

# Succession Planning Within the Health Care Organization:

## *Human Resources Management and Human Capital Management Considerations*

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There is a growing need for capable leaders to replace incumbents in critical positions in cases of resignation, retirement, promotions, death, growth, expansion, and creation of new positions. Developing an effective succession planning process can guide organizations to evaluate their present situation and decide the critical employees who will ultimately step into leadership and senior management positions. This paper discusses succession planning within a Magnet® health care organization and knowledge management of its human resources and human capital.

Succession planning is an essential element of filling leadership roles in the workforce. In his book *Effective Succession Planning*, William Rothwell<sup>1</sup> writes that “succession planning is a systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future, and encourage individual advancement.” Succession planning helps an organization prepare for the inevitable movements of people who create gaps in the hierarchy that need to be filled by qualified replacements. Such voids can be thwarted by having a succession plan that is readily available.<sup>2</sup> Succession planning also involves an organization’s knowledge management of its human capital and human resources. Human capital refers to the knowledge and competencies of organizational employees, their reactions to challenges within the organization, their entrepreneurial spirit, and the capacity to innovate.<sup>3</sup> Human resources pertain to individuals who currently contribute to the industry, those who will contribute to the future, and those who have contributed in the past. Human resources also refer to the management of these individuals’ contributions.

### IMPLICATIONS OF SUCCESSION PLANNING

In the health care industry, critical talent shortages, the high turnover rate among leaders, and attracting employees from other organizations present a significant

challenge.<sup>4</sup> Nowhere is the need for effective succession more evident than in the complex health care industry. Leaders face unparalleled pressure to transform their organizations to meet the increasing demands for cost-effective, high-quality care and follow legal statutes. Health care organizations need to create best practices related to succession planning and talent management. Hospitals that have adopted talent management and succession planning best practices are associated with high scores on the Centers for Medicare & Medicaid Value-Based purchasing metrics tied to reimbursed rates for Medicare & Medicaid programs. Poor succession planning may lead to decreased quality of care, which can stifle reimbursement, says Kevin Groves, PhD, associate professor of organizational theory and management at Pepperdine University Graziado School of Business and Management. He further stated

#### KEY POINTS

- Implications of an effective succession planning in an organization.
- Importance of knowledge management and transfer in staff engagement
- Identify organizational competencies and values in planning and managing a succession program

that hospitals that desire high engagement levels should know that the best way to move to peak engagement is through proper succession planning. Individuals are more likely to be engaged at work when they feel valued and their organizations are devoted to developing their skills and creating avenues for promotions or advancements.<sup>5</sup>

Developing and keeping leadership is both a strategic and economic necessity. By filling positions internally, organizations cut down on hiring costs, ramp-up time, and lost productivity. Internal hiring also eliminates employee turnover resulting from a poor fit with the culture of the organization. The organization must continually develop capable candidates ready to fill critical positions and ready to step in when there are unexpected losses of key leaders.<sup>6</sup>

Some organizations' succession planning is designed exclusively for the top executives. Therefore, no one is in line to fill the positions that the retirees will leave vacant. That scenario will cripple the organization. Moreover, organizations need to recognize every employee's value, not just those designated as "high potential," to the training and workshops targeted to support the development of those who are identified as successors.<sup>2</sup> The criteria to assess potential must be fair and objective, and every team member must know what it takes to be a leader. Preparing employees for their future roles by giving them more complex work, and investing in their growth keeps them focused, engaged, motivated, and loyal to the company.

## KNOWLEDGE MANAGEMENT IN SUCCESSION PLANNING

Knowledge management is creating, sharing, using, and managing the knowledge and information of an organization.<sup>7</sup> Duhon,<sup>8</sup> an industry expert, described knowledge management as "a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all enterprise's information assets". These assets may include databases, documents, policies, procedures, and previously uncaptured expertise and experience in individual workers. Furthermore, knowledge management is useful in overcoming health care challenges, such as rising costs and increasing demands for improving care delivery by helping the organization and staff members make more informed decisions by using tacit and explicit knowledge.<sup>8</sup> Ultimately, it will lead to rendering high-quality care, decreasing errors, and lowering care costs. Another key to knowledge management is the ability to organize and store knowledge and information for later retrieval.

