
Human resource management — Succession planning metrics cluster

*Management des ressources humaines — Indicateurs de mesure pour
le plan de succession*

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

This document was prepared by Technical Committee ISO/TC 260, *Human resource management*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

ISO 30414 highlights guidelines on the following core human capital reporting (HCR) areas:

- compliance and ethics;
- costs;
- diversity;
- leadership;
- organizational culture;
- organizational health, safety and well-being;
- productivity;
- recruitment, mobility and turnover;
- skills and capabilities;
- succession planning;
- workforce availability.

This document focuses on evaluating succession planning as a critical factor in supporting organizational resilience and sustainability from a people perspective. It can be described as a core human resources and talent management activity and a key part of a successful workforce planning strategy. ISO 30414:2018, 4.7.11, considers succession planning as an essential tool for sustainable workforce strategic planning.

Succession planning can be described as a process for identifying and developing current employees with the potential to fill critical positions in the organization for the future. Succession planning can be critical to organizational sustainability and creates an effective framework for recognizing, developing and retaining a diverse top leadership and management talent pool. It is important to note that strategic succession planning is not only about the talent the organization needs right now, but a journey to map out and create the talent, knowledge, skills and competency capabilities required for the future of an organization. This is usually aligned with future growth plans and business goals as well as improving people initiatives (such as valuing diversity and inclusion).

Organizations often invest significant sums to develop and retain staff. A sustainable strategy is therefore imperative to carefully manage key risks associated the workforce, such as key exits (through natural attrition, such as retirement and voluntary and involuntary exits) in a planned and coordinated way, connecting all human resources talent and development areas (including diversity and inclusion), creating what can be described as a talent contingency plan that doesn't leave the organization exposed to operational failure, service or key client loss. As with all metrics, they should be analysed in a context of organizational priorities, strategic objectives and other human resources data, reviewing the ecosystem of people information to make informed talent-planning decisions.

For all these reasons, investors, analysts and all types of employees will benefit from greater transparency about the time spent in succession planning.

The metrics within the succession planning cluster, as documented in ISO 30414:2018, 4.7.11, are as follows:

- a) succession effectiveness rate;
- b) successor coverage rate;

- c) succession readiness rate:
- 1) succession depth rate: ready now;
 - 2) succession depth rate: ready in 1-to-3 years;
 - 3) succession depth rate: ready in 4-to-5 years.

This document describes the following components for each of the identified metrics:

- general;
- purpose;
- formula;
- how to use (internal use and external use);
- contextual factors;
- predictive factors.

There are additional metrics in this document to aid the user in understanding the extensive range of metrics available and to increase their choices in providing as comprehensive a picture of their succession planning measures of success as possible. Please note, these metrics are part of an ecosystem of measures (and data) in the human resources function, such as turnover and retention and culture, found in the ISO 30000 family of standards and technical specifications, that can be used to create a fuller narrative of the organizational contextual situation.

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Human resource management — Succession planning metrics cluster

1 Scope

This document specifies the elements of succession planning metrics and provides comparable measures for internal and external reporting.

The document also highlights issues that need to be considered when interpreting the succession planning data, especially when deciding on the appropriate intervention internally and when reporting this to external stakeholders such as regulators or investors.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 30400, *Human resource management — Vocabulary*

3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 30400 and the following apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <http://www.electropedia.org/>

3.1

critical position

job role that has a direct and significant impact on organizational outcomes

[SOURCE: ISO/TS 30410: 2018, 3.1, modified — Notes to entry removed.]

4 Succession effectiveness rate

4.1 General

Succession effectiveness rate is calculated as the percentage of critical positions that are occupied by internal promotions versus external hires.

4.2 Purpose

This metric is useful for organizations that like to understand the strength of their succession pipeline.

4.3 Formula

Succession effectiveness rate = $\frac{\text{number of internal hire critical positions occupied}}{\text{total number of critical positions occupied}} \times 100$

4.4 How to use

The general succession effectiveness rate is calculated by determining the outcome from the number of internal successions for critical positions occupied and the number of all successions of critical positions per year.

A rate between, for example, 70 % and 80 % can be regarded as a sign of good succession effectiveness. The example in [Table 1](#) indicates a diminishing succession effectiveness rate over the measurement period.

Table 1 — Succession effectiveness rate

	2017	2018	2019
Number of internal successions in critical positions	23	21	25
Total number of critical positions	31	31	40
Succession effectiveness	74 %	68 %	62 %

Organizations can also differentiate using categorisations such as functions, job families, organizational units and geography.

