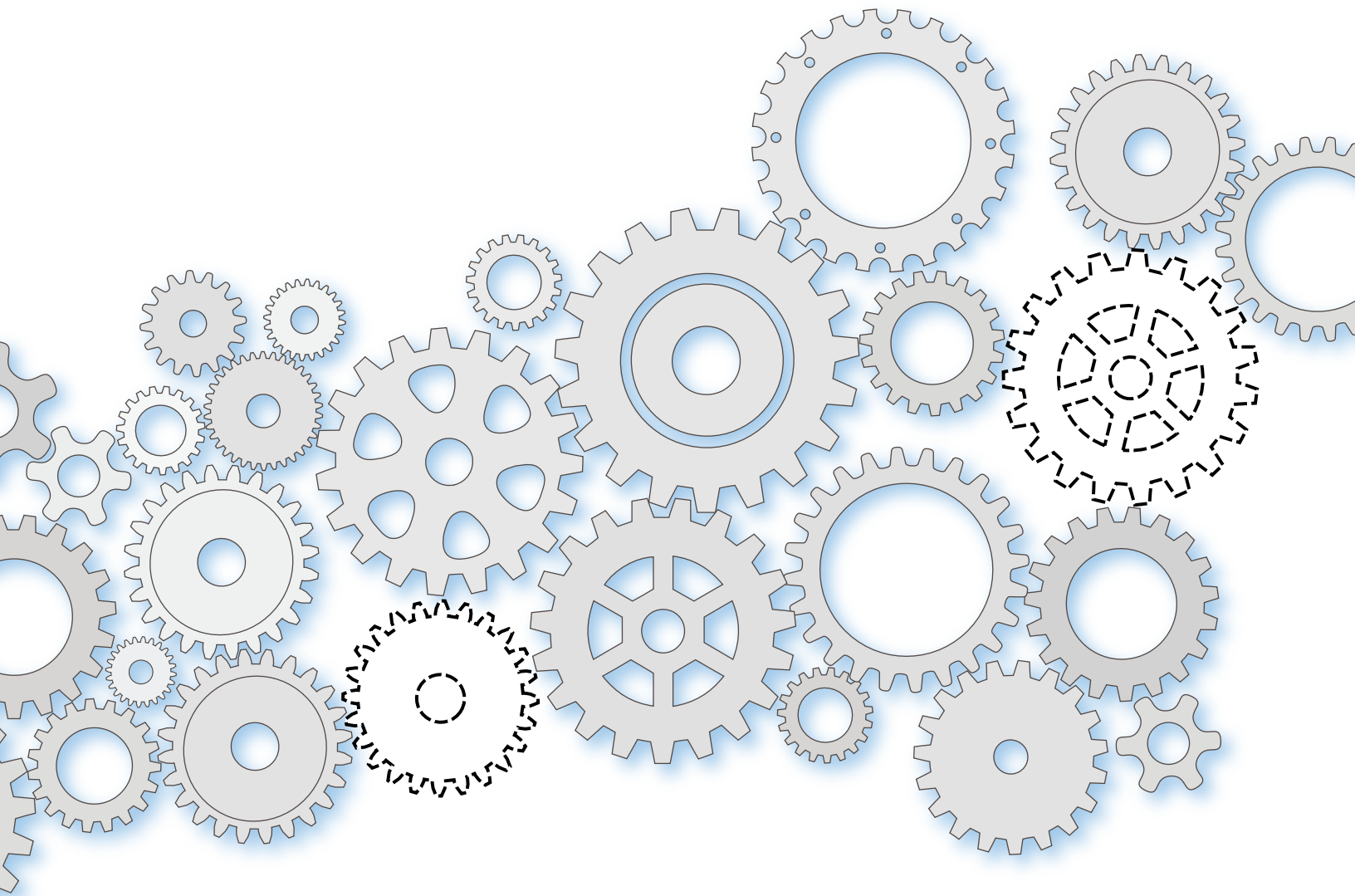


A Succession Planning Process for Identifying Project Managers



Implementation Resource 325-2

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Research Team 325, Best Practices for Succession Planning

Construction Industry Institute

Implementation Resource 325-2

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Executive Summary

Many companies only develop succession plans for executive-level positions, but some other companies also develop talent at lower levels through high-potential programs. High-potential programs aim to identify top talent within an organization: individuals to be targeted for development actions and career progression. Participants in these programs are commonly referred to as “HiPos.” The criteria used to identify HiPos vary by company, as do the development activities and methods employed to measure success.

