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“Companies with best-practice succession management programs are three times more effective at achieving key business measures.”

– Bersin by Deloitte

Succession management is imperative for organizations to excel in today’s highly competitive market. In fact, organizations that build up intellectual capital by continuously cultivating the next generation of employees can experience a distinct business advantage.<sup>1</sup>

Research shows that companies that embrace succession management achieve better business outcomes. Succession and development processes increase employee engagement and retention, which in turn facilitate organizational growth and prosperity.

According to Bersin by Deloitte, companies with best-practice succession management programs are three times more effective at achieving key business measures. Notably, companies that extend succession management deep into the organization are more profitable, increasing sales by as much as 14%. Companies with formalized succession management processes have 50% lower turnover among high performers and a 50% faster time to productivity for internal hires.

An organization’s corporate health depends on the effectiveness, breadth, and depth of its succession and development efforts.

## Companies that embrace succession achieve better business outcomes

**Up to 14%**

Increase in sales at companies that extend succession management deep into the organization<sup>2</sup>

**50%**

Increased time to productivity for internal hires versus external hires<sup>4</sup>

**200%**

More revenue per employee at companies with high-quality development plans<sup>3</sup>

**50%**

Lower turnover among high performing employees at companies with a formalized succession management process<sup>5</sup>

## What’s preventing companies from executing succession well?

Despite recognizing its importance in enabling business execution, many companies struggle to execute succession management well.

Engagement, retention, productivity, and business performance are suffering as a result of shallow succession plans, weak talent pipelines, lack of investment in employee development, ineffective strategic thinking, and the inability to link an organization’s workforce with its business strategy.

For many organizations, succession planning is simply not easy to execute. Research shows that while most organizations consider a number of leading practices to be important for implementing an effective succession management program, many of these same organizations are not currently capable of executing such practices. According to a Bersin study, while approximately 72% of companies indicate that it is very important to identify a supply of available talent to fill key positions, only 32% believe they are ready to employ this capability effectively.<sup>6</sup>

Another limitation is that succession processes often focus on high-level executive replacement rather than on vital positions at every level within the organization. Research by Bersin by Deloitte reveals that meaningful succession plans for individuals and important roles dwindle the further you dive into an organization’s employee ranks. While more than half of research respondents said their companies implement succession management processes at the most senior executive levels, fewer than 40% said they included mid-level managers and skilled professionals in succession planning initiatives. Furthermore, only 11% included first-line supervisors.<sup>7</sup>

The growth plans of any organization depend on a leadership pipeline that is broad and deep, reaching well beyond the C-suite. Organizations have become flatter, increasing the need for leaders at all levels — including those in non-managerial roles — and calling for leadership skills to be dispersed throughout organizations rather than concentrated only at the top.<sup>8</sup>

## Companies lack the capability to perform succession effectively.<sup>9</sup>



## Our Vision:

### Extending succession management beyond the C-suite

SuccessFactors is investing significantly in advancing Succession & Development to meet the talent management challenges that companies are facing. In addressing these challenges, we believe it is imperative to provide the tools for organizations to scale their succession efforts beyond the executive level, extending them deeper into the organization.

Because organizations that create succession plans for all key positions, build strong talent pipelines through employee development, and tie their workforce to business strategy are more successful, we believe every organization must do so. Our goal is to help organizations create strategic succession processes that reach throughout the organization, align with business needs, and drive better business outcomes.

#### What does this mean for you?

The focus for HR professionals is moving beyond drafting stagnant replacement plans for executives and toward taking a scalable, strategic approach to succession. To this end, HR must engage with line managers to extend succession processes deeper into the organization, tie ongoing employee development to organizational needs, and build the bench strength necessary to fill vital roles. When organizations truly embrace succession *and* development, they can tap into mature talent pipelines at any time, develop meaningful and actionable succession plans, and execute them when needed.



