



THE “S” WORD: HOW AVOIDING SUCCESSION PLANNING IS IMPACTING YOUR PROFITABILITY AND FUTURE

Succession planning is often viewed as the unspeakable elephant in the room. If your organization has deftly avoided the “S” word, know that you are not alone. But know that it’s also holding back your organization from realizing its full potential.

In a recent American Hospital Association (AHA) [governance survey](#), they found 49 percent of hospital boards do not have a formal CEO succession plan. This is often true of many healthcare organizations.

According to Nicholas Tejada’s commentary within the AHA survey report, “Succession planning is key to the long-term success of any organization, and governance is certainly no exception.”

In addition, organizations that effectively incorporate succession planning:

- Leverage diversity of thought, talent, gender, etc.
- Achieve higher margins and performance
- Have a more engaged workforce
- Are more agile and positioned for growth
- Attract, retain, and engage top performers



“S” stands for – Start at the top.

Succession planning needs to be a top-down priority starting with your CEO and executive leadership team (ELT) and eventually tied to every level of your organization. Not only is succession crucial for movement in your upper ranks, but it helps everyone on your team understand what it takes to get to the next level in their careers.

Having a succession-driven culture creates an opportunity to increase performance and commitment throughout your entire organization, and it makes your organization far more appealing to top talent at every level. Not to mention, it helps keep everyone – from the board level to the front lines – in the loop and connected to your talent strategy, which should ultimately be linked to your overall business strategy.

“S” stands for – Slay the misconceptions.

So often executives assume saying the “S” word will send everyone, including their board, into a tailspin. They fear the mere mention of the word will wreak havoc and distract the entire organization, and that some kind of mass exodus of talent will occur.

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If done correctly, the opposite is always true. In fact, when a solid succession plan is put into place, the collective sigh of relief can be heard from all levels of the organization. But, like any change management, it's imperative to approach it with cultural sensitivities in mind.

Boards also identify a concern around exactly how to begin and design the process in a way that creates value and sustainability.

Most are surprised to learn that succession planning actually minimizes distraction and increases retention. But it does often feel very daunting to embark on the succession planning journey, which is why many organizations struggle to take the first steps.

“S” stands for – Strengthen your bench.

Imagine any kind of a team or even a symphony without a second string or bench. Having fully developed talent ready to step in is something that does not occur overnight. You cannot microwave the next leader. It requires grooming, experiences, and accelerated development to ensure a successful transition to the next role.

The same is true for any of the leaders in your organization. Without a strong bench, you are essentially holding your breath and hoping for the best – this “strategy” is all too common for many organizations. But, unfortunately, hope is not a strategy. If you had a succession plan in place, you would know exactly who could fill in at a moment's notice maintaining momentum and progress toward your goals.

“S” stands for – Success!

Succession doesn't have to be a bad word. It should be synonymous with success. If everyone knows where the ship is headed, you're more likely to arrive unscathed and on schedule because everyone will be steering and navigating the unknown, chaotic seas ahead to get you there.

Succession planning is just one step in the broader practice of Succession Management. Engaging your organization in this process takes a purposeful, planful approach. Even if you have some of the critical pieces and parts in place, it can be difficult to get them all working together in a cohesive, measurable way. But once you're there, you will usher in a new era of strength, achievement, and prolonged success.

Find the succession assessment and additional resources on succession management at bit.ly/Succession-Resources.



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