## KNOWLEDGE TRANSFER

The use of both people and precise (explicit) knowledge is included in the steps in building a knowledge management system. The people (tacit) knowledge includes mentoring, experiences, employees' external and

internal education, teams, and a culture of lifelong learning. By contrast, the precise (explicit) knowledge comprises e-portals, collaboration tools, research data, best practices, and several information systems.<sup>9</sup> In terms of health care organizations, explicit knowledge refers to the manuals, reports, and formulas created to communicate information whereas tacit knowledge refers to staff members' experiential knowledge that is not easily expressed or shared, such as personal intuition and insights.<sup>10</sup>

When a vital member of your team decides to leave, one of your most urgent priorities is knowledge transfer. This individual possesses critical knowledge, and if that information leaves with her/him, the consequences will be felt throughout the organization. A critical employee's departure triggers a scramble of meetings to obtain as much knowledge as possible before leaving. Knowledge transfer is about identifying knowledge that already exists, acquiring it, and subsequently applying it to develop new ideas or enhance the existing ideas to make a process faster, better, or safer than they would otherwise be. There are numerous reasons to develop a knowledge transfer strategy. Organizations must consider how a robust knowledge-sharing process positively impacts their onboarding and intern programs, or employees moving to a new role.<sup>11</sup> Proactive knowledge transfer enables organizations to identify and capture the skills and competencies of retiring employees to develop successors and facilitate smooth transitions. As hospitals look at their succession plans, knowledge sharing can play a vital role in ensuring that replacements have the necessary knowledge and expertise. Thus, successful application of knowledge during a knowledge transfer process usually results in reduced errors, improved quality, speeding up decision making, lower cost, speeding up training and learning, and innovation.<sup>12</sup> The University Health System (UHS) of San Antonio, a Magnet<sup>®</sup> health care organization, values mentoring as a tool to create a "win-win" opportunity for staff members. In addition to informal mentoring, the Health System offers structured mentoring programs for the following groups of employees:

**New Directors**—a competency-based program that partners new directors with seasoned directors.

**New Staff Nurses**—a competency-based program in which preceptors help nurses learn their unit's specific competencies.

**Administrative Professionals**—a competency-based program that promotes success in administrative positions. Preceptor training is also offered, supporting experienced and inexperienced nursing staff by teaching the skills necessary to precept new employees hired onto their units.

UHS also established a policy to define and outline the process of succession planning for leadership development. The organization believes the succession

planning process would develop the employees' knowledge, skills, and abilities, and prepare them for advancement while improving retention to ensure a return on the health system's training investment. It is stated in the policy that succession planning should not be misinterpreted as replacement planning, which provides for temporary placement in key positions when an unexpected vacancy occurs. UHS may provide "interim" placement as needed. The health system also believes that developing talent within the system yields future leaders. Through their knowledge and experience in the organization, they have earned senior leadership members' trust and are more likely to be accepted as knowledgeable, capable leaders. The policy further stated that individuals responsible for succession planning must guide individual development for those on the plan and utilize well-defined roles and responsibilities. The succession plan should be in agreement with the organization's strategic goals, and it is for this reason that the plan must be reviewed regularly. Outlined below are the components of the UHS policy.

### Selection Criteria

Employees selected will be identified based on their readiness to fill specific roles within the health system and display the following behaviors and accomplishments.

- Significant contributions to the health system
- Displayed capable performance beyond what is required
- Behaviors match the expectations of the organization
- Demonstrated personal and interpersonal skills and is accepted by subordinates and colleagues
- Demonstrated initiative, risk-taking, and policy assessments skills
- Being able to convey the mission and vision of the health system in a manner that inspires and motivates others to succeed
- Demonstrated self-knowledge and self-development
- Demonstrated conflict resolutions skills
- Demonstrated financial, problem-solving, and strategic thinking skills.

### Roles and Responsibilities

- The president/chief executive officer (CEO) oversees the succession planning process and updates the board at least twice a year. His role is to ensure that the process considers all capable employees and uses the succession criteria established by University Health System.
- The division of organizational development will be responsible for the design of the succession planning process. The senior vice president, chief administrative

officer, organizational development will secure approval from the president/CEO for all proposals.

- The organizational development division also ensures a pipeline of diverse employees who will enhance leadership competencies and capabilities.
- Employees shall own their development by assuming responsibility for succession planning. To progress within the succession plan, the employee must continue to demonstrate appropriate behaviors and continue to exceed the expectations of the organization.

### Succession Planning Process

The president/CEO with the leadership team will implement the following steps

#### Step 1: Link Strategic and Workforce Planning Decisions.

The mission, vision, and values of UHS must be in alignment with the succession planning process. Also, the workforce planning decisions must be included in the strategic planning process. Future human capital requirements will also be identified in this step.

#### Step 2: Analyze Skill Gaps

This step involves the core competency requirements of succession planning. UHS can assess skill needs for positions in the organization by focusing on talent management.

#### Step 3: Identify Talent Pools

This step involves the recognition of the organization's current talent pool. The organization will have an immediate talent pool when assessing the current workforce's competency and skill levels is being implemented periodically throughout the year.

#### Step 4: Identify Learning and Development Strategies

This step involves mentoring and coaching, internal and external education opportunities, position observation, assessment, and feedback.

