



succession risk management

basic principles

What is succession risk?

The risk that a vacancy in a critical role cannot be filled satisfactorily within an acceptable timeframe.

What is succession risk management?

Strategic implementation of activities and processes designed to decrease the likelihood of lengthy vacancies in critical roles, and limiting the impact of vacancies in critical roles when they do occur.

What does succession risk management involve?

Regular and structured discussions among the leaders of an organisation, division or work unit about:

- **work:** the significant work that needs to be undertaken to achieve the organisation's primary outcomes;
- **critical roles:** types of role that are critical to this work and the nature of these roles;
- **staff potential:** current staff who have the potential to undertake types of critical role. Potential is considered in terms of capability (including the ability to learn and grow), aspiration, engagement, experience and achievement;
- **external labour market:** the potential for the external labour market to provide candidates for types of critical role;

- **potential misalignments:** the extent to which the need to fill critical roles and the capacity of the workforce to undertake these roles may not be aligned. Alignment is considered in terms of capabilities required for a role, timing/readiness, expectations and need for transition support;
- **greatest risks:** the potential misalignments that are most likely and may have the greatest impacts; and
- **risk mitigation strategies:** what can be done with available resources to reduce the likelihood or potential impact of long-term vacancies in critical roles.

For maximum effect, succession risk management discussions should draw on hard evidence and be conducted in a way that tests assumptions through challenge and debate. They should focus on the foreseeable future and be conducted at least twice a year.

What can be done to manage succession risk?

Management of succession risk occurs through everyday management activities including business planning, role design, departure practices, organisational alumni, staff development, knowledge of the external labour market, attraction activities, recruitment activities, role 'on-boarding', performance management, and organisational climate.

Effective succession risk management does not force anyone to vacate a role; guarantee anyone a role; or exclude anyone from applying for a role.

The key steps of succession risk management





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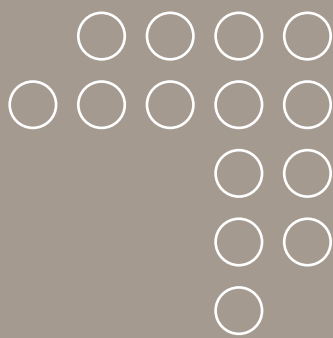
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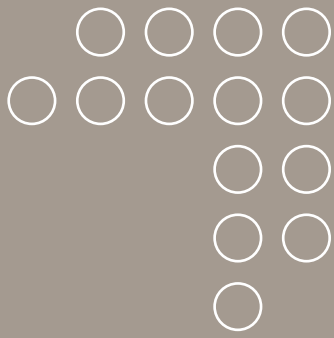
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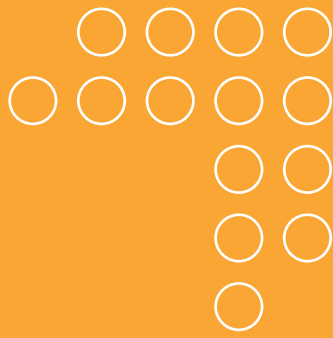
glossary

Key terms used in the SSA succession risk management toolkit:

Term	Definition
Alumni	Past employees of the organisation, or a specific role or type of role (a 'role alumni').
Applicant	Someone who has applied for a role but who has not yet been assessed against role criteria (see also 'candidate').
Appointee	Someone who has recently commenced in a role.
Aspiration	An individual's career and personal goals.
Candidate	Someone who has formally expressed an interest in a role as part of a recruitment process and, after assessment against selection criteria, is considered a realistic contender for the role.
Capability	An individual's current skills and knowledge, and the capacity to develop skills and knowledge in the future.
Critical role	A role that is currently crucial to the achievement of organisational outcomes. A vacancy in a critical role would have a significant tangible impact on the ability of the organisation to deliver outputs, achieve milestones, or meet budget requirements.
Engagement	An individual's commitment to particular work, a role or the organisation.
External talent pool	Incorporates all the people, not currently employed by the organisation, who may be willing and able to apply for a critical role at some stage in the foreseeable future. This may include people who have never worked for the organisation as well as those who once did (the 'alumni').
High potential program	See talent acceleration program.
Incumbent	A person currently in a role and has been for a period of time.
Internal talent pool	Incorporates all the people currently employed by the organisation, who may be willing and able to apply for a critical role at some stage in the foreseeable future.
Likelihood of hard-to-fill	An assessment of which critical roles may be harder to fill, once vacated, than other critical roles.
Likelihood of vacancy	An assessment of which critical roles may become vacant before other critical roles.



Term	Definition
Performance expectations	Encompass the quality of performance, the speed with which this level of performance is expected to be achieved and how long an incumbent can be reasonably expected to stay in a critical role. Performance expectations also encompass the expectations an employee has of the role and the organisation.
Potential candidate	Someone who is likely to apply for a role and is likely to be shortlisted for it.
Potential successor	Some who has a reasonable chance of applying for, and succeeding in a specific role or type of role.
Readiness risk	The chance that a critical role will become vacant, no external candidate can be found, and none of the potential internal successors are yet ready, willing or able to move into the role, or perform at level required. As a consequence, the role remains vacant longer than is acceptable.
Succession risk	The chance that a critical role will become vacant and cannot be filled satisfactorily before the vacancy has unacceptable impact on the organisation.
Succession risk management	Strategic implementation of activities and processes designed to decrease the likelihood of lengthy vacancies in critical roles, and limit the impact of vacancies in critical roles when they do occur.
Talent acceleration program	A process conducted by an organisation whereby current employees familiar with the organisation's culture, and who have a demonstrated record of achievement within it, are formally assessed for their potential to succeed in different types of critical role. Based upon these assessments, a tailored program of development experiences is brokered by the organisation.
Transition risk	The chance that a critical role will become vacant and a person is appointed to it, but they fail to perform in the role or leave shortly after their appointment. The failure to perform, or early departure, has a negative impact similar to (or possibly worse than) the impact of a lengthy vacancy in the role.
Vacancy impact	A description of what will happen when a critical role becomes vacant and, more importantly, the extent to which this impact will increase the longer the role remains vacant.
Vacancy risk	The chance that a critical role will become vacant and no candidates can be found, or will accept the role. As a consequence, the role remains vacant longer than is acceptable.



establishing the process

Succession risk management: planning for the inevitable

Succession risk management focuses on the possibility that a vacancy in a critical role will not be filled satisfactorily within an acceptable timeframe.

The aim of succession risk management is to mitigate the risk of vacancies in critical roles.

Staff currently performing critical roles will inevitably leave and, when they do, it is important to minimise the period of time when the role is vacant. New types of critical role will be created and it will be important to fill these quickly and with appropriately qualified staff.

The aim of succession risk management is to ensure that inevitable vacancies in critical roles have minimal negative impacts on the organisation and its work.

The traditional approach

The 'traditional' way of managing succession risk is to identify specific individuals for specific roles, often senior leadership roles, and actively 'groom' these individuals to step into the roles when they become vacant.

On the surface, this approach—often called 'replacement planning'—makes some sense. However, in practice, it can be exceptionally risky, especially in an environment characterised by frequent changes in role demands.

Replacement planning carries other significant risks. For example, there is a chance that there will be a perceived (or actual) breach of merit principles, and, possibly, Equal Employment Opportunity (EEO) obligations as well.

Our approach

The approach described here does not dismiss replacement planning but advocates an enhancement to this approach. Building a *pool* of people with potential to undertake a particular *type* of critical role is generally a more effective strategy.

Key process steps

Depending on the complexity of the organisation, its needs, its context and its tolerance for risk, effective succession risk management could be relatively simple or may require a reasonable investment of time and resources.

The approach advocated in this toolkit is scaleable and can be tailored to your organisation.

No matter the scale or scope, the key steps¹ involved in succession risk management are:

Understand context

Consider what work needs to be undertaken within your organisation, now and in the medium-term future, and the types of roles that are critical to this work. Consider the potential for current staff to undertake the critical roles as well as the potential for recruits for these critical roles to come from outside the organisation.

Identify possible risks

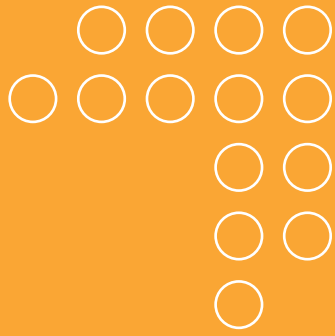
Consider what will happen when the need to fill critical roles and the capacity of the workforce to undertake these roles are not aligned.

Prioritise risks

Identify the risks that are of greatest concern to you; the scenarios that are most likely and least desirable.

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¹ The approach advocated in this guide broadly aligns with the Standards Australia/Standards New Zealand approach to risk management (third edition, 2004)



Target mitigation activities

Target succession management efforts and resources towards addressing the risks of greatest concern to you.

For greatest effect, the mitigation strategies need to address one or more of the root causes of the risk. That is, they need to address apparent misalignments by attempting to change aspects of either the role (and its context), and/or the people who may be available to take on the role.

Strategies should be developed to mitigate the most immediate risks and to reduce succession risk overall in the longer term.

Regularly review the risks and evaluate mitigation strategies

Repeat this process on a regular basis as a way of reassessing risks and evaluating whether mitigation strategies are effective and appropriate.

Key factors for success

The key enablers for effective succession risk management are:

Commitment from the right people

- Leaders have unique insight into the organisation's current work, capacity, environment and future. Therefore, work around succession risk management should be initiated and directed by the leaders of the organisation, division or work unit.
- Keepers of organisational HR metrics and external labour market information. They will have much of the information necessary to understand the potential of the current workforce and what might happen when the critical roles need filling.

Regular discussion, debate and review

- Discussion should take place on a regular basis – at least twice a year and every time there is significant change in the work of the organisation or its workforce.

Evidence

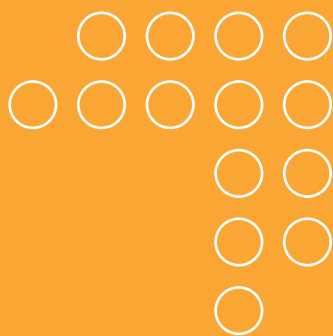
- Key pieces of information that will help the organisation predict the likelihood and impact of vacancies in critical roles, and to direct efforts to address the likelihood and mitigate the impacts.

Targeted action

- Everyday management activities strengthened or modified in light of particular succession risks.

The key steps of succession risk management





facilitating the discussions

Regular and focused discussion among senior leaders

The core task in the management of succession risk is conducting regular and structured discussions about succession planning. These discussions need to focus on answering the following questions.

1. The work

- What is the significant work that needs to be undertaken, now and in the foreseeable future?

2. Critical roles

- Which types of roles are critical to this work?
- What are the characteristics of these roles?
- Which roles may need to be filled in the foreseeable future?

3. Potential for particular types of critical roles to be filled from among existing staff

- What is the potential of our existing staff in terms of aspiration, capability, engagement, experience, achievement and time to readiness?

4. Potential for particular types of critical roles to be filled from the external labour market

- Are the skills required for success in particular types of roles common or rare?
- Is our organisation an attractive proposition for people with these skills?

5. What might happen filling a particular type of critical role: misalignments

- What is the extent of misalignments in terms of skills, timing, expectations and support?

6. Greatest risks

- What are the greatest risks? In each of the critical roles what is the likelihood of vacancy risk, readiness risk and transition risk?

7. Risk mitigation strategies

- What can be done to address the risks of greatest concern?

8. Success indicators

- How are we going to measure success of the mitigation strategies ?

9. Scheduling a full review of risks and mitigation effectiveness

- Can we agree to discuss this twice a year?
- Also every time there is a significant change to the organisation, its workforce or the external environment?
- Can we agree to have a succession risk conversation as a standing agenda item at regular management meetings?

Evidence-based debate

Because it focuses on what might happen in the future, succession risk management can not be exact.

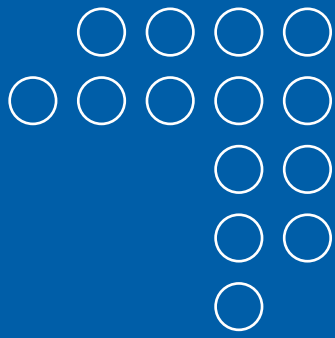
However, if at least, hard evidence is brought to these discussions, and if the conversations are structured so that assumptions are tested (through debate), then there is a greater chance that the risks will be identified correctly and that mitigation efforts can be targeted appropriately.

To help stimulate evidence-based debate, a meeting facilitator can:

- schedule sufficient time and number of meetings for discussion and exploration
- compile, summarise and share relevant data ahead of the discussions
- appoint a 'devil's advocate' to actively challenge interpretations, assessments and decisions
- accept only consensus interpretations, assessments and decisions as being valid.

Time horizon of two to three years

The time horizon for speculation should be no greater than two to three years. Beyond this, the number of variables and unknowns increase to the point that meaningful discussion or planning is unlikely.



identifying critical role types



Succession risk management focuses on 'critical roles'

'Critical roles' are the different types of role currently crucial to the achievement of organisational outcomes.

A vacancy in a critical role will have a significant tangible impact on the ability of the organisation to deliver outputs, achieve milestones, or meet budget requirements. In terms of succession risk, a lengthy vacancy, underperformance, or high turnover in a critical role are 'worst-case' scenarios.

As organisational focus and priorities shift, different types of role may become more or less critical to current outcomes. A type of role identified today as 'critical' may not be so critical in the future. Indeed, roles identified today as critical, may not exist at all in the future.

As you undertake work to identify then describe types of critical role in your organisation, you need to decide whether you are focusing on roles as they exist now and in the short term or roles that are yet to exist, but are likely to in the foreseeable future.

As such, focusing on critical accountabilities, rather than roles, may sometimes be a better approach. However, because 'roles' are more tangible than accountabilities, a focus on 'roles' is often more practical.

Identify types of critical role in your organisation

There are many different criteria you may wish to use to identify the critical roles in your organisation. You need to decide which you will adopt for the purpose of your succession risk management activities:

Hierarchical level

For example:

- Senior Executive Officer level
- senior managers in a particular division

Internal relationships

For example roles with the greatest:

- spans of control
- number of direct reports
- role in key operational processes

External relationships

For example roles with the greatest:

- Ministerial contact
- cross-departmental relationships
- media interface

Specific capabilities

For example:

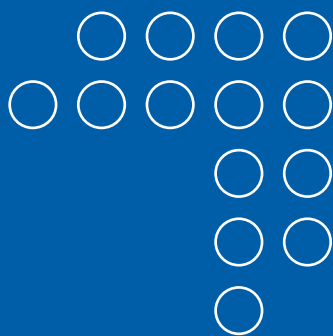
- leadership roles
- technical specialist roles

Specific accountabilities

For example:

- senior project managers
- lead officers on a major project.

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Profiling types of critical role

Once you have decided on the types of critical role that will be the focus of your succession risk management efforts, you should profile each type of critical role in the following ways:

- **Work and performance expectations**

- the principle accountabilities of the role and tasks performed
- key outputs/outcomes
- quality of performance
- speed with which performance needs to be reached following a new appointment

This helps to identify what is 'at stake' should a role of this type become vacant. This information helps determine the amount of effort that should be devoted to addressing the succession risks associated with it.

- **Challenges, support and attractions**

- inherent and environmental difficulties of this type of role (for example, isolation, work load, stress)
- support that is readily available to assist people in the role to achieve and maintain performance and stay in the role
- inherent and environmental attractors (for example, career prospects, visibility, status)

This information will help identify how easy or difficult it will be to attract someone to the role and for them to stay and perform in the role. This information will also contribute to your assessment of exposure to the three types of succession risk: vacancy, readiness and transition risk, and inform your mitigation strategies.

- **Capabilities required to succeed in the role**

- technical or specialist skills/knowledge/abilities
- generic skills/knowledge/abilities
- personal attributes (such as the ability to learn and grow, adaptiveness, reliance, interpersonal skills)

- **Experiences and achievements required for credibility in the role**

Experiences and achievements can encompass:

- playing an active role in different business events, such as setting up a division, organisational change, or crisis management
- different types of work, for example, service delivery, policy and/or regulatory
- exposure to different networks, organisational environments or sectors.

- **Complexity and uniqueness**

Consider what is the complexity of the role and whether it is unique both within the organisation and within other organisations and sectors. This helps identify how easy or difficult it will be to fill this type of critical role and the extent to which a new appointee may find it easy or difficult to achieve optimum performance in it. As such, this information helps determine the exposure to the three types of succession risk: vacancy, readiness and transition risk, and inform your mitigation strategies.

