**What is succession planning?**

Succession planning is a process through which an organization ensures that employees are recruited and developed to fill each key role within the company. In this process, you ensure that you will never have a key role open for which another employee is not prepared.

In other words, succession planning makes sure someone can take a role when the position opens up due to promotion or unexpected events. This a crucial strategy that is important to all employees, but especially with leadership and top management positions.

Here’s how other companies have benefitted from succession planning:

**IBM**

A few years back the tech pioneer, IBM, had an excellent example of internal succession planning done right. At the time, IBM announced that the current SVP, Virginia Rometty, would be taking over as [the company’s first female CEO](https://www.washingtonpost.com/blogs/post-leadership/post/ibm-sets-an-example-with-ginni-rometty--and-not-just-by-selecting-her-as-its-first-female-ceo/2011/04/01/gIQArCqwIM_blog.html?utm_term=.2d847f866ff6) when Samuel J. Palmisano retires. This replacement wasn’t due to an embarrassing mistake or shaky numbers, but rather it was a smooth transition when Palmisano and the company were performing at the top of their game.

Rometty began at IBM back in 1981 and has stayed with IBM since. She has grown and climbed the ranks to SVP and Group Executive for Sales, Marketing and Strategy before getting offered the role of CEO. Through proper planning, Rometty worked her way from an entry-level job at the company and proved herself to the board.

Although Rometty herself was key in this promotion, IBM did an excellent job making sure the growth structure pathway was put in place. They did this by:

* Establishing great professional development pathways
* Creating a thriving and positive company culture
* Allowing candidates to compete at the same level

The announcement took place in October, and the transition had most likely started before the news was made public. This is the right way to hand off a position and prepare for an exit over time. Instead of rushing the transition in a two week period, the team built a plan that fit the position.  
For a CEO position, a transition might take longer because of increased responsibilities. Giving time for the proper transition allows the board and company to know if this is the right fit and gives the successor time to feel confident in their new position, ask questions, learn new skills, and manage the workload.

The company could have chosen a leader based on qualities of their current leader–a common practice in succession planning. However, IBM chose their new leader based on merits and looked internally at candidates as well. This demonstrates an understanding of transparency that supports and adds to the robust company culture they have in place.

**Apple**

Before he stepped down as CEO of Apple, Steve Jobs [prepared his succession plan](https://joshbersin.com/2011/08/the-real-succession-plan-for-steve-jobs-apple-thinks-different-with-apple-university/) in the form of Apple University. Founded in 2008, Apple University has a leadership curriculum with content and materials based off of Job’s experiences. Its purpose is to “teach Apple employees how to think like Steve Jobs and make decisions that he would make.”

This digital curriculum is a great example of how technology can be used to prepare a company’s leadership succession.

Besides Apple University, Steve Jobs was also working hard to prepare Tim Cook for the position of CEO. Cook took on a variety of different operational roles including manufacturing, distribution, sales, and supply chain management before working directly with Jobs to gain experience in the CEO role.

In his [resignation letter](https://www.businesswire.com/news/home/20110824006503/en/Letter-Steve-Jobs), Steve Jobs wrote, “As far as my successor goes, I strongly recommend that we execute our succession plan and name Tim Cook as CEO of Apple.”

In a recent interview, [Tim Cook shared his view on succession planning](https://www.buzzfeed.com/nicolenguyen/apple-retail-chief-fastest-way-to-pre-order-iphone-x-is?utm_term=.yd8ABL7zK#.rj5lNA9zy) saying, “I see my role as CEO to prepare as many people as I can to be CEO, and that’s what I’m doing. And then the board makes a decision at that point in time.”

Apple has seen the importance of having a proper succession plan in place to ensure that there are no problems when it comes to leadership in the company.

**Barneys New York**

In February 2017, the luxury retailer named [Daniella Vitale the new CEO](https://www.businessoffashion.com/articles/news-analysis/daniella-vitale-named-ceo-of-barneys-new-york). She had previously held the title of COO. Her predecessor Mark Lee announced, “It’s time to turn the day-to-day management over to Daniella, who has long been my planned successor and is uniquely qualified to take the leadership reins.”

Vitale had worked under Lee before Barneys at Gucci. She had over eleven years of experience with Gucci before she crossed over and joined Barneys as a Chief Merchant. Mark Lee had a key role in developing Vitale’s growth pathway and ensuring each step progressed toward her eventual role as CEO.

This approach to succession planning proved advantageous when Lee passed the reins. By the time Vitale was offered the position, she already had plenty of experience as a leader within the company, had worked in several different departments, and was the COO overseeing all departments. The plan took place over the course of five years. Barneys and Lee took time to ensure employees prepare, adjust, and learn the skills necessary for the role.

**How finding the right Software can help**

Companies who choose leaders from inside the company report a [70-80 percent success rate](http://www.ddiworld.com/DDI/media/trend-research/global-leadership-forecast-2014-2015_tr_ddi.pdf?ext=.pdf), and the latest HR software can make tracking and training new leaders easier than ever. These tools give companies the power to develop a well-fitting growth and leadership plan for each individual employee.

As employees progress, update their digital profiles and adjust career pathways to fit both employee and company needs. Management and company decision-makers should have access to employee growth information to simplify the entire process.

