



Succession planning for the long term

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The problem

“While 63% of companies cite people-related risks including staff and skills retention as one of their principal risks – making it the second most common principal risk disclosed by boards, only 35% of company secretaries say their executive pipeline has a sustainable pool of talent.”

*ICSA & EY: The nomination committee – coming out of the shadows
(May 2016)*

Succession planning - why bother?



Succession planning - why bother?

Improving Board performance

Disruption to existing business models

Supports effective decision making

Better business outcomes

Increasing regulatory and stakeholder scrutiny

**IMPROVED VALUE
FOR ALL
STAKEHOLDERS**

Succession planning - why bother?



FRC UK Corporate Governance Code states:

B. 2: Appointments to the Board – Main Principle

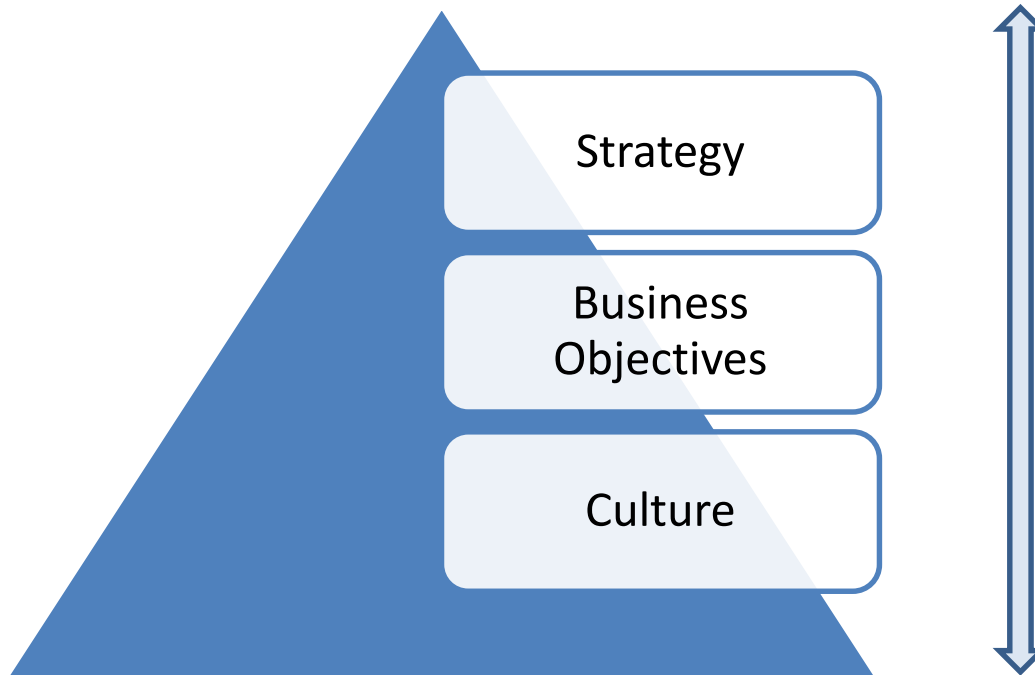
The board should satisfy itself that plans are in place for orderly succession of appointments to the board and to senior management.....



