Why is succession planning a crucial component of performance management?

No matter how positive your working environment and regardless of how much you invest in employee well-being and work/life satisfaction, some degree of staff turnover is inevitable.

Employees leave their organizations for a number of reasons, both personal and professional, and many of these are impossible to predict and plan for. What you can plan for, however, is how you are going to replace those business-critical individuals when they leave.

Implementing a strong system for succession planning is one of the best ways to future-proof your organization and ensure you are prepared for any eventuality. Effective performance management is a critical component of maximizing the ROI of your succession planning initiatives.
The importance of strong succession planning

Essentially, succession planning involves identifying high-potential and high-performing employees who can succeed into critical roles. Typically, organizations will focus their succession planning initiatives on management positions, or particularly technical or highly skilled roles that require certain education and experience. While it is near-impossible to prepare replacements for every single role in the organization, having a plan in place for succeeding key management positions minimizes the impact that losing that individual can have on the organization as a whole.

Succession planning within Australian organizations has improved in recent years. More are beginning to see the value of this process, and investing in this area as a result. However, it’s important to emphasize that succession planning - like many components of business strategy - cannot succeed without the input and assistance of the human resource department.

Performance management as part of a good succession planning strategy

The biggest reason HR needs to be involved in succession planning is performance management - no succession plan can succeed if strategies are not in place for grooming high-potential employees, identifying their strengths and weaknesses and offering them a natural career progression that meets both their personal goals and the strategic goals of the organization.

Because good performance management requires ongoing performance reviews and assessments, HR can identify and understand what is important to employees, what they aspire to do in life, and what skills they need to achieve these goals. From there, a development plan can be put in place to ensure that these high-performing individuals are reaching their full potential.

Succession planning and performance management share a symbiotic relationship. One cannot be successful without the other. By adding succession planning and development planning into your performance management processes, you can take a more proactive approach and shift your focus away from one of negativity and criticism, towards a more positive outlook of growth and progression.

Making informed succession planning decisions

As with all strategic processes, strong succession planning decisions cannot be made based on gut instinct alone. Instead, HR departments need to leverage the available data at their disposal in order to ensure the executives are aware of the employees that require further investment and can be earmarked for future leadership or high-value roles.

Technology that automatically captures data on organization-wide performance can be leveraged by HR to calibrate results and provide the executive team and key stakeholders with accurate, consistent reports. From there, the relevant bodies can collaborate to make informed and strategic decisions regarding succession and development plans.

Succession planning is a critical component of business strategy, and can help you prepare for the future whilst also improving the satisfaction and confidence of your best performing staff. However, in order to implement a successful succession planning strategy, you must also be using the relevant data at your disposal to undergo performance management more effectively and drive meaningful change within your organization.

To speak to Acendre about the succession planning component of your Talent Management strategy, please contact us at our details below.

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