
Human resource management — Succession planning metrics cluster

*Management des ressources humaines — Indicateurs de mesure pour
le plan de succession*

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 260, *Human resource management*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

ISO 30414 highlights guidelines on the following core human capital reporting (HCR) areas:

- compliance and ethics;
- costs;
- diversity;
- leadership;
- organizational culture;
- organizational health, safety and well-being;
- productivity;
- recruitment, mobility and turnover;
- skills and capabilities;
- succession planning;
- workforce availability.

This document focuses on evaluating succession planning as a critical factor in supporting organizational resilience and sustainability from a people perspective. It can be described as a core human resources and talent management activity and a key part of a successful workforce planning strategy. ISO 30414:2018, 4.7.11, considers succession planning as an essential tool for sustainable workforce strategic planning.

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Succession planning can be described as a process for identifying and developing current employees with the potential to fill critical positions in the organization for the future. Succession planning can be critical to organizational sustainability and creates an effective framework for recognizing, developing and retaining a diverse top leadership and management talent pool. It is important to note that strategic succession planning is not only about the talent the organization needs right now, but a journey to map out and create the talent, knowledge, skills and competency capabilities required for the future of an organization. This is usually aligned with future growth plans and business goals as well as improving people initiatives (such as valuing diversity and inclusion).

Organizations often invest significant sums to develop and retain staff. A sustainable strategy is therefore imperative to carefully manage key risks associated the workforce, such as key exits (through natural attrition, such as retirement and voluntary and involuntary exits) in a planned and coordinated way, connecting all human resources talent and development areas (including diversity and inclusion), creating what can be described as a talent contingency plan that doesn't leave the organization exposed to operational failure, service or key client loss. As with all metrics, they should be analysed in a context of organizational priorities, strategic objectives and other human resources data, reviewing the ecosystem of people information to make informed talent-planning decisions.

For all these reasons, investors, analysts and all types of employees will benefit from greater transparency about the time spent in succession planning.

The metrics within the succession planning cluster, as documented in ISO 30414:2018, 4.7.11, are as follows:

- a) succession effectiveness rate;
- b) successor coverage rate;

- c) succession readiness rate:
- 1) succession depth rate: ready now;
 - 2) succession depth rate: ready in 1-to-3 years;
 - 3) succession depth rate: ready in 4-to-5 years.

This document describes the following components for each of the identified metrics:

- general;
- purpose;
- formula;
- how to use (internal use and external use);
- contextual factors;
- predictive factors.

There are additional metrics in this document to aid the user in understanding the extensive range of metrics available and to increase their choices in providing as comprehensive a picture of their succession planning measures of success as possible. Please note, these metrics are part of an ecosystem of measures (and data) in the human resources function, such as turnover and retention and culture, found in the ISO 30000 family of standards and technical specifications, that can be used to create a fuller narrative of the organizational contextual situation.

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Human resource management — Succession planning metrics cluster

1 Scope

This document specifies the elements of succession planning metrics and provides comparable measures for internal and external reporting.

The document also highlights issues that need to be considered when interpreting the succession planning data, especially when deciding on the appropriate intervention internally and when reporting this to external stakeholders such as regulators or investors.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 30400, *Human resource management — Vocabulary*

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3 Terms and definitions (standards.iteh.ai)

For the purposes of this document, the terms and definitions given in ISO 30400 and the following apply.

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ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <http://www.electropedia.org/>

3.1

critical position

job role that has a direct and significant impact on organizational outcomes

[SOURCE: ISO/TS 30410: 2018, 3.1, modified — Notes to entry removed.]

4 Succession effectiveness rate

4.1 General

Succession effectiveness rate is calculated as the percentage of critical positions that are occupied by internal promotions versus external hires.

4.2 Purpose

This metric is useful for organizations that like to understand the strength of their succession pipeline.

4.3 Formula

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

4.4 How to use

The general succession effectiveness rate is calculated by determining the outcome from the number of internal successions for critical positions occupied and the number of all successions of critical positions per year.

A rate between, for example, 70 % and 80 % can be regarded as a sign of good succession effectiveness. The example in [Table 1](#) indicates a diminishing succession effectiveness rate over the measurement period.

Table 1 — Succession effectiveness rate

	2017	2018	2019
Number of internal successions in critical positions	23	21	25
Total number of critical positions	31	31	40
Succession effectiveness	74 %	68 %	62 %

Organizations can also differentiate using categorisations such as functions, job families, organizational units and geography.

If choosing to report this externally, this can be a good indicator of the strength of the workforce planning strategy and the organization’s ability to develop internal candidates for promotion (a potential key factor in an employee value proposition for recruitment purposes).

Succession planning can consider a suite of metrics that creates a dashboard to help the user determine the efficiency, effectiveness and economy of internal processes and commitment to ensure a comprehensive picture is provided to the organization. Used in isolation, singular metrics can provide a limited or distorted view of the process.

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The success of internal appointments can be attributed to a number of factors, including how candidates come across in interviewing or assessment processes; the resources available (including time off) for development; identification of the right candidates at the start; monitoring and management of the candidates; organizational planning and talent processes; and the commitment and support of the senior leadership team. It can be viewed as a key strategic people imperative that can shape a growth culture.

4.5 Contextual factors

When considering the context supporting the metric results, consider:

- FTE count at each measurement point, i.e. has the FTE grown or shrunk enough to change the perspective and meaning of the metric results?
- current activities the organization is undertaking:
 - increased production or product expansion;
 - reorganizations;
 - current activities in educating the workforce;
- cultural shifts, both positive and negative;
- generational perspectives;
- social change or awareness leading to increases in reporting;
- industry expectation;

- economic factors:
 - downturns;
 - upturns.

4.6 Predictive factors

This metric is a good indicator that an organization's talent processes are working, but only after the fact and in no way determines where potential problems or vulnerabilities can exist. It does not guarantee future success in changing market conditions or major industry disruption where new skill sets or other thinking or knowledge components will possibly be required.

When forecasting potential improvements or deterioration in the current situation, organizations can look to the future known and anticipated events and consider:

- planned organization structural or workforce changes;
- upcoming work, function or product changes;
- acquisitions;
- economic factors:
 - downturns;
 - upturns;
- workforce awareness and education;
- political, social, environmental and legislative dynamics;
- industry sector impacts.

5 Successor coverage rate

5.1 General

This metric is useful for organizations that identify a number of potential successors for leadership positions.

5.2 Purpose

Successor coverage rate measures the number of successors in the successor pool compared with the total number of leaders in the organization.

5.3 Formula

The successor coverage rate is calculated as the number of employees in the leadership succession pool per total number of leaders.

The calculation is as follows:

$$\text{Successor coverage rate} = \frac{\text{number of employees in leadership succession pool}}{\text{total number of leaders}} \times 100$$

In example 1 the organization has defined leaders. This leadership group includes employees with the designation senior manager, director or executive in their title and totals 44 people. The average number of employees in the succession pool is 24.

EXAMPLE 1 24 (potential leaders)/44 (total leadership positions) × 100 = 54 %.