If choosing to report this externally, this can be a good indicator of the strength of the workforce planning strategy and the organization’s ability to develop internal candidates for promotion (a potential key factor in an employee value proposition for recruitment purposes).

Succession planning can consider a suite of metrics that creates a dashboard to help the user determine the efficiency, effectiveness and economy of internal processes and commitment to ensure a comprehensive picture is provided to the organization. Used in isolation, singular metrics can provide a limited or distorted view of the process.

The success of internal appointments can be attributed to a number of factors, including how candidates come across in interviewing or assessment processes; the resources available (including time off) for development; identification of the right candidates at the start; monitoring and management of the candidates; organizational planning and talent processes; and the commitment and support of the senior leadership team. It can be viewed as a key strategic people imperative that can shape a growth culture.

4.5 Contextual factors

When considering the context supporting the metric results, consider:

- FTE count at each measurement point, i.e. has the FTE grown or shrunk enough to change the perspective and meaning of the metric results?
- current activities the organization is undertaking:
 - increased production or product expansion;
 - reorganizations;
 - current activities in educating the workforce;
- cultural shifts, both positive and negative;
- generational perspectives;
- social change or awareness leading to increases in reporting;
- industry expectation;

- economic factors:
 - downturns;
 - upturns.

4.6 Predictive factors

This metric is a good indicator that an organization's talent processes are working, but only after the fact and in no way determines where potential problems or vulnerabilities can exist. It does not guarantee future success in changing market conditions or major industry disruption where new skill sets or other thinking or knowledge components will possibly be required.

When forecasting potential improvements or deterioration in the current situation, organizations can look to the future known and anticipated events and consider:

- planned organization structural or workforce changes;
- upcoming work, function or product changes;
- acquisitions;
- economic factors:
 - downturns;
 - upturns;
- workforce awareness and education;
- political, social, environmental and legislative dynamics;
- industry sector impacts.

5 Successor coverage rate

5.1 General

This metric is useful for organizations that identify a number of potential successors for leadership positions.

5.2 Purpose

Successor coverage rate measures the number of successors in the successor pool compared with the total number of leaders in the organization.

5.3 Formula

The successor coverage rate is calculated as the number of employees in the leadership succession pool per total number of leaders.

The calculation is as follows:

$$\text{Successor coverage rate} = \frac{\text{number of employees in leadership succession pool}}{\text{total number of leaders}} \times 100$$

In example 1 the organization has defined leaders. This leadership group includes employees with the designation senior manager, director or executive in their title and totals 44 people. The average number of employees in the succession pool is 24.

EXAMPLE 1 24 (potential leaders)/44 (total leadership positions) × 100 = 54 %.

A result of 100 % indicates that there are as many potential successors as there are leadership positions in need of potential successors.

In example 2 the organization has defined the total number of leaders. This leadership group includes employees with the designation senior manager, director or executive in their title and totals 44 people. The average number of employees in the succession pool is 132.

EXAMPLE 2 $132 \text{ (potential leaders)} / 44 \text{ (identified leadership positions)} \times 100 = 300 \%$.

Example 1 indicates a successor coverage of 54 % of the leadership positions while example 2 indicates a coverage of 300 % of the leadership positions.

5.4 How to use

Organizations can find it useful to analyse successor coverage across various leadership designations, such as senior manager, director, president and vice president and other executives, functions, job families, organizational units and geography, to understand how well critical positions are covered by potential successors and to anticipate or overcome succession pool gaps.

Leadership (and managerial positions as an extension of this) involving key thinking, skills and knowledge components that are critical to the business or hard to replace or are key positions of authority, scope or market accountability, can therefore be determined as critical positions for which the organization should develop a successor pool.

A key component of succession management is the correct identification of potential leadership successors. A small successor pool likely indicates problems in the succession planning process, such as the talent pipeline being potentially too restrictive, the current workforce lacking the right thinking or having insufficient skills, knowledge and experience to fill critical leadership positions.

Organizations in this situation need to look externally to fill many of their leadership positions, which can drive excessive costs and result in a lack of corporate history in key positions or a significant shift or exaggerated variations in organizational culture.

Once the succession pool is identified, employees in the pool can be continually developed to successfully assume the next generation of leadership within the organization.

Relative goals against a benchmark group are not likely to be useful for this measure because of the differences in leadership populations and succession management practices across organizations.

Coverage rate goals for this measure are based on the organization's estimation of how many ready successors are necessary for each position, the readiness level of those employees identified as potential successors and the anticipated turnover of both the employees in the successor pool and the leaders to be succeeded.