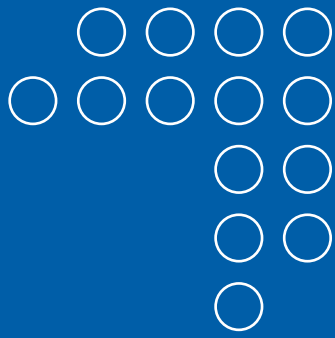
- **Intention of current incumbents**

Consider whether or not particular critical roles are likely to become vacant in the near future. Indicators of a potential vacancy can come from:

- the current incumbent stating their intention to leave
- organisational change likely to create new critical roles
- trend data (such as historically high turnover in particular types of role or increased competitiveness of the labour market providing better employment opportunities elsewhere).

This information will inform the nature, focus and priority of your succession mitigation strategies in the short term.

It will also provide information to assess the readiness of your potential internal candidates.



identifying staff potential



Staff potential

Filling critical role vacancies from among existing staff is, potentially, the most efficient and effective strategy for managing succession risk. Therefore, assessing the potential of possible internal candidates is a fundamental succession management task.

What to assess

Aspiration

- the ambition to move into a particular type of critical role.

Capability

- skills and knowledge required to succeed in a particular type of critical role
- personal attributes required to succeed in a particular type of critical role
- ability and commitment to develop new skills/ knowledge, and to practice and refine personal attributes, required to succeed in a particular type of critical role.

Engagement

- a belief that staying with the organisation, and making the effort to work and develop, is in their best interests.

It is important to note that, while capability, aspiration and engagement can each indicate potential, none is sufficient in isolation to predict success in particular roles.¹

Experience set

- while research demonstrates that past and current performance does not guarantee potential for success at higher levels, certain types of previous experiences may assist with mastering a particular type of critical role.

Record of achievement

- while past performance does not guarantee performance in the future, a record of achievement is often necessary to gain credibility as a candidate for a particular type of critical role.

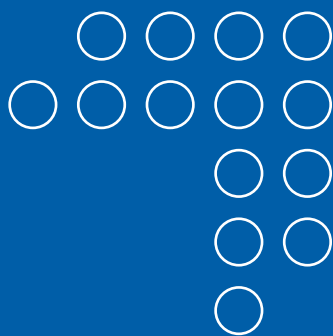
Time to readiness

- the time it will take for individuals to gain the capability, experience and achievements necessary to be considered as a credible candidate for a particular type of critical role.

What each of these factors will look like, and the minimum criteria for each factor, will differ from organisation to organisation, and between different types of critical role.

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¹ This approach is based upon research undertaken by the Corporate Leadership Council. See Corporate Leadership Council, 2005, 'Realizing the Full Potential of Rising Talent: A Quantitative Analysis of the Identification and Development of High-Potential Employees'.



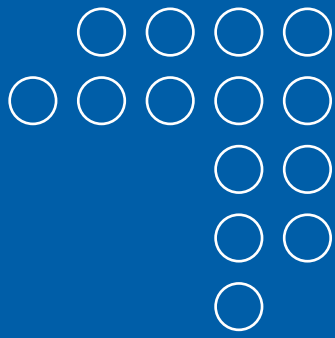
How to gain the information to make the assessment

Evaluating staff potential for success in a role some time in the future can never be precise. However, a number of activities can be used to gather information about potential in broad terms. The more activities that are used to obtain information, the greater validity the assessment of potential is likely to have.

The table below identifies different methodologies that can be used to obtain different sorts of information about potential.

The strength of the information obtained, and its usefulness to predict potential, directly relates to the how the methodology is conducted. Many of these methodologies require particular expertise obtained through specialist training. If conducted poorly, the information obtained may not be valid and could disengage the staff who participated in them.

Methodology	Capability	Aspiration & engagement	Experience & achievement
Assessment centres (combining a number of the other activities)	YES	YES	YES
Interview panel with behaviour based questions ('What did you do?')	YES	YES	YES
Acting in the role or undertaking tasks from the role	YES	To some extent	
Simulated business interactions and exercises	YES	To some extent	
Cognitive ability tests	YES		
360 degree feedback / manager assessments reviewed and contested by other managers	YES		YES
Experience inventories / experience reviews	To some extent	YES	YES
Personality tests	To some extent	YES	
Human resource data		To some extent	YES
Opinion (manager assessment / referee reports)	To some extent	To some extent	YES
Interview panel with scenario questions ('What would you do?')	To some extent	To some extent	
Work preference questionnaires		To some extent	
Motivational questionnaires		To some extent	
Engagement questionnaires		To some extent	



identifying staff potential: a. underpinning principles



Staff potential can be described in terms of aspiration, capability, engagement, experiences and achievements. It is also valuable to consider the time it will take for individuals to develop and achieve their potential.

Clearly define 'potential' in terms of what it takes to succeed in a critical role

Identifying the core capabilities necessary for effective performance in a particular type of critical role provides a solid foundation on which to assess employee potential to fill these roles.

Capability frameworks can assist with identifying and describing core capabilities required for effective performance in a role, for example:

- *The VPS Employment Capability Framework and The Victorian Public Employment Capability Framework* publications and associated card sets (available from the State Services Authority website www.ssa.vic.gov.au); and
- capability frameworks produced by individual organisations, professional associations and the Victorian Leadership Development Centre (for Victorian Public Service leaders) may also be helpful, depending on the type of critical role.

Importance of capacity to grow and transition into new roles

While it is important to consider potential in terms of capability to succeed in a type of role, it is equally important to consider the ability to develop new skills and transition into new roles.

The ability to grow and move easily into new roles can often be considered a greater indicator of potential than role-specific knowledge or skills.

Focus on capabilities that are hard to develop

Some capabilities are harder for people to develop than others, for example, intellectual ability, ability to read people, optimism, internal energy and resilience.

These capabilities are relatively stable over time. They can be identified at any stage of an employee's career, irrespective of their experiences or achievements to date.

Hard to develop capabilities can provide reliable insight into potential, even if an employee is some years away from being ready to apply for a role.

It is important to note that an employee without particular hard to develop capabilities may, with good self-awareness, drive and innovation, be able to develop strategies that successfully compensate for any deeply-rooted capability gaps. So assessment of potential should consider the whole person and their capacity to compensate, rather than capabilities in isolation.

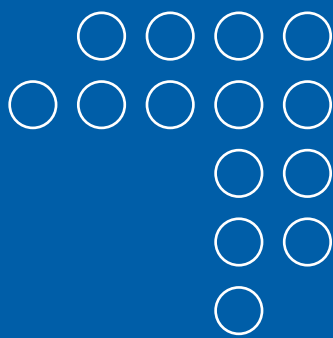
Aspiration and engagement is as important as capability

Employees who are motivated by the challenges and content of a future role, and their employing organisation, are more likely to persist in developing the capabilities required to perform that type of role.

Past achievements can be important but do not predict future success

While an employee needs to be performing effectively in their current role, their past performance or track record is not always a strong predictor of potential to perform in the future. This is especially true when a future role differs significantly from roles in which they have shown past success.

continued >



However, certain types of prior experience and a record of achievement can be prerequisites for gaining credibility as a candidate for a particular role.

Depending on the type of critical role they are being assessed for, potential candidates may need to demonstrate:

- **leadership experience**, for example, leading organisational changes to business direction, team structure or processes; working with political and other governance authorities;
- **management experience**, for example, the level and number of staff they have managed (including if these staff are spread across locations, are temporary or permanent, full-time or part-time, and the range of specialist staff); the range of functions they have managed, such as operational delivery and support functions;
- **subject matter experience**; for example, their experience with the technical content of the role and the required level of expertise to provide technical advice, guidance and to review technical reports and initiatives (also professional qualifications, association membership or registration required for roles in professional fields such as legal, psychological, medical);
- **organisational process and cycle experience**, for example, experience with:
 - managing diverse stakeholders (such as senior government officials, media)
 - developing and implementing strategy at different organisational levels and for a range of audiences
 - business systems projects and processes (such as operational or performance reporting, financial, human resources, information technology)
 - working across different teams, divisions or organisations for breadth of perspective
 - different business cycles (such as start-up, stable or downscaling organisations); and
- **unique organisational experience**, for example, unique experience, skills and knowledge that can only be obtained through working for the organisation or a specific group or team.

People who have not displayed potential in the past may do so in the future

An employee's potential to perform a particular type of critical role can change over time. This is as a result of exposure to new learning experiences and changes in aspiration and engagement.

For example, exposure to a specific task or work environment may stimulate their interest or create an opportunity to see themselves in a different light.

Changes in life circumstances (for example, having children or working in a new role) can also change a person's aspiration and engagement with the organisation.

Assessments of potential are valid only for a certain point in time

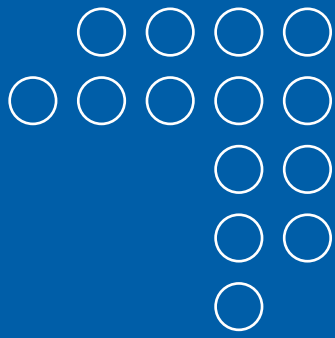
Given an employee's potential can change over time, assessments of potential are generally more accurate over shorter timeframes.

As talent programs often work towards preparing potential candidates for role vacancies two to three years in the future, employee potential should be reassessed at regular intervals to track readiness for a future role.

Directly involve potential candidates to maximise assessment outcomes

Assessing employee potential is often more accurate when direct input is sought from the potential candidate. This is particularly important when identifying their aspiration to move into a particular type of critical role and their level of engagement with the employing organisation.

Potential candidates will also benefit from receiving feedback from the assessment process. Regardless of whether or not they have been selected for targeted development or entry into a talent pool, this feedback enables them to work with their manager to focus their future development plans and address any development needs.



identifying staff potential: b. what to consider



This fact sheet provides additional information about what to consider for each aspect of staff potential.

Aspiration

Assessments should focus on evidence of:

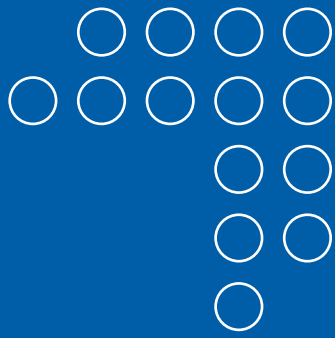
- what motivates the employee and their goals;
- the degree to which the new role aligns with the employee's personal motivators;
- how well the role supports the employee's longer-term career goals; and
- whether the employee's motivation to perform in a particular type of role is based on a sound understanding of the role, for example:
 - they have performed parts of the role or acted in the role
 - they understand the key challenges
 - they understand how it differs from their current role
 - they understand what skills they would need to give up or use less of if they moved into the new role.

Engagement

Assessments should focus on evidence of:

- what the employee currently enjoys the most and least about working for the organisation, for example:
 - opportunity to learn from others
 - quality of work colleagues
 - nature of work
 - opportunity to build networks or gain exposure;
- the extent to which these sources of engagement and disengagement are likely to apply in the employee's new role;
- the extent to which the sources of disengagement can be overcome or are outweighed by what engages the employee; and
- how well the organisation can support the achievement of the employee's longer-term career goals.

continued 

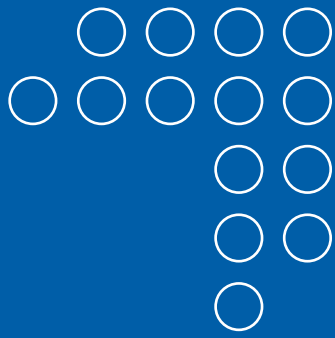


Capabilities for future success in a role

Assessments should focus on evidence (where relevant) of:

- **role-specific knowledge, skills and personal attributes that:**
 - are directly necessary for success in a particular type of critical role
 - would be helpful in succeeding in a particular type of critical role
 - provide the foundation for the development of knowledge, skills and behaviours relevant to the requirements of a type of critical role;
- **self-management skills, for example:**
 - remaining cool and resilient when under pressure (remains calm and level-headed, bounces back quickly from setbacks, remains positive when the going gets tough)
 - strength and courage in challenging situations
 - comfortable managing a range of competing demands on their time
 - optimism (sees opportunities and possibilities in situations, rather than problems)
 - even disposition (not displaying significant highs or lows)
 - self-confidence (can laugh at themselves, comes across as self-assured, takes calculated risks, achieves a balance between being confident and humble)
 - effective work management skills (delivers on commitments, manages a number of competing demands without losing focus on key priorities);
- **people skills, for example:**
 - connects with and engages a wide range of people
 - team player (enjoyable to work with, enjoys working as a member of a team, is comfortable playing different roles in a team)
 - listens to understand (genuinely wants to understand others' perspectives)
 - perceptiveness (able to read what is happening in a situation and adjust their approach in response to changing dynamics);
- **conceptual and analytical ability, for example:**
 - sound analytical and critical thinking abilities (thinks quickly, critically and objectively, considers a range of information and options when evaluating issues)
 - moves easily between different levels of analysis (detail and bigger picture, conceptual and practical views, short- and long-term perspectives)
 - decisions demonstrate effective judgement (logically sound, reflects the demands and constraints in situations, takes into account key implications)
 - comfort with complexity and ambiguity (able to come to a view without needing complete information);

continued >



- **achievement focus, for example:**
 - strong goal focus (sets and achieves challenging goals, driven to excel in whatever they take on, ambitious for themselves and their work group)
 - strong improvement orientation (always looking to make improvements to processes, practices and systems)
 - sense of perspective (does not blindly pursue a goal to the detriment of other goals or people, knows when to cut their losses)
 - self-starter (sees what needs to be done and takes action promptly); and
- **learning ability, commitment and curiosity, for example:**
 - enjoyment of complex and novel problems and challenges associated with new experiences
 - eagerness to learn about themselves, others and ideas
 - genuine interest in learning from feedback and experiences (has made changes to their behaviour and viewpoints as a result)
 - learning quickly from new experiences (quickly adjusts their approach based on new learnings, is not 'thrown' by new situations or when things do not go according to plan)
 - curiosity to understand the reasons behind things (asks insightful and probing questions about issues).

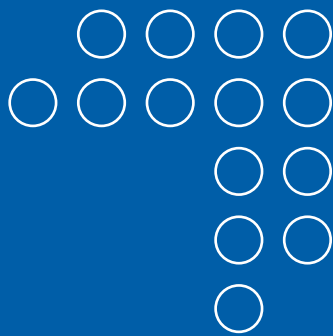
Experiences and achievements that are valuable in a role

Assessments should consider to what extent the employee has or will be able to build (where relevant):

- leadership experience;
- management experience;
- subject matter experience;
- organisational process and business cycle experience; and
- unique organisational experience.

This should be viewed from the perspective of future success in a particular type of critical role.

continued 



Time to readiness

How long will it take for the employee to gain the capability, experience and achievements necessary to be considered a credible candidate for a particular type of critical role?

Assessments of time to readiness should focus on evidence of:

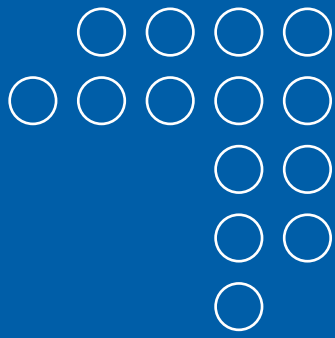
- the size and type of gap in their potential that needs to be addressed;
- the extent to which they need to develop hard to gain skills and experiences (for example, skills/experiences that need to be gained outside the employing organisation or that require a long time to develop);
- their access to and availability for targeted development;
- their commitment and ability to develop new skills, knowledge and experiences; and
- timeframes for when they would be willing to move into a type of critical role.

Bringing it all together

Provided there is sufficient information from a range of sources, and the information is accurate and relevant to the specific role, an overall point-in-time assessment in terms of 'low', 'medium' or 'high' potential can be made.

The overall rating should reflect the balance of:

- positive evidence of potential; and
- evidence regarding a lack of potential.



identifying staff potential: c. assessment tools



This fact sheet provides additional information about the types and usefulness of different approaches for assessing key aspects of staff potential.

Using a range of tools and sources of information will increase your confidence in the accuracy of the information you utilise to make judgements about potential.

Manager observations

Assuming that the manager involved is knowledgeable about the employee's performance, these observations will provide evidence for all aspects of potential, particularly the employee's:

- self-management skills;
- people skills;
- learning ability, curiosity and commitment; and
- achievement focus.

A manager's observations of an employee's day-to-day work can be supplemented by meeting with the employee to discuss:

- their career objectives and skill development interests;
- what is going well for them in their role;
- what aspects of their role they find most challenging or frustrating;
- what they view as their key strengths; and
- capability areas that are important for a specific role or to support growth and transition into new roles.

Panel interviews (behaviour-based questioning)

Panel interviews involve two or more interviewers questioning and discussing with an employee where and how they have displayed specific capabilities.

These interviews can provide evidence for all aspects of potential, particularly:

- aspiration and engagement;
- learning ability, curiosity and commitment; and
- achievement focus.

