

Succession Planning – Key Positions and Functions

GOALS

Short-term (immediate replacement)

This is a common element/model of succession planning and serves as a crucial management tool for all types of businesses. Short-term replacement planning is focused on an urgent need caused by the sudden departure of a skilled or high level employee (for example, by voluntarily separation; by accident/injury/death; by termination).

Long-term (talent management)

Talent management focuses on the future needs of the organization. Working within the strategic framework for the company's future goals, senior management identifies the positions necessary for sustained operation or growth and the best candidates to fill those roles. _____ desires to grow leaders from within their existing talent pool and will devote the time and resources necessary to develop a useful program as a key component of its long-term human resource strategy.

The advantages of this approach include:

- Identifies a specialized talent pool
- Defines and builds future skills required for the success of the organization
- Motivates and retains employees by involvement in their career growth

Some of the disadvantages of this approach include:

- Time consuming and potentially expensive in skills development

Recognizing that changes in management are inevitable, COMPANY has established this succession plan to provide continuity in leadership and knowledge and avoid extended and costly vacancies in key skill/service areas or positions. **COMPANY will, whenever possible, have an open posting process for each vacancy as it might occur.** We also recognize the opportunity and likelihood of advertising each vacancy to consider external candidates for positions. **Our preference as an organization however, will be to promote from within.**

The primary task of succession planning is to assess candidates for key service or skill positions in advance of actual need. This prior identification and assessment permits transition planning to improve the organization's readiness to adjust to personnel changes and creates opportunities for developmental activities. It also provides information needed to minimize the chances of poor personnel decisions or the adverse impacts of unplanned vacancies that can disrupt the continuity of management and performance. Secondly, the plan will help identify those areas in which restructure of positions or departments can serve a vital role in managing succession risk.

Summary of goals:

- Provide for emergency replacement or performance in key positions or skill areas.
- Anticipate and manage the risk of loss of key management or functional knowledge.

- Promote management replacement from internal candidates.
- Reduce uncertainty of or lack of preparation for known/anticipated transitions.

Succession risk can be defined in various ways, but for the purposes of our succession planning effort we choose to recognize the following risk factors, some or all of which might apply to a specific position.

Readiness risk – based on any or some combination of the following:

Replacement – the degree to which no appropriate replacement candidates are internally available or internal candidate development plans are not in place.

Position – the degree to which restructure plans are not in place for any position in which a successor cannot replace all attributes of the current incumbent.

Market – the degree to which this position is in unusually high demand in the market.

Transaction risk – potential disruption to critical projects/functions of an immediate departure.

Vacancy risk – probability, if credibly known, that the position will become vacant based on observation, planned retirement, or other assessments.

Key Executive Staff and Functional Staff

This succession plan addresses two groups of employees considered essential, for different reasons, to the effective sustained performance and operation of the Company.

1. Key Executive Positions are considered critical by virtue of the level of the position, their engagement and oversight of broad areas of Company operation, and general importance to the organization.
2. Key Functional Positions are those staff members whose knowledge, experience, and/or task performance are considered significant to the effective operation of the Company.

The Key Executive Positions for [company] include the following positions:

- President & CEO
- VP –
- VP –

Key Functional Positions for [company] include the following positions:

- Office Manager
- Clerk
- Claims Manager

KEY POSITION: President & CEO, _____

Immediate Replacement:

- _____

Immediate replacement/transition issues:

- Chairman/Officers/Board notification
- Company Boards/Committees, including...
- Employee notification (direct reports, managers, staff)
- State Company schedule/attendance
- Other industry organizations either individual or organizational...
- Industry commitments (presentations, speeches, attendance)
- Agent notification generally...
- Policyholder notification generally...

Medium term transition issues:

- Board Search Committee selection and launch
- Banking (signatures)
- Other...

Job Posting and Selection:

Position Requirements

Key Experience/Skill set – best combination of the following (from current job description):

- ✓ Executive and Staff Management/Board Relations and Administration
- ✓ Financial Management
- ✓ Public Relations/Communications
- ✓ Industry Involvement
- ✓ Business Strategy/Operations

Qualities/Traits – best combination of the following:

- ✓ Judgment (thoughtful; considers appropriate factors/assumptions; seeks counsel; anticipates)
- ✓ Decision Making (prioritizes; processes quickly; commits; handles ambiguity)
- ✓ Delegation (allocates/shares authority; empowers; guides/instructs; clear)
- ✓ Leadership skills (motivates; builds self esteem/confidence; influential; flexible; an example)
- ✓ Initiative (pro-active; generates ideas; goes above/beyond; self-developing)
- ✓ Communication (expresses well; good body language; concise; listens; sincere)

Talent Management opportunities:

[employee]

Demonstrated Behaviors

Problem Analysis
Public Relations/Communications
Decision Making
Delegation
Collaboration

Areas of Investigation/Development

Business Strategy/Operations
Leadership
Judgment
Initiative

[employee]

Demonstrated Behaviors

Communications
Problem Analysis
Decision Making
Achievement/Goal Oriented
Staff Management/Mentoring
Initiative

Areas of Investigation/Development

Business Strategy/Operations
Leadership
Judgment
Peer Relations
Collaboration

Development Opportunities for potential internal candidates

- Observe Strategy sessions with staff
 - Weekly Staff meetings
 - Other Team meetings
 - Department Planning meetings
- Project management assignments with cross functional staff
- Management Training/Coaching
- Performance Management focus review

Overall Risk Assessment for this incumbent:

Readiness Risk: Low – presence of temporary replacement and internal candidate(s). Market risk is not significantly unusual.

Transaction Risk: Medium – areas of critical operations that could benefit from participation by expected replacement include the following projects or operations:

Efforts to address Transaction Risk

- [employee] to participate in _____ strategy sessions
- [employee] to become _____ in 2014
- Engagement between [employee] and _____ on the following projects or efforts: _____

Vacancy Risk: Low

KEY FUNCTIONAL STAFF (temporary assignments in emergencies)

1. Office Manager

Overall Risk level: Low. Short-term cover likely with [other position] and growth opportunities in upcoming restructured position. Current satisfaction level appears high.

2. Clerk

Overall Risk level: Low. Would be a serious loss to Operations, but not as significant a loss in light of possible/likely changes currently planned. On talent side we have an increasingly capable part-time person [employee]. Current satisfaction level appears high.

3. Claims Manager

Overall Risk level: Medium. Recent hire over a new area and no successor from within. Short-term duties would revert to President or outsiders. This was a difficult position to recruit. Current satisfaction level appears very high which seems to mitigate other risk factors.