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## **Survey of Succession Planning Practices in Major UK Organisations**

### **Summary**

Leadership is a clear priority for today's top organisations. A recent telephone survey of 279 UK organisations, the majority in the FT500, found that just over 70% percent of respondents said that their company had a formal succession planning policy, with a further 7% planning to introduce one.

This report, which draws on responses to a questionnaire sent to organisations with, or about to introduce, formal succession planning processes, highlights some of the key issues. Why do organisations invest time and energy in formal succession planning? What are the challenges they have to address today? How will succession planning evolve in the future?

### **Key drivers**

It should be no surprise that a key driver for succession planning is retention, with nearly 90% of respondents citing this as important. Attracting candidates rated much lower at only 50%, however this ranking was higher in organisations that had recently introduced or were planning to introduce formal succession planning processes, suggesting that more may be made of this in the future.

Surprisingly, only 70% of respondents indicated that the need to align business and HR strategies was a key driver.

### **Challenges**

Managing succession planning processes isn't easy. Our survey shows that organisations face a number of challenges, with change being rated by 65% of respondents as the most significant. That may explain why nearly 45% of those with formal processes expect to change them in the next twelve months.

Data collection and data standardisation were also significant issues for a number of organisations, being cited by 47% and 32% of respondents respectively.

Just under a third of organisations said that lack of support was an issue. Confidentiality was not seen as a major concern, with only 6% of respondents giving it a high ranking.

## **The future of succession planning**

*“It will become one of the key processes to deliver business performance”*

The overwhelming impression from the survey is that respondents believe that succession planning will become more important in the future, playing an increasingly central role that is closely aligned with business strategy.

Over 75% of respondents were ambitious to extend the scope of their activities in one or more ways, to encompass more people, to get greater involvement of line managers, to include incumbents in self-nomination and career planning and to develop an enterprise-wide approach that would facilitate effectively identifying, sharing and developing talent globally.

*“More people-driven rather than position-driven”*

*“Greater emphasis on management talent, not just contingency”*

A number of respondents highlighted a shift of emphasis from a focus on positions to a focus on people, and to a broader approach to development from training in specific skills to encouraging talent and more generic leadership skills.

*“It will become a more effective, honest and transparent process”*

Transparency and objectivity were frequently mentioned, indicating a desire to move succession planning out from behind closed doors to become a more open and inclusive process.

*“Less paper work, more utilisation of systems”*

*“More ‘self’ management and internet ‘e’ based processes”*

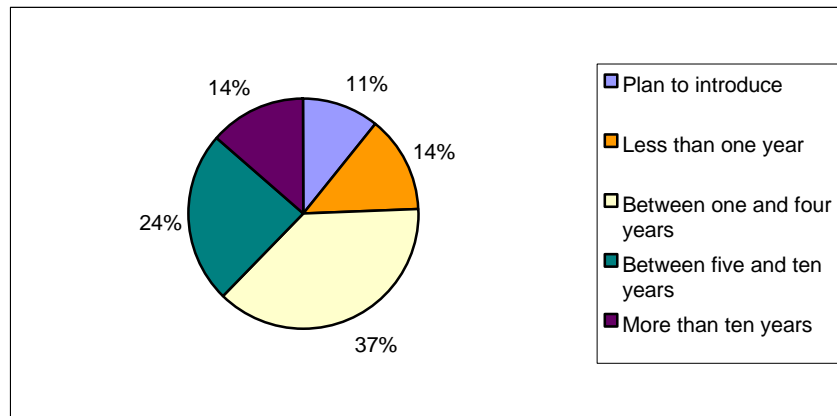
Technology is regarded as an important enabler for the future, with just over a third of respondents indicating that they would be giving priority to introducing and making greater use of computer systems to underpin their succession planning activities. We believe that organisations will increasingly embrace Internet based solutions, offering as they do the most effective approach to improving processes, ensuring consistency and objectivity and involving a wider audience.

**Succession planning is an evolving practice. This survey, in common with recent reports from the US, show that practices vary considerably in scope and focus from one organisation to the next. Succession planning is, however, well established as a key strategic activity that will make an increasingly important contribution to business success in the future.**

