



The Prince's
Responsible
Business Network



INCLUSIVE SUCCESSION PLANNING

A toolkit for employers



Royal Founding Patron: HRH The Prince of Wales
Chairman: Jeremy Darroch
Chief Executive: Amanda Mackenzie OBE

Business in the Community is a registered charity in
England and Wales (297716) and Scotland (SC046226).
Company limited by guarantee No. 1619253.

Registered Office: 137 Shepherdess Walk,
London N17RQ,
www.bitc.org.uk

Contents

Introduction	2
1/ Create a policy	3
2/ Engage leaders and stakeholders.....	7
3/ Create a plan	10
4/ Increase diversity and develop the pipeline	12
5/ Monitoring the diversity in the talent pool	14
6/ Additional insight and resources	16

Introduction

Succession planning is about determining who will lead your organisation into the future.

It's about identifying which key positions are at risk and vital to your organisation's smooth operation and then developing pools of talent that are ready to be drawn from at any time for any reason.

Simply put, succession planning is your current and 'emergency replacement' talent pool. It can also be a key tool to drive engagement within your organisation.

70% of employees from Black, Asian and Minority Ethnic (BAME) backgrounds in the UK said that progression was important to them. Interest in taking part in a fast track programme or accelerator opportunity is significantly higher amongst BAME groups, 43% of BAME employees told us in the Race at Work survey 2018 that they would like a fast track opportunity while only 10% are on the fast track.

The leadership pipeline of today needs to be inclusive of BAME talent to ensure that senior management roles of the future and workplaces reflect an increasingly diverse working-age population. Only 1 in 16

people in management positions are from a BAME background in contrast to 1 in 10 in the workplace and 1 in 8 of the working age population. The McGregor-Smith Review highlighted that tackling these race disparities in the UK would provide an annual income boost of £24bn to the UK economy.

It is important that employers turn their attention to ensuring there is diverse talent in their succession planning lists for senior roles and the feeder pools to these lists. This toolkit has been developed to support employers who may not have this important process in place, or who need to review the process through the lens of ethnicity and diversity.

In October 2018, we launched the Race at Work Charter with the Prime Minister to help businesses take practical steps to ensure they are tackling the barriers that ethnic minority people face in the workplace. This toolkit has been updated to support principle five of the Charter: Take action that supports ethnic minority career progression.

Sandra Kerr OBE, Race Equality Director, Business in the Community



1/ Create a policy

Overview

It makes good business sense for companies to have an organisation-wide succession plan to build a crucial pipeline of key talent across all departments, functions and locations.

With an ageing global workforce and shortfall of skills it is important that attention is paid to establishing and maintaining effective succession planning programmes that build long term sustainability and viability for the organisation. For this sustainability to occur, organisations need to consider a diverse range of talent.

Our Race at the Top (2014) research spotlighted that there is only 1 in 16 people from Black, Asian and Minority Ethnic (BAME) backgrounds on FTSE private and public sector boards.

This is in stark contrast to the 1 in 8 people of working age in the UK from a BAME background and 1 in 4 young people in primary and secondary school from a BAME background. This is a steep pyramid that we need to square.

There are business benefits being lost from this lack of diversity. McKinsey & Co's 'Delivering through diversity research' studied 1000 organisations across three international geographies and spotlighted that organisations with ethnically diverse teams had 33% better financial returns.

Additionally, diverse senior executive teams are good for business. They can help to reduce group think decisions and sharing the broadest range of different perspectives enables maximum

opportunity for creative and innovative solutions. [Research](#) from the Royal Society also confirmed that groups make better decisions.

Actions to take

Practical actions to bring your policy to life:

- Overall, talent and succession planning should not be a process which is only conducted at cyclical points throughout a performance year.
- The mindset behind establishing your succession pipeline and identifying talent should be happening everyday through any leadership tiers. Talent spotting should be an ongoing priority for your organisation.
- Senior leaders should be encouraged to think about their diverse talent and mention their names and their achievements as they spot them or become aware of outstanding performance within their own teams. This approach ensures that increasing the diversity of your succession planning lists is not an annual conversation which continues to question why there are too few diverse candidates within the talent pool consideration.
- We recommend that the succession planning policy should be aligned to the business plan and appraisal process and be reviewed quarterly. This can be one way that an organisation can ensure that there is a pool of skilled talent available to fill business critical roles as important vacancies arise, as well as using a talent grid. See example at *Figure 1* on page 18.
- The policy should include the setting of targets where a lack of diversity in the succession planning talent pool is identified.
- Ensure that you are collecting data on your workforce by ethnic group at each level of administration and management.
- Put in place a process that allows you to monitor each stage of the promotion process from application through to sift, assessment, interview and selection.
- Ensure that you have progression/promotion data; identifying where there are discrepancies and disparities by ethnicity and other diverse groups. This will help you design the right interventions be it with interview or assessment panel processes.

