Succession Planning
Preparing for Your Agency's Future
WHAT IS THE ISSUE/CHALLENGE?

It is difficult to pick up a “Top 10 Human Resources Issues in the Public Sector” and not find succession planning on the list. According to a 2014 IPMA-HR Benchmarking Report on talent management, “4 out of 10 public sector Human Resources practitioners’ agencies could lose 20% or more of their employees to retirement within the next five years” (IPMA-HR Benchmarking Report, 2014). In the same study, where 86% of respondents represented municipal/local government, 65% of all respondents said they do not have a succession plan in place. In addition, a Pew research study found that 10,000 baby boomers will turn 65 every day over the next two decades, pushing them closer and closer to the retirement threshold.

Ignoring and/or failing to engage in succession planning creates problems for the public sector because it complicates the fulfillment of its mission due to key leadership disruptions. The workforce in general has been given a fair warning of the impending exodus of the baby boomer workforce. The Great Recession, beginning around 2007, caused delays in retirement surges, which provided agencies with some needed relief as well as more time to find solutions to the inevitable departure of a significant percentage of the workforce. In 2011, The Center for State and Local Government Excellence (SLGE) conducted a survey, which indicated that 40% of survey respondents said that they postponed their retirement plans as a result of the Great Recession. This allowed managers to extend (or procrastinate) timelines for workforce and succession planning.

Effective succession planning could assist the public sector, which, on average, has an older workforce compared to the private sector and, as a result, is more susceptible to losing key employees with critical institutional knowledge to retirement. However, very few government agencies address the issue of succession planning. This is ironic because, according to research, most agencies (at least two thirds in all cases) believe that succession planning is critically important to the health of their agencies. IPMA-HR and CPS HR Consulting conducted a benchmark report in 2009 and IPMA-HR again in 2014, both addressing succession planning to a great degree. In both surveys, it was determined that the utilization rate of succession planning was stagnant, whereas only about a quarter of the agencies surveyed in each of the respective studies admitted they had some form of succession plan in place. In both studies, the top reasons cited for barriers to developing a succession plan included:

- Low on the priority ladder where the majority of work time was consumed by day-to-day activities or putting out fires
- Insufficient staff
- Insufficient time

This white paper analyzes the current succession planning challenges facing the public sector and how they can be remedied using a proven five-step process and current best practices.
According to a 2015 study conducted by Halogen, a company specializing in cloud-based software solutions for succession planning, 45% of companies that responded said their company is “not very well equipped” and 12% said they were not “equipped at all” in regard to retaining and engaging high potential employees. The study was done across various industries on a global scale, but it shows that, overall, agencies do not believe they are performing well when it comes to identifying and developing talent to fill key positions.

Most public entities are not only ill-prepared for the changing dynamic of their workforce, but they are also at an impasse in terms of where to start when constructing a succession plan. Aside from the typical challenges most agencies face when developing succession plans, such as lack of executive ownership, time, resources, long-term strategic planning and a sharp decline in average span of tenure, government has the following additional challenges it has to confront:

1. **Political Dynamics** – Although politics exist in all industries, stakeholders sometimes fall prey to delaying, ignoring or fighting long-term solutions that would benefit the agencies because the solutions could create a perceived or real crisis. In some situations, the solution that is cheaper or provides immediate, although incomplete results, is often preferred over the long-term solution to appease constituents. Also, there is a possibility that the long-term solutions could interfere with existing strategies or programs that might be perceived as higher priorities.

2. **Lack of Expertise** – In many instances, agencies simply don’t know where to begin in the succession planning process, and they may not have anyone in the agency to guide them in their succession planning efforts. Naturally, many agencies turn to HR, who may have limited knowledge in the subject and who may be already overwhelmed with other work obligations.

3. **Limited Resources** – Public agencies are continuously pushed to do more with less. Therefore, this pushes staff to increasingly focus on the low-hanging, short-term fruit. This puts a focus on pressing daily/weekly, operational issues versus longer-term, more strategic priorities.