As the organization moves through the familiar organizational life cycle, from start-up through the growth phase, maturity, reinvention or decline, the succession planning focus can shift in terms of numbers and skill sets. For example, in the start-up phase, having a large talent pool is sometimes not possible and therefore the risks to the organization (both operationally and strategically) of leader exits can be higher than in the maturity phase, when the organization will be more established. Where positions have been recently filled, it is not always feasible to create or maintain a large talent pool.

Equally, the organization should dedicate resources (including budget) for development activities such as time for study, time off for training, coaching, job shadowing and developmental assignments on top of their business-as-usual duties, so that all potential successors have an equal opportunity to grow and have access to a diverse array of development opportunities.

In succession planning we should consider that not all positions necessitate a successor pool. For example, low-level manager positions or managers with common skill sets do not necessarily require succession consideration. Some organizations will have limited resources to support or fund development opportunities, therefore internal support tools that offer development, such as special project work or solving other departments problems, can be utilized.

5.5 Contextual factors

When considering the context supporting the metric results, consider:

- FTE count at each measurement point, i.e. has the FTE grown or shrunk enough to change the perspective and meaning of the metric results?
- current activities the organization is undertaking:
 - increased production or product expansion;
 - reorganizations;
 - current activities in educating the workforce;
- cultural shifts, both positive and negative;
- generational perspectives;
- social change or awareness leading to increases in reporting;
- industry expectation;
- economic factors:
 - downturns;
 - upturns.

5.6 Predictive factors

The usefulness of successor coverage rate as a measure of the effectiveness of succession planning processes depends on the appropriate identification of successors.

Having a broad succession pool does not necessarily guarantee that successors will be ready to assume key positions when needed, thus it is a measure of breadth, not depth.

When forecasting potential improvements or deterioration in the current situation, organizations can look to the future known and anticipated events and consider:

- planned organization structural or workforce changes;
- upcoming work, function or product changes;
- acquisitions;
- economic factors:
 - downturns;
 - upturns;
- workforce awareness and education;
- political, social, environmental and legislative dynamics;
- industry sector impacts.

6 Succession readiness rate

6.1 General

The succession readiness (depth) rate can be examined in different levels (all levels recommended for internal reporting by large organizations) including ready now, ready in 1-to-3 years and ready in 4-to-5 years.

It can be measured as the percentage of critical positions that have “ready now, ready in 1-to-3 years or ready in 4-to-5 years” candidates identified.

6.2 Purpose

This metric is useful for organizations that identify potential successors for critical positions and provides a strong indicator regarding the strength (and effectiveness) of the succession pipeline.

6.3 Formulae

Table 2 — Data for succession readiness rate calculation

Number of critical positions	Ready now	Ready in 1-to-3 years	Ready in 4-to-5 years
102	82	76	24

The data from [Table 2](#) are used in the following three examples.

Ready now is calculated as:

$$\frac{\text{Number of "ready now" candidates for critical positions}}{\text{Number of critical positions}} \times 100$$

This gives a ready now percentage (%).

EXAMPLE 1 Succession readiness rate (ready now) = $82/102 \times 100 = 80\%$.

Ready in 1-to-3 years is calculated as:

$$\frac{\text{Number of "ready in 1-to-3 years" candidates for critical positions}}{\text{Number of critical positions}} \times 100$$

This gives a ready in 1-to-3 years percentage (%).

EXAMPLE 2 Succession readiness rate (ready in 1-to-3 years) = $76/102 \times 100 = 75\%$.

Ready in 4-to-5 years is calculated as:

$$\frac{\text{Number of "ready in 4-to-5 years" candidates for critical positions}}{\text{Number of critical positions}} \times 100$$

This gives a ready in 4-to-5 years percentage (%).

EXAMPLE 3 Succession readiness rate (ready in 4-to-5 years) = $24/102 \times 100 = 23\%$.

6.4 How to use

Determining when potential successors will be ready is a key differentiator in evaluating a talent pool for its usefulness while being realistic about the timescales involved in developing certain skills, thinking and knowledge components of competence. Using multiple assessment tools that deliver quantitative and qualitative data on candidates' readiness (e.g. years in position, performance and feedback ratings and time spent in development) can help minimize bias and support more accurate decision making.

It can also inform internal versus external hiring decisions and be beneficial in making external hiring choices for senior positions, which can also take significant time to recruit, drive high recruitment costs, turnover and lack of corporate knowledge and understanding and drive further cultural mixes (which can be positive and negative).

Readiness can be stakeholder-determined by the current incumbent or their immediate line manager(s) and is reliant on potentially safely testing candidates in either live or scenario-planned situations. The success of candidates once in position can also be influenced by the onboarding process, support resources given or available and the stability of the environment (e.g. times of major disruption or change).