- If when you monitor your promotion and progression processes the results show there is a disproportionate number of BAME employees who are not getting promoted, identify where the issues lie. Monitoring each stage of the promotion process helps you to pinpoint where in the process any disparities may be occurring:
 - Is it that they are not putting themselves forward?
 - Is it that their application is not getting strong support from the line manager?
 - Or is the challenge at shortlist and/or interview stage?
- Upon identifying the barriers, invest in interventions to help promote BAME staff into positions of leadership. This might include reviewing your appraisal and performance assessment markings. It is also important to ensure that there is fair access to development training for your BAME employees by monitoring the take up of places.
- Ensure those involved in promotion sifting, assessment and interviews have refreshed unconscious bias training.
- Encourage regular and ongoing feedback discussions between line managers and employees.

- Depending on the scale of the challenge within your organisation, you could consider opportunities for BAME-only development programmes. Where possible include senior leader sponsorship on these programmes in consultation and collaboration with your Employee Network Groups (ENGs).
- Identify business critical roles and have contingency plans in place to ensure business continuity. Review the diversity of the workplace teams linked to those job functions with a view to ensuring diversity in the talent pipeline for the future.
- As succession planning impacts line management/function heads, they should be tasked with taking the next step actions in conjunction with HR.

Communicate your talent management policy:

- Ensure you have a policy which is clear, visible and widely communicated. There is nothing worse than losing hidden or identified talent because they are not aware of opportunities for development and progression.
- Communicate your succession planning policy and process include via proactive HR business partnering relationships within the organisation.

- Some examples of communication channels you can use include:
 - the intranet
 - publications
 - code of practice
 - website
 - cascade through staff messages
 - Employee Network Groups (ENGs)
 - awards submissions
 - focus groups and consultations with identified target population.

Whatever mediums you use it is important to ensure that you engage with the identified target population.

- Ensure that your policy is accessible to all, so all employees are able to take advantage of training, development and stretch assignments needed by employees.

Race at Work (2015) - Recommendation 6:

Review succession planning lists for diverse talent. If BAME people are under-represented on the list, targets should be set to increase the diversity of this pipeline and an action plan developed that focuses on the progression of BAME employees and a review of external recruitment processes. Targets should be short, medium and long-term to ensure momentum is sustained.



2/ Engage leaders and stakeholders

Overview

Race diversity in succession planning needs to be part of the organisation's HR and overall strategy if it is to succeed.

To engage leaders it is important to make the business case for change. This should include the changing demography of the talent

pool in the UK and internationally. A plan to attract, develop and retain talent should underpin the strategy.

This plan should also state its high-level diversity and inclusion targets and share insight into how the organisation will achieve those targets.

The organisation should also clarify how the targets, methods and processes will be applied fairly in order to increase representation of ethnic minority staff on succession plans.

The role of Human Resources function

Succession planning is an area that the HR function may drive passionately as the benefits of having a strong pipeline is well-known to them. HR are also tasked with maintaining and updating the information held on identified talent as well as ensuring that all key stakeholders are kept updated of any change.

However, succession planning needs to be supported and driven and fully endorsed by senior management to ensure talent momentum and business continuity.

Identify characteristics of talented leaders in your organisation. These are the personal traits which a senior leader should demonstrate.

Ensure that these skills and attributes are agreed, published and well communicated.

Senior leaders have a key role to play to ensure the ongoing spotting, support and recognition of talent from BAME backgrounds within the organisation.

Race at Work (2015)

A key recommendation from Race at Work (2015) was for leaders to act as sponsors. We need leaders to act as active sponsors, using their influence to mention the names of the BAME people when development or progression opportunities are being discussed - especially when there are no people from BAME backgrounds in the room during these conversations.

This is of vital importance to ensure fair access to development opportunities and stretch assignments.

Actions to take

Practical actions to engage leaders and stakeholders:

- Provide Inclusive Leadership training and awareness for leaders and managers of diverse teams.
- Ensure there are regular 'unconscious bias' awareness sessions and reminders for those involved in appraisal, promotion, talent management succession planning assessments and decisions. For example, this can be done by ensuring messages about being aware of unconscious bias are included in the written materials linked to these processes.
- See our [infographic materials](#) of how unconscious bias plays out in the workplace.
- Senior leaders and managers within functions with key strategic and operational roles should have performance objectives to identify talented BAME employees with a strong track record of performance.
- It is also important that leaders identify those demonstrating high potential and actively seek to include them in their teams.

- Encourage senior leaders and managers to sponsor employees from a different ethnic background.
- Leaders need to speak up for BAME talent in the high -level forums and meetings that they are absent from, especially if there is an obvious shortage of BAME talent at that level.
- Encourage reciprocal mentoring and sponsorship with senior leaders and someone from a different ethnic background.

Initiative in focus: returners' programmes

A number of employers have introduced returners' programmes to tap into external talent. This approach targets specific individuals such as people on career breaks, shared parental leave and/or those who have taken early retirement. Approaching this targeted talent can be done directly through social media or via recruitment partners. As the effectiveness of this approach is evaluated it would be sensible to review if this model risks potential bias and/or creates further barriers for ethnic minorities.