4. **Recruiting Next Generation to Public Service** – According to a SHRM global survey of public executives, attracting the best people to their agencies was and will be the biggest challenge through the year 2020. The IPMA benchmarking report showed that respondents largely saw private sector agencies as the greatest competition for talent. Furthermore, the same study cited that in comparison with the private sector, competitive pay, or lack thereof, was proving to be a stumbling block to the public sector. The study showed that millennials currently represent only 17% of the public sector’s workforce, and they prefer the higher pay for entry-level jobs in the private sector. This poses a huge problem for the public sector considering 64 million people (40% of the US workforce) will be poised for retirement by 2020. This problem is magnified by the fact that the public sector takes significantly longer in its recruitment processes in comparison with its private sector counterparts. Therefore, the millennials, who might otherwise be interested in working for the public sector, ultimately have accepted offers in the private sector by the time they receive a job offer or are even contacted by a public agency.
BENEFITS OF A SOLUTION

The need to have a viable talent pipeline is critical to the overall health of the agency. Succession planning provides the following advantages to all agencies, including public agencies:

- A framework to align resources as well as leadership with strategic needs of the agency’s development for key positions
- An integrated approach, as opposed to a just-in-time approach, decreasing the amount of time in filling key positions
- An ongoing job analysis and opportunity for executive staff to adjust roles based on changing business conditions and strategic initiatives critical to sustainability
- Preparation for unexpected vacancies
- Decreased costs and time of external searches
- Increased communication and departmental partnering
- Proactive identification of critical needs in the agency, providing time to adjust programs, training and recruitment to meet these needs
- Increased talent pipelines, lending to sustained and uninterrupted service levels in government
- More committed work environment - Succession planning can lead to high levels of employee engagement
- Increased retention of existing employees based on the faith and knowledge that the agency will invest in the appropriate development of staff

SOLUTION – BEST PRACTICES

There are many succession planning models. Depending on the needs of an agency, a customized approach may be utilized to best integrate into work practices and culture. However, most models follow a basic 5-Step process:

5 Basic Steps to Succession Planning

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For each of these steps, we provide best practices relevant to the respective step.
STEP 1 – IDENTIFY KEY POSITIONS

A key position is generally defined as a position that is critical to the viability and continuity of an agency, regardless of the incumbent in the position. According to an October 2015 survey on succession planning by Halogen Software (HiPos and Succession Planning: Securing Your Company’s Future, 2015), 70% of respondents said identifying key positions was a necessary element to succession planning. In this step, it is important to identify what successful leaders look like and how can they be identified and developed.

Identifying key positions takes a holistic approach and needs the input of managers and executive sponsors regarding critical KSAOs, current and future competency gaps and environmental scanning to identify opportunities and obstacles. Owners and sponsors of succession planning will need to continuously and systematically assess critical positions, KSAOs and competencies needed, and plans for future roles each time a new strategy or mission is created.

Associated Best Practices

a. **Alignment** – Leading agencies rely on strategy to determine and drive their leadership competencies and talent development needs. An aligned succession process ensures the fulfillment of both the current and future business needs of the agency. In addition, these agencies integrate succession planning with hiring, performance management, development and retention systems. These components of talent management should be explicitly linked with the vision, mission and business strategies of the agency to ensure successful succession planning. However, a fundamental and pivotal element of succession planning alignment is communication/collaboration. According to a recent NASPE issue brief that CPS HR Consulting prepared in collaboration with Oracle and the State HR leaders from Florida, Nevada and Pennsylvania (NASPE, 2014), 33% of state agencies and 36% of local agencies reported that communication is poor and/or ad hoc at best. In addition, the same agencies surveyed said there was an extremely low level of maturity based on their ability to adapt to their internal and external environments. The issue brief recommends that government should establish a governance structure around succession planning programs to clarify shared decision-making and accountability. This alignment and structure helps forming the structure of the agency. For example, instead of running on autopilot and replacing the same position over and over, this structure provides a chance to question the agency structure or whether the position should be changed or outsourced.
b. **Accountability and Ownership** – In high-performing global companies, executives personally spent time reviewing the top talent in their agency.