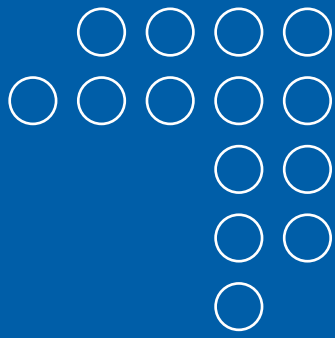
Often the prepared questions seek information on why the employee took certain approaches to issues, what the results were and what learnings they gained from their experience.

If conducted well, interviews can also uncover information on an employee's attitudes, anxieties and values.

The accuracy of information derived from an interview depends on the skills, training and objectivity the interviewers have as a group.

It is important that the employee is given as much information as possible about the process so that they will feel comfortable with it, without compromising the accuracy of the information obtained.

continued >



Role or key task experience

A description of an employee's past experience in the actual 'target' role (that is, the role for which potential is being assessed) or roles that incorporate a number of the critical tasks of the target role, will enable an evaluation of whether the employee has the potential to perform the new role. It will provide particularly comprehensive evidence on the employee's:

- role-specific capability;
- experience; and
- track record of achievements.

Role or key task experience can be obtained through a structured questionnaire and/or an interview with the employee and their manager.

360° survey and referee observations

A 360° survey and referee observations can provide evidence for all aspects of potential, particularly:

- self-management skills; and
- people skills.

A 360° survey asks respondents (such as managers, direct reports, peers and external stakeholders) to provide ratings on a number of indicators of potential.

Referee observations on indicators of potential (including managers as referees) can be obtained using structured questions and/or an interview.

It should be noted, however, that referees may have a range of agendas (for example, they may wish to support a person, so provide overly positive ratings) or have had limited opportunities to observe a person at work (for example, personal referees).

Human resource data

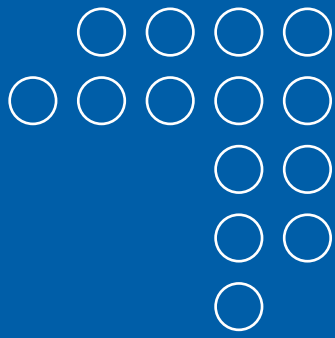
An employee's aspiration for a particular type of role can be gauged by prior interest in the role (for example, applications to fill past vacancies or secondments) and participation in specific development programs.

Past job applications, curriculum vitae and performance management documentation may also provide information on a person's past experiences and achievements.

Past indicators may not always accurately predict an employee's future aspiration. Changing economic conditions and organisational direction may also influence application decisions.

Before utilising job applicant and performance management documentation, it is important to check the organisation's policy to see if this material can be used beyond its original purpose.

continued 



Assessment centres

An assessment centre is a combination of different assessment exercises designed for a particular assessment purpose. It typically includes realistic simulations of work events, an in-depth interview, cognitive ability tests, and personality and other self-evaluation instruments.

Assessment centres can be conducted over one or more days, and involve a number of trained assessors who assess and identify participants' key strengths and development needs.

Well-designed assessment centres, staffed by trained and professional assessors, are able to provide accurate and comprehensive assessments of individual potential (at a cost), particularly with respect to:

- aspiration and engagement;
- people skills;
- conceptual and analytical ability; and
- learning ability, curiosity and commitment.

Assessment centres are resource intensive as they require trained assessors, qualified and experienced designers, and one or more days of assessor and participant time. Small organisations rarely have the expertise and resources to develop and conduct their own assessment centres, so normally contract specialised providers.

Cognitive ability tests

Cognitive ability tests assess problem-solving skills, capacity for learning and ability to critically evaluate and make decisions involving complex and often ambiguous information.

Cognitive ability tests are typically administered by a trained administrator in either a 'paper and pencil' form or using a computer. Most tests are timed and can take from ten minutes to an hour or more to complete.

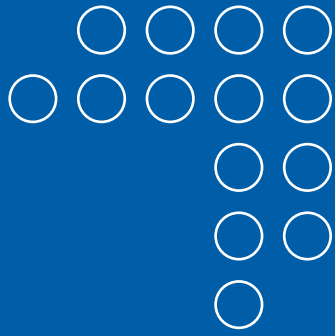
Test results are interpreted by an appropriately qualified psychologist (that is, professionally qualified, registered and certified for the tests involved).

The choice of test should be based on the advice of a qualified psychologist who will consider test reliability, validity, relevance for the type of role involved and the availability of benchmarking information.

Cognitive ability is a sound predictor of future success in a range of roles, in particular those that are complex and intellectually demanding.

However, some individuals and organisations may be uncomfortable with the use of cognitive ability testing to identify aspects of potential. This approach should only be undertaken with a good understanding of the organisational tolerance (or otherwise) to such an approach. At minimum, successful use of this approach will require a well thought out communication strategy.

continued >



Personality tests

Personality tests measure a person's characteristics, attitudes, inclinations and preferences. In other words, how they think, feel and relate to others.

There are a wide range of personality tests available to employers that measure styles and preferences such as extroversion, empathy, optimism, tolerance, drive, curiosity and conscientiousness.

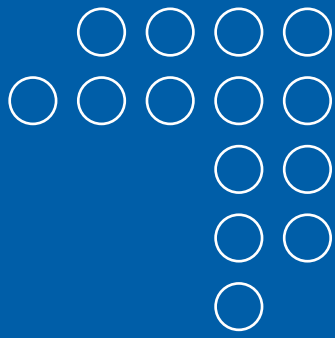
Personality tests should be administered by a trained administrator and are self-completed, either by a 'paper and pencil' or electronically. Few tests are timed and typically take between 20 minutes and an hour to complete.

Test results must be interpreted by an appropriately qualified psychologist who is certified for the particular personality test involved. As in the case of cognitive ability tests, the choice of test should be based on the advice of a qualified psychologist who would consider test reliability, validity, relevance for the type of role involved and the availability of benchmarking information.

While the presence of some personality characteristics are related to success in certain roles (for example, drive and curiosity), the personality test is not an infallible measure.

Tests results are affected by a person's willingness to be open and honest, as well as their perceptiveness. Appropriate tests, administered and interpreted by qualified people, will contribute useful information to assessments of potential. However, the information cannot be considered in isolation and requires verification from other sources.

Also, as with cognitive ability testing (and possibly even more so), some people are uncomfortable with personality tests and, especially, making decisions on the basis of these tests. Again, a well considered and executed communication strategy will be necessary to ensure success.



assessing the external labour market



Why assess the external labour market?

For many critical role vacancies there is a reasonable chance that an appointee will come from among existing employees (typically a promotion or a move sideways). However, for some roles it is likely that the appointee will come from outside the organisation.

There are different reasons why this may be the case. For example, capabilities required for certain types of critical roles cannot be obtained by working within the organisation; there may be significant skill gaps in the internal workforce; or the organisation may be in a particular business cycle (such as needing to change organisational culture).

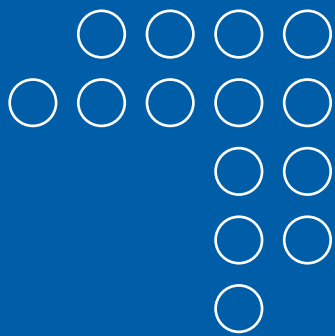
Commonly, with the exception of the organisation's alumni, individual members of the external talent pool will not be known to an organisation until applications for a particular role are actively sought.

It is important that organisations collect and maintain relevant and current information about the size, depth (level and nature of skills) and trends of the external talent pool as early as possible and before a vacancy in a critical role necessitates testing the market.

What to assess

- The extent to which the skills, knowledge, and personal attributes required for particular types of critical roles are rare or common in the external labour market.
 - If the skills are commonly available, it may be easier to fill a critical role vacancy from outside the organisation, thereby reducing the risk that a vacancy in a critical role will remain unfilled (vacancy risk).
- The extent to which people who have not worked for the organisation will be able to gain the experiences and achievements deemed necessary to master the role.
 - If the experiences and achievements necessary for success in the role are commonly available, it may be easier to fill a critical role vacancy from outside the organisation, thereby reducing the risk that a vacancy in a critical role will remain unfilled (vacancy risk).
- The extent to which people from the external labour market will want to work for your organisation.
 - If what you are able to offer (tangible and intangible benefits) is competitive and attractive, it may be easier to fill a critical role vacancy from outside the organisation, thereby reducing the risk that a vacancy in a critical role will remain unfilled (vacancy risk), or the risk that a new appointee will depart shortly after being appointed to a critical role (transition risk).

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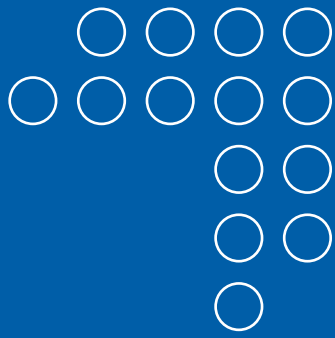


- The extent to which people coming from outside the organisation may find the transition into a critical role difficult or easy.
 - If the organisation's culture and operating environment are similar to those of many other organisations, new appointees are likely to find their new role familiar and, as such, be able to achieve optimum performance relatively quickly. If this is the case, the risk that a new appointee will fail to perform, or leave the role shortly after being appointed (transition risk) will be reduced.

Where to get the information

Important information about the potential of the external labour market to fill vacancies in particular types of critical role can come from:

- review of trends in vacancies and advertisements for similar roles across the labour market
- review of trends in applications received for similar types of roles in the past
- regular conversations with members of the organisation's alumni and other external networks
- labour market analysis undertaken by professional associations and specialist commentators.



information to support evidence-based succession risk management discussions



Following are some suggestions about information that will be:

- valuable;
- valid; and
- (reasonably) easy to collect or create.

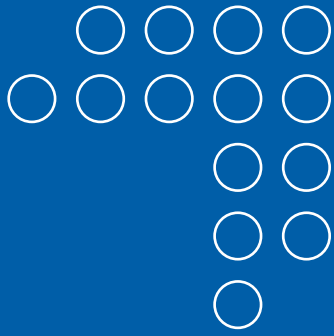
You will need to determine which information is relevant to your organisation's succession risk discussions, and is currently (or could be) available for analysis.

For more information on reporting and discussing this type of information, refer to the forthcoming State Services Authority publication *The people metrics dictionary* and associated support material.

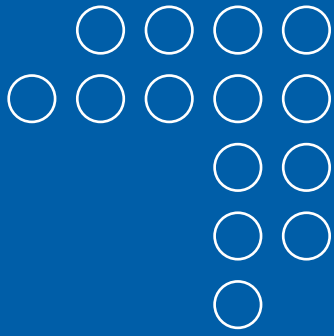
Information in the table below is grouped by discussion topic.

Key question	Supporting information	How to collect or create the information	How to interpret
The work			
What is the significant work that needs to be undertaken now and in the foreseeable future?	Core business and other significant work	Review core business documents that outline your organisation's strategy and work program for the next two to three years. This includes strategic/business plans and public statements about what the organisation does and will achieve.	<p>The reviews will help identify the scale, complexity, newness, profile and timing of the upcoming work the organisation will undertake.</p> <p>Work related to large scale, complex, high profile, new or simultaneous projects is likely to be significant in terms of succession risk planning.</p> <p>It is also important to identify work that is essential to delivering core business and organisational systems.</p>

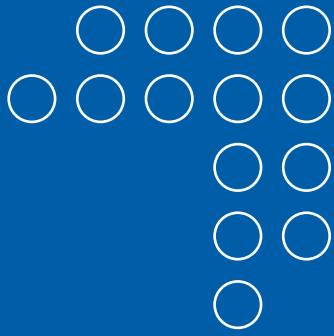
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Key question	Supporting information	How to collect or create the information	How to interpret
Critical roles			
Which types of role are critical to this work?	Internal relationships	<p>Review the organisational chart to identify roles with the greatest number of direct reports.</p> <p>Review organisational processes to identify roles that are instrumental in a great number of processes or at critical stages of a process.</p> <p>Review organisational committees to identify roles that participate in a number of committees.</p>	<p>The reviews will identify roles with a larger or smaller number of formal internal relationships.</p> <p>A larger number of formal internal relationships may suggest greater criticality.</p>
	External relationships	<p>Review organisational protocol, communication and engagement strategies to identify roles that have a direct relationship with:</p> <ul style="list-style-type: none"> important external stakeholders (includes ministerial contacts, cross-departmental relationships, media interface); and a large number of external stakeholders. <p>Review organisational participation on external committees/taskforces to identify roles that participate in a number of committees/taskforces.</p>	<p>The reviews will identify roles with a larger or smaller number of formal external relationships, and/or roles with critical external relationships.</p> <p>A larger number of formal external relationships or relationships with critical external stakeholders may suggest greater criticality.</p>
	Specific capabilities	<p>Review position descriptions, project plans and other documents that describe the requirements for particular roles to identify technical specialist capabilities (in terms of skills, knowledge and experience).</p>	<p>The reviews will identify roles with a larger or smaller number of technical specialist capabilities required for that type of role.</p> <p>A larger number of technical specialist capabilities may indicate greater criticality, especially if these specialist capabilities are not required in other roles in the organisation.</p>
	Specific accountabilities	<p>Review position descriptions, project plans and other documents that describe the accountabilities for particular roles to identify:</p> <ul style="list-style-type: none"> accountabilities unique to the organisation; and accountabilities directly related to the delivery of significant organisational outcomes. 	<p>The reviews will identify roles with a larger or smaller number of unique accountabilities or accountabilities directly related to the delivery of significant organisational outcomes.</p> <p>A larger number of unique or significant accountabilities may indicate greater criticality, especially if discharging these accountabilities requires rare knowledge, skills or behaviours.</p>

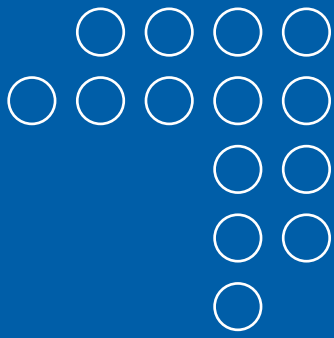


Key question	Supporting information	How to collect or create the information	How to interpret
What are the characteristics of types of critical role?	Work and performance expectations	<p>Reviewing the position descriptions and performance plans of incumbents of critical roles will provide valuable information. So too will interviewing incumbents and their managers about what is required for success in that role.</p> <p>When focusing on a type of critical role, the information from individual role documents and interviews should be collated to provide an overall picture.</p>	<p>The reviews and interviews will identify high or low expectations of the role in terms of measures such as quality, accuracy, timeliness, use of strategy and resilience.</p> <p>The higher the number of expectations and the greater the number of expectations, the greater the chance of the role:</p> <ul style="list-style-type: none"> • becoming vacant in the near future (likelihood); and • being more difficult to fill when it becomes vacant (impact).
	Challenges, support and attractions (benefits)	Interviews (as previous)	<p>The reviews and interviews will identify a large or small number of difficult or moderate challenges. They will also identify limited or extensive support and few or many benefits.</p> <p>The larger the number and the greater the difficulty of challenges, the more limited the support and the fewer the benefits, the greater the chance of the role:</p> <ul style="list-style-type: none"> • becoming vacant in the near future (likelihood); and • being more difficult to fill when it becomes vacant (impact).
	<p>Capabilities required to succeed in the role</p> <p>Experiences and achievement required for credibility in the role</p>	Interviews (as previous) plus interviews with peers, other knowledgeable staff and/or external stakeholder (if appropriate) to identify the qualities of an ideal candidate in that type of role.	<p>The reviews and interviews will identify capabilities, experiences and achievements that are common or rare, hard or easy to attain.</p> <p>The larger the number of rare and/or difficult to attain capabilities, experiences and achievements, the greater the chance of the role being more difficult to fill when it becomes vacant (likelihood of lengthy vacancy).</p> <p>There may also be an increased likelihood of the role becoming vacant in the near future, especially if these capabilities are in high demand and circumstances are conducive to incumbents seeking more attractive employment conditions elsewhere.</p>

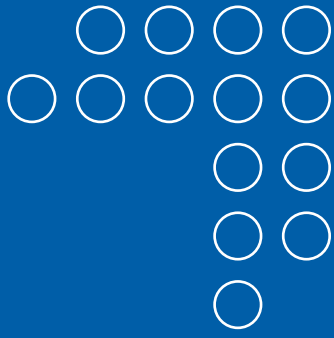


Key question	Supporting information	How to collect or create the information	How to interpret
Which roles may need to be filled in the foreseeable future?	Known upcoming departures	<p>For a particular type of critical role and a specified period (for example next 12 months):</p> <ul style="list-style-type: none"> contract expiry dates for incumbents; and stated intentions of incumbents to leave the role (including internal transfers). 	<p>The count will provide a number of one upwards.</p> <p>A higher number indicates a higher likelihood of vacancies and a need to review succession risk for this type of role.</p>
	Past turnover rates	<p>The turnover rate for a particular type of critical role and a specified period (for example past 12 months).</p>	<p>The figure will be a percentage ranging up to 100%.</p> <p>A higher percentage may indicate a higher likelihood of vacancies and a need to review succession risk for this type of role.</p> <p>Past indicators may not always be an accurate indication of future trends (for example, changes in employment markets and the economy will influence turnover rates).</p>
	Projected remaining time in role	<p>For a particular type of critical role and a specified period:</p> <ul style="list-style-type: none"> average time in role of current incumbents <i>compared with</i> average tenure at which incumbents leave the role. 	<p>The comparison will identify the number of incumbents with role tenure that statistically suggests they are at greatest risk of departing.</p> <p>A greater number of incumbents approaching this milestone may suggest a higher likelihood of vacancies and a need to review succession risk for this type of role.</p> <p>The age of incumbents may impact on turnover trends (for example, older generations typically stay longer in roles).</p>