Identifying high-potential talent is a business imperative to ensure the growth and sustainability of organizations; however, talent management differs from actual succession planning. Whether a company has a well-established succession planning process or is on the forefront of implementing a plan, CII Research Team 325 (RT-325) recommends that the organization create a formalized succession plan that can operate at various organizational levels. Simply having a formal, company-wide succession plan can greatly decrease the negative impacts of talent vacancies.

This resource covers the six phases and 24 steps that constitute a formal succession planning process. These phases are based upon previous research into best practices for succession planning (Appelman and Kennedy 2013; Tichey 2014). RT-325 recommends that organizations focus on one phase at a time, in order to implement sustainable changes. (See Figure 1.)



Figure 1. Succession Planning Process

Table of Contents

Executive Summary.....	iii
1. Plan.....	1
1.1 Executive Commitment.....	1
1.2 Alignment to Business Goals.....	1
1.3 Operationalizing a Succession Strategy.....	1
2. Assess.....	3
2.1 Understand Organizational Strategy.....	3
2.2 Identify Target Roles and Positions.....	3
2.3 Determine Future Competencies or Skills.....	3
2.4 Assess Current and Future Workforce Composition.....	4
2.5 Conduct a Gap Analysis.....	4
3. Identify.....	5
3.1 Identify Candidates in the Pool for Specific Roles.....	5
3.2 Evaluate Performance and Potential.....	10
3.3 Determine Employee Aspirations.....	11
3.4 Rank the Successors.....	12
4. Prepare.....	13
4.1 Prepare Successors for Transition.....	13
4.2 Create an Individual Development Plan.....	13
4.3 Establish Goals and Timelines.....	13
4.4 Monitor Progress.....	13
4.5 Create a Plan for the Successor's Replacement.....	14
5. Transition.....	15
5.1 Communicate.....	15
5.2 Transition Successor to New Role.....	15
5.3 Implement.....	15
5.4 Provide Resources (e.g., Coaching, Mentoring).....	16
6. Measure.....	17
6.1 Documentation Strategy.....	17
6.2 Track the Plan.....	17
6.3 Continuous Improvement.....	17
Appendix A: Glossary.....	19
Appendix B: Scorecard.....	21
Appendix C: Sample Cases.....	23
References.....	27





1. Plan

1.1 Executive Commitment

Executive commitment can be characterized as clear support from the company's senior leader, who creates a call to action for all managers and supervisors to support the implementation of a succession plan. An executive commitment communication should state the value and benefits of succession planning, how the process will be funded, and the expected timing for when the succession planning process will be initiated. The executive commitment to a succession plan should clearly define the plan's span and geographical reach (i.e., all global offices or targeted locations or business units), as well as the employee levels to be included below the executive level.

Identifying an executive sponsor or champion will be beneficial in implementing the guidance set forth in the executive commitment and in managing expectations. The executive sponsor has a role in defining the measures of success that support an effective and sustainable succession plan.

1.2 Alignment to Business Goals

Stakeholders in the succession planning process should identify how succession planning supports business plans and contributes to the goals of the company in terms of future growth, the impact on talent needs, and the sustainability of the company.

1.3 Operationalizing a Succession Strategy

After executive commitment has been ascertained and process stakeholders have reached alignment, the next logical step is operationalizing a succession planning strategy. The strategy can begin by addressing the five "W" questions: Who, What, Where, When, and Why?