## Moving Forward: Building succession management on strategic business needs

SuccessFactors continues to build on its already comprehensive Succession & Development solution. We are making it even more intuitive for both managers and employees to use, and will focus development in the following areas to further support a more scalable and strategic succession process that extends beyond the executive level:

- Finding the right successors across the organization
- Creating relevant and actionable development plans
- Supporting pool-based succession planning
- Identifying and closing skills gaps with skills integration
- Enabling strategic talent conversations

### Finding the right successors across the organization

Linking employees more accurately with opportunities sparks employee engagement and cuts turnover, which saves money and drives performance. Talent Search gives managers and HR professionals the ability to make these links by improving visibility into talent across the organization.

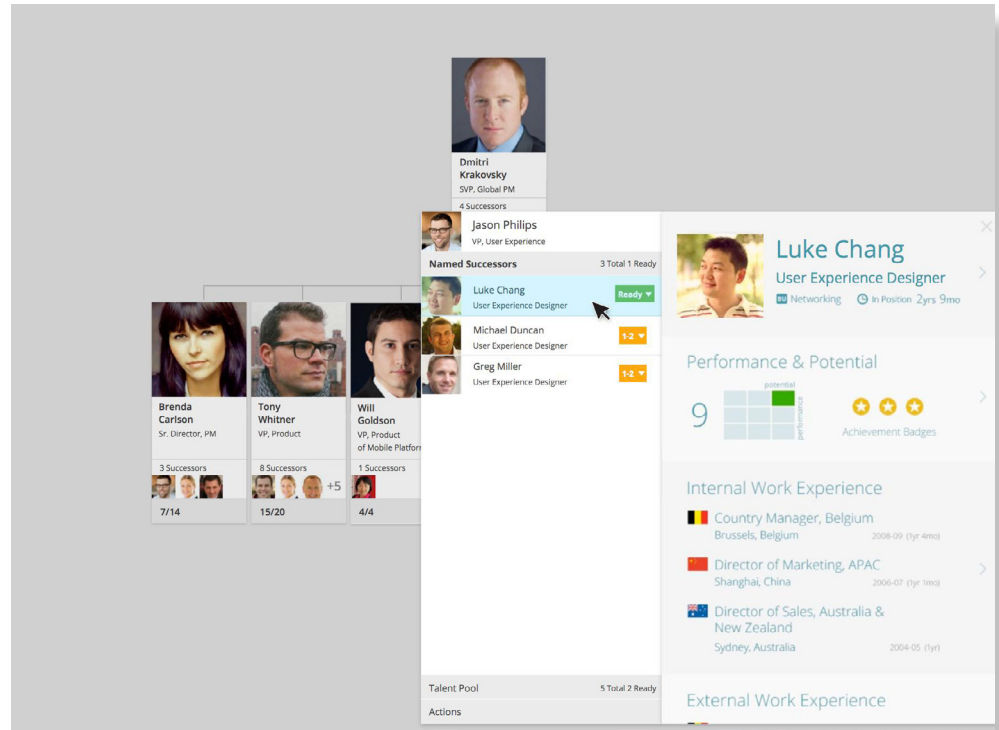
The Talent Search interface will feature enhanced capabilities — including faceted filters, multi-select picklists, and expanded permissions capabilities — and more insightful results.

The screenshot displays the SuccessFactors Talent Search interface. At the top, it shows a saved search named 'New Search' and a dropdown menu for 'Perform this search as:' currently set to 'Successor Role'. Below this are three search modes: 'Quick search' (with a text input field for keywords), 'Advanced search' (selected), and 'Basic Information' (with an '+Add' button). The 'Basic Information' section includes filters for 'Impact of Loss' (2 selected), 'Risk of Loss' (2 selected), 'Department', and 'Division'. The 'Advanced Information' section is divided into several categories: 'Language Skills' (with sub-filters for Language: 114 selected, Language Variant, Speaking Proficiency: 1 selected, Reading Proficiency, and Writing Proficiency), 'Formal Education' (with filters for From Date, End Date, School, Major: 2 selected, and Degree), 'Work Experience Within Company' (with filters for Start Date: 08/13/2010, End Date, Title, and Department), and 'Geographic Mobility' (with filters for Willing to Relocate: 2 selected and Location Desired). At the bottom, there is a 'Rating & Competencies' section with an '+Add' button and a 'Potential \*\*Manager view only' section with filters for From Date, To Date, From Rating: SOLID, and To Rating: HIGH.

