

LEADERSHIP OUTLOOK

A Guide to Succession Planning

By Carolyn B. Thompson

It's happening: the baby boomers are retiring and a workforce shortage is a serious threat, particularly for higher level management positions. Consider the following:

- Fifty percent of companies expect to lose more than half of their senior management in the next two or three years (RHR International study).
- Six out of 10 companies expect this loss to be a major brain drain of whole functions (Ernst & Young survey).
- By 2008, the number of 25-40 year olds will decline by 1.7 million. That's who's left to replace 77 million baby boomers who will be eligible for retirement (DDI).
- The replacement pool of 35-44 year olds will decline by 15 percent during the same period (U.S. Bureau of Labor Statistics).
- Within the next 10 years, 18 million jobs will require individuals with baccalaureate degrees. At the current level of graduations, that leaves a shortfall of 6 million (Employment Policy Foundation).
- Companies reacting to succession problems by recruiting from the competition show a 66 percent failure rate within the first 18 months for senior managers hired from other companies (Center for Creative Leadership).

These statistics should be enough to prompt laboratory administrators to take action to ensure that vital positions will be filled as they begin losing staff to retirement. A sturdy succession plan can make the process less daunting.

The Society for Human Resource Management says that 58 percent of the organizations surveyed had a succession plan and 29 percent of those were formal. Another

26 percent of respondents were planning on creating a plan. The Human Resource Institute's survey showed 75.3 percent of organizations with a formal plan.

These numbers are encouraging, but many managers still need assistance with creating a solid plan.

Succession planning, however, does not have to be intimidating or particularly challenging. The following are

the three basic steps to getting a succession plan in place.

1. Identify Replacements

- Identify specific top spots. Top spots are defined as ones that are crucial to have successors in place (i.e., if we lost this person and it took a while to fill the position, a critical system would stop functioning), have long training periods because of knowledge of people or complicated processes, or exhibit shortage of that type of worker.
- Develop a list of characteristics needed for each of those top spots in the next 10 years. Examples may include the ability to think strategically or abstractly; self-awareness of strengths and weaknesses; being comfortable with risk; and skills and knowledge specific to the position.
- Determine what will be used to identify people with these characteristics—assessments, self reporting methods and/or the person in that spot now.
- Identify potential successors.

2. Tell the People They Are Potential Successors

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- List the steps you will need to take (including obstacles to remove) to tell them. For example, what training, etc. (see Step 3) is available to get the person ready for the job? How will you identify their skill gaps? Plan the language you'll use so

it's not mistaken as an implied contract.

3. Develop Those People

- Determine the methods for learning needed for your organization and these particular people. Examples may include exposure to senior leadership in social situations and in problem-solving situations (make them an integral part of high-level problem-solving discussions and solution implementation); executive coaching; and/or rotating them through assignments around the organization.
- List the steps needed to implement the development methods chosen. This may include setting goals for each potential successor, creating tools to overcome skill gaps and putting the candidate in charge of learning and achieving goals. ■

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→ According to the Bureau of Labor Statistics from the Department of Labor, the projected employment from 2006 until 2016 will grow by:

12%

↑ CLINICAL LAB TECHNOLOGISTS

15%

↑ CLINICAL LAB TECHNICIANS

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