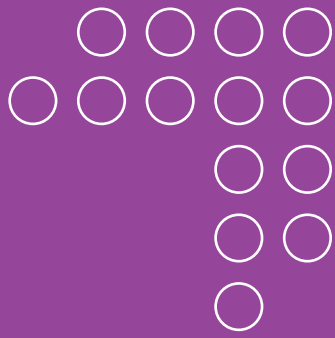
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Key question	Supporting information	How to collect or create the information	How to interpret
Staff potential			
What is the potential of existing staff?	Number of staff identified with potential to succeed in this type of role	<p>For a particular type of critical role, identify the number of existing staff who have been assessed as having the potential to one day apply for and succeed in the role.</p> <p>For more information on assessing staff potential, refer to fact sheets:</p> <ul style="list-style-type: none"> Identifying staff potential: assessment principles; Identifying staff potential: what to consider; and Identifying staff potential: assessment tools. 	<p>The figure will be a number from zero upwards.</p> <p>Zero would indicate that there is currently no identified potential among existing staff to apply for and succeed in the role. This may indicate increased succession risk.</p> <p>The accuracy of this data depends on the validity of the initial assessments of employee potential and the proximity of the assessments to the role vacancy.</p>
	Internal applicant shortlist	For a particular type of critical role and a specified period, identify the average percentage of shortlisted candidates who are internal applicants.	<p>The figure will be a percentage ranging up to 100%.</p> <p>Figures close to zero indicate lower potential of existing employees to fill critical role vacancies, which may indicate increased succession risk.</p> <p>However, past indicators may not always accurately predict future trends (for example, changes in economic conditions and/or organisational direction will influence application decisions).</p> <p>The quality of attraction and recruitment processes may also impact on this figure.</p>
	Internal placement rate	<p>For a particular type of critical role and a specified period identify:</p> <ul style="list-style-type: none"> number of internal hires <p><i>as a percentage of</i></p> <ul style="list-style-type: none"> total number of hires. 	<p>The figure will be a percentage ranging up to 100%.</p> <p>Figures close to zero indicate that most critical role vacancies are not being filled internally. This may suggest lower potential of existing staff to fill critical vacancies, which may indicate increased succession risk.</p> <p>However, past indicators may not always accurately predict future trends (for example, changes in economic conditions and/or organisational direction will influence application decisions).</p>



Key question	Supporting information	How to collect or create the information	How to interpret
External workforce potential			
What is the potential of the external labour market?	External applicant shortlist	For a particular type of critical role and a specified period, identify the average percentage of shortlisted candidates who are external applicants.	<p>The figure will be a percentage ranging up to 100%.</p> <p>Figures close to zero may indicate lower potential of external labour market to fill critical vacancies, which may indicate increased succession risk.</p> <p>However, past indicators may not always accurately predict future trends (for example, changes in economic conditions and/or organisational direction will influence application decisions).</p> <p>The quality of attraction and recruitment processes may also impact on this figure.</p> <p>Strong internal workforce potential may also reduce this figure, but does not necessarily indicate weak external labour market potential.</p>



the different risks



One undesirable situation

In terms of succession risk, there is one undesirable situation you are seeking to avoid: inability to fill a vacancy in a critical role and the vacancy has a significant negative impact on the organisation.

Misalignments: the 'drivers' of succession risk

This situation can emerge when there is a misalignment between:

- the demands of critical roles; and
- the potential of the workforce to meet these demands.

The misalignment typically occurs in terms of one or more of the following:

- **Skills, knowledge and attributes required for the role**

For example:

- the skills, knowledge and personal attributes required for success in a particular type of critical role may be rare
- the particular combination of skills, knowledge and personal attributes required for success in a particular type of role may not be common

- **Timing**

For example:

- a critical role may become vacant at a time when none of the potential candidates for it are ready, willing or able to apply for it

- **Expectations**

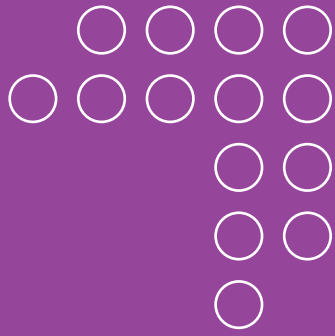
For example:

- the expectations a potential candidate has may not be met by the role or the organisation
- the expectations an organisation has about the speed and quality of performance required in a particular type of critical role may not be able to be met by any of the applicants for it, or a new appointee in the role

- **Transition and performance support**

- the support required to ensure performance or longevity in a role may not be available to an incumbent or new appointee.

continued >



Three types of succession risk¹

The potential misalignments commonly manifest in one of three ways:

Vacancy risk

- A critical role becomes vacant and no candidates can be found with the relevant skills, within required timeframe and/or who are willing to take on the role. As a consequence, the role remains vacant longer than is acceptable.

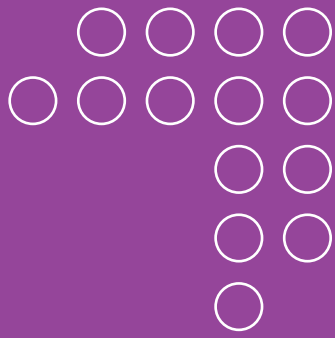
Readiness risk

- A critical role becomes vacant and none of the members of the internal talent pool are yet ready, willing or able to move into the role, or perform at the level required. As a consequence, the role remains vacant longer than is acceptable.

Transition risk

- A critical role becomes vacant and a person is appointed to it. However, they fail to perform in the role and/or leave shortly after their appointment because they didn't have the right skills or because the role was not what they expected. The failure to perform, or early departure, has a negative impact similar to (or possibly worse than) the impact of the role if it had remained vacant.

¹ This approach is based upon that adopted by the Corporate Leadership Council. See 'High Impact Succession Management: From Succession Planning to Strategic Executive Talent Management', 2007. The CLC identify a fourth risk, portfolio risk, that arises when critical roles do not align with the organisation's critical outcomes. This fourth risk is not addressed in the SSA succession risk toolkit.



identifying possible risks



Identifying risk involves describing and understanding a situation that will affect your organisation's ability to achieve its objectives.

In the context of succession risk, the 'situation' is a critical role becoming vacant and not being filled satisfactorily within an acceptable timeframe.

Succession risks are described in terms of the following.

- **Situation:** the type of critical roles that are likely to become vacant, in which parts of the organisation and under what circumstances.
- **Likelihood:** the likelihood of this situation occurring, in comparison to other situations.
- **Consequences:** what the situation could lead to, especially in terms of impact on the organisation's objectives.
- **Causes and contributing factors:** how and why the situation may occur.

Understanding the causes of the situation enables the organisation to target risk mitigation or treatment activities directly at addressing the source of the risk.

Succession risks are typically caused by misalignments between the demands of an organisation's critical roles and the potential of the workforce to meet these demands. These misalignments can lead to three types of succession risk: vacancy risk, readiness risk and transition risk (described in more detail in the fact sheet *The different risks*).

- **Controls:** existing processes, practices, strategies, actions or initiatives that are currently in place to modify the risk and which act on its causes.

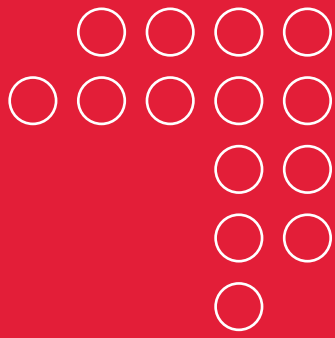
Controls relating to succession risk may include existing staff development programs, targeted recruitment initiatives, transition programs, performance review processes, talent pools and departure protocols.

Detail is important

It is important that risks are described in as much detail as possible. A separate description should be created for each situation of concern.

For example, a typical succession risk description could be:

Several staff with a particular type of technical expertise are likely to leave prematurely, and there will be a considerable delay in filling these roles [situation]. These lengthy vacancies would delay several key programs and prevent the organisation from completing its work plan this year [consequences]. This vacancy is likely to occur because candidates are in high demand due to the rarity of the particular expertise, which can only be developed through post graduate education, and we do not have a strong candidate pool [causes]. We have targeted recruitment initiatives in place [controls], but they are ineffective due to the small external talent pool.



prioritising the risks you face



Identifying risks

The basic premise of the risk approach to succession is that you should use available resources and direct your efforts to the areas where they will have the greatest impact. In terms of succession, the area of greatest benefit is identified by:

1. types of roles that are most critical to the achievement of the organisation's most significant outcomes (critical roles)
2. types of critical roles that will, as a result of different misalignments, be most difficult to fill satisfactorily
3. the critical roles that are most likely to need to be filled in the foreseeable future.

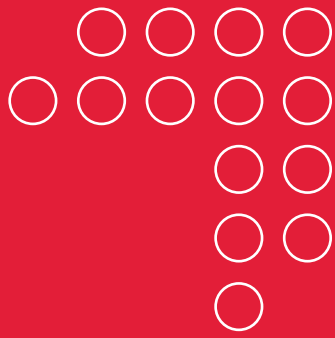
Prioritising risks for action

Once you have given thought to which of the risks are more likely for your organisation, you need to decide which you want to address as a priority.

The risks you wish to tackle first, or at all, is a judgement that you and your colleagues need to make through discussion and debate. This debate and decisions arising from it needs to take into account:

- **The extent to which you believe the risks to be real**
This will relate to the extent to which your assessment of risk has been based upon credible information and how convinced you are that the assessment of the likelihood or impact of the risk is sound.
- **Your or your stakeholder's tolerance for risk**
- **The resources you have available to mitigate risks**
- **The costs involved in addressing the risks**

Sometimes, the activity required to address a risk can cost more, and create more risks, than the risk it is trying to address. You need to decide whether the costs are appropriately offset by the benefits to be achieved.



prioritising risk: the key elements



Prioritising risk involves assessing the likelihood and consequence of each succession risk situation, and combining these two assessments to create a priority rating for which risks your organisation will address first.

1. How likely is it that the succession risk will occur?

How likely is it that this type of critical role:

- will need to be filled in the foreseeable future; and
- will not be filled satisfactorily within an acceptable timeframe?

When assessing likelihood, it is important to consider the effectiveness of the organisation's existing controls. That is, the extent to which existing processes, practices, strategies, actions or initiatives modify the causes of the risk, and the likelihood of its occurrence.

Table 1 provides suggested ratings for assessing the likelihood of the succession risk situation (taking into account the input of existing controls).

Table 1: Likelihood ratings

Likelihood that a critical role will become vacant and cannot be filled satisfactorily within an acceptable timeframe

Almost certain

(occurring now or expected to do so soon;
happens several times a year)

Likely

(could occur within the next year;
happens about once a year)

Possible

(might not occur but could do so over the next few years;
happens less than once a year but more than once every five years)

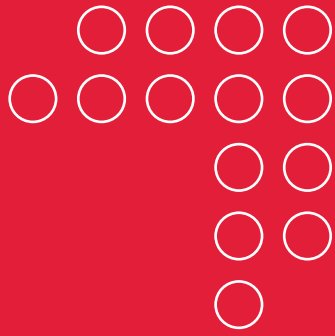
Unlikely

(not expected to occur but could over the next five years;
happens about once in five years)

Rare

(not expected to occur;
happens less than once in five years)

continued >



2. What are the likely consequences of the succession risk?

What is the likely impact on an organisation's ability to achieve its objectives, if this type of critical role did become vacant and could not be filled satisfactorily within an acceptable timeframe?

When considering the severity of the impact, it is important to take into account the extent to which existing controls will affect the consequences of a vacancy if it does occur. For example, existing controls could minimise the impact by implementing temporary solutions until the vacancy is filled on a permanent basis.

Table 2 provides some suggestions for how to assess the potential consequences of the succession risk (after the effectiveness of existing controls is taken into account).

It is important to note that:

- organisations need to develop consequence criteria that are meaningful for them (Table 2 has been provided as a broad guide only); and

- information gathered in the first step of the succession risk management approach can be used to help identify the consequences (refer to the fact sheet *Information to support evidence-based succession risk management discussions*).

In some cases, one succession risk may lead to different types of consequences with varying levels of magnitude. In this case, organisations should identify all relevant consequences and then use the rating from the worst of the relevant consequence types to rate the risk.

3. In which order should succession risks be addressed?

For each succession risk, organisations should combine their ratings for likelihood and consequence to create a priority for attention rating.

Table 3 provides a guide for performing this assessment.

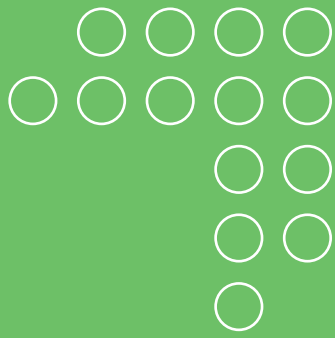
Table 3: Priority for attention matrix

		Consequences				
		Insignificant	Minor	Moderate	Major	Massive
LIKELIHOOD	Almost certain	Low	Medium	High	Very High	Very High
	Likely	Low	Medium	Medium	High	High
	Possible	Low	Medium	Medium	Medium	High
	Unlikely	Low	Low	Low	Medium	Medium
	Rare	Low	Low	Low	Low	Medium

continued >

Table 2: Sample consequences of a critical role becoming vacant and not being filled satisfactorily within an acceptable timeframe

Consequence rating	Impact on key organisational objectives			
	Organisational vision	Responsiveness	Delivery	
Massive	<ul style="list-style-type: none"> We will lose our ability to establish and promote a clear vision We will have to become reactive and short sighted 	<ul style="list-style-type: none"> We will be unable to respond to emerging challenges We will be unable to make evidence-based or consistent decisions on critical issues Our capacity to ensure we provide timely and accurate advice to government will be severely limited 	<ul style="list-style-type: none"> We will be unable to deliver our most significant programs or projects What we deliver will not be what is required and may lead to a situation becoming worse than if we had never delivered anything at all 	Reputation <ul style="list-style-type: none"> We will completely lose the confidence of our stakeholders Our future business cases and submissions for funding are likely to fail because of a loss of credibility We will attract prolonged negative national press reporting There will be sustained questioning in Parliament and the reputation of the government will be badly damaged We will face the possibility of a radical re-structure imposed upon us
Major	<ul style="list-style-type: none"> We will only be able to establish a very limited vision We will only be able to have a largely short-term view 	<ul style="list-style-type: none"> Our responses to emerging challenges will be late Our responses will become ineffective because their timeliness or quality will be compromised We will become indecisive or inconsistent on critical issues 	<ul style="list-style-type: none"> Our significant programs or projects will be significantly delayed or only partially delivered What we deliver will not meet the needs and expectations of our stakeholders Some projects will have to be re-started 	<ul style="list-style-type: none"> Stakeholders begin to question our credibility and our capacity to meet their needs Much negative state press reporting over several days Our future business cases and submissions for funding will not be viewed favourably because of a loss of credibility Government reputation will be damaged We will need to undertake a restructure
Moderate	<ul style="list-style-type: none"> We will maintain an organisational vision although there will be some 'blind spots', areas where our vision lacks clarity We will only be able to have a medium term view 	<ul style="list-style-type: none"> Our capacity to respond to emerging challenges will be good except in certain areas In some areas our ability to respond will be compromised in terms of timeliness or quality We will become indecisive on some issues 	<ul style="list-style-type: none"> Some of our significant programs and plans may be delayed or only partially delivered What we deliver may not meet the needs and expectations of our stakeholders in some instances Some projects may have to be re-started or redesigned 	<ul style="list-style-type: none"> We will lose the trust of certain stakeholders Questions will be asked in Parliament and the government reputation will be tarnished Future business cases and submissions for funding in certain areas may be disadvantaged
Minor	<ul style="list-style-type: none"> Although we may experience a short-term impairment to our organisational vision, we will be able to re-establish it quickly Although we may experience a short-term impairment to our far-sightedness, we will be able to re-establish this capacity quickly 	<ul style="list-style-type: none"> Our capacity to respond to emerging challenges may be temporarily affected In some areas our ability to respond will be compromised but not long enough to have a tangible impact on outcomes We will become indecisive on some issues but only temporarily and not impacting on outcomes 	<ul style="list-style-type: none"> We will experience some slight delays in our projects or programs, but these will not have tangible impact on outcomes Some stakeholders may raise concerns about our capacity to deliver outcomes In most cases, our stakeholders will consider the outcomes of projects or programs to meet needs and expectations 	<ul style="list-style-type: none"> Some stakeholders may question our reputation There will be an isolated negative press report The Minister may have to be briefed
Insignificant	<ul style="list-style-type: none"> Our ability to establish and promote a clear vision will remain strong Our ability to be proactive and far-sighted will remain strong 	<ul style="list-style-type: none"> Our ability to respond to emerging challenges will remain strong Our ability to make evidence-based or consistent decisions on critical issues will remain strong Our capacity to ensure we provide timely and accurate advice to government will remain strong 	<ul style="list-style-type: none"> We will be able to deliver our most significant programs or projects as planned We will be able to deliver what is required What we deliver will benefit our stakeholders 	<ul style="list-style-type: none"> There will be no impact on the confidence our stakeholders have in us Our future business cases and submissions for funding will be unaffected There will be no negative press reporting about the organisation as a consequence No changes to our organisation will be imposed on us as a consequence



prioritising risk treatment activities



Succession risk mitigation or treatment involves modifying your organisation's risks by selecting and implementing measures that change:

- the likelihood that a critical role will become vacant and is not satisfactorily filled within an acceptable timeframe; and/or
- the nature and extent of the consequences.