3/ Create a plan

Overview

Increasing Diversity in Succession Planning

A good succession plan should list identified high potential internal diverse talent. It should also flag where there is a gap in expertise

and experience indicating where external talent needs to be sought and by when.

Organisations should have dates in place to review succession planning lists for diverse talent. If there is an under-representation of BAME people on the list and in the talent pool, targets should be set to increase the diversity of the talent pipeline. Create an action plan that focuses on the progression of existing BAME employees as well as reviewing your external recruitment processes.

Targets should be short, medium and long-term to ensure momentum is sustained and to ensure that this vital talent pool is always populated and replenished as required.

Head-hunters can be commissioned to search for specific external expertise and experience. Employers who have operations all over the world have the opportunity to use their global talent pool in succession planning.

It is also important to plan for jobs that do not currently exist but will become business critical, for example, digital technology roles.

Actions to take

- Agree fair and transparent criteria for identifying talent and potential within your organisation that is not exposed to subjectivity. 'Internal' talent; people in your organisation have the advantage of already understanding the business identified as having the ability to become highly productive at a faster rate and will have already gained the respect and trust of other employees. This can be of great benefit to an organisation during any change programme or leadership transition.
- A plan should be put in place to facilitate the stretch and development of these individuals through high profile projects, internal secondments and shadowing opportunities.
- Agree a way to spot the external talent you will need in the future and what pools you will draw these individuals from.
- Consider the diversity of the external talent pools and if you use search consultants or head-hunters, be explicit in your request for diverse long lists and short lists.
- 'External' talent; can impact on an organisation's culture by introducing fresh thinking and a new approach to the way

things are done. The company may be looking for different perspectives to enable them to operate in a fast-paced environment, therefore recruiting an external candidate could be the most strategic approach.

- One clear advantage of external talent is that they don't have any established internal relationships and can therefore more easily make the hard decisions that need to be made. They are also very likely to bring new networks and connections that may benefit the organisation.



4/ Increase diversity and develop the talent pipeline

Overview

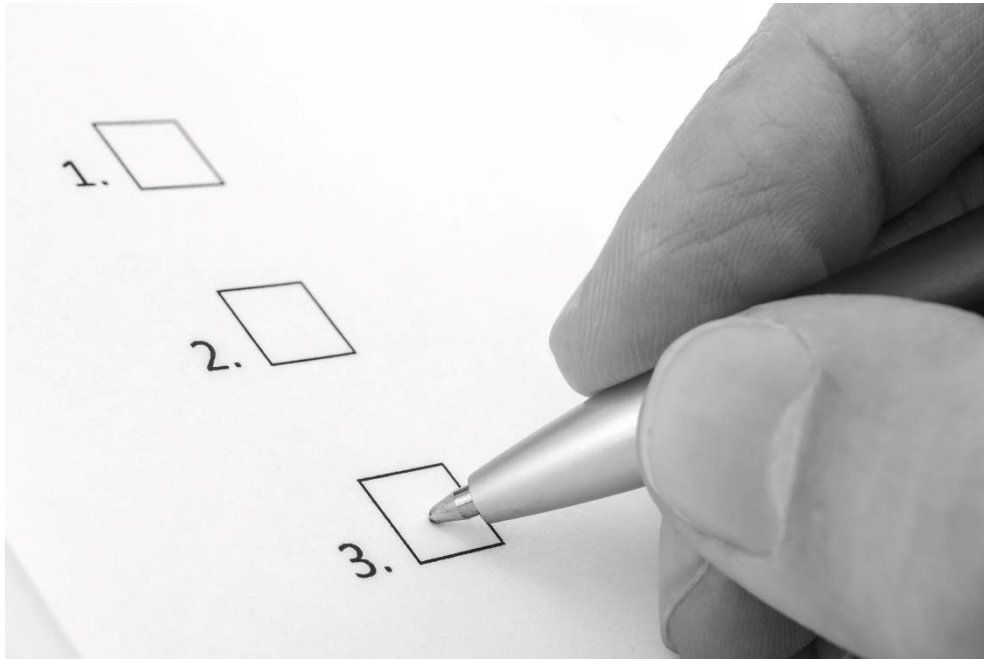
There is much still to be done to ensure businesses are ensuring their talent pipeline is diverse. [Race to Progress \(2011\)](#) spotlighted that BAME employees received fewer training opportunities than their

white counterparts. It also highlighted that over two-thirds of BAME workers wanted a mentor.

Proven mechanisms for embedding and improving workforce diversity, such as senior accountability, performance-related pay, performance reviews and board sign-off are more likely to be used for gender than ethnicity. This reflects previous benchmark findings, where employers were often further ahead on gender progression and performance than ethnicity. We need to see more employers use these proven mechanisms for measuring diversity and inclusion (D&I) objectives for ethnicity. Employers who identify future leaders through their graduate recruitment schemes have an opportunity to create a rich foundation of diverse talent as *Race into Work: Revisited* (2015) revealed the high number of qualified BAME graduates in the UK. We asked YouGov to produce some additional analysis from the Race at Work survey 2015 which demonstrated that BAME people have a more positive response when asked about the value of mentoring on their career ambitions and aspirations. There were very similar trends reported in the Race at Work Survey 2018. See page 22 *Figure 5*.