More specifically, upwards of 96% of top global companies have executive leadership actively involved in talent management. As with other successful programs within any given agency, its direction and health cannot be left to the efforts of one department or division. This is especially true when HR professionals have limited experience in succession planning. Ownership for selecting and developing the future talent is central to the success of the agency and must be shared by executives, department heads and first line supervisors. According to Marshall Goldsmith, a renowned expert in coaching executives, “the act of engaging with senior executives to establish development goals will build support for planning and ownership for leadership development.” These efforts will minimize agencies’ reliance on external recruitment and increase the level of understanding regarding the dependence of succession planning on long-term agency objectives. Developing a Succession Planning Oversight Committee (SPOC) can assist with spreading accountability and ownership. The SPOC is responsible for developing the framework of the succession planning program as well as implementation, monitoring and evaluating program success. This team should include a diverse set of leaders across the agency with responsibilities in succession planning and hiring.

c. **Automation** – According to the previously mentioned NASPE brief, 47% of states and 53% of local governments have not automated their succession planning process. Leveraging technology to create simple processes with a unified approach to ensure consistency across units provides ease in the process. Using automated talent management solutions to dramatically facilitate the entire succession planning process allows managers to intuitively and easily understand characteristics of their team, including staff readiness, risks of key personnel leaving the agency, and access to successor candidate pools through flexible search tools. However, the integration of an automated system does not preclude managers from doing the real work of succession planning through face-to-face engagement and interaction. Agencies should move quickly to identify the best ways for them to bring automation to succession planning efforts.

d. **Diversity** – When discussing diversity, it is important to include practices in succession planning that promote both inclusion of women and minorities in developing future talent pipelines and developing future leaders who are adept at managing diversity. In addition, diversity goes beyond ethnic or gender diversity. Succession planning should not just stop at ethnic diversity or the inclusion of non-executives in succession planning initiatives. The key is to find the critical positions an agency is heavily reliant upon and where the absence of such positions poses a weakness to the agency. A mature succession plan may start at the executive level but will seek to eventually cascade the development of future leaders down through supervisory ranks. Essentially, a good succession plan is developing internal staff to the extent that hiring from within the agency becomes the norm.
STEP 2 – IDENTIFY PARTICIPANTS

To maximize succession plan initiatives, it is important to identify critical employees through performance metrics and outputs. It is also important to ask not only who is ready now, but who may be ready in the next 3-5 years. Otherwise, agencies are depriving themselves of longer-term pool diversity/depth. Agencies will need to determine relevant competencies and experiences necessary for each of the potential areas of succession.

Associated Best Practices

a. Define Competencies – Assessing successors actually begins with a well-designed competency model based on the agency’s strategic plans. Succession planning sponsors and owners should agree on what they are looking for in high potential leaders. Top agencies are keen to integrate their competency model into core leadership and talent practices to ensure direct alignment with current and future-oriented business objectives and clarity surrounding expectations and consistency of execution.

b. Identify High Potential employees – In October 2015, a worldwide survey of agencies was conducted across all industries and revealed that 92% of respondents said identifying high potential employees is important, only 44% said their company actively attempts to identify high potentials (HiPos). Furthermore, 56% of respondents said that their agency is less than adequately equipped to retain and engage HIPOTS. To maximize succession planning initiatives, it is important to identify critical employees through performance evaluators, metrics and output. It is also important to ask not just who is ready now, but who may be ready in 3-5 years. Otherwise, agencies are depriving themselves of pool diversity and depth. HiPos will need a line of sight between their current position and the areas of possible succession. Agencies will need to determine relevant competencies and experiences needed for the next steps for each of the potential areas of succession.

When identifying high potentials, we recommend a nomination process that contains a self-nomination component. This self-nomination component will indicate the interest of potential participants. This methodology is advised over a management-only nomination but should be in association with a management nomination. This methodology is recommended because management may have a presumptive notion of employee participation or employee ambition to move up in the agency when there is a possibility that the employee has no intention on participating in leadership development or moving up in the agency.

Conversely, a strong candidate with low visibility could be overlooked by a supervisor or manager without a self-nomination option. Therefore, the idea of having a self-nomination process in place prevents these types of missteps or awkward assumptions, which can save time and potential embarrassment for management.
c. **Assess Bench Strength** – Just because an agency has a good pool of HiPos does not mean that they have successors. It is important to have an emergency plan for unexpected leadership departures. In assessing bench strength, it is important to ask questions such as “What competencies do HiPos possess?” “Are these competencies in line with what is needed to succeed the current incumbent?” “Has institutional knowledge been shared?”

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**STEP 3 – PREPARE PARTICIPANTS**

The inclusion of participants in the process is paramount. It is important to identify current competency gaps needed vs. existing skills and then to develop a list of primary development needs. In addition, succession planning requires the individual input of each participant. An employee self-assessment can also be an invaluable component of a gap analysis. We recommend this exercise because it provides opportunities to compare and contrast gaps in competencies with the supervisory gap analysis. This activity becomes a catalyst for productive conversation as well as an agreed understanding of what gaps should be addressed.

