

Fact sheet – Succession planning

Take the time to think about succession planning, its benefits and how to develop a succession plan.

The following table provides some useful information on succession planning.

Key considerations
<ul style="list-style-type: none"> • How will I replace key employees if they become unavailable (e.g. long-term sickness, retirement)? • What skills/abilities/corporate knowledge will I need to replace? • What impact will a vacant key role have on my business? How much will it cost in down time and lost production for example? • Can I identify when people may think of leaving? • How can I get valuable information from those likely to leave so that replacement runs seamlessly?
The benefits of succession planning
<ul style="list-style-type: none"> • Enables you to manage risk by planning for the replacement of key employees. • Identifies skill development needs. • Ensures that staff talents and skills are recognised. • Improves morale and commitment to the workplace. • Determines which roles may be redundant in the future as the business changes. • Provides opportunities for star performers that you want to retain. • May identify the professional development needs of the business. • May identify employees who are ready to move into a new role.
Tips on developing a succession plan
<ul style="list-style-type: none"> • Utilise information and tools available, such as the Australian Government/Ernst and Young's online tools and workshops (see Small Business Succession Planning http://www.sbsp.com.au for more information). • Develop a strategy which suits the needs of your business. • Consider the following questions: <ul style="list-style-type: none"> - Who will be doing a different job? - Who might be promoted? - Who is likely to retire, or go on long service leave or parenting leave? - What vacancies are likely to become available? - Who is likely to fill those jobs from within? - What training/professional development will they need for that? - How can a smooth transition be implemented?
Strategies to consider
<ul style="list-style-type: none"> • Plan for the development of skills, knowledge and abilities through on-the-job work (e.g. job rotation) or formal professional development (e.g. formal training). • Mentoring and coaching to phase the retirement of employees, helping to share corporate knowledge. • Do it now – don't wait until you have only four weeks to fill a key position. • Have a transition plan in place. • Accept that new ideas and ways of working may come out of this process; accept change and innovation when it arises. • Consider who will replace you when the time comes. The benefits of identifying your replacement include: <ul style="list-style-type: none"> - having someone to stand in for you when you need them - devolving responsibility – freeing up your time for other things - not needing to have hands-on involvement in the operation - even being able to take a break!