Actions to take

- Actively ensure BAME employees are included in existing talent development initiatives, including:
 - Lateral moves internally are an important part of developing organisational capability.
 - Secondments - this could include internal and external secondment opportunities.
 - Project work to include research projects. Adopting projects suggested by talent pools (this would require thinking out of the box in order for this to be successful).
 - Acting-up or longer-term temporary promotion opportunities.
 - Opportunities to observe and participate in senior management team meetings/shadowing senior executives.
 - Acting planning together on discussions and aspirations expressed in annual reviews.
- Explore opportunities for reverse and reciprocal mentoring and sponsorship of top talent by executive level directors and board members. We have produced a fact sheet on [What is reverse mentoring](#) to support employers who wish to explore this as part of their commitment to the Race at Work Charter principle one.
- Set targets to ensure fair access to credible leadership and development training opportunities, projects and programmes.
- Monitor to ensure fair access to credible leadership and development training and programmes.
- Create opportunities to engage in shadow board projects.
- Extend opportunities for individuals to serve on boards with external partners and or working groups with key strategic partners, suppliers and local charities.
- Increasing the transparency of all networks within your organisation and embracing new and diverse talent is a great way to ensure that your organisation is ensuring there is a wide pool and diverse mix of talent for the future pipeline.
- Don't lose sight of your experienced hires. Ensure that they are also nurtured to ensure no shortfalls occur in the talent pipeline as graduates move up the ladder or acquire important lateral moves to broaden their skills portfolio of experiences.



5/ Monitoring the diversity in the talent pool

Overview

Evaluating and Assessing Impact

A succession plan is a confidential document and therefore careful consideration should be given to reviewers. In most organisations,

reviewers tend to be HR; Learning & Development (L&D) and Line Managers. Use your employee survey responses by ethnic group, distribution of performance appraisal markings, 360c feedback and attrition statistics to evaluate the effectiveness of your policy.

Whilst individual names should be kept confidential the competence, skills and abilities required to be part of the succession planning talent pool should be transparent.

Succession Planning Review Panel

We recommend that employers convene a Succession Planning Review Panel. The panel would be tasked with reviewing the succession plans owned by HR to ensure transparency.

The Succession Planning Review Panel should include nominated representatives by HR from across Recruitment; L&D; Network Chairs; Heads of functions and senior leadership. We would recommend that employees from BAME backgrounds are included in these panels where possible.

Review Timelines

Reviews should be carried out at the interim and annual review process point in the business year. HR should follow up on any

outstanding actions and raise concerns where there are high attrition rates which would impact the succession management

Actions to take

- Monitor your workforce by ethnicity, age and gender at each management level.
- Use data from your own employee engagement survey as well as local census data for talent pool information as a benchmark to compare workforce data.
- Appraisal, assessment and performance systems should be monitored to ensure that there are no disparities in the attribution of performance markings by ethnicity group in the workforce.
- Setting Key Performance Indicators (KPI's) will enable an organisation to effectively track progress.
- Organisations need to agree who will set KPIs and who they will be reviewed by. For example, a board sub-group, HR and management group, high level diversity advisory group or Employee Network Groups.

- Findings of the KPI review panel should be reported to the CEO and the steering group tasked with recruitment in an organisation on an annual basis.



6/ Additional insight and resources

Suggested Model Approach

The '9 box grid' (see page 18) plots employee performance against potential and is a valuable talent review tool for HR practitioners and

for managers across all levels. According to this 2-dimensional grid approach, talent is placed into one of 9 boxes based on the amount of potential and performance they demonstrate (*source: strengths partnerships*). During this process managers and HR teams would work collaboratively to place individuals on the Low-Moderate-High axis to help identify who are the highest potential individuals, who needs development, and who needs coaching on performance. You can see an example of the different quartiles of the grid below (See *Figure 1*):

- Track participation of minority ethnic employees on fast-track or development programmes
- Ensure that talent pipelines are actively monitored and the progression rate of minority ethnic employees is known
- Build diverse junior pipeline and feeder pools of talent

