

# TEN STEPS FOR STRATEGIC SUCCESSION PLANNING

By Deedee Myers

1. **Clarity on Strategic Vision is the first place to look.** The board and executives understand and clearly articulate the organization's short and long-term strategic vision as well as performance expectations as they contribute to the credit union's strategic focus and business plan. Teams need to be clear and in agreement on their Strategic Vision for the future. Through conversation they visualize the shape and structure of the credit union's future. What possibilities are on the horizon for your credit union in the next three, five, ten years and more?
2. **Determine Organizational Competencies needed to fulfill on the Strategic Vision.** Determine the Human Resources Talent and Leadership Presence required to fulfill on your strategic and business plans. Pay attention to the organizational and human resources talent required to live and fulfill the strategic vision for the future.
3. **Assess Required Competencies for the CEO Role in the future for a minimum of five to ten years.** Determine and define the competencies required for the CEO role. Use five categories of competencies:
  - 1) Resume skills: Achievements, accomplishments, complexity of experience, formal education in a specific domain, participation in community events, visibility on a local, regional or national level and ongoing education.
  - 2) Soft Skills: Select five critical soft or personal mastery skills necessary for success. Soft skills are hard to measure, yet, they show up in presence of how the CEO leads the credit union. Examples include Decision Making, Leadership, Conflict Management, Futuristic Thinking and Written Communication.
  - 3) Behavior: Answer the following question: What is the preferred behavior of the role? To be wildly successful in this role, what is the ideal behavior of the CEO? It is best to answer this question without thinking of your current or previous CEO; separate whoever is in the role from your assessment of the needed behavior in current and future states.
  - 4) Values: What three values does the CEO need to bring forth to fulfill the strategic vision? Choose values that need to be more readily accessed or uncovered; for example, if integrity, honesty and trust are showing up then assume they are already well in play. If the value of Forward the Action will move you forward in a meaningful way, then that is an option. Futuristic Thinking is valuable for a credit union desiring to move from a survive state to a thrive state of being.
  - 5) Emotional Intelligence: How a person functions in the workplace with his/her own emotions, and those of others. To best achieve desired outcomes, is a critical success factor. A stellar resume, without strong emotional intelligence, will produce a breakdown. A part of the competency conversation should include a discussion of emotional intelligence and how it serves the CEO Role.
4. **Identify Potential Internal Successors:** Consciously decide to use an open or closed succession planning process. An open succession planning process communicates to the executives and managers that a Strategic Succession Planning Program is in place and those who are interested in being considered as a CEO, now or in the future, make it known to the Succession Planning Committee. With an open planning process there is opportunity to grow and develop a talent pool for two, five, ten and 20 years in the future. The guarantee is not that everyone who signs up will become a CEO; the guarantee is that the culture is open and inclusive and it extends to the employees with high regard for their development.

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A closed Strategic Succession Planning Program should be a rarity in credit unions if the way of doing business is 'people helping people.' Closed processes negate the opportunity for employees to state their goals for advancement and, if there is no space for them to be heard, they may elect voluntary separation and take their dreams elsewhere.

- 5. Assess Competencies of Internal Successors:** Assess the competencies of potential internal successors as they correspond to the needs of the credit union in the future. If your CEO is actively planning to leave the credit union within two years, pay close attention to the competencies of members of the executive team. Be in open conversation with each person reporting directly to the CEO to clarify intents for their career and desire to be considered for this role. Do not assume that someone is not interested in the CEO role if they never mentioned it; there are many reasons why a direct report to the CEO may not openly converse about their aspiration to be a CEO; do not assume that there is no interest. The chair of the board or head of the Succession Planning Committee should directly ask each executive if he/she wants to be considered and do so in a way that invites an authentic response. Leading questions can be harmful; be attentive about how you enter this conversation and ask questions with a frame of possibility.

If your CEO plans on staying in his/her role for a long period of time, then within five plus years, there might be CEO potential talent two layers deep in the organization. Create a culture of Futuristic Thinking in developing your leadership talent. In five years, it is possible that directs to the CEO are recruited away because their time has arrived to step up into a CEO role and one is not open with their current employer. Look deep within and assess who are potential high performers and pay attention to their career goals. If they move with success, then know it is possible, and perhaps, likely they will be recruited away to continue their high performer career path because the possibility is not readily apparent with the current employer.

