Secure your future workforce with succession planning

How internal investments can help build your talent pipeline



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Overview

The next five years are a critical time for financial services organizations already faced with a limited labor pool and increasingly competitive employment market.

By 2030, all baby boomers will reach the retirement age of 65. And by 2035, Gen X will comprise only 21% of the workforce. The departure of experienced talent, paired with the challenge of finding qualified individuals, is forcing organizations to either be proactive about workforce planning or consider consolidation.

Effectively preparing your organization for the future workforce starts with investing in your existing talent.

In this e-book, we look at how financial services organizations can address their future talent needs, including:

- Critical elements for succession planning.
- Common succession planning pitfalls.
- Potential skill gaps for future leaders.

Workforce statistics:

- The U.S. Bureau of Labor Statistics predicts that the labor force participation rate will drop to **61.2% in 2033**, compared to **62.4% in 2025**, due to an aging population.

- As of January 2025, there are **6.8 million unemployed workers** compared to **7.6 million job openings**.

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Creating an effective succession plan

External hiring is often seen as the faster, easier solution for talent gaps. However, acquiring new talent can be challenging, expensive and may impact your existing culture in unexpected ways.

Instead, organizations wanting to be proactive about their future leadership needs should focus on investing in existing talent.

As baby boomers and GenXers retire, financial services organizations will need to fill roles at all levels with a workforce lacking the same experience and institutional knowledge.

Talent gaps can disrupt critical functions like loan closings, investment portfolio management and customer relationships. An effective succession plan focuses on identifying and developing talent for these key positions.

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During your planning process, consider including three critical elements:

- **Risk:** Identifying where talent gaps pose the most significant risk for your organization can help you prioritize your plan. These risks can include both needed skills as well as the number of incumbents needed to support the organization.
- **Continuity:** Plan for how to continue operations in the event of a sudden vacancy, including plans for developing existing staff and engaging outside services during the training process.
- **Knowledge transfer:** Develop a proactive, intentional knowledge transfer program to provide the foundation on which experienced employees engage in mentorship and share knowledge and experiences. You should also include less experienced employees in events and activities to preserve and pass institutional knowledge.



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Avoiding common succession plan pitfalls

Beyond developing your current workforce, succession planning is also an opportunity to drive culture, improve retention and increase engagement.

Here are five common pitfalls organizations should avoid to get the most return from their talent development process and investment:

Pitfall 1: Your plan only looks for future leaders

Succession shouldn't just focus on promising talent for leadership positions. Having professional development plans for all employees is essential for retention and engagement.

Employees with clear paths are less likely to seek outside opportunities, since they can see how to achieve their career goals within your organization and understand how you can support their professional growth.

It's also easier to build and maintain your desired workplace culture when you develop from within rather than look for external hires.

Pitfall 2: Your plan isn't inclusive

When looking for emerging leaders, it's common to use the qualities of your current leadership as a standard. However, only seeking talent embodying those same qualities can limit your organization's growth.

Instead, take a step back to review your organizational structure an evaluate whether potential future leaders align with your strategic direction. Development plans should consider the additional qualities your organization needs to move forward, not just desired characteristics of current leadership.

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Pitfall 3: Your plan only covers upward mobility

Today's talent often values flexibility and a wider breadth of experiences, not necessarily only upward mobility. Succession plans should give employees a path to broader opportunities or offer support when they want to remain in their current roles.

Your organization should also acknowledge that professionals may need to leave and return, especially if they've grown within the organization. Gaining external experience can enhance their credibility and provide new perspectives.

Pitfall 4: Your plan isn't built on data

In the same way your organization leverages data on customers and services to inform strategic decisions, people data can provide the insight needed to support talent development.

Workplace behavioral and emotional intelligence assessments such as Predictive Index and EQ-i can give leadership valuable insight into their staff and how to improve both team and individual performance. These tools also bridge the gap between leadership and the employee experience to help cultivate better supervisory relationships and a culture responsive to the unique needs of each employee.

The future of the financial services workforce

According to the U.S. Bureau of Labor Statistics:

- Employment in business and financial occupations is projected to **grow faster than the average** for all occupations from 2023 to 2033.
- Financial activities are projected to have an employment i**ncrease of 4%** from 2022 to 2032.

With a growing need for talent, financial services organizations will have to invest in developing and retaining their current staff and being competitive employers.

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Pitfall 5: Your plan isn't a priority

Making succession planning a priority means investing dedicated, intentional time and keeping leadership accountable for implementation. It should go hand in hand with your strategic planning.

Time and limited resources can be a major hurdle when prioritizing succession in smaller organizations. Effective planning requires time to manage the plan and engage individuals in development, as well as resources for external development if needed.

If your organization lacks the capacity to implement a more expansive plan, focus your investment on the roles presenting the highest risk.



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Preparing your future workforce

As you focus on securing your future workforce, it's critical to conduct a skills assessment to identify potential skill and competency gaps.

Creating a targeted strategy for resolving skills gaps enables organizations to:

- More effectively invest in training and development opportunities.
- Bring cohorts of learners together to enhance learning and skills transfer.
- Enhance coaching or mentorship relationships.

Here are four essential competencies you can develop in your future workforce:

Critical thinking

Critical thinking is the processes of evaluating and analyzing information to form well-reasoned judgements. This skill helps leaders look beyond what's in front of them to make logical decisions that are aligned with organizational objectives – an increasingly important ability as gen AI and other tools continue to change the way we work.

While AI can provide information to help spark critical thinking about challenges, employees still need the skills to determine how to apply that information or modify it to fit their environment. Fostering curiosity, exploration, and problem-solving — without expecting easy answers — will be vital for helping employees navigate change and sustain performance as the workplace continues to evolve.

Innovation

Leaders not only need to develop their own technology skills and experience, they also need the capability to foster technology literacy among staff.

Technologies like AI, open banking and blockchain will continue to transform financial services organizations. Encouraging and supporting a culture of technology innovation and curiosity can help prepare your staff for a more digital future.

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Interpersonal skills

An increasingly digital workplace also requires a renewed focus on relationships.

Interpersonal skills give staff the ability to connect deeply with others across a variety of generations and backgrounds. The proliferation of remote work leaves many staff without opportunities to develop the soft skills they would gain from regular, face-to-face interaction. In particular, non-verbal communication, empathy and collaboration can be more difficult to grow in an isolated, work-from-home environment.

Investing in these skills is crucial to helping individuals manage relationships, communicate effectively and facilitate better work-related outcomes.

In addition to training, behavioral assessments such as the Predictive Index can give individuals greater insight into how they and their team members work and communicate. These insights help create a foundation for increased emotional intelligence and understanding.



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Agility

The modern workforce is defined by change.

Workplaces are constantly evolving, with new advancements increasing the pace of change across industries and providing ways for employers to offer greater work-life balance. Rather than maintaining a rigid organizational structure, financial services organizations are shifting toward adapting to how individual employees prefer to work, such as options for flexible scheduling and remote work.

Future leadership will need adaptability to effectively manage an increasingly individualized workforce and help support their organizations through change. And employees will need to embrace change and develop the skills to navigate it smoothly.

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Develop the strategy and talent you need to drive success

Maintaining a strong talent pipeline starts with the right plan.

Wipfli offers support for succession planning and leadership development tailored to your organization's specific needs. Our team has worked in and for organizations like yours, giving us experience in the challenges you face, from managing talent to navigating evolving regulations.

Let's get started.

Contact our team today to learn more about how we can help you build success today and in the future. Visit **wipfli.com/FS.**

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