

Why succession should be part of your strategic plan

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Strategic plans are crucial for helping your financial institution succeed — especially in times of economic uncertainty. They help you allocate resources in an effective way so that you can achieve your institution's long-term objectives.

But one vital resource that's often left out is talent. In a tight labor market, how your organization manages your people is critical to your success.

To help your financial institution manage risk and meet your goals, you need to be strategic about how you find, distribute and develop talent.

Why financial institutions need succession plans

As the talent pool continues to shrink and employee expectations change, many institutions are facing added pressure to develop succession plans.

Today's workers are more likely to move workplaces throughout their career, leaving them without the internal networks and understanding of workplace culture typically expected of leadership. And generational shifts mean that institutions are likely to face challenges in finding board-level and executive-level talent for the next 15 years.

If your financial institution wants to ensure that it has the talent it needs to continue operating effectively, you need a succession plan.

How to make an effective plan

Strategic plans for financial institutions happen at three levels:

- The board
- Executives and senior leadership
- Organizational

When making your succession plan a strategic priority, these same levels apply. You need to ensure that your financial institution knows how to mitigate risk and ensure continuity of operations if key individuals at any level leave.

Here are three elements you need to incorporate to make an effective plan:

1. Enterprise risk

A core part of your succession plan is identifying where talent gaps pose the most risk for your institution.

One common mistake institutions make is limiting succession planning to senior leadership. But it's common for financial institutions to have key functions isolated in smaller departments with few individuals, such as with call reporting or mortgage servicing.

For your plan to be effective, it needs to address how you'll find replacements for high-risk roles throughout your institution.

2. Continuing operations

After you identify risks, you need to establish how your institution will ensure continuity of operations.

A talent gap could interfere with your institution's ability to complete critical functions such as loan closings, managing complex investment portfolios and growing major client relationships. An effective plan addresses how those functions will continue in the event of a talent gap.

That may mean engaging outside services to fill certain roles while you complete the hiring and training process. For other roles, you may already have the necessary talent in your institution, you just need to invest in training and development.

3. Knowledge management

How you'll transfer knowledge effectively as people join or move up in your institution is also critical to your succession plan.

There won't always be an experienced worker available to help transition new hires into their roles, especially for smaller departments. In your succession plan, you need to outline the resources you have to help enhance and streamline their onboarding process.

To appeal to today's learners, focus on video and other digital job aids. You can facilitate that by using the digital communication tools, such as Microsoft Teams, that your institution may already have in place.

With these tools, you can record the information needed to be successful in key positions. They also let you compile training materials in one location for easier access.

Getting your plan started

There are two simple steps you can take to help ensure you start your succession planning process right:

1. **Evaluate your current state:** Start by taking a critical assessment of your institution's current approach to succession planning. You may already have a plan in place, but does it manage risk at every level, from the board to your critical functions? If you lack a plan, have you identified the high-risk roles that need to be addressed first?
2. **Establish accountability:** Implementing any change successfully requires accountability. Your institution needs to appoint a leader to take ownership of your succession plan. This individual's tasks should include ensuring that the plan is complete and being communicated effectively.

How Wipfli can help

Ready to make succession a strategic priority?

Wipfli's experienced team customizes the planning process to your institution, helping you develop actionable steps to further your growth. [Contact us today](#) to get support for your succession and strategic planning needs.

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