This is a key measure of the organization's ability to have successors ready in time to deliver key strategic imperatives and to mitigate risk of disruption in organizational performance.

6.5 Contextual factors

The macro environment of the organization can have little impact on successor readiness unless macro-economic conditions make the organization's financial stability uncertain or difficult. In intense competitive situations, rapid acceleration of successor candidates can be necessary where industries see lots of poaching by competitors, so organizations can look to change the readiness periods to 3-to-6 months or 3-to-6-month cycle periods (e.g. 3-to-6 months, 9-to-12 months, 12-to-15 months) where potentially significant change is imminent.

When considering the context supporting the metric results, consider:

- FTE count at each measurement point, i.e. has the FTE grown or shrunk enough to change the perspective and meaning of the metric results?
- current activities the organization is undertaking;
 - increased production or product expansion;
 - reorganizations;
 - current activities in educating the workforce;
- cultural shifts, both positive and negative;
- generational perspectives;
- social change or awareness, leading to increases in reporting;
- industry expectation;
- economic factors:
 - downturns;
 - upturns.

6.6 Predictive factors

The nature of this metric is naturally predictive, if indeed assessments accurately match future needs. This is a key part of the design process in succession planning, that needs now will possibly be different in 1-to-3 years' or 4-to-5 years' time, and therefore require regular reviews.

When forecasting potential improvements or deterioration in the current situation, organizations can look to the future known and anticipated events and consider:

- planned organization structural or workforce changes;
- upcoming work, function or product changes;

- acquisitions;
- economic factors:
 - downturns;
 - upturns;
- workforce awareness and education;
- political, social, environmental and legislative dynamics;
- industry sector impacts.

7 Transition and future workforce capabilities assessment (talent pool)

7.1 General

Organizations can use their own type of internal assessment or system they have in place to track this measure of current and future capability.

7.2 Purpose

This assessment determines if the organization has the right people with the right talents, including the skills, knowledge and behavioural and thinking components necessary to cover future demands, typically covering categories such as task, people or leadership competency areas.

7.3 Formula

$$\text{Match percentage} = \frac{\text{Current weighted average score}}{\text{Future requirement}} \times 100$$

Organizations can create a summary skills matrix assessment score card for the entire organization that creates a balanced approach, as shown in [Table 3](#).

Table 3 — Workforce capabilities assessment matrix data

Competency area type	Thinking, skill, knowledge competency area examples	Current weighted average score (5 is high)	Future agreed requirement	Percentage match %
Leadership	Creating a vision	3,6	5	72
Task	Delivering presentations	2,7	3	90
People	Building relationships	4,2	5	84
Task	Project management	3,8	4,5	84
Leadership	Industry knowledge	2,5	4	63

The data from [Table 3](#) are used in the "creating a vision" example in the match percentage as follows:

EXAMPLE $3,6 \times 5/100 = 72 \%$.

7.4 How to use

Using focused (and often balanced) competency factors that support the desired cultural leadership style, the organization should ensure that assessments are from multiple sources and evidence-based (quantitative as well as qualitative data) as far as possible. The leadership profile determined by the organization can be made up of task, people and leadership competency areas, as shown in [Table 3](#) (with further differentiation on technical and behavioural skills), which will shift depending on the organization's priorities. Predicting the future can be a difficult or sometimes impossible task. However,

it is considered that some key skills (such as relationship building, problem solving, adaptability) will be critical for the foreseeable future, no matter what products or services the organization continues to provide.

7.5 Contextual factors

It is important to ensure that any assessments and assessment processes are fair and unaffected by bias, or that bias is minimized.

When considering the context supporting the metric results, consider:

- FTE count at each measurement point, i.e. has the FTE grown or shrunk enough to change the perspective and meaning of the metric results?
- current activities the organization is undertaking:
 - increased production or product expansion;
 - reorganizations;
 - current activities in educating the workforce;
- cultural shifts, both positive and negative;
- generational perspectives;
- social change or awareness, leading to increases in reporting;
- industry expectation;
- economic factors:
 - downturns;
 - upturns.

7.6 Predictive factors

It is possible that capability and competencies for the future are not yet very well developed or exist in current development plans. However, for risk and planning purposes, emergent frameworks should be monitored, SWAT analysis exercises conducted and internal processes updated and communicated regularly.

When forecasting potential improvements or deterioration in the current situation, organizations can look to the future known and anticipated events and consider:

- planned organization structural or workforce changes;
- upcoming work, function or product changes;
- acquisitions;
- economic factors:
 - downturns;
 - upturns;
- workforce awareness and education;
- political, social, environmental and legislative dynamics;
- industry sector impacts.

