

Create An Immortal Succession Plan By Integrating Leadership Development Into Your Strategy

Introduction

As a financial advisory consultant, one of the most frequently asked questions is, “When should I start my succession plan?” I have always preached to my clients to begin with the end in mind in every aspect of business planning; not exclusively succession planning, but I believe it is the most important.

Many firms either do not have a formal succession plan in place or have one that is outdated and missing many fundamental components.

Ironstone’s goals for this study include:

- Identify the importance of a succession plan
- Assist advisors in finding fundamental components missing in a succession plan
- Identify and explain why leadership development is important in succession planning
- Train advisors how to integrate a leadership development program into succession planning

Effective succession planning should incorporate a global employee leadership development structure. Each team member should have an individual leadership development plan combined with check points to ensure accountability and progress.

While our study is comprehensive, our advice is to consult with a coaching/consulting firm in order to achieve optimal results.

The Importance of a Succession Plan

Your succession plan is not just a blueprint for retirement, selling your business or a catastrophic continuity plan focused on legal issues and the best price. This is a plan for long term sustainability of the firm; a vital strategic process that nurtures and develops rising leaders in order to increase transferability and continue the legacy of the practice.

Purposeful planning is essential to the entire succession process and helps build strategies that benefit a business owner individually and the overall advisory firm. Make sure you involve the right people, invest in the right tools and make the right decisions in order to achieve results.



What Is Succession Planning?

- Develop talent to move forward
- Identify long-term goals
- Improve readiness
- Develop large talent pools to fill vacancies
- Build a team to fit the practice

In order to secure business vitality covering multiple leadership positions within your firm, succession planning needs to be incorporated into your overall business plan including a leadership development plan.

The components in a succession plan are integrated; functioning together to lay the foundation for team development.

Critical to the strategy of an effective succession plan includes:

- A consistent process
- Team development programs
- Unified with other human capital processes

High unemployment rates have made it easy for firms to discount the value of employee retention. However, an improving economy will create favorable options for employees to seek other opportunities. Utilize leadership succession planning as an employee retention tool by integrating it with personalized training for each candidate.

Most firms are looking to evolve leaders from within their organization. Doing so ensures continuity for the future leadership direction of their firm and embraces employee retention.

Identify Fundamental Components Missing From Your Succession Plan

Don't join the 50% of advisors that don't have a written succession plan.*

The financial elements of a succession plan are significant but not all encompassing. The non-financial aspects influence the success or failure of the plan; while they are often overlooked, they can be the most harmful if neglected.

A successful succession plan embodies a talent development mindset and establishes a performance culture throughout your firm.

One of the biggest gaps we find in a comprehensive succession plan is the lack of integrating leadership development. This extends to poor execution and sporadic leadership development meetings, rather than orchestrating a long-term development process. Firms can't wait for crisis mode to develop leaders. This process must start during the initial hiring and on-boarding phase. Team members need to be involved in the succession planning from the start.

* 2012 IN Adviser Solutions Succession Planning Study

Visibility of a firm's succession plan is also a lacking fundamental. By making your plan visible to team members you create:



The value of extraordinary human capital and robust processes allows evolution to occur evenly and without damage. Develop the next generation of advisors and team members that best fit the practice in order to increase transferability and continue your legacy.

The more indispensable your firm, the higher the value your business will be when you leave.

Close the gap in your succession planning process by linking future needs and goals of your firm with your existing talent pool.

Why Leadership Development Programs Are Vital To Your Succession Plan

Most firms agree on the importance of succession planning to fill leadership and other key positions. Fewer than half (45%) have a formal planning process, addressing leadership development, in place as delivered in a study performed by [ASTD](#) and [i4cp](#). The study suggests informal plans are not as effective as formal plans.

Current leadership is responsible for providing opportunities to employees that will empower them, stretch their abilities and help them develop new skills. At the same time, this provides a strategic evaluation system to measure leadership readiness and progress.

Discovering the Team

Every leader should invest time in discovering the unique attributes each team member owns. Evaluations should be conducted periodically starting with the hiring and on-boarding process and at scheduled intervals throughout the year. This process is vital to goal setting, leadership development and ultimately your succession plan.

Identify what is important to team members and where they want to be in the future. By doing so, you provide growth opportunity to your team, reinforce team retention and have the ability to link team member's goals, skills and leadership readiness to your succession plan.

Leadership development should not be an isolated affair; rather it should be integrated as a logical component in your overall business plan. Employees need to be provided continual development through work experiences.

Why integrating leadership development and succession planning is important:

- Rapid and chaotic change
- Increased convoluted challenges
- Greater leadership authority necessary at lower levels
- Recruitment and retention of the best talent

Succession plans cannot be fully addressed at the CEO level alone; they need to delve into every position within your firm. Firms can revise and improve their existing succession plan by examining the entire organizational flow chart; not just the top managerial positions.

Compensate stand-alone learning development programs by integrating them with overall firm goals and succession planning to create powerful and solid career development within your firm. Firms with a concrete succession plan build leadership capital rather than executing random leadership assignments.