*Refine searches and view more accurate results with expanded Talent Search features (Preview)*

Integration of Talent Search with Talent Pools will let managers and HR professionals search by pool membership, and see which members have relevant development goals — or still need to set them.

A new Succession Org Chart user interface will make succession planning simpler and more intuitive to manage. Enhancements will include deeper integration with Talent Pools as well as talent cards, responsive layouts, side-by-side successor comparisons, and support for multi-incumbent positions.



*Succession planning will become even easier with the improved Org Chart user interface (Preview)*

### Creating relevant and actionable development plans

To ensure that your organization’s bench strength is cultivated strategically, HR professionals must synchronize development programs with the same role expectations and measures of success as succession plans.

The Development feature set will expand to include connections to Talent Pools. Managers, HR business partners, and executive sponsors will see which members of a talent pool have relevant development goals and pinpoint development gaps — streamlining the process of assigning development opportunities.

The solution will provide employees with a personal development tool to foster employee growth and engagement. To this end, the solution will be enhanced to bring together formal and informal development plans, as well as learning activities, career interests, educational opportunities, and even casual reading or web surfing into a basecamp for each employee’s development.

### Enabling pool-based succession planning

Talent Pools are an effective way for growing companies to expand and scale their succession planning process. New capabilities in pool-based planning will make succession and development even more viable at deeper levels of the organization.

To improve pool-based planning capabilities, we will continue integrating Talent Search so that planners can easily find new pool members, and make pool membership a criterion in talent searches.

We will also make pools more effective and useful with approval workflows for changing pool membership, and self-service configuration options within the administration tools.

### Identifying and closing skills gaps with skills integration

SuccessFactors offers a rich library of skills and competencies that enhance the quality of job profiles and allow succession planners and nominees to structure development activities for nominees — helping potential successors close competency and skills gaps to ready themselves for future roles.

Going forward, SuccessFactors Succession & Development will integrate more tightly with the Skills Library, and therefore align employee skill development with the needs of the organization. Managers also will be able to more easily conduct talent searches based on a variety of skills to find the most suitable succession nominees and initiate relevant development plans.

## Customer Success by the Numbers

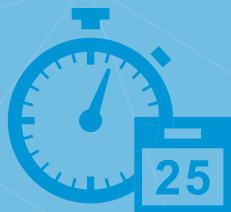
SuccessFactors Succession & Development  
delivers profound business impact