8 Employee bench strength

8.1 General

Bench strength (leadership or management talent pool in this context) combines the capability and readiness of potential successors to move into critical positions.

8.2 Purpose

This metric considers the quality of the successor pool (capability) as well as readiness (see [Clause 6](#)).

8.3 Data sources

Build a capability profile using multiple reliable data sources, as shown in [Table 4](#), to present a full picture of the capability landscape of the talent pool. This can include unbiased performance data, multi-stakeholder feedback, project work, observations and other demonstrations of capability in multiple situations in the workplace.

8.4 Formula

Employee bench strength = total number in the talent pool who meet the minimum capability requirement thresholds in a number of performance and assessment areas.

Examples of these performance assessment areas can be seen in [Table 4](#), where a comprehensive set of employee data results are used to measure an average competency level across the whole talent pool.

Table 4 — Employee bench strength

Data sources	2018 talent pool	2019 talent pool
	%	%
Competency levels: task, people, leadership	64	68
Performance review scores	76	77
Special project success results	72	82
Leadership assessment centre scores	62	75
Have a development plan	90	100
Feedback results (engagement survey satisfaction score relationship with supervisor)	82	89
Two-year retention rate(stability)	88	90
Average achievement percentage of the talent pool across all performance and assessment data areas	76	83
NOTE Talent pool (N) = 135.		

8.5 How to use

This information and data would normally be collated from internal performance or learning management systems or human resources spreadsheets.

The organization can itself set its own threshold targets for each capability area using a typical balanced score card approach and collect data and evidence from multiple sources to provide a fully rounded view of members of the talent pool. This enables the organization and human resources function to make better targeted decisions to accelerate talent pool readiness through exposure to challenging work projects, development activities and capability-building experiences. It can allow the human resources function to review and adjust their talent strategy to fill capability gaps with focused solutions.

The bench strength measurement will enable the organization or human resources or talent function to also prioritize capability development activities where critical gaps are identified.

In the normal flow of workforce entries and exits, the quality of internal processes, such as capability assessment, quality of hiring, diverse and inclusive workplaces, plus effective development activities, which drives enabling or toxic cultures, can dramatically affect employee bench strength and variations across the talent pool, requiring further analysis.

Changes in organizational work, such as new products and services and team organization, can also affect the ability of successors in the talent pool to practise or develop new skills, knowledge or thinking due to busy workloads or fast-paced changing needs.

8.6 Contextual factors

Favourable market conditions or funding often give options to support development activities and therefore resources to focus and accelerate gap fills. Equally, disruptions in these areas can restrict the organization's ability to meet and develop future needs, either by development or external hiring depending on the skills available in the marketplace.

When considering the context supporting the metric results, consider:

- FTE count at each measurement point, i.e. has the FTE grown or shrunk enough to change the perspective and meaning of the metric results?
- current activities the organization is undertaking:
 - increased production or product expansion;
 - reorganizations;
 - current activities in educating the workforce;
- cultural shifts, both positive and negative;
- generational perspectives;
- social change or awareness, leading to increases in reporting;
- industry expectation;
- economic factors:
 - downturns;
 - upturns.

8.7 Predictive factors

This measurement can be directly linked to decisions regarding readiness and the relative timescales involved in placing potential successors, and the succession planning process and its linked activities being fit for purpose.

When forecasting potential improvements or deterioration in the current situation, organizations can look to the future known and anticipated events and consider:

- planned organization structural or workforce changes;
- upcoming work, function or product changes;
- acquisitions;
- economic factors:
 - downturns;
 - upturns;
- workforce awareness and education;
- political, social, environmental and legislative dynamics;
- industry sector impacts.

9 Talent pool growth rate

9.1 General

This is a relative measure of the percentage growth rate of the talent pool from year to year.

9.2 Purpose

It will be most useful for organizations that identify potential successors for large talent pools (e.g. managerial positions or international organizations of significant size or with high turnover). Talent pool growth rate provides organizations with an indication of their success in the past year at developing future leaders to the point where they can be named as potential successors.

9.3 Formula

Table 5 — Talent pool growth rate data

Headcount 2019	Headcount 2020
210	234

$$\frac{\text{Current talent pool headcount} - \text{talent pool headcount the previous year}}{\text{Talent pool headcount the previous year}} \times 100$$

The data from [Table 5](#) are used in the following example.

EXAMPLE (234 - 201)/201 × 100 = 16 %.

An increase from the previous year of 16 %.