orchestrate moves for the next 6 – 12 months |
Review: How do we do that?

1. State Vision – Strategic Plan, Mission and Values and identify changes that may occur.
2. Identify Key Positions/Future Needs. Focus on initial 3-4 (6-8 max) most critical positions in the department or organization.
3. Identify and communicate competencies – What makes our strong performers?
4. Identify High Potential Employees and current employee resources. Talk to them, evaluations; development plans.
5. Analyze the variance.
6. Prepare organizational development plan to meet needs identified by the gaps.
7. Track, Assess, Review.

Implementing Your Succession Plan

- Communication – Intentional & Often
- Compensation and Benefits – are they “market”?
- Review Process – Is it happening?
- Recognition and Rewards – timely?
- Training and Development – planned?
- Career Paths and Succession Planning – Do they know?
- Leadership and management expectations
- Have fun and celebrate success!!
Do You See the Link?

Communication  Attraction  Engagement  Development  Retention

Polling Question #5

What is most important to you as you strive to engage and retain your employees?

A. Compensation
B. Benefits
C. Development and Training
D. Communication
E. All of the above
In the end, it’s a big job but it is a process that will lay the groundwork for your future, your Organization’s future and the future health of your community.

Questions & Discussion
THANK YOU!