



## Future-proofing internal audit: Successful succession planning

It's never easy when key internal audit talent leaves, but good succession planning can certainly reduce the disruption by ensuring the organisation is prepared for the future. Yet implementing an effective succession planning process can be a challenge for many businesses. According to Roffey Park's [2017 Management Agenda](#) report, just over one-third of managers see the loss of key staff as a threat to their business, yet 52% view their approach to succession planning as weak.

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### What is succession planning?

Succession planning can help organisations meet future people needs by identifying and developing the talent that could fill business-critical roles, such as senior managers or leaders, when necessary. A succession plan can focus on developing long-term successors as well as short-term replacements. A strong succession plan will ensure a talent pipeline of the right people, who are available for the right roles at the right time.

In his book, [Effective Succession Planning](#), author William J Rothwell defines succession planning as “any effort designed to ensure the continued effective performance of an organisation, division, department, or work group by making provision for the development, replacement and strategic application of key people over time”.

All organisations – both large and small – need a solid succession plan in place to ensure minimal disruption when key employees leave, although each plan will differ depending on the size of the business. For instance, smaller internal audit teams may focus on external successors as a replacement CAE, as it is unlikely that a senior internal audit manager will come from within the business. However, in larger internal audit teams, it is more likely there will be sufficient staff churn to allow for a succession planning framework that identifies and trains for promotion within the team.

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### Why is succession planning important?

Succession planning is an effective means of identifying individuals who have the potential to move into critical roles within the team or organisation, be that upwards or sideways, to help ensure the internal audit function and the business can continue to grow and perform successfully. An effective succession plan can enable CAEs to take advantage of the synergy between internal audit and the business, as a period of time in internal audit can be extremely valuable for those wishing to stay within the organisation, but who are keen to move roles outside of the internal audit department.

A good succession plan can also minimise any impact of losing key talent and vital expertise. As the CAE plays a key role in the internal audit function, it is essential to have a succession plan in place to prepare should the current post-holder leave and ensure there is someone with the relevant skills within the audit

management team to either replace or provide interim cover for the

Enhanced employee engagement is another benefit to succession planning. This is because a robust succession plan will include a programme to train, develop and support those individuals who have the potential to progress either into a leadership role within internal audit, or elsewhere within the organisation. Not only does this encourage loyalty, boost morale, and demonstrate investment in staff, it can also aid retention, as highly-skilled employees may decide against leaving in search of better opportunities, if they know they have good prospects with their current employer.

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## What are the key challenges?

Many organisations, whatever the size, have their own unique set of obstacles that can threaten to derail the succession planning process if not dealt with properly. Here are a few of the more general challenges internal audit functions may encounter:

### Fully engaging in the process

Succession planning can often be put on the back burner, in favour of other pressing issues or simply due to time constraints or lack of expertise in the succession planning process. Yet leaving it to chance can create significant problems. A [2015 survey by Robert Half Management Resources](#) revealed that only 10% of accounting and finance professionals said there was someone internally who could step into their role if they left, with just over half stating the company would have to hire externally to fill a management position, rising to 64% for executive employees.

It's never too early to start succession planning. Robert Half even recommends considering it during the hiring process: "In addition to the open position, think about the types of advanced roles job candidates could into overtime. Also, gauge applicants' interest in building a career with your firm and their leadership skills."

### Identifying the right talent

A big challenge for many organisations is pinpointing the right individuals to fill critical positions in the future. Problems can occur when high-calibre talent isn't correctly identified, and the wrong people are developed for future progression. When building a talent pipeline, CAEs must be confident that those chosen have the potential to progress into business-critical roles. Challenges arise when too much focus is placed on performance, and not enough on attributes and relevant traits. Implementing a robust assessment process, linked to skills and competencies for instance, can help to make objective, rather than subjective, decisions on how to identify the right talent.

Also, avoid making assumptions about whether the individual is interested in being a part of the succession plan. Always gain their buy-in before any decisions are made, and encourage open discussions about their goals and aspirations, as well as the plans the business has for them.

### Focusing more on current, rather than future, needs

As the internal audit function evolves, so too will the skills it needs to succeed. Problems happen when too much focus is placed on current skill requirements and not enough on future needs. Internal audit's strategic plan, aligned to the corporate goals and objectives of the organisation will help identify the future needs of

the internal audit team. The CIPD says: “It’s important for employers to avoid talent tunnel vision where the focus is purely on current skills needs, and to ensure they develop a good understanding of future business needs for leaders, managers and business critical positions”.

Those involved with succession planning must therefore be extremely well-informed about how the internal audit team is likely to evolve and how this may impact on upcoming skills needs. After all, any future CAE must be prepared to lead the internal audit team of tomorrow, not today.

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## How to ensure effective succession planning

Some of the ways CAEs can ensure the succession planning process is successful include:

### Working with others to design the process and develop a plan

Work with HR and senior executives to develop a plan. Consider why a succession plan is needed and pinpoint the main concerns; identify the key roles and positions that are critical to the team; determine what skills and competencies are required (both technical and soft skills); and which high-calibre employees have the potential to step into these roles.

### Aligning succession plan with strategic plan

Ensure the succession plan is linked with the strategic plan of both the internal audit team and the business to help gain a clear understanding of current and future goals, as well as where critical skills may be needed in the long term. By aligning succession and strategic plans, internal audit can minimise risk and ensure there is sufficient talent in place to achieve long-term objectives.

### Implementing training and development for those identified

Once potential successors have been identified, they need to be prepared to advance to more challenging roles through tailored career development. This could take a variety of forms, including internal or external training, coaching, mentoring, **leadership**, lateral moves, job rotations, secondments, or work experience.

### Linking with talent management strategy

It’s important to align any succession planning processes with talent management strategies. The CIPD says that succession planning is “central to the internal element of talent management programmes” as it helps to retain talented individuals because they are “made aware of internal opportunities available to them to progress their careers”. In addition, the **Roffey Park report** states: “Ensuring that the right people have the right opportunities at the right time is critical to good succession planning. Linking talent management with succession planning is clearly essential to any joined-up system ensuring the sustainability of key people capabilities.”

### Committing to the plan long-term

Succession planning is an ongoing process and the plan must be continuously monitored and regularly re-assessed to ensure its long-term success. CAEs and senior audit managers should be continually identifying any skills gaps and building a talent pipeline. Evaluate and adjust the plan where necessary and commit to it long-term.