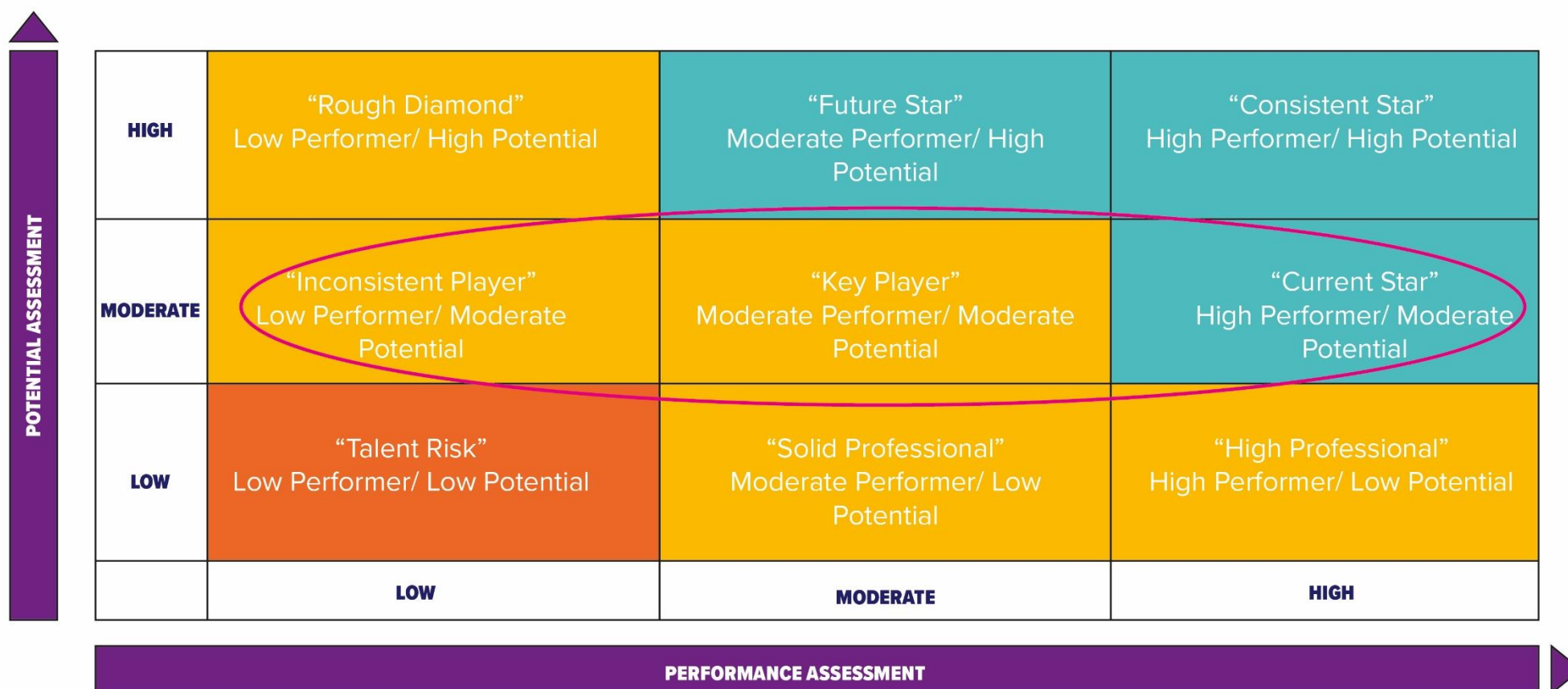
Developing talent and broadening experiences

It is important that the talent management pipeline is kept updated otherwise the model risks failing.

It is also important that the assessment process used is monitored and evaluated to ensure all the BAME people do not end up in the

bottom quartiles of the assessments. Our Race at Work survey spotlighted that BAME employees have a strong ambition to progress, receive development training and develop leadership skills. Explore with candidates as they may have acquired 'missing' competencies in prior roles earlier on in their careers. However, if after exploration a genuine skills gap is identified there is an opportunity through the personal development process that you have in place to explore opportunities for stretch assignments, internal or external secondments, coaching and/or other development activity to provide opportunity for individuals to consolidate the necessary skills and competencies required for the top quartile candidates.

. Figure 1: The 9 Box Grid



Data from the Race at Work survey gave further evidence of the educational levels of UK BAME workers (see *Figure 3*). High levels of educational attainment had also been reported in two earlier reports 'Race and recruitment: Exposing the barriers' (2012) and Race into Work: Revisited (2015).

This table has been included from Annex A of the *Race at Work* report (see page 44), to bust the myth that young people from BAME backgrounds do not have higher levels of qualifications to enter the fast track, fast stream, management fast track and/or graduate entry programmes within organisations. Ensure that your in-house recruitment teams and any external recruiters and head-hunters are doing effective outreach and are actively searching for candidates from the widest pool of talent available. You should expect to see diverse talent at induction on to those internal programmes linked to local populations of diverse communities and students.

BAME respondents are more highly educated

BAME respondents to the survey are much more likely than white respondents to be educated to degree level or above. By ethnicity, respondents who are Black African or Chinese are more likely to be educated to degree level or above than respondents from any other ethnicity. The results from the Race at Work survey 2018 show an increase in the number of BAME people with degrees/Masters or PhD qualifications. See *Figure 4*.

Positive responses to the impact of mentoring

BAME employees are not only more likely to say that they want a mentor, they report more positive responses about the impact of mentoring on their careers. See *Figure 5*.