This means modifying your succession risks by enhancing processes, practices, strategies, actions and initiatives that currently exist within your organisation (existing controls) or identifying new controls to implement.

Options for treating risks

The options for treating succession risk, which are not necessarily mutually exclusive or appropriate in all circumstances, include:

- **avoiding the risk**, by deciding not to start or continue with the activity that creates the succession risk (for example, deciding not to commence a new project that requires a role with rare technical expertise);
- **changing the likelihood** of the situation by reducing misalignments between the demands of the organisation's critical roles and the potential of the workforce to meet these demands;
- **changing the consequences** of the situation by minimising the nature and severity of the impact if the critical role does become vacant;
- **sharing the risk** by collaborating with, for example, another organisation; and
- **tolerating the risk** without further treatment (in other words, making an explicit decision to retain the risk).

Typical risk treatment options are summarised below (also described in greater detail in subsequent fact sheets).

Risk avoidance options

Succession situations can be avoided by using the everyday management activity of:

- organisational planning and design.

This activity can help permanently reduce the criticality of the role by, for example, redesigning roles to share critical tasks and accountabilities across two or more roles.

Options to change the likelihood of a situation

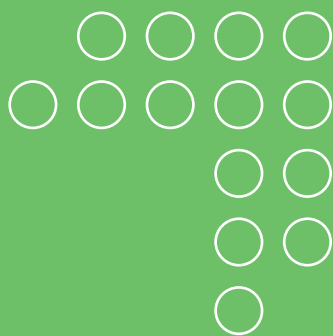
The likelihood of a succession situation can be reduced through the following everyday management activities:

- targeted staff development
- organisational planning and design
- retention management
- attraction activities
- recruitment activities
- organisational climate
- role on-boarding
- performance management
- knowledge of the external labour market.

These everyday management activities can help:

- **reduce the likelihood of the critical role becoming vacant**, for example:
 - implementing retention management activities to address common reasons for departure
 - revitalising organisational culture to increase employee engagement and retention
 - ensuring longevity in a role by actively identifying and managing the expectations of new appointees during role on-boarding

continued >



- **increase the likelihood of filling the vacancy satisfactorily within an acceptable timeframe**, for example:
 - widening the pool of candidates by redesigning roles to align with more readily available skill sets
 - developing a targeted program to build a ready supply of talent for critical roles
 - targeting recruitment activities by collecting intelligence about and maintaining connections with the external labour market
 - strengthening internal talent by rewarding and recognising managers' contributions to identifying and developing staff potential.

Options to change the consequences of a situation

If a role is likely to become vacant and remain vacant for some time, the following everyday management activities can help reduce the impact:

- organisational planning and design
- knowledge management strategies
- departure practices
- organisational alumni
- role on-boarding

These everyday management activities can help:

- **reduce the criticality of the role temporarily**, for example, reviewing the business plan to modify the timelines and milestones of key projects;
- **facilitate temporary arrangements until the role is filled on a permanent basis**, for example:
 - releasing staff from other areas to temporarily undertake the role
 - capturing the key knowledge required to perform a critical role and sharing this knowledge with a temporary replacement
- **assist the new appointee to reach optimum performance as soon as possible**, for example:
 - securing additional support for the appointee from the previous incumbent by negotiating a delayed (longer than the standard period) or staged departure
 - managing the enablers and potential obstacles to successful performance in the on-boarding process
 - maintaining an ongoing and positive relationship with the departing employee to facilitate the transfer of tacit knowledge to the new appointee.

Options to share a risk

Succession situations can be shared by using the everyday management activity of:

- organisational planning and design.

This everyday management activity can help:

- **develop role sharing arrangements with other organisations**, for example, by identifying critical role secondment opportunities with a 'sister' organisation; and
- **transfer some of the responsibility of finding satisfactory replacements to an outsourcing agency.**

Considering actions

Selecting the most appropriate form of risk treatment normally involves balancing the costs and benefits of implementing each potential option.

The benefits of treating succession risks principally relate to ensuring the organisation continues to deliver on its key objectives.

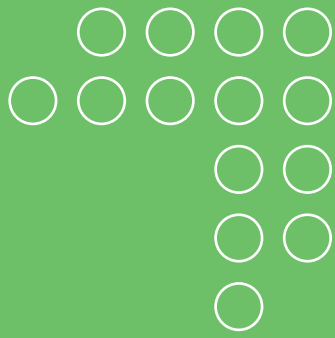
Risk treatment options can also provide broader benefits such as greater productivity and lower operational costs.

Balanced against these benefits are the costs required to implement the risk treatment, which may include financial and other resource investments such as:

- costs of developing and appointing internal candidates, for example:
 - training and development expenditure
 - lost productivity from taking staff away from work to attend training
 - cost of downstream hiring to replace an internal appointee; and
- costs for attracting, recruiting and hiring external candidates (for example, advertising, recruitment, outfitting, training to bring new appointee up to speed).

Consideration of treatment options should also take into account what can be done quickly and easily, versus what will take longer.

In practice, a number of treatment options are always considered and applied, either individually or in combination, as a risk treatment strategy.



organisational plans and design



Mitigating succession risk

Succession risk management addresses the possibility that a vacancy in a critical role will not be filled satisfactorily within an acceptable timeframe. This situation arises when there is a misalignment between critical roles and the capacity of people to perform these roles when there is a vacancy. Misalignments often occur in terms of capabilities, timing/readiness, expectations and support.

Mitigation of succession risk involves using everyday management activities in a focused way to address the misalignments that are contributing to the organisation's succession risks.

This fact sheet considers how one 'everyday' management activity can be used to make a positive contribution to the management of succession risk.

Organisational planning and design

Business plans, organisational structure and role design all contribute to identifying and creating critical roles.

For example, the business plan articulates the scope, timing and milestones of particular projects and which business unit is responsible. Therefore the business plan directly influences the critical roles and vacancy impacts.

Contribution to succession risk mitigation

Business plans, organisational structure and role design all contribute to the extent to which particular roles, or types of roles, are critical. For example, reviewing the business plan, especially in light of an anticipated vacancy in a critical role that will be hard to fill, can actively contribute to the mitigation of all succession risks. The aim is to diminish the potential negative impacts of the particular role vacancy and reduce the difficulty in filling this role.

Business planning, organisational and role design activities should be undertaken, and reviewed, with the aim of capitalising on opportunities to:

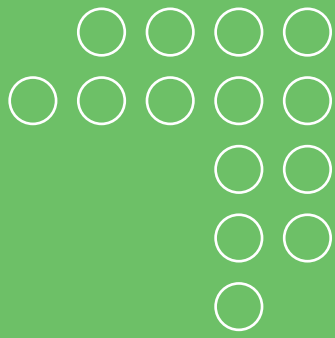
- **Share or duplicate critical tasks and accountabilities across two or more roles**
- **Package critical hard-to-fill role accountabilities**

so that they align more readily with skills sets more easily found in the internal and external labour markets

- **Make hard-to-fill critical roles more desirable**

For example:

- by changing the breadth of role accountabilities; the organisational status and profile of the roles
- consider reporting lines that make decision making or access to key resources difficult
- **Modify timelines and milestones of key projects**
 - so that impact of the vacancy in a critical role will be lessened
 - to release staff in other roles temporarily undertake aspects of the critical role in which the vacancy is impending.



external labour pool



Mitigating succession risk

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The external labour pool

The 'external talent pool' comprises people currently not working for your organisation who could be attracted to apply for particular types of critical role when the opportunity arises.

The extent to which the organisation understands and monitors trends within the external labour market, and maintains contact with key individuals within it, has a direct impact on the organisation's ability to shape critical roles; create succession strategies; and target recruitment promotions effectively.

While it is not feasible to extend the same development support to members of the 'external' talent pool as members of the 'internal' talent pool, an organisation should build knowledge of, and maintain contact with, potential candidates not currently working with the organisation.

This is especially important if particular critical roles are unlikely to be filled from among existing staff.

Contribution to succession risk mitigation

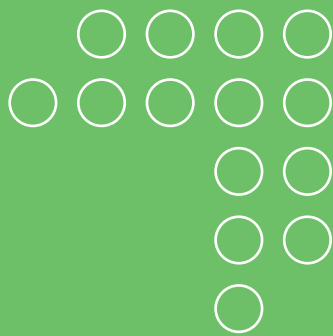
To make a positive contribution to the mitigation of succession risk, an organisation's activities regarding the external labour market should incorporate:

- **Mechanisms for maintaining and sharing intelligence about the external market for particular types of critical roles**

Information about the external market can be gained from:

- trend analysis of job advertisements
- labour market analysis undertaken by professional associations

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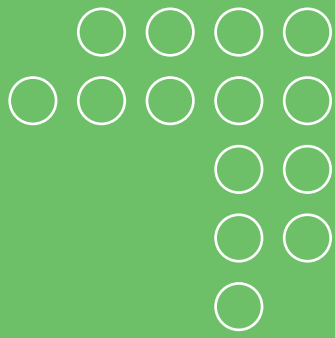


Information about individuals in the external market can be gained from:

- previous recruitment process (for example, shortlist candidates not offered the role for which they applied)
- everyday business activities (for example meetings and conferences)
- personal or professional networks of current employees or the organisation's alumni
- talent pool postings on www.careers.vic.gov.au; and
- an active expression of interest in working for the organisation.

Note: If you wish to keep detailed information about people you will need to ask their permission to do so, explaining how the information you are keeping about them will be used, and provide them with the opportunity to review and revise the information. This is unlikely to be a problem for individuals interested in working for you.

- **Undertake activities to build external labour market capacity to undertake particular types of critical role**
 - host or sponsor networking and professional association activities designed to be of interest to people who may be able to undertake a type of critical role in the future.



departure practices



Mitigating succession risk

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Departure practices

The practices and protocols around departing employees have a direct impact on the timing of vacancies and on the opportunity to pass tacit knowledge about the role on to a new appointee.

Departure protocols encompass how an employee resigns from a role and what the organisation does from that point up to and beyond the departure to minimised impacts of the vacancy.

In particular, effort should be given to:

- **reducing the time between declaring the intention to depart and securing a replacement**
- **opportunities for knowledge transfer**
 - the greater the opportunity for an outgoing employee to help the new appointee understand how the role is done, the greater the chance that the new appointee will perform well and remain in the role

- **opportunities to maintain a positive and ongoing relationship with the departing employee**

- the better the relationship, the greater the chance the outgoing employee will provide ongoing support for the new appointee, and assist with identifying and supporting other potential successors into the future.

Contribution to succession risk mitigation

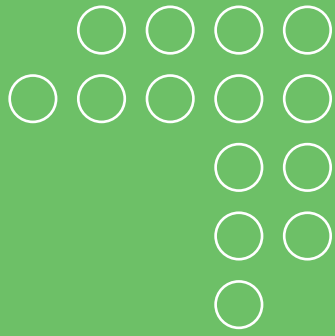
To make a positive contribution to the mitigation of succession risk, an organisation's activities regarding departure of staff from critical roles should incorporate:

- **Protocols for supervisors of critical roles for dealing with resignations**

These protocols should encourage and support supervisors to (as appropriate):

- negotiate a delayed or staged departure (longer than the standard period)
- negotiate a staged departure (for example moving to part time or casual work), or
- negotiate opportunities for undertaking a mentoring role for the next employee in the role or similar types of role.

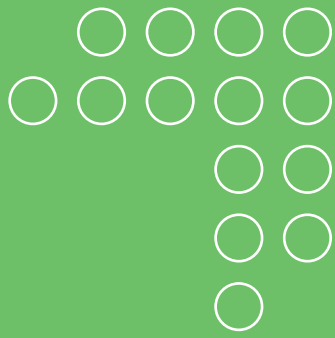
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- **The creation of departure plans as a standard operating procedure**

These plans should include:

- specific time to document knowledge about how to do the role
- if possible and appropriate, handover meetings with the next employee in the role, or temporary staff.



attraction activities



Mitigating succession risk

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Attraction activities

The extent to which an organisation actively promotes compelling and competitive reasons why preferred candidates should work for it, impacts the ability of the organisation to attract strong candidates for critical roles.

Contribution to succession risk mitigation

To make a positive contribution to the mitigation of succession risk, an organisation's attraction strategy should:

- **Profile preferred candidates for different types of critical role**

These describe the 'ideal' candidate in terms of :

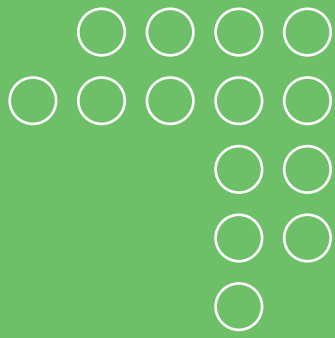
- capability - the skills/knowledge, as well as the personal attributes, required for timely performance in this type of critical role
- aspiration - the short and longer term career aspirations befitting a person in this type of critical role
- engagement - the depth of organisational loyalty, and length of commitment, expected of a person in this type of critical role

- experiences – the experiences required to perform in a particular type of critical role, including the types of experiences that will help a person address the inherent challenges and establish their credibility
- record of achievement - the accomplishments that will assist performance in the role and establish a person's credibility in the role

- **Identify where these preferred candidates are likely to be:**

- currently employed in the organisation or not
- type of sector (private, public or not-for-profit sector), or
- type of role (same type or an associated role)

continued >



- **Identify what will attract a preferred candidate to apply for a critical role, considering:**

- benefits:
 - > tangible benefits, for example, wages, leave provisions, work hours and access to development; and
 - > intangible benefits, for example, status, opportunity for visibility, access to networks, career prospects, access to 'stretch' work and opportunities to develop new skills.
- operating environment, for example, management arrangements, collaboration with peers, opportunity to take risks, delegations, span of control

- **Create and market an 'employment value proposition'**

- the 'employment value proposition' is the package of salary and other benefits tailored to attract preferred candidates for particular types of critical roles
- the marketing strategy should involve communicating the employment value proposition to possible candidates. It should be targeted to reach possible candidates for particular types of critical roles through the communication channels they commonly access

- **Review and revise these attraction activities on a regular basis**

- consider changes in organisational outcomes, role designs, and the external labour market

To assist with the development and implementation of effective attraction strategies for particular types of critical roles, you can:

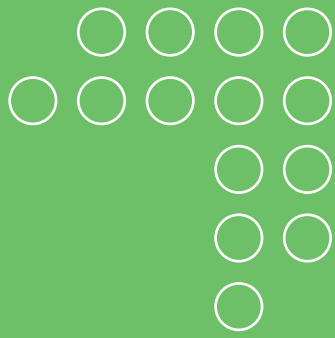
- **Collect information about what attracts people to the organisation and particular roles through analysis of:**

- the reasons people give during the recruitment process for seeking employment with you
- the reasons people give for not accepting an offer of employment in a critical role
- information about employee expectations coming through induction conversations, performance review conversations and exit interviews
- information about what makes employees stay or intend to leave, gained through employee engagement and organisational culture surveys

- **Gain ideas about employment value propositions and communication strategies from other organisations that have similar types of critical roles**

This information can be gained through:

- review of recruitment advertisements and position descriptions
- discussion with applicants, new appointees and the organisation's alumni
- professional associations and employment trend studies.



organisational alumni



Mitigating succession risk

Succession risk management addresses the possibility that a vacancy in a critical role will not be filled satisfactorily within an acceptable timeframe. This situation arises when there is a misalignment between critical roles and the capacity of people to perform these roles when there is a vacancy. Misalignments often occur in terms of capabilities, timing/readiness, expectations and support.

