



**HOW ERM CAN ELEVATE YOUR  
STRATEGIC PLANNING**





The principles and processes of enterprise risk management (ERM) can be instrumental in assisting pools in navigating the challenges associated with succession planning. By incorporating or adopting ERM principles and processes in succession planning, pool organizations can proactively address risks, cultivate a strong pipeline of future leaders, and facilitate a seamless transition of leadership that aligns with the organization's long-term success, thereby safeguarding its sustainability.

To leverage enterprise risk management (ERM) principles in the context of succession planning, organizations can follow these steps:

1. Identify the key risks associated with succession planning and conduct a thorough risk assessment of the potential and likelihood of each risk.
2. Develop risk mitigation strategies aligned with long-term goals, such as mentorship or coaching initiatives, establishing leadership development plans, and encouraging continuous learning.
3. Establish a structured succession planning framework to outline the process, roles, and responsibilities.
4. Implement talent identification and development programs to identify high-potential employees who could potentially assume key leadership positions in the future.
5. Continuously monitor and evaluate progress to help ensure that the organization remains agile and responsive to changing circumstances.
6. Integrate ERM principles into decision-making processes to consider the potential risks and opportunities associated with each decision and evaluate them in the context of the organization's overall risk appetite and strategic objectives.
7. Effectively communicate and engage stakeholders, keeping them informed about the succession planning process, the identified risks, and the progress made. Seek their input and involvement to foster a collaborative and inclusive approach.

Issues that could impact program talent succession and how ERM could help include:

ISSUE	HOW ERM MAY HELP
<p><b>Aging workforce</b> Baby boomers continue to reach retirement age, sometimes creating a significant gap in leadership.</p> <p><b>Talent shortage</b> Changing job market dynamics, evolving industry requirements and/or a lack of investment in talent development can all create a shortage of qualified candidates with the necessary skills and experience to fill key leadership positions.</p>	<p>Pinpoint impending talent and knowledge gaps, develop succession and knowledge transfer plans, and implement strategies to attract and retain top talent that matches the program’s staffing needs.</p>
<p><b>Diminished civic engagement</b> Pools and programs rely on volunteer boards of directors to execute their programs and ensure long-term viability. Declining interest in serving may negatively impact the program’s provision of services.</p>	<p>Provide a framework for building a director talent pipeline, defining clear roles and responsibilities, and implementing processes to monitor and evaluate the effectiveness of succession planning efforts.</p>
<p><b>Technological disruptions</b> Rapid technological advancements can disrupt traditional business models and require organizations to adapt quickly. Pools may need leaders who are well-versed in emerging technologies and can drive digital transformation initiatives.</p>	<p>Identify and evaluate the risks and opportunities associated with technological disruptions and ensure that succession plans include leaders who can effectively navigate these changes.</p>
<p><b>Economic uncertainties</b> Economic fluctuations, regulatory changes, and geopolitical events may create uncertainties that impact an organization’s stability and long-term viability.</p>	<p>Assess potential risks, develop contingency plans, and ensure that future leaders are equipped to handle these challenges.</p>
<p><b>Diversity and inclusion</b> Organizations need leaders who can effectively navigate and leverage diversity to drive innovation and growth.</p>	<p>Gauge diversity and inclusion efforts, identify potential risks and opportunities, and ensure that succession plans prioritize diversity in leadership positions.</p>

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