Figure 3: Respondent profile | Education level (*Race at Work* survey 2015)

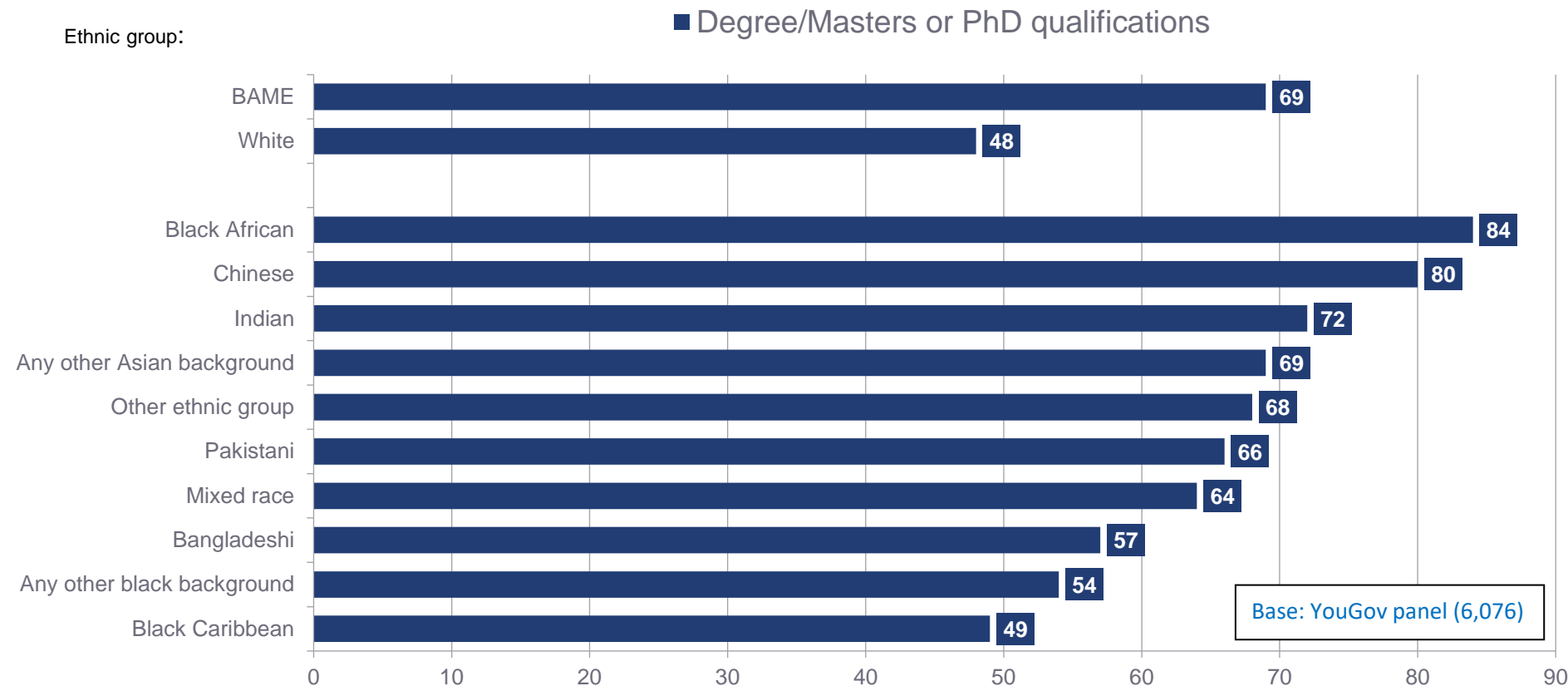


Figure 4: Respondent profile | Education level (*Race at Work* survey 2018)