## Questionnaire responses

### How long have you had a formal process in place?

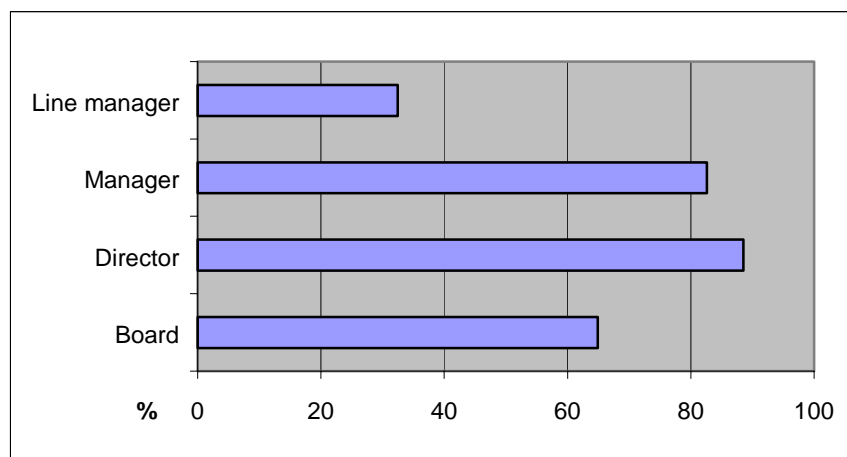
The majority of organisations had had formal succession planning processes in place for between one and five years. Of those organisations that had had formal processes in place for more than 10 years, two indicated that they planned to “radically” overhaul their existing processes. We also had responses from organisations planning to introduce formal processes, most within the next 12 months.



*Fig 1. How long have you had formal process in place?*

### What levels do you track?

As might be expected, those employees most likely to be tracked are at the higher levels of the organisation. About 20% of respondents also indicated that they track a range of other employees, with the majority citing graduates, young high potentials and high potentials as the target groups.



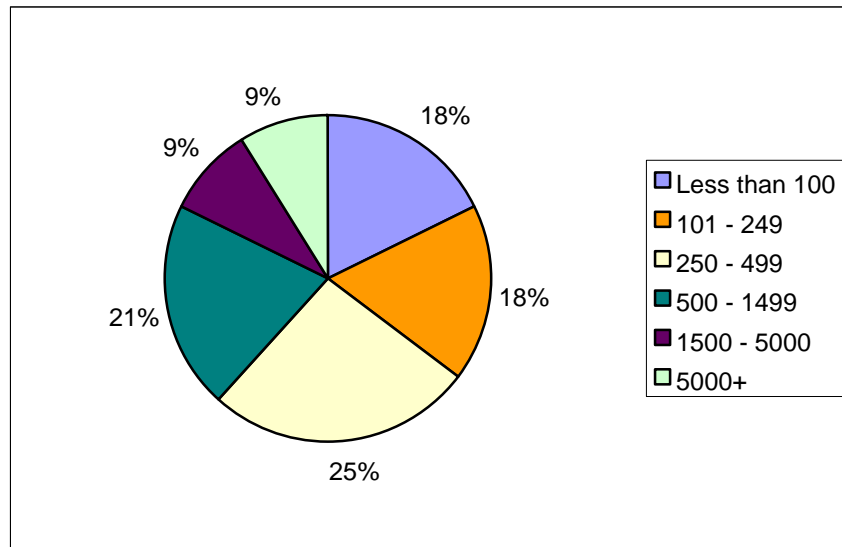
*Fig 2. What levels do you track?*

**Approximately how many people do you track?**

The number of employees tracked at each organisation varied considerably, with the smallest population being 50 (representing around 6% of the total headcount) and the largest, on a worldwide basis, being 50,000 (representing around 20% of total headcount).

More than 60% of companies said that they were tracking less than 500 employees.

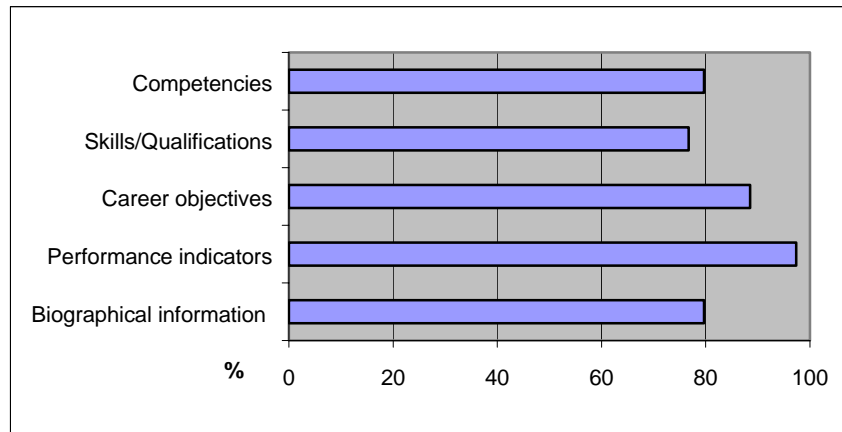
There wasn't any evident correlation between company size and the number of employees tracked nor, somewhat surprisingly, with whether or not companies made use of specialist IT systems to help with these activities.



