

## TABLE OF CONTENTS

<b>Introduction</b>	<b>9</b>
Key Questions Addressed in This Report	11
Measures Studied	12
<b>Summary of Key Findings</b>	<b>13</b>
1. Great Opportunity Exists for Companies to Enhance Their Succession Management Strategies.	13
2. Best-Practice Organizations Address Succession Management Consistently across All Key Positions at All Levels.	15
3. Development Planning Is a Differentiator between Those with High-Impact Succession Management Programs and Those without Such a Program.	15
4. For a Company to Achieve Best-Practice Succession Management, Its Executives Have to Be as Engaged in Succession Management as Its HR Leaders.	16
5. Global Succession Management Is an Untapped Source of Top Talent for Multinational Companies.	16
6. Companies Must Focus Their Succession Management Strategies on Both Technical / Professional and Management Roles.	17
7. A Strong Talent Review Process Is Critical for Highly Effective Succession Management.	17
8. Good Succession Management Is Clearly Correlated to Business Success.	18
<b>Current State of Talent Management</b>	<b>19</b>
Today's Business Challenges	20
Today's Talent Challenges	22
<b>What Is Succession Management?</b>	<b>25</b>
Case in Point – How Do Companies Define Succession Management?	26

Implementation	27
Governance	29
Case in Point – Federated Governance at United Stationers	30
Case in Point – Centralized Governance at MTS Allstream	30
High-Impact Succession Management Maturity Model	31
Level 0 – No Succession Process	32
Level 1 – Replacement Planning	32
Level 2 – Traditional Succession Planning	33
Level 3 – Integrated Succession Management	34
Level 4 – Transparent Talent Mobility	35
<b>Key Business Drivers</b>	<b>37</b>
Case in Point – Rapid Business Growth at Lowe’s	38
<b>Six Key Steps for Annual Succession Planning</b>	<b>39</b>
1. Articulate Roles for Succession Management	39
Board of Directors – “Talent Overseers”	41
Case in Point – United Stationers Board of Director Talent Review	43
CEO and Senior Executives – “Talent Orchestrators”	44
Case in Point – Succession Process at Mercer	45
Case in Point – CEO Engagement at North Shore-LIJ	46
Line-of-Business Leaders – “Talent Influencers”	47
HR Leaders – “Talent Accelerators”	48
Case in Point – HR Leader Succession Management Responsibilities at Lowe’s Companies	49
Employees – “Talent”	50
Summary of Key Roles	50
2. Identify Key and Critical Positions	51
Focus on Both Professional and Management Roles	53
A New Way to Look at Talent	54
3. Assess High Potential	57

Criteria for High Potential	59
Case in Point – Ecolab	60
Transparency of High-Potential Identification	62
Case in Point – First Energy Corporation	63
Cases in Point – MTS Allstream	64
4. Conduct Talent Calibration Sessions	65
Benefits of Talent Calibration	65
Talent Calibration by Maturity Level	67
5. Implement Talent Review Workshops	68
Case in Point – The Fundamental Value of the Talent Review	69
Types of Talent Reviews	69
Talent Review Attendees	70
Case in Point – Mercer’s Multitiered Talent Review Strategy	71
Talent Review Discussion Topics	72
6. Define Action Plans	75
Transparent Succession Plans	75
Actionable Development Plans	78
Development Planning Follow-through	80
Essential Organizational Plans	87
<b>Summary of Succession Process</b>	<b>88</b>
<b>Top 10 Best Practices of Succession Management</b>	<b>89</b>
1. Facilitate Process-Driven Succession Management	90
Case in Point – St. Joseph’s Medical Center Strategic Talent Review Process	91
Case in Point – American Express Talent Process	93
Case in Point – Textron’s Succession Management Strategy	94
2. Promote a Transparent Process	96
3. Align Capabilities with the Business Strategy	98
4. Ensure Executive Commitment and Engagement	99
Case in Point – The Burden Is on the Manager	100