Mitigation of succession risk involves using everyday management activities in a focused way to address the misalignments that are contributing to the organisation's succession risks.

This fact sheet considers how one 'everyday' management activity can be used to make a positive contribution to the management of succession risk.

Organisational alumni

The way the organisation interacts with its past employees provides an opportunity to gain intelligence about the external labour market, employment competitors and possible candidates. Past employees can also promote the organisation as a desirable place to work and support the transfer of tacit knowledge in critical roles.

Role alumni comprise people who have undertaken a particular role, or type of role, in the past. They may or may not still be employed within the organisation.

Role alumni can be an informal unconnected group of people who are willing and able to provide advice and support from time to time. Alternatively, a role alumni can be established as a formal group which meets regularly or are invited to participate in organisational activities such as development forums or social events.

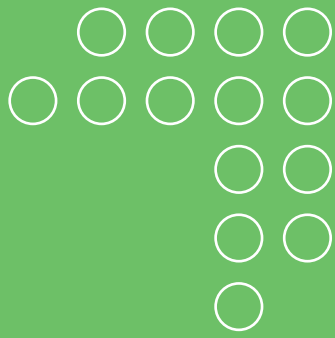
Contribution to succession risk mitigation

To make a positive contribution to the mitigation of succession risk, an organisation's activities regarding alumni should incorporate:

- **Mechanisms for maintaining contact details with past employees, especially those who undertook critical roles**
- **Activities for maintaining contact with alumni, maintaining their engagement, and supporting them to make valuable contributions on an ongoing basis (as appropriate)**

These can include:

- invitations to participate in social events
- inclusion in distribution of organisational news letters
- invitations to participate in organisational development activities, or provide specific training to assist the alumni perform mentoring or peer review work
- invitations to special alumni events (such as lunches or briefings)
- opportunities to undertake pieces of work, such as review draft documents, mentor staff, or participate on recruitment selection panels for critical roles.



targeted development



Mitigating succession risk

Succession risk management addresses the possibility that a vacancy in a critical role will not be filled satisfactorily within an acceptable timeframe. This situation arises when there is a misalignment between critical roles and the capacity of people to perform these roles when there is a vacancy. Misalignments often occur in terms of capabilities, timing/readiness, expectations and support.

Mitigation of succession risk involves using everyday management activities in a focused way to address the misalignments that are contributing to the organisation's succession risks.

This fact sheet considers how one 'everyday' management activity can be used to make a positive contribution to the management of succession risk.

Targeted staff development

For most organisations, a well-designed program to build talent for different types of critical role will be the single most effective strategy for mitigating against succession risk. This strategy ensures a ready supply of suitably prepared candidates for critical roles when they become vacant.

Contribution to succession risk mitigation

To make a positive contribution to the mitigation of succession risk, an organisation's activities regarding development should:

- **Focus on developing staff with demonstrated potential for particular types of critical roles**

The potential should be identified through assessment of:

- aspiration
- capability (including capability to learn and grow)
- engagement

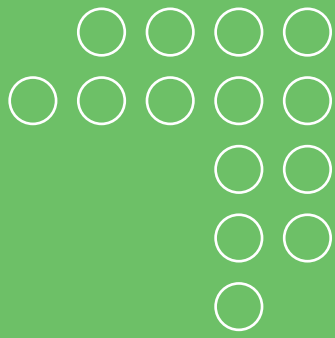
- **Focus development towards particular types of critical role**

The development activity should be directed toward developing skills, knowledge, personal attributes, experiences and achievements required for particular types of critical role

- **Provide a mixture of experiential, relationship, 'classroom' based and self-directed development opportunities, including**

- experiential development (incorporates activities such as special projects, shadowing, secondments, placements and coaching for specific skills development in the workplace)
- peer development (includes activities such as mentoring, networks, symposia/colloquia, and learning circles)
- 'classroom' based development (includes activities such as off-site workshops and conferences)
- self-directed development (includes structured reading programs and personal research activities)

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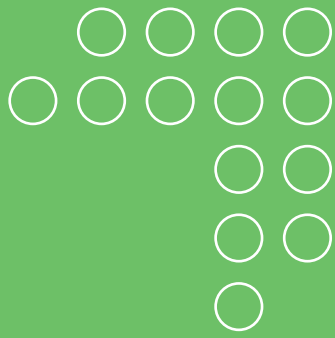
- **Create and use a development plan**

- identify and sequence development activities based upon the assessment of the individuals development needs in light of the particular type of critical role for which they have potential
- plans should identify development goals and the timeline to achieve these goals by undertaking different development activities
- the responsibility for implementing the development plan should be clearly placed upon the individual, with the organisations providing support for the development as appropriate

- **Regularly review and refine development plans**

In light of:

- changing nature of particular types of critical roles
- increase in likelihood that a critical role may need to be filled in the foreseeable future
- progress made by the staff being developed, as well as significant changes in aspiration and engagement.



targeted development: key considerations



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

There are a number of important considerations when designing a talent development program to address succession risk. These are summarised below. These considerations are also explored in greater detail in subsequent fact sheets.

Program objectives and rationale

- What are the objectives of the program (how will the organisation benefit)?
- What will the program be called?

Target recipients

- Who will the program target?
- What will the nomination criteria be?

Program design

- What will be the key features of the program?
- How will the program link with other organisational processes?

Roles and responsibilities of those involved in the program

- What will be the responsibilities of those involved with the program?

Nomination process

- Who will nominate potential participants?
- How will expectations be managed?

Assessment and selection processes

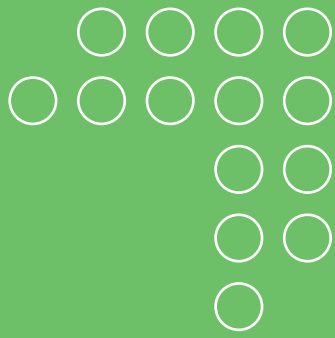
- What assessment approach will be used?
- How will the selection decisions be made?
- How will the selection decisions be communicated to nominees?

Evaluation of participants and program effectiveness

- How will we know the development activities are having an impact on individual skill development?
- How will we know the talent program is achieving its objective?

Addressing common risks and concerns

- What will be the most likely risks and how will they be addressed?



targeted development: a. talent program objectives and rationale



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation's specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering the objectives and rationale of their talent program.

What are the objectives of the program (how will the organisation benefit)?

Organisations may choose to implement a talent program for a range of reasons:

- to address succession risk issues (that is, to identify and prepare successors for critical roles);
- to strengthen the pool of internal candidates who could fill future vacancies in certain roles;
- to improve an organisation's brand as an employer of choice (both internally and externally) and highlight its focus on investing in 'growing their own' employees;
- to address an organisation's previous lack of focus on staff development; and
- to target people development resources at those likely to add the greatest value to the organisation.

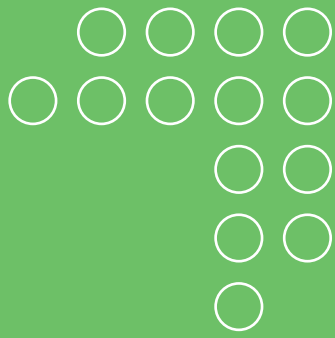
The expected benefits will provide the criteria for making key decisions and measuring the effectiveness of the program.

Being clear about the organisational benefits will also help communicate the rationale for why some people have access to development opportunities that are currently unavailable to other employees.

What will the program be called?

A talent program's title is a key part of the program 'brand' and is often a topic of debate. Ideally, a program title signals its intent and does not disenfranchise staff who do not fall into the program's target group.

Examples of program titles include 'Leadership Development Program' and 'Accelerated Development Program'.



targeted development: b. target participants



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation's specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering who the target participants of their talent program should be.

Who will the program target?

The type of employee being targeted by the program is determined by the specific objectives of the program.

The number of program places should be based on:

- the number and range of 'targeted' roles for which program 'graduates' will become candidates;
- the anticipated turnover of incumbents in targeted roles; and
- the anticipated turnover of talent program participants.

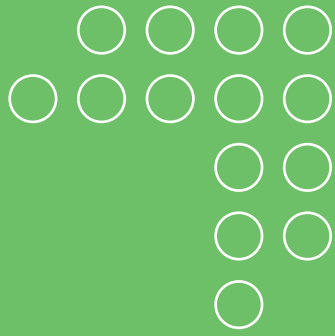
What will the nomination criteria be?

Clear nomination criteria assist a potential nominee and their manager assess their suitability for the program. Common nomination criteria include the following.

- **Demonstrated aspiration for the targeted role(s):** Nominees need to be motivated to fill the targeted roles.
- **Demonstrated capabilities:** Nominees should display a certain level of capabilities and attributes necessary to succeed in the targeted role.

This includes a commitment to and capacity for ongoing development. Nominees with a track record of self-development are more likely to have the energy and focus needed to undertake a development program.

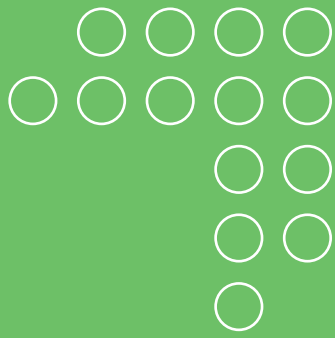
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- **Demonstrated engagement:** Nominees need to be able to demonstrate a commitment to the organisation and an interest in building their career with the organisation.
- **A record of certain experiences:** Depending on the type of role being targeted, an organisation may require nominees to have had particular experiences to ensure that they are credible candidates to their staff, peers and key stakeholders.
- **A record of achievement:** Some organisations require nominees to have achieved key work objectives and have met expected performance standards in their current role before being eligible for nomination.

Other criteria commonly include the following.

- **Length of time in current role:** For example, employees who have been in their current role for at least 12 months are more likely to fully understand the organisational environment and context within which it functions. Length of time in a current role can also, but not always, serve as a proxy for commitment to the organisation.
- **Endorsement by their manager:** The nominee's manager plays an integral part in supporting the development of the nominee, so it is critical that they fully support the application.
- **Endorsement by senior leaders:** Senior leaders are typically program sponsors, providing access to resources and assisting nominees to secure developmental experiences, and so need to support a nominee's application.



targeted development: c. program design



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation's specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering the design of their talent program.

What will be the key features of the program?

Descriptions of the key aspects of a program typically include the following.

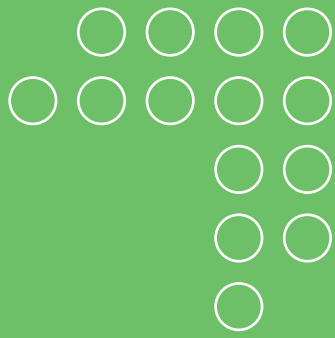
- **Development approach:** The range of development strategies and the proportion of time allocated to each (for example, individual developmental planning, group vs individual work, work experience, training courses, independent project work) will depend on the type of development the program is providing.
- **Program length:** Program length varies depending on the type and level of development required by nominees. Typically, programs run from one to three years.
- **Program frequency:** Whether the program is run (for example) annually or once every two years is generally determined by the number of roles for which succession risk is an issue.
- **Time requirements (outside and within working hours):** Time requirements will depend on the availability of the type of employee targeted by the program and their capacity to manage regular work and non-work commitments.

How will the program link with other organisational processes?

Highlighting potential linkages and implications of the program for other organisational processes is critical to reducing any perceived sense of bias or entitlement.

The organisation's policy on key issues would need to consider:

- **selection (and promotional) processes for future job applications**
 - Will successful program attendance guarantee shortlisting for future role vacancies? (Typically, talent program participants would need to apply for the role according to the organisation's standard application process. Jobs would remain open to a wide candidate field and would not be reserved for talent program participants.)
 - Can a program participant support their job application with information that has been collected through their assessment of potential? (Typically, organisations allow applicants to submit relevant information from a variety of sources, including development programs and assessments.)
- **performance management and development**
 - How will a participant's development objectives and associated development strategies link with the organisation's performance management process and strategies? (Typically, the development objectives are one of the inputs into a participant's development plan.)
- **human resource information**
 - What information arising from the program will end up on a participant's personnel file? Typically, the nature and focus of a development program is recorded on a personnel file rather than the detail of assessments, events or outcomes.)



targeted development: d. roles and responsibilities



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation's specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering the roles and responsibilities of those involved with the talent program.

What will be the responsibilities of those involved with the program?

A clear description of the responsibilities of different people involved in the program ensures they are clear on their role and expected contributions. Typical responsibilities include:

• **program participants:**

- to display throughout the course of the program a high level of commitment to enhancing their skills and knowledge in the identified development areas
- to fulfil the program's work and time requirements

• **managers of program participants:**

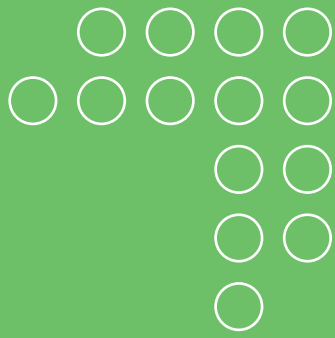
- to nominate employees who meet the criteria for the program
- to provide support for the program (even in situations where their own staff are not successful applicants)

- to maintain an active involvement and interest in the participants' progress and provide support to assist them throughout the length of the program
- to provide comprehensive feedback to the nominee on their progress against the development objectives

• **senior managers in the organisation:**

- to endorse nominees who best meet the criteria for the program
- to advocate for the program and assist in the achievement of its objectives.

Other stakeholders who require a description of responsibilities are likely to include human resources (technical leadership and support), external providers (specialist assessment, training and coaching) and organisations providing secondment opportunities in specific roles and projects.



targeted development: e. nomination process



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation's specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering what the nomination process of their talent program should be.

Who will nominate potential program participants?

Generally, a program participant is likely to be more successful in their development efforts if they are supported by their manager, who is their primary source of feedback, encouragement and development opportunities.

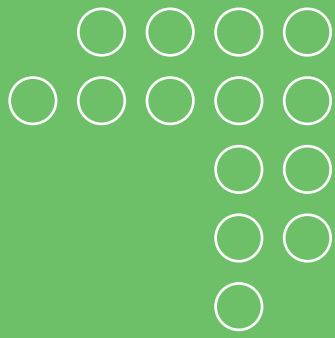
A sound and straightforward nomination process would require that:

- managers nominate appropriate staff members in consultation with the nominees and according to the nomination criteria; and
- the organisation head endorses the nomination.

How will expectations be managed?

Communication mechanisms need to ensure nominating managers are clear on program policies, the nomination processes and the number of people on the program.

To assist manage the expectations of potential nominees and other staff, organisations have also found it beneficial to provide managers with guidelines on what the program does and does not entail, participant responsibilities and the impact on future job selection and promotion opportunities.



targeted development: f. assessment and selection process



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation's specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering what the assessment and selection process of their talent program should be.

What assessment approach will be used?

A number of factors are considered when deciding on the most appropriate assessment tools to provide sufficient information to make judgements on key nomination criteria.

These are likely to include:

- the type and range of capabilities to be assessed;
- the expertise required to apply the assessment tool;
- the time available for conducting the assessment; and
- the resources and finance available to fund the assessment approach.

(See also the fact sheets on '*Identifying staff potential*').

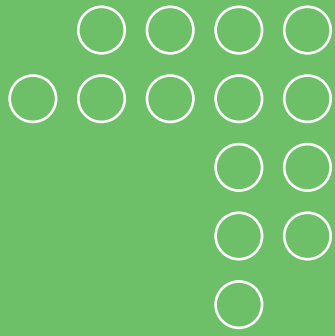
How will the selection decisions be made?

Typically, the organisation's decision makers will review the nominees and make a decision once:

- the assessment information has been collected;
- an evaluation of each nominee's potential has been made; and
- the nominee list is ranked in terms of potential.

The assessment is commonly conducted by the head of the organisation with assistance from the senior management team and/or human resources.

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How will selection decisions be communicated to nominees?

The quality and delivery of the feedback to nominees is critical to maintaining commitment to the organisation and their performance.

A suggested approach for providing feedback on the assessment and selection decision:

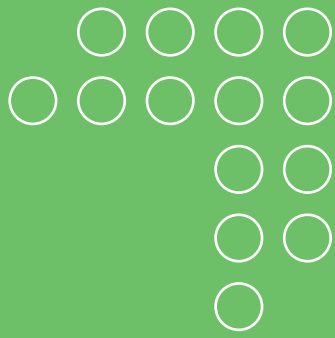
- The manager of the nominee, once they have received a briefing on the reasons behind the selection decision, explains to the nominee whether or not they have been successful. A prior briefing on the decision will ensure that the manager understands the reasons contributing to the selection decision, maintain the manager's engagement in the process and provide information to guide future nomination suggestions.
- The nominees (both successful and unsuccessful) receive comprehensive feedback on their identified strengths and development needs from a person closely involved in the assessment process.