Integrating Leadership Development & Succession Planning

Steps To Integrate Leadership Development and Succession Planning

1. Define Leadership

Leadership definitions can and will vary from firm to firm. It is critically important to identify your unique definition of leadership. Lay the foundation for integration of leadership development and succession planning by defining your vision, current and future goals, what you value and what leadership means to you.



Firms should then produce a framework that summarizes the leadership attributes to be used in selection, training and development.

2. Identify Benchmarks

Construct your leadership development plan to include broad leadership ability and a deep pipeline of leaders. Establish a process to encompass individual leadership development actions that link experiences with calculated results.

Begin this stage by identifying qualified leadership benchmarks. Primary benchmarks to include:



Each of these benchmarks, along with any additional checkpoints you add, should be evaluated at a beginning level and measured as they are built during leadership development. Clearly articulate expectations and rewards. Your development initiative should link leadership levels, succession planning and incorporate methods to gauge employee readiness.

3. Develop a Mentorship Plan

Incorporate a mentorship plan connecting management with high potential employees. Management should understand true mentorship is an ongoing process to encourage learning and challenge. Firms who establish a mentoring network will likely report:

- More positive outcomes in leadership development
- Accelerated job performance
- Employee loyalty
- Increased employee job satisfaction

4. Designate Action-Oriented Activities

Best practices to integrate leadership development and succession planning include the assignment of specific action-oriented activities to aide in the leadership development. Activities assigned should align with your firm's goals and expand team member's knowledge and skills while exposing them to a variety of experiences throughout your firm. Schedule regular activities such as:

- Projects encompassing multiple assignments throughout your firm
- Online and internal courses
- Workshops

Track and measure the performance of each activity to identify the progress and correlate it with your succession plan.

5. Increase Visibility

Action-oriented activities provide another fundamental component in leadership development by enabling team members to present results, findings and recommendations to senior management. If your firm has an advisory board or network of strategic alliances, use these groups as an opportunity to expose high potential employees to in-depth analysis.

6. Maximize Opportunities For Success

As a leader, you are responsible for providing opportunities to your team. Team members should know they must attain and exercise leadership responsibilities, not simply be given a leadership title.

Provide opportunities for success and reward employees with:

- Material rewards
- Emotional rewards
- Career fulfillment
- Empowerment
- Measurements of success

Equip team members with ample feedback regarding their personal leadership development as well as how it impacts the future development and goals of your firm.

7. Reinforce a Leadership Development Culture

Regardless of the methods your firm chooses to utilize, creating a leadership development culture requires full support of the program from the CEO and other managerial positions in your firm.

Leadership is innately about people; which helps us to understand why the most experienced technical expert may not make the best leader in a given environment. Leaders display behavior that is compensated materially and emotionally.

If your leadership program is not linked to an accountability system in which employees and managers are rewarded for modeling the values of the firm and acting ethically, the program is destined for failure.

Reinforcing your firm's culture to one of accountability is critical. CEO's and firm management create a leadership development culture by:



Incorporating leadership development and succession planning responsibilities into managerial job expectations and performance appraisal principles are forceful means of safeguarding succession planning as a top priority among managers.

In Conclusion

An [i4pc](#) study, “Succession Planning Highlight Report”, finds that succession planning will be among the top challenges executives face in the future. Other top challenges include:

- Transparency
- Retention
- Development of high potentials
- Challenges of internal versus external successors
- Management and execution of a leadership development program integrated to succession planning

Leadership should not be reactionary. We need to invest time into teaching leaders how to be true leaders by asking the right questions and modeling leadership behaviors.

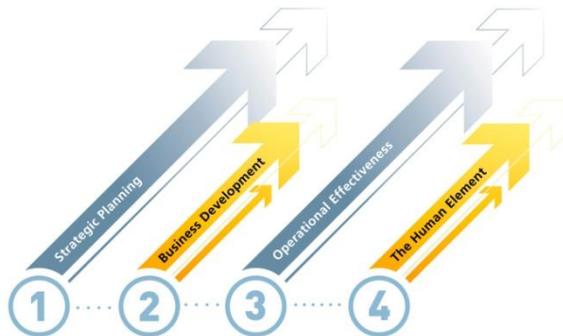
“Good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them.”

-Paul Hawken-

(1946-) environmentalist, entrepreneur and author

About Ironstone

Ironstone is a learning and development consultancy with business acumen that translates across many industries. Our focus is on practice management strategies in order to enhance and improve both business and personal life. We support professionals who want major and comprehensive improvements that look at all aspects not just an isolated area for change. Ironstone has identified 4 key performance areas known as the **Fundamental 4™**, which are required to design, develop and sustain a successful business.



Ironstone partners with financial industry professionals including leadership and sales management, internal and external wholesalers and top advisors, along with their teams, who are looking for solutions to take their practice to the next level. Mutual Fund firms, looking for a gateway to investment professionals, actively recruit Ironstone to provide value-added programs and participate at events such as national, divisional and regional conferences, breakout and lunch-n-learn sessions, webinars and client appreciation events. Ironstone has also been featured in multiple national publications and audio broadcasts as a specialist in the field.

Contact Ironstone: info@ironstonhq.com

This material was written by Ironstone Communications, Inc. It has been prepared and is distributed solely for information purposes. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy.

Copyright © Ironstone 2013. All rights reserved.