Part 1

Competency isn’t a Four-Letter Word

1. ESTABLISHING COMPETENCIES
2. DISCOVERING TOP TALENT
3. DEVELOPING A LEADERSHIP PIPELINE

The Simple Guide to Succession Planning for Growing Businesses
Succession planning – the process of identifying, selecting, and grooming talent for leadership – is critical to achieving your company’s long-term goals. It also ensures that when vacancies strike, you’ll have a diverse talent pool of ready-made successors to choose from. It also protects budgets by eliminating the costly gamble of lengthy candidate searches.
Knowing succession planning is important and actually planning for it are two different animals.
Having a succession plan may seem like a pipe dream, but achieving it is actually simpler than it sounds. So what can smart companies do to get started?

Start with competencies

Competencies are integral to succession planning because they blend learning opportunities and performance management initiatives. Providing competency-based career development opportunities demonstrates a commitment to employees in the short term, and in the long run, ensures organizational survival amid rising Boomer retirement rates.
Why integrate competencies into your succession planning?
Establishing, observing, measuring, and developing competencies helps your company go beyond the mere act of replacing staff members. Replacing employees is expensive; the cost of a bad hire can reach 30% of their salary, in addition to the team’s reduced productivity. Relying on competencies to find and train the right people leads to higher quality talent pools and a stronger probability of finding a rock star.
Recruiting often means finding a needle in a haystack, but by establishing competencies and using them to guide your searches, you can create a higher-quality talent pool. Further, integrating competencies with performance management and learning initiatives creates a ready-made talent pool of employees who are prepared for more senior roles.
It’s easier to build existing human capital than it is to search for new people at every sign of a vacancy. Your existing people already know your company well. Internal hires reduce the overall cost of hiring and promoting by engaging the employees who already know the company and are good culture fits. Just be sure to highlight these opportunities – in exit interviews, 25% of employees said they didn’t know their company had internal hiring programs.²
Not everybody self-identifies as a leader. But by building and tracking competencies, you can find and promote “hidden candidates” – employees whose stellar performance would go largely unnoticed without an easy, consistent way to bring them to the forefront.
Competencies tied to succession planning leads to employees who have a clear, well-defined development path to follow and will know where to access the learning resources that can help them find success. In one survey, 70% of employees said the availability of such training modules influences their decision to stay with a company, so transparency also ties into retention levels.
Businesses that have clearly defined competencies not only fare better at succession planning, but are more integrated and transparent when it comes to their purpose and goals – a key factor in attracting and retaining top talent. Just 39 percent of Millennials said companies discuss their charitable work during interviews,⁴ so there is definitely room to improve.
Getting Started: Four Steps to Identifying Competencies

Conduct a position analysis. Consider asking employees to fill out a questionnaire detailing their top responsibilities and what skills and behaviors those require. This can also be achieved through behavioral interviews or group discussions.

Create a competency-based job description. Use the questionnaire results to create an accurate requisition.

Decide what constitutes high performance and average performance for each competency. If possible, use real-life examples to see what each level of performance looks like. For example, how do high performers fulfill their responsibilities? And what are good metrics for success?

Integrate each competency into your performance management system. Leverage a performance management system, preferably a unified one, to integrate competencies into every phase of the employee lifecycle. Having one single tool is critical for more effectively tracking development opportunities, employee reviews, and identifying leaders.
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2  https://www.jibe.com/blog/retention-internal-hiring-and-your-talent-acquisition-strategy/