The provision of feedback to nominees should ensure that they:

- understand why their nomination was successful or unsuccessful (that is, which nomination criteria were scored highly and which were not as strong);
- gain a clear understanding of the key strengths and development areas identified during the assessment process;
- obtain a clear understanding of the actions they could take to address identified key development areas; and
- have their questions and concerns about the assessment and selection process addressed.

Nominees are likely to review the feedback as credible when those providing feedback are:

- knowledgeable and able to answer questions about the roles that the program is targeting, and the assessment and decision making process;
- considerate and professional in their delivery of feedback (that is, provide clear and well-structured feedback, understand the nominee's reactions to disappointing news, convey a sense of optimism and hope about the nominee's ability to take action on development needs); and
- able to provide practical advice and suggestions about how the nominee can address the development areas (so they leave the feedback with clear ideas on what they can do to address the identified development needs).



targeted development: g. evaluation of participants and program effectiveness



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation’s specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering the ongoing evaluation of their talent program participants, and evaluating the effectiveness of the program itself.

How will we know the development activities are having an impact on individual skill development?

It is important to reassess regularly the potential of participants, based on the talent program’s initial nomination criteria.

Regular assessment tracks if the development activities are improving staff potential to succeed in the type of role the program is developing them for. It also captures participants’ readiness to apply for and succeed in the targeted role.

How will we know the talent program is achieving its objectives?

Depending on the specific purpose of the talent program, a range of metrics can help track if the initiative is achieving its objectives.

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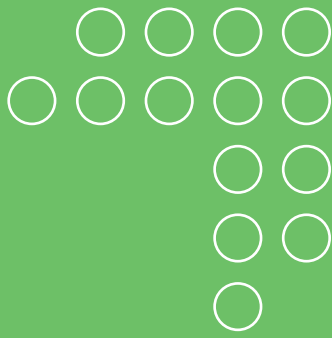
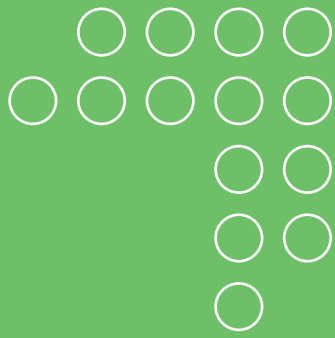


Table 1. Example metrics to track performance on talent program objectives

Metric	How to interpret	Talent program objectives		
		Reduce succession risk for targeted roles	Strengthen internal candidate pool for targeted roles	Improve employment brand of 'growing your own' employees
Talent pool coverage rate:				
<ul style="list-style-type: none"> number of identified talent pool participants who are ready now, as a percentage of the total number of targeted roles 	<p>The figure will be a percentage either below or above 100%. Figures below 100% indicate that there are more roles than identified talent pool participants. Figures above 100% indicate that there are more identified talent pool participants than roles.</p>	✓	✓	
<ul style="list-style-type: none"> number of identified talent pool participants who will be ready within the next two to three years, as a percentage of the total number of targeted roles. 	<p>To reduce succession risk, organisations should aim for a value range close to 100%, taking into account:</p> <ul style="list-style-type: none"> anticipated turnover of critical role incumbents – for low turnover, talent pool coverage of less than 100% may be preferable so that expectations of talent pool participants for moving into the role can be met; and anticipated turnover of identified talent pool participants – for high turnover, talent pool coverage of greater than 100% may be preferable so that periods of high vacancy rates can be filled. 	✓	✓	
Talent pool placement rate:				
<ul style="list-style-type: none"> number of talent pool participants who are appointed to a particular type of critical role, as a percentage of the total number of appointments to the type of role. 	<p>The figure will be a percentage ranging up to 100%. Figures close to 100% indicate that most critical role vacancies are being filled from the talent pool. If an organisation has decided to rely on internal talent pools to address succession risks, then a higher percentage ideally indicates that this strategy is effective. However, if there is also a high turnover rate of new appointees, then the talent pool may not be as effective as it seems.</p>	✓	✓	✓
Internal placement rate:				
<ul style="list-style-type: none"> number of internal hires as a percentage of all hires (internal and external). 	<p>The figure will be a percentage ranging up to 100%. Figures close to zero indicate that most critical role vacancies are not being filled internally. This may suggest lower potential of existing staff to fill critical vacancies, which may indicate increased succession risk. However, past indicators may not always accurately predict future trends (changes in economic conditions and/or organisational direction will influence application decisions).</p>		✓	✓



targeted development: h. addressing common risks and concerns



A common strategy to address succession risk is the identification and targeted development of staff with the potential to one day apply for and succeed in a type of critical role. This approach leads to the creation of an internal talent or labour pool.

The format of a talent program depends on an organisation's specific objectives and resources. However, there are a number of important considerations when designing a program.

This fact sheet provides assistance to organisations that are considering how to address common risks and concerns associated with their talent program.

What will be the most likely risks and how will they be addressed?

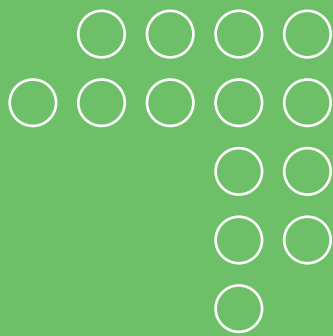
Implementing a talent program can be very effective at mitigating succession risk. However, it can carry a number of risks of its own.

Common risks and concerns associated with targeted development programs include the following.

- **Managers may not put forward their high potential talent for the program:** For talent programs to be successful, it is important to gain the buy-in of managers. Most of the concerns managers express revolve around not knowing how the program will work in practice, or the benefits they will derive. The best way to address these concerns is to ensure managers:
 - contribute to the design of the program and its processes;
 - are clear about the program's purpose, structure, content, and the time commitment of participants; and
 - are rewarded for their active support of it.
- **Staff not eligible for the program do not feel valued:** To address this risk, organisations can clearly communicate the purpose of the program and why it is being introduced for specific roles. Organisations can also make available (and promote widely) the other development activities/opportunities available to staff across the organisation.

An alternative method for addressing this risk is not to openly communicate the program's existence and identification of a talent pool. However, keeping a program secret can create suspicion among staff, who often respond by generating their own versions of its purpose.
- **Confusion about why some people are selected or not selected:** To address this risk, organisations need to develop and follow clear protocols for communicating selection decision feedback in line with published selection criteria. Feedback for both successful and unsuccessful nominees should contain information about strengths and weaknesses. It is also useful to highlight that staff potential can change with new experiences, so the assessment result is valid only for a certain point in time.

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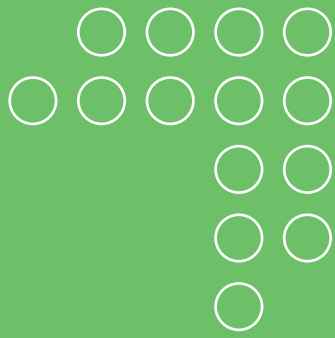
- **Staff not accepted into the program become disengaged:** Letting people know they have not been selected for a talent program is never easy. The following can help maintain the engagement of unsuccessful applicants:
 - ensure applicants are clear about the program selection criteria and process (for example, who makes the selection decision);
 - communicate selection decisions in ways that ensure the information can be of value to the recipient, highlighting, for example, their strengths and development areas against the selection criteria, ideas on how they could address the development areas, feedback on whether they should reapply for the program; and
 - provide feedback in one or more face-to-face meetings with someone who understands the decision, its rationale and the process used, and is able to help develop a plan for future career and personal development.
- **The development program is perceived as contradicting the merit principle for employment:** Communicating widely across the organisation about the existence of the initiative, its purpose, application processes and selection criteria will help provide transparency and demonstrate how the merit principle is being applied. Organisations can note that participants are not guaranteed promotion into the type of role targeted by the program, nor are non-participants excluded from applying for target roles.
- **Participants develop an unrealistic sense of entitlement:** Clear communication across the organisation about what the program entails (that is, opportunities for development), what it does not entail (that is, no guarantee of a promotion to a specific role) and a participant's responsibilities (for example, to participate in particular events, to demonstrate minimum levels of aspiration, engagement, capability growth) is an effective strategy to address this risk.

It is also important to be specific about how participation on the program does (or, more importantly, does not) impact on other organisational processes such as selection, performance appraisal and regular training activities.

- **Staff moved off the program become disengaged or disruptive:** Disengagement tends to only be a concern where a participant's removal from the program comes as a surprise to them. This is often because the participant is not clear about their responsibilities and they have not received specific feedback on where they are falling short.

The impact of potential disengagement can be reduced by ensuring:

- participants' expectations about their responsibilities are clear from the start of the program and are regularly reinforced;
- the consequences of not meeting program responsibilities are clear (that is, participants are exited from the program); and
- there are clear policies/protocols for how disengagement is managed; some programs model their approach on how the overall organisation manages staff performance issues in general (that is, clearly signalling concerns, developing suitable remedial and support processes, treating the removal decision as the step that is taken only after all other avenues have been exhausted).



role on-boarding



Mitigating succession risk

Succession risk management addresses the possibility that a vacancy in a critical role will not be filled satisfactorily within an acceptable timeframe. This situation arises when there is a misalignment between critical roles and the capacity of people to perform these roles when there is a vacancy. Misalignments often occur in terms of capabilities, timing/readiness, expectations and support.

Mitigation of succession risk involves using everyday management activities in a focused way to address the misalignments that are contributing to the organisation's succession risks.

This fact sheet considers how one 'everyday' management activity can be used to make a positive contribution to the management of succession risk.

Role 'on-boarding'

Role on-boarding encompasses all the activities undertaken to help a new appointee reach optimum performance as soon as possible after commencing in the role.

Effective role on-boarding involves introducing new appointees to the people, resources, processes and tacit knowledge essential for success in their new role. The process is tailored to take into account the skills and previous experience of the new appointee as well as the demands of the role, especially the role's inherent challenges.

Contribution to succession risk mitigation

Effective role on-boarding contributes directly to mitigating the risk of under performance or high turn over in critical roles.

To make a positive contribution to the mitigation of succession risk, an organisation's role on-boarding strategy should:

- **Identify performance expectations for a particular type of critical role, in terms of**
 - quality of performance
 - speed with which this quality of performance should be reached

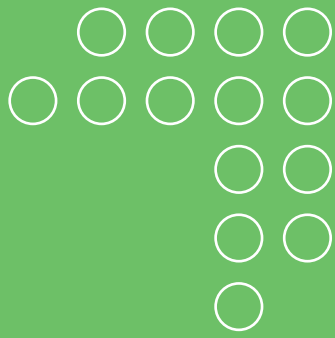
- particular performance cycles (for example periods of high or low critical deadlines)
- length of time an incumbent can be expected to stay in the role

- **Identify enablers and potential obstacles in a particular type of critical role**

For example:

- Enablers:
 - > people and networks (internal and external)
 - > resources (budget, staff, tools)
 - > tacit knowledge ('how to get things done around here' know how)
 - > processes and cycles
- Obstacles:
 - > inherent difficulties of this type of critical role and the operating environment
 - > temporary difficulties of particular critical roles and the operating environment

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- **Ensure that performance expectations and the difficulties of the role are honestly communicated through the recruitment process**

- **Assess the experiences and attributes of a new appointee to a particular critical role**

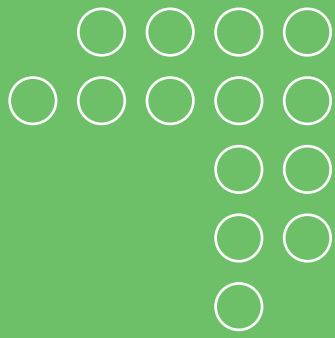
This assessment should include consideration of:

- similarity and difference of previous roles to their new role
- previous experiences of public sector organisations of comparable size, governance structure and focus
- number of times the person has recently moved into new roles
- their existing contacts and supports within the organisation and peers in similar types of critical roles
- personal attributes such as resilience, flexibility, confidence, communication and willingness to learn, change and grow

- **Tailor and implement a unique transition plan for each new appointee to a critical role**

The plan should clearly articulate:

- performance expectations
- timeframes for achieving this performance
- all the enablers essential for achieving this performance and overcoming obstacles
- strategies (such as mentoring, coaching, shadowing, meetings) for introducing the new appointee to all the enablers
- a timetable for the process, including opportunities for performance feedback.



retention management



Mitigating succession risk

Succession risk management addresses the possibility that a vacancy in a critical role will not be filled satisfactorily within an acceptable timeframe. This situation arises when there is a misalignment between critical roles and the capacity of people to perform these roles when there is a vacancy. Misalignments often occur in terms of capabilities, timing/readiness, expectations and support.

Mitigation of succession risk involves using everyday management activities in a focused way to address the misalignments that are contributing to the organisation's succession risks.

This fact sheet considers how one 'everyday' management activity can be used to make a positive contribution to the management of succession risk.

Retention management

Strategies for ongoing engagement, productivity, and retention of staff currently performing critical roles has a direct impact on reducing the likelihood that critical roles will become vacant.

Contribution to succession risk mitigation

To make a positive contribution to the mitigation of succession risk, an organisation's activities regarding retention should:

- **Identify what keeps employees in individual critical roles engaged and productive**
- **Identify what might encourage employees in individual critical roles to leave**

Give consideration in both cases to:

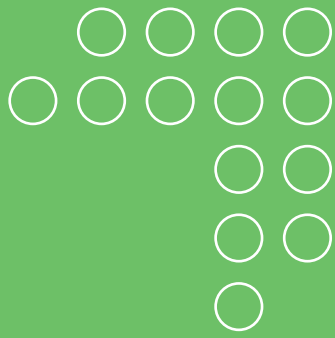
- benefits:
 - > tangible benefits (for example, wages, leave provisions, work hours and access to development)
 - > intangible benefits (for example, status, opportunity for visibility, access to networks, career prospects, access to 'stretch' work and opportunities to develop new skills)

- operating environment (for example, management arrangements, collaboration with peers, opportunity to take risks, delegations, span of control)
- opportunities for gaining similar benefits or more conducive operating environment elsewhere (outside the organisation)

- **Identify and implement strategies to enhance pull factors and address push factors**

Including:

- support for supervisors of staff in critical roles, especially to ensure effective people management and the 'protection' of the key intangible benefits and operating environment that keeps current staff in critical roles engaged and productive
- adopt and implement a change management approach for organisational changes likely to impact on critical roles, incorporating communication and collaboration with incumbents in critical roles.



capturing and sharing tacit knowledge



Mitigating succession risk

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Capturing and sharing tacit knowledge

Tacit knowledge is unarticulated knowledge residing in people's heads about what needs to be done and how to get things done. When a critical role becomes vacant, organisations risk losing the tacit knowledge that is essential to performing that role successfully.

Tacit knowledge is difficult to document (and turn into explicit knowledge) because it is complex, deeply embedded in specific contexts and/or constantly changing.

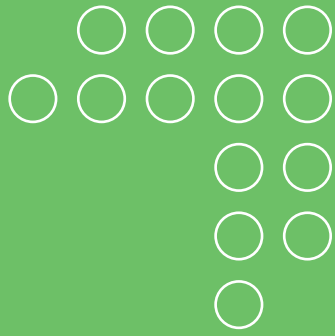
So effective management of tacit knowledge is not just about implementing complex technology systems. It focuses on capturing and verbally sharing tacit knowledge in living formats, through conversation, storytelling and meetings.

Contribution to succession risk mitigation

Effective management of tacit knowledge can help mitigate succession risk by:

- **'storing' tacit critical role knowledge in several heads**
 - ensures there is a pool of people with the knowledge to perform a role in the short term while the organisation fills the role on a permanent basis
- **transferring tacit critical role knowledge at the right time**
 - share essential knowledge with new appointees as soon after they commence the role as possible, to help them reach optimum performance and avoid pitfalls arising from not knowing 'how things are done around here'
 - incorporate essential knowledge into the development activities of potential successors, to fast track their ability to undertake a role.

continued >



The knowledge you need to capture and share

The following types of tacit knowledge need to be captured and shared about critical roles:

- **knowledge about the past**
 - What has already been done?
 - What is the background to the work?
 - What have been the major successes, challenges and mistakes to date?
- **knowledge about the immediate future**
 - What needs to be done?
 - Why does this need to be done?
- **knowledge about how to get things done**
 - What are the informal processes?
 - What are the unspoken rules and protocols?
 - Who do you work with to get things done? How should you engage them?
- **knowledge about tips and traps**
 - What are the 'quirks' of the role and its operational environment?
 - What or who will present an obstacle? How can this be overcome?
 - What or who will work to your advantage? How can this be leveraged?
 - What mistakes have been made and what was learnt from these?