- **Who** – Identify roles. Determine who will be included in the succession planning process. Succession planning focuses on roles, rather than on the individuals in the roles; therefore, consideration should be given to the types of roles and which employee levels or grades should be included. Many companies focus succession planning at the senior executive level, while others focus on all roles with any leadership responsibility. Ultimately, each company must determine its targeted roles for succession planning prior to beginning the process.
- **What** – Define the objectives to be achieved from succession planning, such as increased retention, leadership development, business acumen, leverage of existing talent, or focus on diversity.

- **Where** – Consider where the succession planning will be managed and future changes will be tracked (typically both tasks are assigned to the human resources department).
- **When** – Determine the succession planning process period, milestone dates, and when the succession plan will be reviewed (typically this is done on an annual basis). Develop a communication strategy for targeting stakeholders in the succession planning process before implementing that process.
- **Why** – Address the value of succession planning to the sustainability and long-term success of the company. This can be stated as the vision or mission for succession planning.

2. Assess

2.1 Understand Organizational Strategy

The Assess stage begins with an understanding of the organization's long-term strategy and business priorities. It is critical to assess the business goals and vision of the organization or the future direction in order to determine the type of talent that will be needed to successfully achieve these goals. Several assessment models can be used in the context of succession planning. For illustrative purposes, the following five steps comprise the Assess phase of our model:

1. Understand Organizational Strategy (company leader's unique strategies and forecasts)
2. Identify Target Roles and Positions
3. Determine Future Competencies or Skills
4. Assess Current and Future Workforce Composition
5. Conduct Gap Analysis
 - a. Internal Gap Analysis
 - b. External Labor Market Analysis

2.2 Identify Target Roles and Positions

The success of the succession plan depends on identifying which roles and positions the plan will evaluate. Too few positions within a company have identified and prepared all their critical successors for the future. This situation can create gaps in competencies, which in turn may lead to business shortfalls or potential issues with business continuity. Too large of a scope may become too cumbersome to manage successfully. To define the scope and positions needed as part of the succession plan, a company should again address the five "W"s stated in Section 1.3.

RT-325 research found the role of project manager (PM) to be strategically critical within many CII member organizations, and therefore made that role the subject of this resource. Once the critical positions have been identified, a company can move to the next step of determining the competencies or skills needed to meet future business needs.

2.3 Determine Future Competencies or Skills

The organization must determine which competencies are mission critical to the business, which are necessary to maintain the business, and which are simply nice to have. Consider the information currently available on the target role by utilizing job descriptions or profiles, and competency or skills inventories. By using the current information as a baseline, a company can gather information to identify the future competencies or skills needed.

For example, a company could start with a questionnaire followed by one-on-one interviews with stakeholders (e.g., business leaders and key project management incumbents). Information received from internal sources could be supplemented with external research from universities, consultants, and business organizations. A series of key stakeholder meetings could be used to validate the skills, competencies, and attributes, as needed. Current knowledge and experience could be mapped with competency requirements.

2.4 Assess Current and Future Workforce Composition

Once the competencies and skills have been identified, the work of assessing the current and future workforce composition can begin. How many people does the company already have in these critical positions? How many are needed, and at which point in the future are they needed? Armed with a clear understanding of the needed competencies and skills, companies should pursue the following steps:

1. Conduct a demographic survey of current population:
 - Retirement trend
 - Resignation trend
 - Promotion trend
2. Compare the current and future populations with the business forecast.
 - Identify the gap trend.
 - Assess the ability to meet future needs with the internal pool.
 - Determine the extent to which external resources will be needed.

The company can then determine what talent is already working within the organization, whom it plans to develop, and whom it plans to look for in the market.

2.5 Conduct a Gap Analysis

Conducting a gap analysis on a company's current competencies for a PM is highly important when developing a succession plan. A gap analysis can help a company determine what is needed to lead the company, determine blind spots in leadership, and develop a competency path for future leaders. Talent should be assessed against the needed competencies and skills. Future leaders can be identified and development plans created to include job experiences, training, and stretch assignments that close the gaps. Gap analysis and assessment can be performed using various methods, such as the RT-325 assessment tools, 360 feedback, and performance appraisals.