Succession planning - the cost of getting it wrong



The bigger picture



The bigger picture

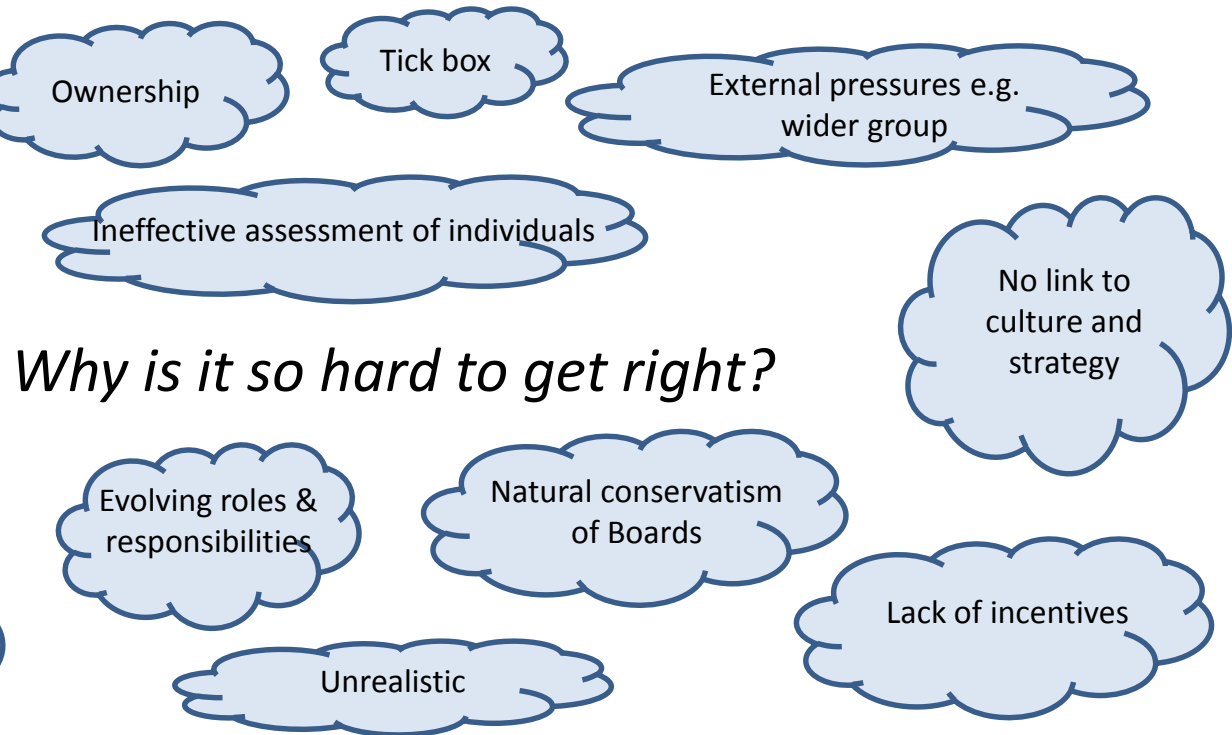
- 🌐 Make succession planning part of your overall human resources strategy:
 - Talent management approach
 - Performance management
 - Recruitment policies
 - Remuneration
 - Diversity initiatives
- 🌐 Leadership development

Succession planning for the long term

Why is it so hard to get right?



Succession planning for the long term



Making it commercially viable for smaller firms

Lack of EQ to manage incumbent departure

Succession planning: where to start?



Succession planning: steps for success



Succession planning: steps for success

1. What leadership talent do you need?

- What is the optimum profile of Board skills to deliver the company's strategy?
- Does leadership development focus on the right skills and behaviours?
- Are we preparing our leaders for the challenges of a different role?

2. What leadership talent do you have?

- Are you engaging in conversations with your leaders about their career options?
- Do they actually want to be considered for promotion?
- Have leaders been identified for specific roles? Has their readiness been assessed?

3. How do you close the gaps?

- Are "ready now" leaders being kept engaged with robust development experiences?
- When the time comes for promotion, is there support for the leader's transition?
- Is development being targeted to fill any gaps?

1. What leadership talent do you need?

2. What leadership talent do you have?

3. How do you close the gaps?

Succession planning for the long term

What are your practical tips for getting it right?



Succession planning for the long term

EQ to manage the departure of current incumbent

Greatest value of a robust process is the discussion & transparency

Thinking multiple time horizons

What are your practical tips for getting it right?

Enlisting support of current incumbent

Supporting internal candidates eg 360s, NED roles, coaching, exposure, benchmarking

The 'Use' test

Sensitively handling internal candidates that fail

Proactive stakeholder engagement

Link to existing diversity initiatives

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