**Fig 3. Approximately how many people do you track?**

**What data do you track?**

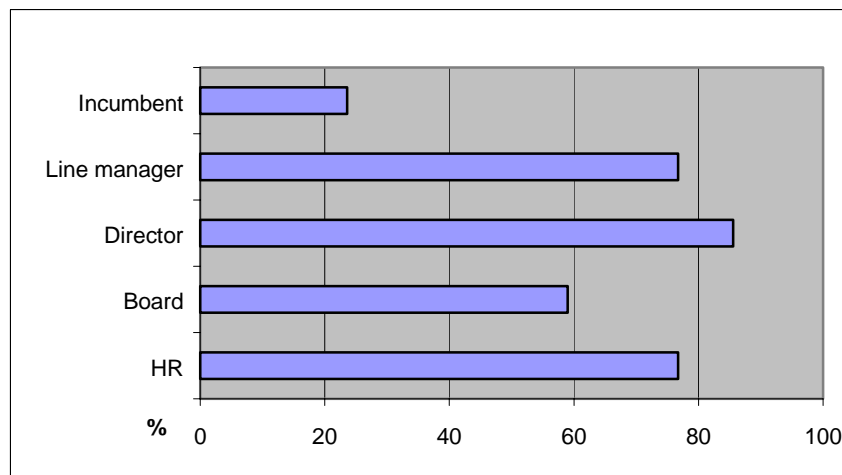
Over 50% of the companies surveyed track all five of the areas identified in the survey. Once again there was no evident correlation between company size or numbers of employees tracked, however companies collecting data in all five areas were much more likely to have specialised IT systems to support them.



**Fig 4. What data do you track?**

**Who is involved in nominating high potential candidates?**

Incumbents were involved in the nomination process in just over 20% of cases. We expect to see this figure rise, as a number of respondents indicated that they plan to involve incumbents in the nomination process in the future.

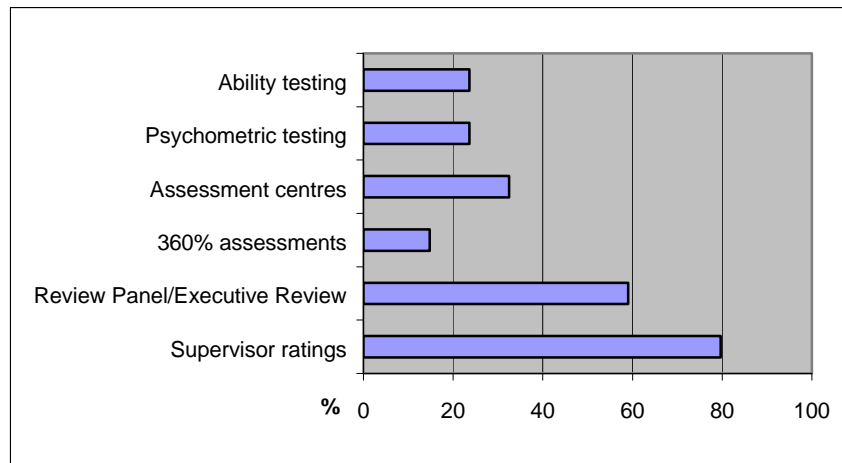


**Fig 5. Who is involved in nominating high potential candidates?**

**How are high potential candidates assessed?**

The most important method for assessing high potential candidates (scoring 4 or 5 on a scale of 1 to 5) was supervisor rating. 360% assessments ranked bottom, only being identified as an important tool by around 15% of respondents.

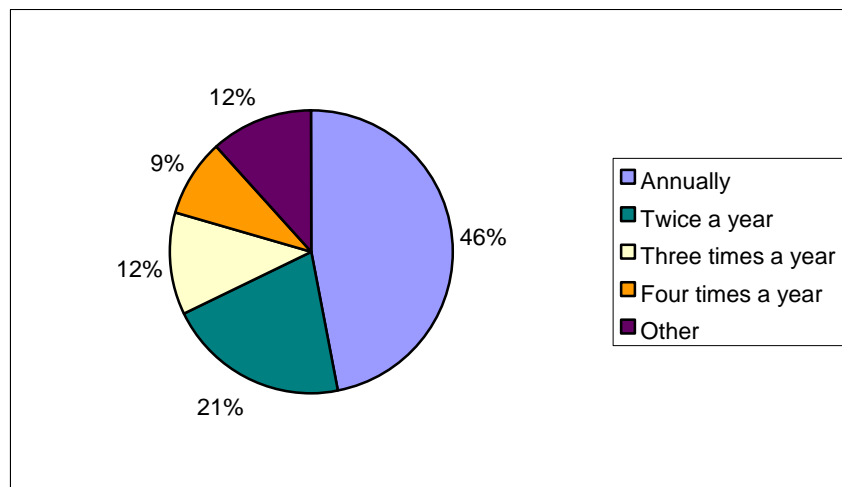
Ability testing, psychometric testing, assessment centres and 360% assessments were not ranked in approximately 30% of the returned surveys, perhaps indicating that these assessment methods are not used.



