

Table 2 (continued)

4.7.11 Succession planning

Succession planning is an essential tool for sustainable workforce planning. It is the process for identifying and developing current employees with the potential to fill critical positions in the organization. Succession planning is critical to organizational success and creates an effective framework for recognizing, developing and retaining top leadership talent. It is important to note that strategic succession planning is not about talent the organization needs now; rather it is projecting the talent, knowledge, skill and competencies required for the future of an organization aligned with future growth and business plan.

For this area the following metrics are recommended for internal reporting by large organizations (unless otherwise stated):

- 1) Succession effectiveness rate (percentage of critical positions) (additionally recommended for internal reporting by SMEs).

Succession effectiveness rate is defined as percentage of critical positions that are occupied by internal promotions versus external hires. This metric is useful for organizations that like to understand the strength of their succession pipeline.

$$\text{Succession effectiveness rate} = \left(\frac{\text{number of internal-hire critical positions occupied}}{\text{total number of critical positions occupied}} \right) \times 100$$

The general succession effectiveness rate is calculated by determining the quotient from the number of internal successions for critical positions occupied and the number of all successions of critical positions per year. Consequences: a rate between, for example, 70 % and 80 % is a sign of good succession effectiveness. [Table 15](#) provides an example for reporting.

Table 15 — Example for reporting on internal succession

	2017	2016	2015
Number of successions in critical positions	23	21	25
Succession effectiveness	74 %	68 %	62 %

- 2) Successor coverage rate (recommended for reporting by large organizations and SMEs).

This metric is useful for organizations that identify potential successors for leadership positions. The successor coverage rate defined as the average number of employees in the leadership succession pool per total number of leaders.

$$\text{Successor coverage rate} = \left(\frac{\text{number of leadership successor pool}}{\text{number of leadership succession applicable}} \right) \times 100$$

- 3) Succession readiness rate.

The succession readiness rate can additionally be examined in different levels (all levels recommended for internal reporting by large organizations):

- a) Succession depth rate: ready now



**Human resource management —
Guidelines for internal and external
human capital reporting**

*Management des ressources humaines — Lignes directrices sur le
bilan du capital humain interne et externe*



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