Planning a tacit knowledge management strategy

Taking into account the critical knowledge, determine:

- what can be documented (because it is relatively unambiguous and stable);
- what has been documented (through manuals, how-to guides, precedents) and what can be documented, but has not been; and
- what cannot be documented (because it is ambiguous, highly contextual and constantly changing)
 - how this knowledge is currently shared;
 - if these current practices can be improved and formally embedded in organisational practice (especially those relating to employees leaving critical roles, development activities targeted at building candidates for critical roles, role on-boarding for critical roles).

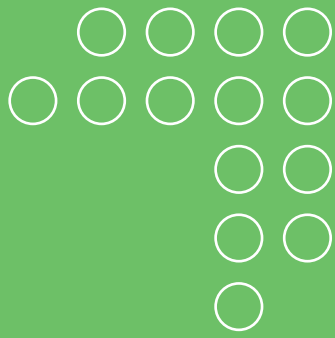
Making it work

The existence of tacit knowledge should be discussed openly, especially as part of role on-boarding and project set up.

Tacit knowledge management activities should be acknowledged in:

- organisational strategy documents;
- business and development plans;
- role descriptions, especially for critical roles;
- employee performance plans, especially for critical roles; and
- departure plans, especially for critical roles.

The simple act of making the existence and importance of tacit knowledge clear will contribute considerably to its effective capture and transfer.



capturing and sharing tacit knowledge: activities



The activities listed here represent some of the ways in which your organisation can facilitate the capture and transfer of tacit knowledge in a systematic way.

Given tacit knowledge is often difficult to document, the focus is mainly on sharing tacit knowledge through conversation, storytelling and meetings.

Group-based activities

Team meetings

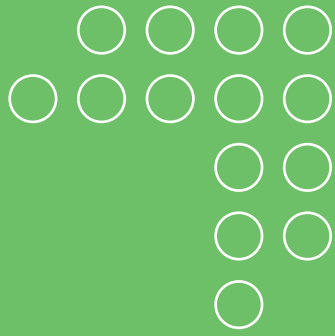
Team meetings are an ideal forum for sharing tacit knowledge on the progress of ongoing projects, lessons learned from completed projects and major topics relevant to the operation of the organisation.

Tips for increasing the effectiveness of team meetings for sharing tacit knowledge include:

- **agenda item that provides 'space' to share tacit knowledge**
 - a standing item focusing on lessons learned from activities undertaken since the last meeting
 - a semi-regular item (for example, quarterly, coinciding with the start of a new season) focusing on what 'we were doing a year ago' and why. This will help capture and transfer corporate history for new staff and help existing staff take stock of the knowledge they may have gained in the course of their work

- **a protocol that project and operational updates start with a re-cap** (in a few sentences) of the background and rationale for the work
- **ask departing team members to deliver a short presentation** focusing on what they did in their role, the challenges they faced and how they overcame them, and what they would have liked to have known when they started
- **provide opportunities for wisdom sharing within the team** in informal situations (for example, end-of-work drinks, morning and afternoon tea). The following questions can be used to stimulate discussion:
 - What would you have liked to have known when you started the job?
 - What have been the most difficult aspects of the job? How did you handle these?
 - What was your greatest moment/worst moment in the job, so far?

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Debriefing at the end of a project

A debrief meeting with all project stakeholders is an effective way of capturing key project learnings about what worked (and what did not), what the team would do differently next time, and tips and traps on how to get things done.

Tips for increasing the effectiveness of project debriefs for sharing tacit knowledge include:

- **utilising strategies that ensure project stakeholders contribute frank information**
 - conduct a simple and anonymous survey with stakeholders and compile responses in a short document to use as a discussion starter at a debrief meeting
 - invite participants to post, anonymously, thoughts and observations on post-it notes to sheets of paper under headings such as: what we did, what was critical for our success, what did not help
 - use an external facilitator to conduct the meeting and capture the arising information
 - establish and apply discussion protocols, such as the Chatham House Rule where participants are free to use information from the meeting but agree not to identify the source of the information
- **agree to and assign responsibilities for next steps at the end of the meeting**
 - keep and document (where possible) the new and important knowledge or identify at least two people to remain contacts for the project
 - share the knowledge with people who were not at the meeting, or part of the project; and over time, especially as staff leave or join the organisation
 - embed the key learnings into future work practices.

Communities of practice and peer networks

Communities of practice and peer networks are groups of employees who exchange best practice relating to their common area of interest (such as type of work or subject). The network comes together principally to share information rather than to collaborate on work.

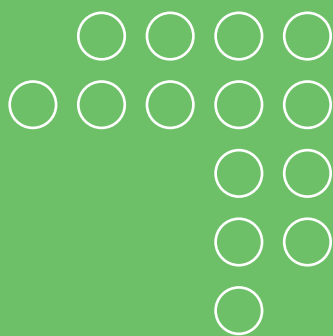
Communities of practice may exist for a finite period (for example, where there is a need to share knowledge relating to a new development) or on an ongoing basis.

Tips for increasing the effectiveness of communities of practice and peer networks in sharing tacit knowledge include:

- **develop clear terms of reference for the network**
 - articulate the purpose of the network in terms of the type of information it exists to exchange
 - revisit the purpose periodically to ensure it remains relevant to members' needs
 - agree on protocols for membership, conduct of interaction between members and record keeping
- **assign formal responsibility to someone for welcoming new members**
 - provide new members with an overview of the network's history, members, processes and key discussions to date.

Providing new appointees of critical roles with a list of all relevant networks can help transfer tacit knowledge essential to their role.

continued 



Learning and development programs

Use organisational learning and development activities to capture and share tacit knowledge with potential successors for a type of role.

Tips for increasing the effectiveness of learning and development programs in sharing tacit knowledge include:

- **invite current incumbents to share their tips and traps for success** in a role targeted by, or relevant to, the learning and development activity
- **organise a live panel discussion** among incumbents and/or past staff members to discuss their experiences and share key knowledge relating to the targeted role.

Wikis, online forum and other online methods

Because tacit knowledge is complex, deeply embedded in context and constantly changing, it is often difficult (and time-consuming) to document, especially in traditional files and manuals.

However, several online applications have been designed to capture evolving information in real time, including wikis, online forums, or simply a 'knowledge log' document on a shared drive to which everyone can add content.

The challenges of having people contribute to and use these online documents and forums remain.

Tips for increasing the effectiveness of this activity in sharing tacit knowledge include:

- **reward and recognise the task of updating online tacit knowledge documents or forums** by identifying this task in formal performance plans;
- **use simple templates that ensure online information is structured usefully**, for example, set up a knowledge log document as three columns headed: what went wrong, why, how did we fix it (or whatever is appropriate to the focus of the log).

One-to-one activities

Mentoring and shadowing

Shadowing and mentoring can help an employee develop the capability and acquire, first hand, the knowledge essential to performing a role.

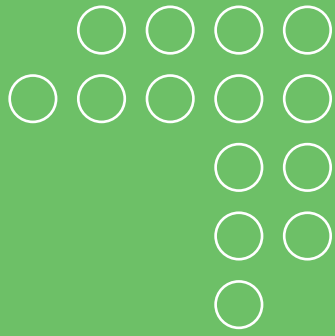
In mentoring, a mentor (with working knowledge of a role or the context in which it is performed) shares their wisdom with a mentee (typically a new appointee or potential candidate).

In shadowing, an employee (typically a potential candidate for a role) spends time (often several days or weeks) with the incumbent.

Tips for increasing the effectiveness of mentoring and shadowing in sharing tacit knowledge include:

- **requirement to report** (for example, to the participant's manager or colleague) **information gained from the mentor or shadowing experience**
 - the purpose of the reporting is to check understanding and further share tacit knowledge
- **set up time for rapport building and free-ranging reminiscences about work**
 - can be conducted in a relaxed environment (for example, over coffee)
 - the mentee or person who is shadowing may stimulate the conversation with questions such as:
 - > What would you have liked to have known when you started the job?
 - > What have been the most difficult aspects of the job? How did you handle these?

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Handover meetings, exit interviews and oral history projects

These activities provide in-depth information from current incumbents on the tacit knowledge critical to the successful performance of their role.

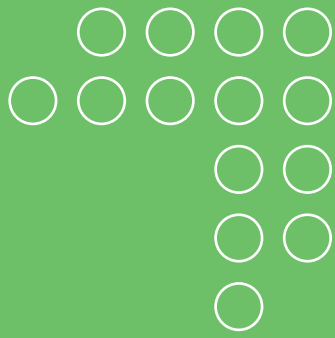
Handover meetings occur when someone leaves a role. Ideally, they occur between the departing and the new incumbent, although often a third party (a manager, colleague or someone filling the role temporarily) will pass the information on to the new incumbent.

Exit interviews, which typically focus on reasons behind why an employee is leaving the organisation, can be expanded to capture tacit knowledge relating to a particular type of role.

Oral history projects involve interviewing an employee about their role(s) and the organisation, without the need for a catalyst such as individual departures or project completion.

Tips for increasing the effectiveness of these activities for sharing tacit knowledge include:

- **prepare a standard interview template asking questions about the history, immediate future, and tips and traps on how to get things done**
 - use with staff who leave the organisation, who leave a role (to take up another within the organisation) and on an annual basis unrelated to any particular event
- **articulate how the collected information will be used and by whom**
- **use a single common-access document** (for example, a spreadsheet) to capture and store de-identified and verbatim interview answers
- **communicate this initiative throughout the organisation**
 - encourage senior leaders to support collecting this information and actively using it
 - report the results of handover, exit or oral history initiatives at senior team meetings
 - encourage managers to access the material as a resource for them and their staff.



recruitment activities



Mitigating succession risk

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This fact sheet considers how one 'everyday' management activity can be used to make a positive contribution to the management of succession risk.

Recruitment activities

An organisation's recruitment processes for critical roles are in direct competition with the processes of other organisations seeking to attract the same candidates. Recruitment processes that are clear, competitive and 'fit for purpose' increase the opportunity of engaging a preferred candidate at the right time and managing expectations of both the candidate and the organisation.

Contribution to succession risk mitigation

To make a positive contribution to the mitigation of succession risk, an organisation's recruitment strategy should:

- **Identify employment competitors (other organisations that will attract your preferred candidates)**

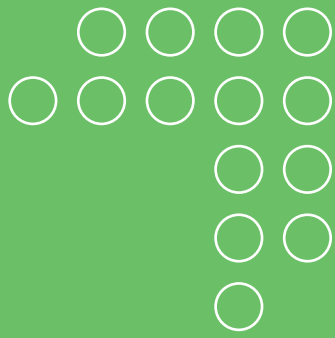
In particular, identify their recruitment methodology in terms of length of time and the processes involved.

- **Modify the recruitment processes for particular types of critical role to ensure competitiveness**

Modifications can be undertaken in terms of:

- length of time from candidate submission of their application to candidate being informed of the selection outcome
- the amount of work a candidate is required to undertake at the initiation 'expression of interest' stage
- communication with candidates while the process is underway, or
- support provided to the candidate to complete the recruitment process steps.

These, and any other modifications, should be made to strengthen the opportunity to attract and maintain a competitive field, and to make merit-based selection decisions.



performance management



Mitigating succession risk

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Performance management

Every manager within an organisation can contribute to either increasing or decreasing the organisation's exposure to succession risk, through their contribution to organisational culture, employee engagement and support for the development of staff. Reward and recognition for positive contributions to the management of succession risk should be included in management performance plans.

Performance management interactions provide insight into the potential of the current workforce and the opportunity to influence staff aspiration and engagement towards types of critical roles. For staff with potential to apply for and succeed in particular types of critical role, performance management activities such as stretch goals can be shaped in line with career pathways leading towards a particular type of critical role.

Contribution to succession risk mitigation

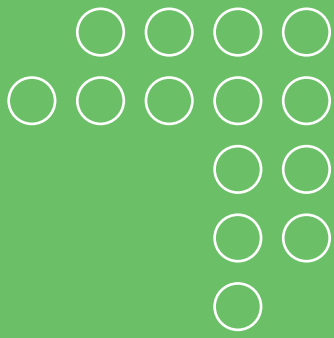
To make a positive contribution to the mitigation of succession risk, an organisation's performance management strategy should incorporate:

- **A standard performance indicator for all managers and leaders that recognises and rewards active contribution to succession risk management**

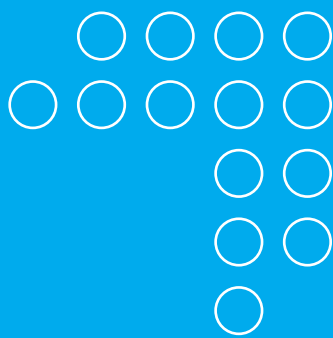
Performance against this indicator can be demonstrated through:

- active creation of a positive organisational climate
- active retention management including career conversations with staff
- active maintenance of current knowledge about the external labour market
- active contribution to marketing the organisation's employment value proposition for particular types of critical roles
- active identification of staff potential (through assessment of capability, aspiration, engagement, experience and achievement)

continued >



- active support for the tailored development of staff with potential to succeed in particular types of critical roles
- active support for the development of staff across the organisation through mentoring or the provision of placement opportunities, or
- maintain active contact with organisational alumni, especially those who may be able to contribute to the management of succession risk through mentoring incumbents in critical roles or providing intelligence about the external market
- **Senior leaders and managers trained in making positive contributions to succession risk management**
 - Including:
 - basic understanding of what succession risk is, how it can be addressed, and the role of everyday management activities in reducing (or increasing) exposure to succession risk
 - skills in identifying and nurturing potential in staff through effective career conversations, mentoring and support of development activities in the work place
- **Career conversations as a standard part of performance management within the organisation**
 - the career conversations should provide an opportunity to encourage members of staff to consider striving towards particular types of critical roles
 - the promotion of various career pathways and active career planning, can be used to help people understand how their current work experience can contribute to desired roles in the future, and what roles and projects they may seek to move towards these roles
- the names of staff with clear ambition towards particular types of critical roles should be pooled and shared among the organisation's leadership. These staff should be assessed for their potential to progress toward particular types of critical role, and provided the opportunity to participate in development that will assist them realise their career potential
- **Annual development plans created to address both current needs of a person's role, as well as their potential to progress towards particular types of critical role.**



review risks and mitigation strategies



Reviewing risks

Given the high number of factors that contribute to succession risk, an organisation's risk profile can change regularly. It is important that an organisation reassesses the succession risks to which it may be exposed (that is, run through the process advocated in this toolkit) on a regular basis and, especially:

- **When organisational priorities are about to change**
For example:
 - new major projects are about to commence
 - the organisation has been given new accountabilities
- **When the organisation's structure is about to change**
For example:
 - as a result of 'machinery of government'
- **When significant changes among the internal workforce occur**
For example:
 - a high number of staff departures have occurred or are likely
- **When significant changes in the external environment occur**
For example:
 - significant changes in the economy

Reviewing mitigation strategies

The best approach to reviewing the effectiveness of strategies is to benchmark the performance of any programs or initiatives against a set of key performance indicators. Typical succession risk management indicators include:

- **Succession risk generally**
 - reduction in the time that critical roles remain unfilled
- **Vacancy risk**
 - increase in the number of credible candidates on shortlists for critical role vacancies
 - increase in the number of staff formally identified as having potential for particular types of critical role
- **Readiness risk**
 - increase in the number of staff formally identified as being ready to apply for, and succeed in, particular types of critical role
 - increase in the number of appointments to particular types of critical roles from internal staff
- **Transition risk**
 - decrease in underperformance of new appointees
 - decrease in early departures of new appointees.



resources and references

Fact sheets, checklists and templates to support this guide

A series of fact sheets, checklists and templates have been created to support this guide. These provide more information about key ideas conveyed through the guide and have been written for anyone who will play a role in the management of succession risk in your organisation.

This online material has been designed so that it can be adapted for use within different organisations and modified to suit particular needs.

These are available from the SSA website:

www.ssa.vic.gov.au

Corporate Executive Board memberships

Victorian Public Service departments jointly hold a membership to three Corporate Executive Board memberships:

- Corporate Leadership Council:
www.clc.executiveboard.com
- Recruitment Roundtable:
www.rr.executiveboard.com
- Learning and Development Roundtable:
www.ldr.executiveboard.com

These organisations undertake best practice research and present this through easy-to-read reports, business cases, case studies, templates and tools, all available free-of-charge from the websites as part of the membership fee.

Anyone with a 'vic.gov.au' email address can log on to any of the sites and obtain a password that will provide access to all three sites and the resources available from them.

Further references

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Toolkit credits

This toolkit has been prepared by the State Services Authority with advice and contributions from:

- The Hay Group
- CompAssess
- the Victorian Leadership Development Centre
- several VPS departments/agencies