**Drop in employee turnover**  
at Destination Hotels



**Savings in recruitment fees** at Mandarin  
Oriental resulting from more accessible  
HR data across the company

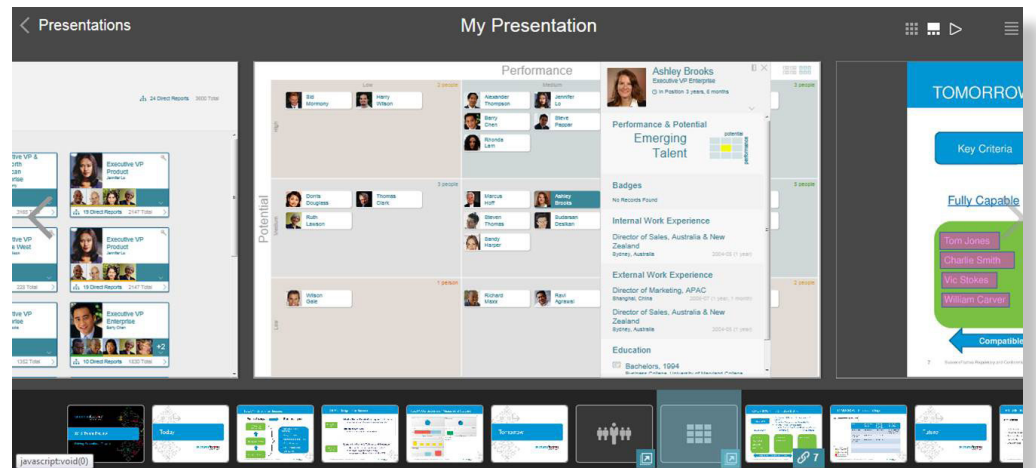


**Minutes vs. Months**

**Time required** by Sonova, a provider of hearing care solutions,  
**to gather critical data** needed to plan and scale for growth

## Enabling strategic talent conversations

Companies with robust succession and development processes will inevitably hold discussions on the state of talent management within their organizations. To prepare, HR professionals need access to live information about talent, along with the tools to present that information in a way that is easily consumed. The SuccessFactors Presentations tool offers both.



*SuccessFactors Presentations (Available Today): Present real-time information directly from within SuccessFactors through an engaging, actionable user interface*

We will enhance the leading-edge features of SuccessFactors Presentations to put even more capabilities in users' hands, with a richer collection of 'live slides' and integration with analytics. As a result, organizations will take greater advantage of the information residing within their systems to boost employee engagement, motivation, and productivity.