**Conclusion**

These are just a few examples of how to do succession planning well. These companies were thoughtful, strategic, and set their plans with intention. They gathered candidates with the right amount of experience, built their resumes, and invested in the employees. These plans also required willing and helpful leaders who stepped back to mentor and prepare to exit.

Leaders at any company can apply these lessons to their business. Succession planning can help maintain growth and stability as well as encourage retention and promotion from within.

Does your company have a succession plan in place? Have employees been placed on pathways?

# 5 Case Studies In Successful Succession Planning

**Case study: the PLC**

The investors and board of a PLC assume a high level of foresight by its executive team.

“We need to have succession plans that are for the next 12 or 24 months or an even longer time frame than that,” says Sarah Totham, Director of Talent and Organisational Development, Legal & General.

The FTSE 100 financial services company is organised into seven divisions, such as investment management, insurance and mature savings. Each one is headed by a divisional CEO reporting into the group CEO Nigel Wilson.

One of the key challenges in such organisations is moving talent between divisions. But, of course, it is also an opportunity.

“We have moved people around a lot. The internal appointments of divisional CEOs have all moved from one part of the business to head up a different business,” says Totham.

PROMOTED

“Next level down, we work with the divisional CEOs on the development plans for their teams so encouraging moves across the group because these CEOs tend to work within their verticals.”

**Case study: the global consulting partnership**

At McKinsey & Company, over 600 senior partners elect its global managing partner every three years. Incumbents resubmit themselves for re-election at the end of three years.

“You’ve got to make sure there is a group of candidates from which to select every three years. That is done by giving partners leadership opportunities where they can be tested,” says McKinsey's [Dominic Barton](https://www.mckinsey.com/our-people/dominic-barton), Managing Partner Emeritus.

Barton, himself, was first elected global managing partner in 2009 and went on to be re-elected two more times.

He was running the Korean office of McKinsey when his name first appeared on the list of candidates in 2003. Ian Davis, the then successful candidate, arranged for Barton to take on the role of chairing Asia from 2004, standing him in prime position five years later.

“The successful global managing partner uses the ballot to identify potential future candidates and gives them leadership opportunities.”

Planning by the global managing director for this succession is crucial.

“If a bunch of people leave after the vote, it is not a good sign,” concludes Barton.

**Case study: the specialist resourcing company**

[Huntswood](https://www.huntswood.com/services) supplies its client, the financial services sector, with freelance contractors to handle a series of customer-focused services such as complaints handling.

“Vetting of such contractors is absolutely key because of the nature of our clients’ business. So all of our contractors are known to us,” says Sara Robinson, Huntswood’s Chief of Staff.

“We’ve even seen contractors develop. We have one contractor with us today who started at 16 and is now, at 26, a manager.”

It is not just Huntswood that gets to know the contractors.

“Some of the contractors have worked with a client for so long it becomes a risk if they move on,” adds Robinson.

Succession planning for Huntswood is of necessity focused not just on its 226 employees but also its 4,000 contractors.

It works with its financial services clients often suggesting that it move the contractor on to its at-risk register.

“We encourage the client to take on a full-time employer and the contractor to develop other skills.”

**Case study: non-executives on PLC boards**

“If a CFO wants to succeed a CEO, you would look at all sorts of opportunities to develop that person,” says Milena Djurdjevic.

“But you cannot do that for non-executives because there’s not much potential for personal development on a board.”

A couple of exceptions come to mind, says the founder of [Calibro](http://www.calibroconsult.com/) which advises chairs, senior independent directors and nomination committees on board succession planning and composition.

“You would not take someone on to be a chair of a board without having been a chair themselves. But they could have chaired the remuneration or audit committees.”

The strength of a board and the importance of changing the composition becomes even more important as businesses face rapid changes in markets.

Djurdjevic works with her clients to hire people with broadly-based skills so that even if a business’ strategy changes, its non-executives should have the skills to deal with it.

“Non-executives that cannot contribute to strategy after change have limited value.”

**Case study: the scaleup**

Most startups don't really think about succession planning.

“The assumption is that the founder/CEO will not be leaving until the company goes bust or gets acquired,” says [Eamonn Carey](http://www.techstars.com/mentors/eamonn-carey/), MD of Techstars London, the accelerator. “But that’s not always the case.”

Take the example of Denver-based [SendGrid](https://sendgrid.com/), founded in 2009 and a Techstars alumni, to deliver, track and scale email messages. Customers include Uber, Spotify and Airbnb.

Isaac Saldana, its cofounder and founding CEO, stepped aside in 2011 to focus on driving product innovation as the then-startup numbered 20 employees and several thousand customers.

In Saldana's place came CEO Jim Franklin, formerly of Oracle, “to focus on managing growth and scaling the business,” as [he wrote in a blog post](https://sendgrid.com/blog/jim-franklin-formerly-of-oracle-joins-sendgrid-as-ceo/) at the time.

Three years later, the then scaleup boasted 250 employees and 175,000 customers. It was Franklin’s turn [to hand on the CEO’s role to Sameer Dholakia](https://www.prnewswire.com/news-releases/sendgrid-appoints-sameer-dholakia-as-new-ceo-277609291.html), a Group VP and GM at Citrix, who subsequently took the company public in 2017 and announced[an agreement for SendGrid to be acquired by Twilio](https://www.businesswire.com/news/home/20181015005920/en/Twilio-Acquire-Sendgrid-Leading-Email-API-Platform) in 2018.