**Succession Planning: A Key to Maintaining Organizational Viability**

_Everyone knows Kermit the Frog. What many people forget is that Kermit’s creator – Jim Henson – died very suddenly. Henson’s death meant that the voice of Kermit was gone. Without a replacement in sight Henson Enterprises would lose their most recognizable character. Fortunately, a replacement was found quickly._

As illustrated by the example above, what do you do when a long time employee suddenly departs, retires, or even dies? How do you retain the institutional knowledge or capability that was within that employee? Some estimates suggest that a significant portion – perhaps as much as 75 percent – of an organization’s value is within the minds of the employees. If even a portion of this estimate is true then it is critical that all organizations – especially small and family business – should engage in periodic succession planning to maintain organizational viability and retain institutional knowledge. The end of the year is a good time to create, review, and update succession plans.

A succession plan should focus on both employees and positions:

**Firstly, we focus on the employees.** The succession plan should identify those employees that: (1) are in key positions (i.e., key decision makers); (2) have significant institutional knowledge/memory; (3) have many customer contacts; or (4) have scarce skills. For each of these employees the plan should track time until retirement/departure and attempt to catalog the knowledge and capabilities of each person.

**Secondly, we focus on the organization’s key positions.** Usually these are considered to be mission critical positions. Once key positions have been identified the organization should catalog the knowledge, skills, and abilities that are needed for success. Much of this information can be found in the position job analysis. The succession plan should draw on this information to identify the pathway(s) through the organization so that adequately prepared employees are always available.

**Finally, bring together the plans that relate employees and positions.** This enables the organization to identify a slate of potential candidates for each key position. The slate should list the candidates and their current capabilities. The slate should also note time until each candidate is ready. Note that not all candidates have to be from within the organization. Potential candidates that are familiar to the organization but not currently working within the organization may also be viable candidates at some point in the future. Finally, the plan should be dated so that the plan can be tracked and regularly updated.
The succession plan should be updated at least once per year. In the event that a key employee suddenly decides to retire, the organization should remember that it might be possible to engage that employee on a consulting basis so that institutional knowledge is partially maintained – at least until the knowledge is passed along. Finally, remember to keep the key employees informed about the succession planning process. Enlist their help. They may have ideas about employees or outside candidates that might be good replacements.