**Fig 6. How are high potential candidates assessed?**

**How often do you review your high potential list?**

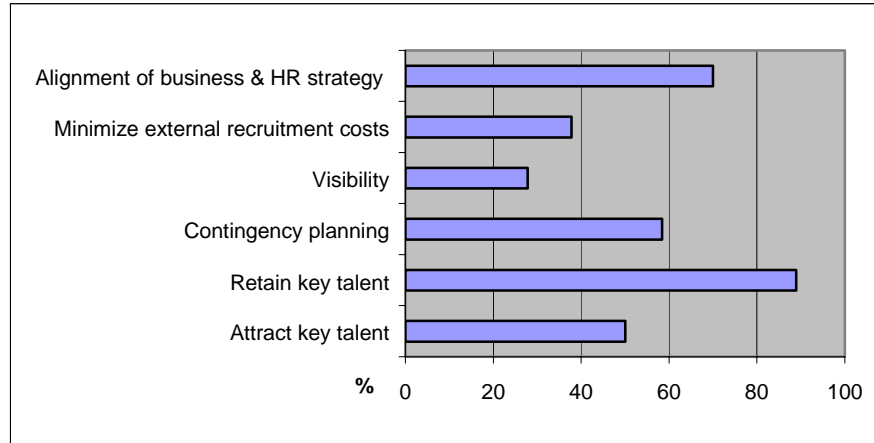
High potential lists were most commonly reviewed once a year, with one company indicating that lists were reviewed on a continuous basis.



**Fig 7. How often do you review your high potential list?**

**What are the key drivers for succession planning in your organisation?**

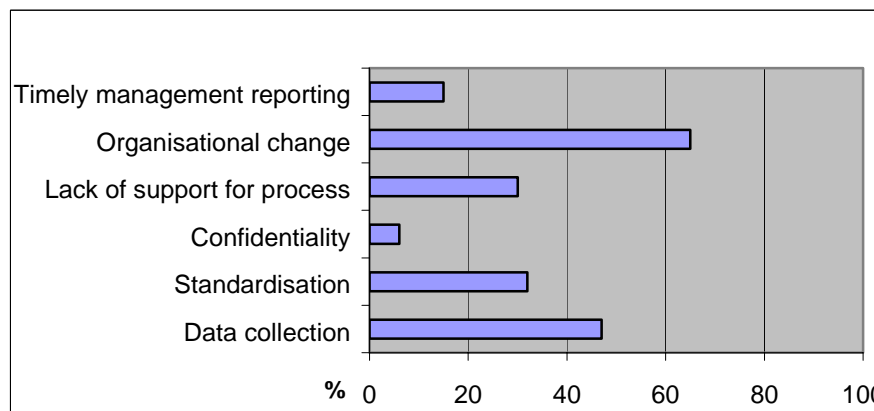
The key drivers for succession planning (scoring 4 or 5) were reported as retention and, some way behind, the need to align business and HR strategies. Contingency planning and attracting staff was rated 4 or 5 by just over 50% of respondents.



**Fig 8. What are the key drivers for succession planning in your organisation?**

**What are the main challenges to effective succession planning process in your organisation?**

Organisation change was indicated to be the main challenge with just over 65% of respondents ranking it at 4 or 5. Standardisation and data collection (47% and 32% respectively) was later cited by a number of respondents as issues that they would be addressing in the next 12 months, often with the backing of an IT system. Concerns about confidentiality ranked lowest at 6%.



**Fig 9. What are the main challenges to effective succession planning process in your organisation?**

## Survey background

The survey was conducted during August and September 2000. We contacted 279 organisations, the majority in the private sector, by telephone to establish whether or not they had formal succession planning policies in place. Those who had, or were planning to introduce one in the near future, were sent a short paper-based survey. 36 companies responded with completed questionnaires, 32 of whom had formal succession planning and leadership development processes in place and 4 who were planning to introduce them.

Respondents represented a broad range of industry sectors and sizes in the private sector.

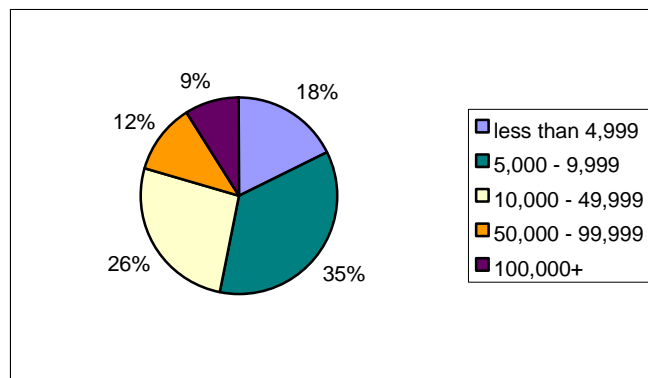


Fig 10. Number of UK employees in companies responding to survey

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