#### Step 5: Implement Succession Strategies

This step involves the application of the identified learning and development strategies. Performance management, compensation, recognition, retention, and workforce planning are succession strategies and must be linked to human resources.

#### Step 6: Monitor and Evaluate the Program

This step involves tracking, evaluating, and providing appropriate feedback to the employees. The health system must convey to the employee when skill gaps are identified. Leaders are also required to give feedback regarding internal talent and internal hires. Most importantly, The health system must ensure that the succession planning process is responsive to the organization's changing needs and requirements.

## Succession Planning Evaluation

The outcomes of the succession plan will be measured by using key metrics such as:

- The number of employees on the succession plan placed in key positions over each calendar year
- Increased employee retention
- Improved employee satisfaction
- Enhanced commitment to work and the workplace

## EXAMPLE OF SUCCESSION PLANNING FOR AN ACNO (CHARLES REED)

Tommye Austin, PhD, MBA, RN, NEA-BC, chief nursing officer, advocated for creating 3 associate chief nursing officers (ACNO) positions to assist in leading the nursing workforce within UHS.

- Nelson Tuazon, DNP, DBA, RN, NEA-BC, CENP, CPHQ, CPPS, FNAP, FACHE, VP/ACNO, adult services
- Irene Sandate, DNP, MSN, RN, NNP-BC, VP/ACNO, pediatric and maternal services
- Charles Reed, PhD, RN, CNRN, VP/ACNO of clinical excellence and ancillary services

Charles completed the CNO self-assessment that Tommye provided to all the CNOs to ascertain focus and training areas that would be favorable for his success. The tool serves as a platform for formal learning, self-paced learning, and experiential learning. The tool also provided a CNO onboarding plan for the new ANCOs. Charles also completed the 2-day Crucial Conversations Course. Dr. T. Austin taught the course and showed how as the chief nursing officer, she applies her crucial conversation skills in all settings from the boardroom to leadership meetings and her interactions with patients and with staff at the unit level.

As part of Charles's professional development, he was encouraged to join the Texas organization of Nurse Executives. As a member, he has the opportunity to display leadership, not only at UHS, but also in the Texas community, as well.

## EXAMPLE OF SUCCESSION PLANNING FOR A NURSE DIRECTOR

Background: Nurse Director: Gennine Yahya, BSN, RN, CCRN, patient care coordinator, neuroscience intensive care unit.

Succession planning activities include:

### 1. Identifying a nurse with potential

In January 2016, Eric Dahl, BSN, RN, executive director, Sky, ICU/ACU, recognized Gennine Yahya as an up-and-coming leader within UHS. Gennine's strength as a team leader while meeting

organizational goals and facilitating high-quality care was recognized as a key criterion for potential advancement. Eric met with Gennine to review the executive director's job description. They were able to form some action steps to ensure Gennine gained the experience and qualifications to be considered for a future executive director role.

### 2. Offering education: In March 2016, Eric identified several leadership courses that would support additional skills for Gennine and contribute to her leadership development.

- In October 2018, Gennine completed the PCC Development Course, which was an excellent opportunity to network with others and build relationships. This course includes education on time management, human resources, financial management, and self-care.
- From July to December 2016, Gennine attended the Management Development Academy (MDA) using flexible scheduling accommodations offered by the health system. The MDA, presented by the Center for Learning Excellence, provides learning sessions on building trust and commitment, communicating ideas effectively, collaborations, increasing productivity, and leading with purpose and passion.
- In August 2017, Gennine attended the "Service Recovery: Turning Lemons Into Lemonade" presentation held at the hospital to learn about customer service and meet patients' expectations to ensure that they have a positive experience.
- In February 2018, Gennine completed a crucial conversation course to understand better the criticality of communication between leaders and staff, health care providers, and patients/families.

### 3. Supporting education: As of January 2016, a nursing executive position would be expected to have a masters-level academic degree. Eric provided information and helped Gennine evaluate various MSN program options. Gennine selected Western Governors University (WGU) for her MSN program and started in the summer of 2019. UHS has an affiliation agreement with WGU, and this agreement affords Gennine a discounted rate and an opportunity for tuition reimbursement.

### 4. Certification assistance: Gennine took the online certification review course available to employees through the healthstream. In April 2019, Gennine achieved certification as a certified nurse manager leader, which supports her future role as a nursing director.

## CONCLUSION

Succession planning is a methodical process to building a leadership pipeline and a qualified talent pool to ensure leadership continuity for an organization's

survival and success. Furthermore, planning and managing individuals' career to optimize their needs and aspirations contributes to employee engagement, retention, and reduce the intent to leave the organization. Critical to an organization's success is the knowledge management of their human capital through knowledge transfer and sharing.

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