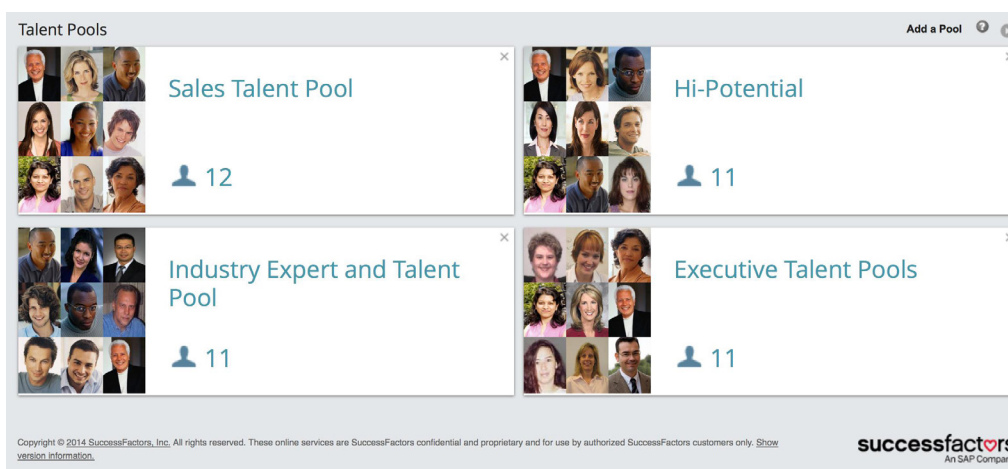


## Our foundation for delivering succession solutions that enable organizations to achieve their business goals

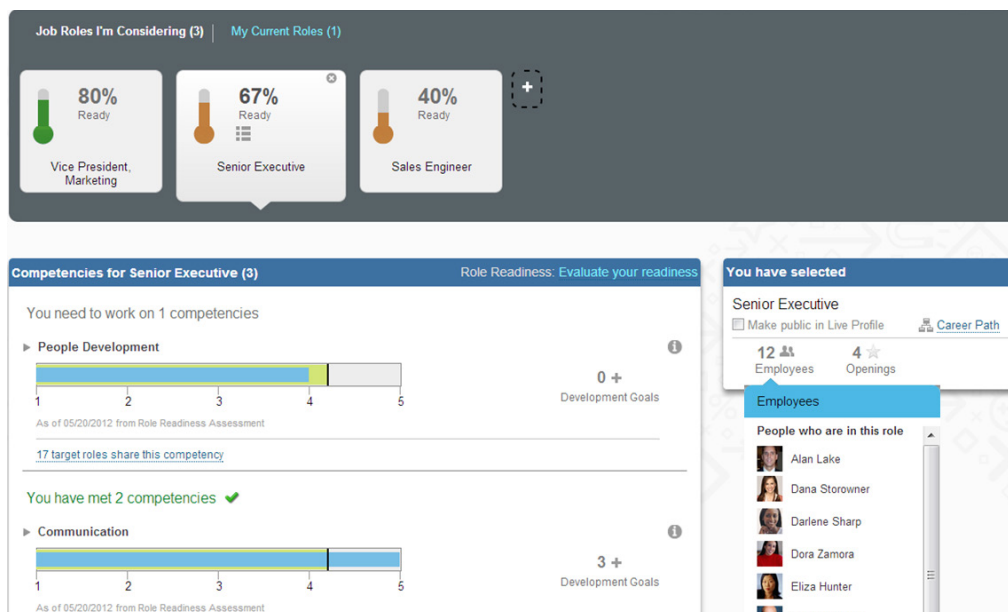
SuccessFactors Succession & Development is a comprehensive, cloud-based solution that gives organizations a full view of their talent, along with the ability to analyze it, locate gaps in the organizational structure, and create strategic succession and development plans to close those gaps.

SuccessFactors is committed to ongoing innovation and will continue enhancing these succession and development capabilities that drive organizational performance:

- Elegant user experiences for employees, managers, and executives
- Flexible talent pools
- Rich skills content to understand your organizational “DNA”
- Powerful talent search capabilities
- Centralized tool for viewing and managing succession plans
- Insightful analytics



Interactive Talent Pools home page (Available Today)



New, modern career worksheet user experience (Available Today)

SuccessFactors Succession & Development operates as a dynamic, continuous solution integrated with SuccessFactors Talent Solutions, and is part of the industry-leading SuccessFactors Human Capital Management Suite. SuccessFactors' expertise in all aspects of talent management, backed by our technical capabilities, will accelerate our vision of enabling companies to execute succession planning and employee development throughout all levels of the organization.

SuccessFactors strength and leadership in the talent management field has been recognized by top analyst firms, including Forrester, Gartner, and IDC. With the advances outlined above, SuccessFactors continues its leading role in supporting organizations' succession and development efforts, and helping them foster the talent they need to drive their business strategy and succeed in a fiercely competitive, global business environment.

#### Endnotes

1. PwC, 2014 US CEO Survey
2. Cedar Crestone HR Systems Survey, 2009
3. 2009 Talent Management Factbook, Bersin & Associates
4. Mellon Learning Curve Research Study, 2003
5. 2009 Talent Management Factbook, Bersin & Associates
6. Bersin by Deloitte 2012 Succession Management Research Study
7. Bersin by Deloitte, High-Impact Succession Management: Best Practices, Models, and Case Studies in Organizational Talent Mobility, 2009
8. Bersin by Deloitte, Succession Management Framework, 2014
9. Bersin by Deloitte 2014



### About SuccessFactors, an SAP company

SuccessFactors provides the leading cloud-based HCM suite, which helps HR drive business execution with solutions that are complete, beautiful and flexible enough to start anywhere — optimizing your workforce today and preparing them for tomorrow. SuccessFactors solutions are supported by a global partner ecosystem and the experience and commitment of SAP. With approximately 26 million subscription seats globally, we strive to delight our customers by delivering innovative solutions, content and analytics, process expertise and best practices insights from serving our broad and diverse customer base. Today, with more than 3,900 customers, we serve organizations of all sizes across more than 60 industries in more than 177 countries using our application suite in 35 languages.

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As market leader in enterprise application software, SAP (NYSE: SAP) helps companies of all sizes and industries run better. From back office to boardroom, warehouse to storefront, desktop to mobile device — SAP empowers people and organizations to work together more efficiently and use business insight more effectively to stay ahead of the competition. SAP applications and services enable more than 253,500 customers to operate profitably, adapt continuously, and grow sustainably. For more information, visit [www.sap.com](http://www.sap.com).





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