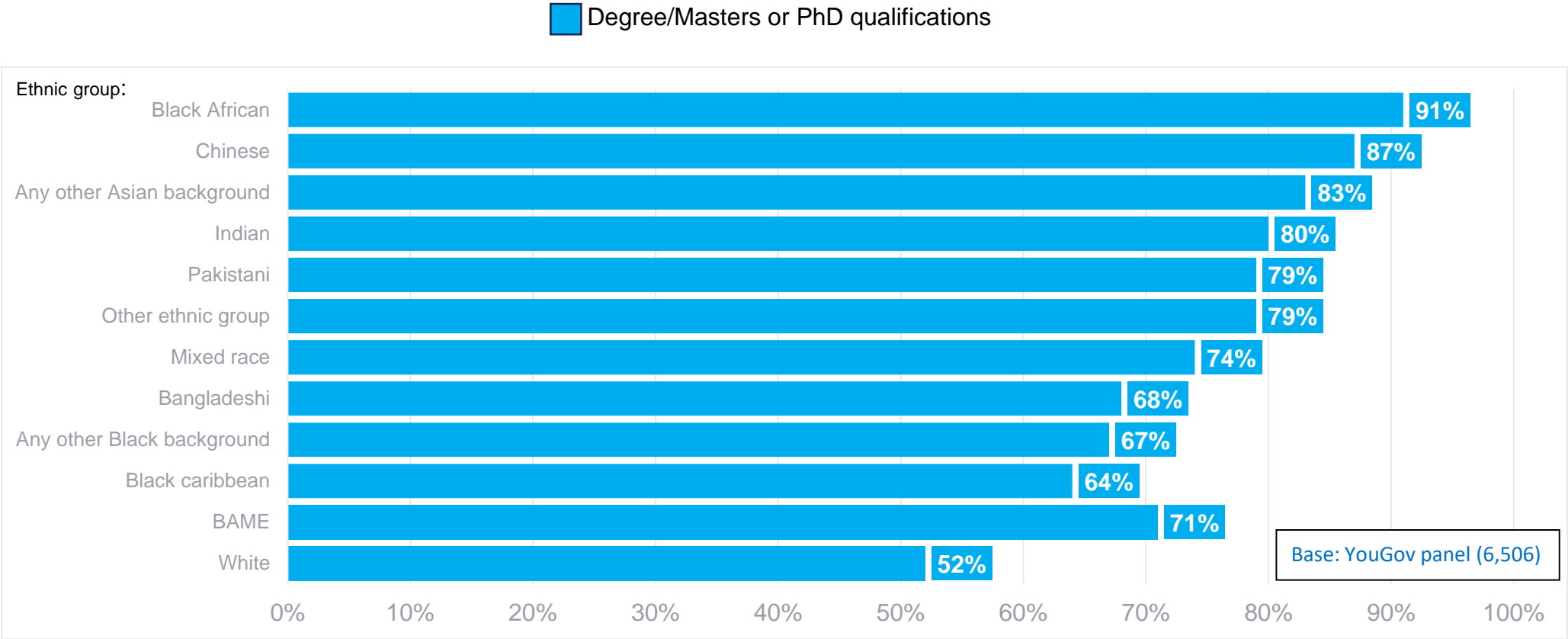


Figure 5: Value of Mentoring (Race at Work Survey 2018) – Participant responses to the value of mentoring questions

