

Succession Planning Best Practices

Succession planning is a crucial strategy for businesses looking to ensure continuity, stability, and leadership development. With research indicating that only **35% of organizations** have a formal succession plan, yet companies with a structured plan are 2.5 times more likely to outperform their peers, the need for a proactive approach is clear.

The Importance of Succession Planning



Best Practices in Succession Planning

- 1 Align with Business Strategy**
 Your succession plan should be directly **tied to your company's long-term goals**. When you are planning for the future of your company, your future leaders must have the skills and vision to drive strategic initiatives.
- 2 Identify Key Role Positions Early**
 A key role is one that has a significant impact on your organization's ability to conduct normal business. When this role becomes vacant, it is essential to have the right candidate ready to step in. These roles may include C-suite and executive positions, managerial roles down to first-line managers, and operational roles critical to day-to-day processes. On average, approximately **10% of the employee population** is identified as occupying a key role. Recognizing these positions early allows for better succession planning and minimizes disruptions.
- 3 Develop a Leadership Pipeline**
 Creating a robust talent pipeline involves identifying high-potential employees early. The most effective key role succession plans include candidates at three levels: **Ready Now, Ready Soon, and Ready Later**, ensuring strong bench strength. Best practice is to have at least three candidates per key role, with **90% of key roles having at least one Ready Now candidate** to minimize business disruption. Additionally, contingency planning is critical—best practice is for **100% of key roles to have at least one contingency** or emergency candidate to address unexpected vacancies. Companies with a structured leadership pipeline experience 34% higher revenue growth, reinforcing the importance of proactive succession planning.
- 4 Leverage Data and Assessments**
 Use talent grids (i.e. 9-box or other) and skills assessments as well as leadership and behavioral evaluations to make objective succession decisions. Case studies show that organizations using data-driven succession planning **increase internal promotion rates by 27%**.
- 5 Provide Continuous Development and Mentorship**
 Candidate readiness for a key role is fostered through various development tasks such as coaching, courses, various projects and mentorship. 72% of executives state that **mentorship played a pivotal role** in their career growth.
- 6 Embrace Diversity and Inclusion**
 A diverse leadership team drives innovation and decision-making. Companies in the top quartile for gender diversity are **25% more likely** to have above-average profitability.
- 7 Ensure Transparent Communication**
 A clear and open dialogue about career development and succession planning fosters trust and retention, **reducing attrition rates by up to 20%**.
- 8 Regularly Review and Adapt**
 A succession plan should be a **living document**. Industry shifts, emerging skills, and organizational changes require continuous updates and refinement.

CASE STUDY



ABC Recycling

ABC Recycling has taken a modern, agile approach to succession planning by launching a pilot program focused on critical roles. This phased rollout allowed them to gain real-time insights, adjust strategies, and build momentum organization-wide. Their strategy emphasized agility and inclusion, leveraging real-time dashboards, competency-based training, and predictive analytics to build a resilient leadership pipeline.

Innovative elements of ABC's approach include:

- **Bench Strength & Flexibility:** Multiple successors identified per key
- **Cross-Functional Exposure & Leadership Shadowing:** Providing rising leaders with broader organizational
- **Transparent Talent Conversations:** Regular check-ins to align personal growth with long-term business needs
- **DEI Integration:** Actively identifying underrepresented talent for leadership development

Their data-driven, inclusive approach ensures that succession planning remains a forward-looking, company-wide priority—aligning closely with workforce trends and future leadership needs

CASE STUDY



Dollar Bank

Dollar Bank, under the leadership of VP of HR Michael Cherry, has adopted a structured and consistent succession planning strategy to drive organizational resilience.

By holding regular, focused succession planning meetings, they've embedded the process into their culture and built strong executive buy-in.

Key success factors include:

- **Centralized Technology:** Standardized succession planning tools improved efficiency and
- **Tailored Development Plans:** Realistic, actionable growth strategies tied to leadership
- **Executive Development:** Focused on Emotional Intelligence (EQ) and Executive Presence to prepare leaders for high-stakes roles
- **Data-Driven Impact:** Citing research that employees with access to development are 34% more likely to stay, Dollar Bank emphasized measurable outcomes

Their deliberate and scalable strategy highlights how leadership development and succession planning can be both practical and transformational.

A well-executed succession plan is a critical investment in the longevity of your organization. By following best practices and leveraging dynamic insights, businesses can cultivate resilient leadership teams and drive long-term success.

SuccessionHR specializes in helping organizations design and implement robust succession planning strategies. Our expert-driven approach ensures your leadership pipeline is prepared for the future.

Connect with us today to build a stronger, more resilient leadership foundation for your business.