5. Broaden the View of Talent	101
Case in Point – BASF Crop Protection	102
6. Implement Similar Processes at All Levels of the Organization	102
7. Create a Culture of Sharing Talent	104
8. Integrate with Talent Management Processes	105
Competency Management	107
Learning and Development	108
Leadership Development	109
Career Development	109
Performance Management	111
Sourcing and Recruiting	112
Knowledge Management	112
9. Establish a Measurement Strategy	113
10. Recognize Technology as an Enabler	115
Cases in Point – Succession Planning Technology	116
<b>Succession Management for Executive-Level Versus Other Levels</b>	<b>119</b>
Board of Director Involvement	120
Succession Management Activities	121
Case in Point – Executive-Level Talent Reviews at First Energy Corporation	122
Succession Management Tools	123
Development Plans	124
<b>Small Versus Large Companies – Is There a Difference?</b>	<b>127</b>
<b>Global Implications and Considerations</b>	<b>130</b>
Case in Point – Expatriate Assignments Harder for U.S. Leaders	132
Case in Point – Discovering Local Talent in Foreign Nations	133

<b>Challenges of Succession Management</b>	<b>135</b>
<b>Moving the Business Forward</b>	<b>137</b>
<b>Progressing through the Succession Management Maturity Model</b>	<b>139</b>
Have Realistic Expectations	140
<b>Conclusion</b>	<b>142</b>
<b>Appendix I: About This Report</b>	<b>144</b>
The Bersin & Associates and CCL Partnership	146
Research Methodology	146
Study Demographics	147
Organization Size	148
Organization Type	150
Industries	151
Global Presence	152
Profile of Respondents by Job Role	154
In-Depth Survey Data	154
<b>Appendix II: Succession Management Tools</b>	<b>156</b>
Organization Charts	157
Assessments	158
Competency Assessment	158
360-Degree Assessment	159
Potential Assessment	161
Job-Fit Assessment	161
Job Profiles	164
Talent Profiles	165
Nine-Box Grids	167
Software Systems and Applications	170

<b>Appendix III: Succession Management Systems</b>	<b>173</b>
Introduction	173
Integrated Performance, Career and Succession Management Solutions	174
Case in Point – Integrating Performance Management and Succession Management	175
Career and Succession Management System Capabilities	175
Solution Providers Offering Career and Succession Management System Functionality	178
<b>Appendix IV: Talent Management Models</b>	<b>181</b>
Bersin & Associates Talent Management Framework®	181
Talent Strategy and Planning	182
Core Processes	182
Competency Management	183
Learning and Development	183
Compensation	183
HR Systems and Metrics	183
CCL Talent Sustainability Framework	184
<b>Appendix V: Case Studies</b>	<b>188</b>
Case Study: BASF Crop Protection	188
Overview	188
Best-Practices Summary	189
Executive-Level Succession in a Global Context	189
Global Challenges	190
What Is Next?	191
Case Study: Knauf Insulation	192
Overview	192
Best-Practices Summary	193
Identifying Critical Positions and Competencies	193
Benchmarking for Assessment	194

HR's Coaching Role	194
Executive Commitment and Engagement	195
Implementing Technology Solutions	195
What Is Next?	196
<b>Case Study: The Kudelski Group</b>	<b>197</b>
Overview	197
Best-Practices Summary	198
Talent Review Process	198
Global Implications	199
HR Promotes Commitment and Engagement	199
What Is Next?	200
<b>Case Study: Large Financial Services Organization</b>	<b>202</b>
Overview	202
Best-Practices Summary	202
Executive Commitment and Engagement	202
HR Focus on Execution	203
What Is Next?	203
<b>Appendix VI: Glossary</b>	<b>206</b>
<b>Appendix VII: Table of Figures</b>	<b>212</b>
<b>About Bersin &amp; Associates</b>	<b>216</b>
<b>About This Research</b>	<b>216</b>
<b>About Center for Creative Leadership</b>	<b>217</b>