

Date: November 13, 20\_\_

From:

Subject: Succession Planning Update to Committee/Board

This memo reviews updates to the management succession risk plan for \_\_\_\_\_. The plan was initially created in 20\_\_ and has been annually or periodically updated to reflect changes in staff and staff experience/development.

Succession management for \_\_\_\_\_ involves a) *immediate replacements* and other actions to be taken in emergency situations (sudden illness, termination) for key and significant employees and b) *longer term succession* (talent management) assessments for key employees.

The primary objective in *immediate replacement* plans is to assure continuity in Company operations. For *longer term succession* planning and management – key experience/skills for each executive level position have been identified, as well as attributes/qualities that would be significant for potential future incumbents. Internal candidates for each position have been initially identified\* and assessed in light of these skill/experience and attributes/qualities.

In July 20\_\_ this Committee provided additional guidance to staff in the following areas: 1) consider defining risk factors more broadly for positions; and 2) extend the “risk” analysis provided for functional staff positions to executive level positions. As a result, the plan was updated to reflect an evaluation of each position (executive and functional staff) using these risk factors:

- **Readiness risks** – based on a consideration of one or more of the following:
  - Replacement risk** – no appropriate replacement candidates are internally available or internal candidate development plans are not in place
  - Position risk** – restructure plans are not in place for any position in which a successor cannot replace all attributes of the current incumbent
  - Market risk** – the degree to which this position is in unusually high demand in the market
- **Transaction risk** – potential disruption to critical projects/functions of an immediate departure
- **Vacancy risk** – probability, if credibly known, that the position will become vacant based on observation, planned retirement, or other assessments

These risks were evaluated on a scale (High-Medium-Low) and potential impacts evaluated based on a review of the above factors for each position – either separately or combined.

### **Changes**

Based on recent changes in staffing or development, the following key changes were incorporated into the 20\_\_ succession plan update:

#### ***Critical Succession Plan Changes***

##### \_\_\_\_\_ **President & CEO**

**Talent Management Opportunities:** Changes have been made in \_\_\_\_\_ assessment of Demonstrated Behaviors which now includes Staff Management/ Mentoring and Initiative. Recent promotions and development of staff and Initiative in [relevant functional performance areas] provides evidence of these changed assessments.

**Overall Risk Assessment for this incumbent:** Efforts to address \_\_\_\_\_ will be mitigated with [staff person] as a result of \_\_\_\_\_.

##### \_\_\_\_\_ **Vice President**

**Efforts to address Readiness Risk:** Again, possibility of discontinuity with regard to temporary replacement of this position by \_\_\_\_\_ will be mitigated as a result of \_\_\_\_\_.

##### \_\_\_\_\_ **Manager**

**Overall Risk Assessment for this incumbent:**

**Readiness Risk:** \_\_\_\_\_ is now Vice President and is now a primary succession candidate for this position.

**Transaction Risk:** Still Low, but some aspects of this risk do exist in the following key transaction areas: \_\_\_\_\_

#### ***Key Functional Position Changes***

##### \_\_\_\_\_ **Manager**

Overall Risk level: Still Low, but most serious talent loss would now be in \_\_\_\_\_ department, not \_\_\_\_\_ department.

\_\_\_\_\_ **Clerk**

Overall Risk level: Dropped from High to Medium in light of continued development and new areas of responsibility in \_\_\_\_\_.

\*It should be noted that \_\_\_\_\_ seeks to utilize, whenever possible and reasonable, an open job posting process to provide fair opportunity for advancement and to manage legal risks associated with employment practices (in this case, hiring and promotion). Consistent with that practice, the identification of internal candidates for management development is not a “pre-selection” of any such candidate for any specific position. Succession management is simply a reasonable and practical attempt by \_\_\_\_\_ to assure itself of a consistently high level of organization performance and to encourage and assist interested and qualified employees in their preparation for additional responsibility within the \_\_\_\_\_ organization.