- 6. Develop a Career Management Plan (CDP) or Leadership Development Plan (LDP)** for potential successors and high performers. The attention of the CDP is to include continuous learning in multiple domains: technical expertise, credit union knowledge, management skills, Leadership Presence and continued education. The focus of the LDP is on Leadership Presence, how we show up to ourselves and others and what is needed by the organization for success. Leadership requires:

1. Competency in a specific field, specialization or industry.
2. Intelligence to deal with complex issues and multiple commitments.
3. A certain Presence, the self that you are. You show up with integrity, flexibility, as being accountable, able to generate positive moods and possibility, able to motivate others and influence others and people want to be around you. When you enter a room, others want to be with you not because of your title but because of the self that you are.

At the executive level, we have developed our competency in specific domains and we tend to rely on others to support us in areas where we have not specialized. We also have a certain level of intelligence that serves us in supporting multiple commitments and decisions around complex issues. The Presence is a place we continue to look at and explore how we can evolve as humans and continue to develop self-mastery. We must first be effective leaders of ourselves so then others will want to join us on the journey.

In assessing a potential successor (candidate), revisit the five categories defined in Step three above: Resume Skills, Soft Skills, Behavior, Values and Emotional Intelligence. Within the context of these five categories facilitate a self-assessment by the candidate and how she sees herself compared to what the organization needs in the CEO role.

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Interview her manager for input to the five categories with a view of current state and the ability, competency and capacity to be a Ready Now, Ready Future, Targeted for Development and Learning candidate.

Once the CDP or LDP is drafted, review it with the potential successor (candidate) and his/her manager for validation. Success of the Succession Planning process is greater with proactive support.

7. **Implement and monitor development of each potential successor.** The last segment of the CDP/LDP should outline actions and observable outcomes for the potential successor. For example, if Written Communication is a desired competency for the CEO role, then the internal candidate seeks opportunities to write and have his/her writings be more visible to the CEO and board with the intent of producing the assessment “he/she writes well.”

Each internal candidate needs a coach or mentor to supervise the ongoing development and use of resources. Blending an internal mentor with an external coach is the ideal combination for success of a future CEO. The internal mentor knows the way of the credit union and could possibly be a current board member or CEO. An external coach should be competent in coaching CEOs and potential CEOs with emphasis on Leadership Presence.

Establish a periodic review with the internal candidate. If the CEO is to retire within:

1. One year: the review should be conducted monthly.
2. Two years: the review should be conducted quarterly.
3. Three years: the review should be conducted twice a year at a minimum.

8. **Develop a viable action plan to acquire the needed competencies to fill critical vulnerabilities if they are not available when needed by the credit union.** A critical mistake made by credit unions is to wait until their CEO retires, becomes ill or voluntary leaves the credit union to take effective action to identify external potential candidates if there are no internal possibilities for promotion. The most important decision the board makes is deciding who will be the CEO. When the CEO chair is empty, the credit union is at a great risk.

A viable internal interim candidate needs to be able to Drop In for the role while an external CEO is recruited; if a Drop In candidate does not exist, then the practices around recruitment and development of quality people needs to be a serious commitment. Promotable people need to find the credit union attractive as an integral part of a high performing career; if no one of this caliber exists in the organization then there is the question of how the members, employees and community are being served.

Research External Potential Candidates: There are three easy steps for researching external potential candidates.

Step One: Start a Hot List of external potential candidates. List names of executives met at conferences, written about in industry trades, met on advisory boards, or who are employed with other credit unions. At this point, it is not necessary to ask them if they want to be on your Hot List; creating a list of potential candidates to be in a possible future conversation is the intent.

Step Two: Research the credit unions where your Hot List candidates are employed and pay attention to how they are moving with the competencies you desire for your credit union. For example, if a credit union has demonstrated that they can move effectively in adverse conditions, you want to pay attention to who is on that top performing team.

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Step Three: Select the top two or three on your Hot List and extend to them in a networking conversation with the intent of knowing who they are and their Leadership Presence.

There are other alternatives in researching potential candidates and the types of conversations to be in; for this writing the above three are the most basic steps.

9. **Develop a CEO Emergency Succession Plan** and update it every six months or year depending on the intentions around ongoing employment of the current CEO. Update the CEO Talent Pool every six or twelve months.
10. **Review the CEO Strategic Succession Plan Policy** as part of Strategic Planning or at least once a year. Update the CEO Talent Pool and the Executive Talent Pool every six to twelve months.

*For more information on creating a Strategic Succession Plan for your organization, or more information on Executive Searches, Strategic Planning or Leadership Development, visit [www.ddjmyers.com](http://www.ddjmyers.com) or call 800-574-8877.*