All agreeing with the following statements

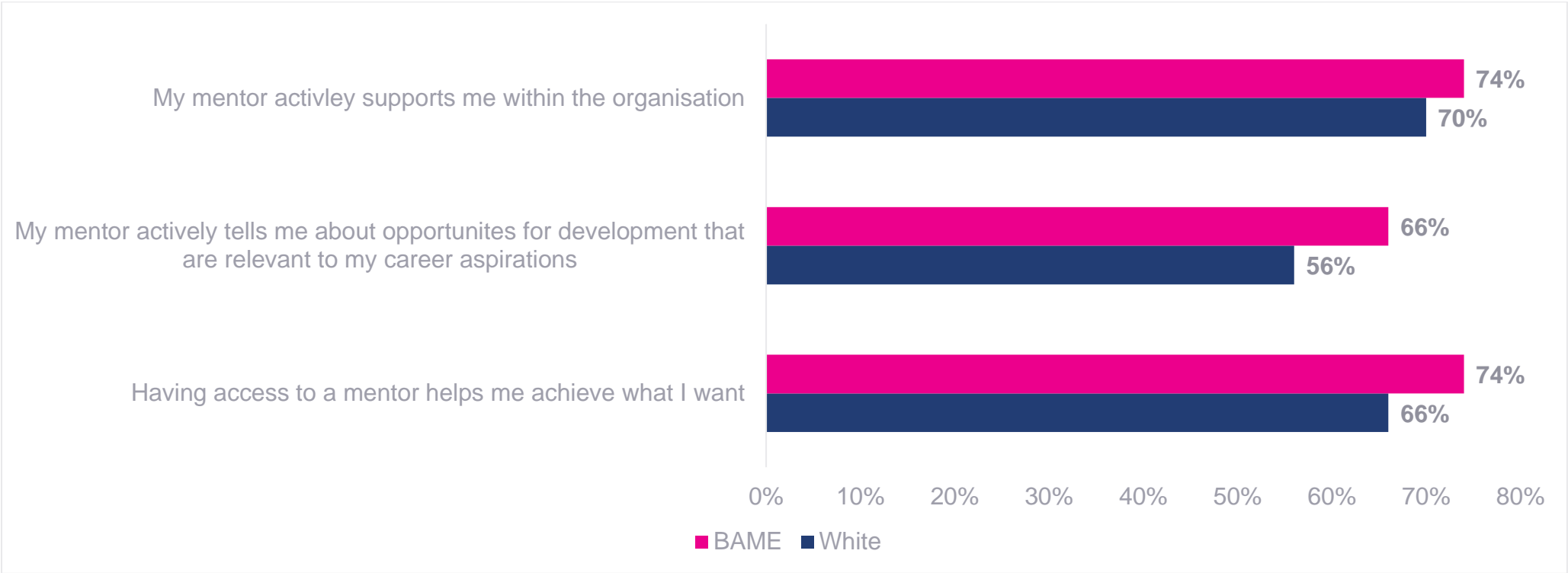
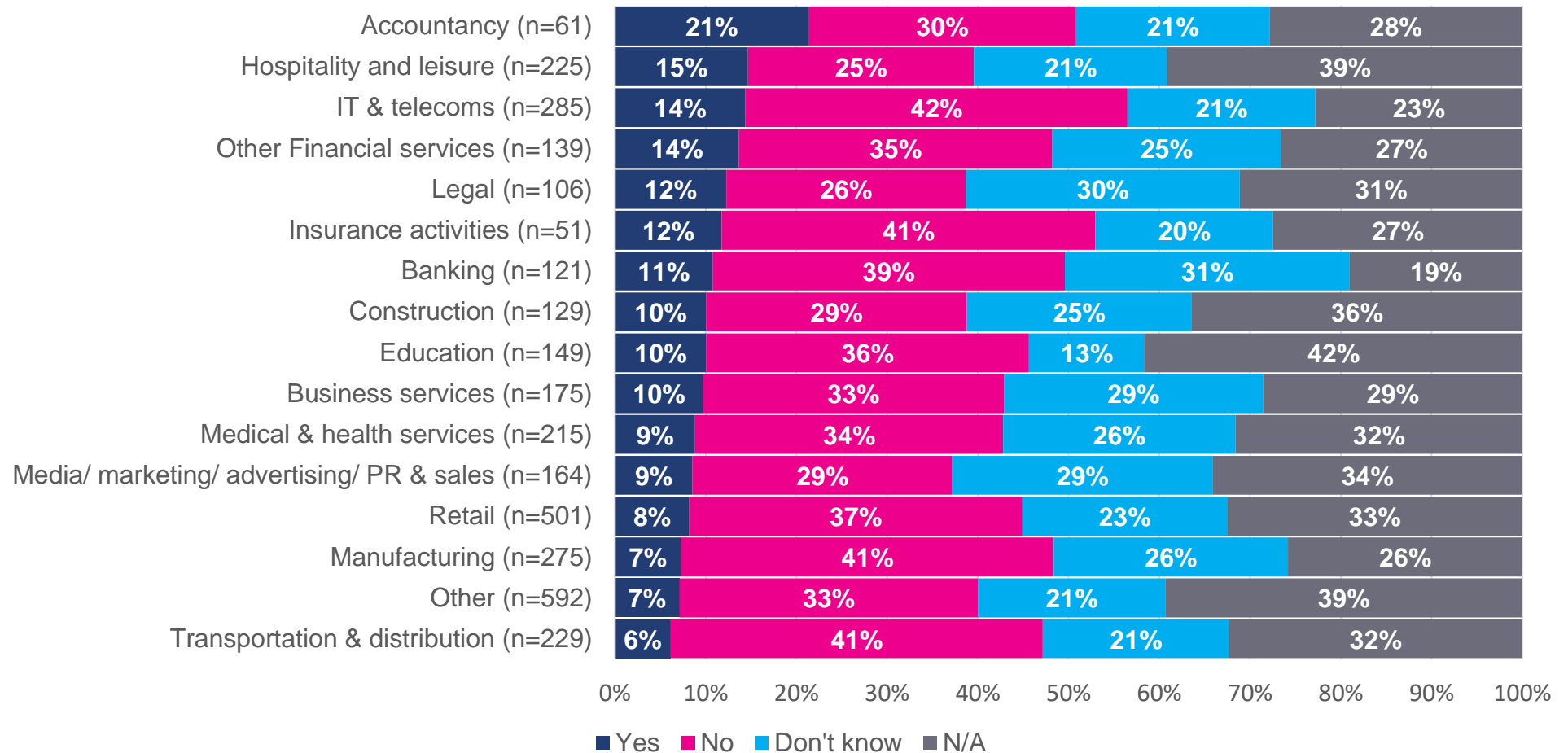


Figure 6: Succession Planning for Senior Roles (Race at Work Survey 2018) – Participant responses to ‘I am on my employer’s succession planning list for senior roles’



References

Business in the Community Race at the Top (2014)

Business in the Community Race Infographics

Business in the Community Race into Work Revisited (2015)

Business in the Community Race to Progress (2011)

McKinsey Delivering through Diversity report (2018)

*xperthr.co.uk/survey – published by IRS, 21 March 2011, IRS
Employment Review*

*HIRSH, W. (2000) Succession planning demystified. Brighton:
Institute for Employment Studies*

Royal Society animation on Making better decisions in groups (2018)

<https://royalsociety.org/topics-policy/publications/2018/making-better-decisions-in-groups/>

Women Returners (2016)

Further reading

Race at Work research findings (2015)

Race at Work research findings (2018)

Acknowledgements

The Race Equality Campaign at Business in the Community would like to express their sincere thanks and appreciation to the HR professionals and various race, ethnicity and cultural diversity Employee Network Group Chairs from within our network who took the time to contribute to this toolkit:

Elsie Akinsanya

Keat Ang

Amrita Aurora

Sukh Bath

Nadine Brody

Chris Carter

Roger Charles

Natalia Langlais

Lily Olisa

Marjorie Perkins

Rajiv Sharma