**Associated Best Practices**

a. **Communication** – Communication with high potential employees is one of the most important best practices. Employees need to know the expectations for participation in the succession planning program, including time required and development options. In addition, employees need to know if they are being groomed for leadership because they should have an active role in their own development and because they may not have a desire to participate in the program as a conduit for future advancement in the agency. Critics say that identifying high potential employees can alienate employees not selected for the program. However, research has shown that notifying high potential employees of the fact that they are high potentials can keep them engaged, let them know of their worth, and allows them to feel appreciated, thus reinforcing positive work behaviors. Conversely, those who are not identified as high potentials do not show a higher tendency to leave but become interested as to how they can be considered as high potential employees.

b. **Gap Analysis** – Once competencies for key positions are identified, it is crucial to conduct a gap analysis between necessary skills for the position (what is needed) and the existing skills of the respective participant. Once the competency/skill gap is established, the road to developing a unique development plan and career path for the potential participant can begin.
c. **Transparency** – Transparency within succession programs includes providing realistic previews of the positions in the line of succession and the clear criteria for participation. These practices lend integrity to the process and minimize politics, which results in better retention. It also clarifies that the program is not secretive “pre-selection” that favored individuals have been given an inside track to advancement not available to the majority. Rather, the process is competitive, based on merit and consistent with applicable civil service standards. A formal program with formal rules also lends to greater accountability, especially when the program is connected to objective performance criteria. Telling participants or aspiring participants about what it takes to be a member, such as taking on different assignments, attending training classes and participating in projects helps potential participants understand the requirements for participation and prepares them for inclusion into the program.

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**STEP 4 – PROVIDE DEVELOPMENTAL OPPORTUNITIES**

Provide opportunities and solutions that address talent gaps and create accountability for leaders to develop successors.

**Associated Best Practices**

a. **Development Toolboxes** – Development toolboxes can be both internal and external and provide a range of targeted development experiences. A development toolbox includes various job enrichments such as special projects, involvement in a committee or task force, job rotation, mentoring or coaching programs, 360 feedback, seminars, conferences, continuing education, cross development and problem resolution opportunities.

However, new evidence has suggested that development tools should be used strategically and thoughtfully. For example, an article published by Development Dimensions International, Inc. (Leadership Development Methods: One Size Does Not Fit All, 2014) suggested that, although developmental assignments and formal training were highly utilized, developmental assignments were more highly rated among high-level and senior-level employees as opposed to lower and mid-level employees. Formal training such as in-class training was viewed to be more effective among lower-level and mid-level employees than high-level and senior level employees. This suggests that different development methods should be deployed not based solely on the position itself but also considering the level of the position.
b. **Experiential Development** – Agencies make the common mistake of thinking that a candidate for succession is not fully ready until they serve in a particular position or capacity. However, once competencies are developed and identified, the best practice is to find experiences needed to promote development and then find assignments that will give participants the necessary experiences to broaden appropriate skill sets rather than specific positions or roles that provide necessary experiences for honing leadership skills. For example, a supervisor promoted along organizational chart lines may miss essential experiences to perform well. The key is to start with assignments based on competencies that the person needs to develop. Succession planning programs should create assignments that provide experiences to develop the required competencies.

c. **Knowledge Management** – It is important to address knowledge management because this is truly where safeguarding of institutional knowledge happens. When turnover occurs in key positions, the outgoing incumbent takes not only the level of productivity and efficiency they brought to the agency, they also take the bank of knowledge they possessed, which helped them achieve success in their respective jobs. Similar to succession planning, knowledge management has not been the focus of much study in the past. However, a 2016 Swedish article entitled “Sustaining the Future of the Public Sector” cites a study which analyzed a holistic approach between succession planning and knowledge management against the increased relevance of institutional knowledge and the fast-changing climate of government (Durst & Bruns, 2016). The study advocated for the combination of succession planning and knowledge management, essentially saying that succession planning cannot exist without the transfer of institutional knowledge.

Therefore, knowledge transfer is critical and can be accomplished through a number of methods: job shadowing, mentoring, having the incumbents provide overview and specific how-to sessions, and providing a simple but effective means for the incumbents to document the approaches and procedures they undertake in performing what they believe is essential to the success in their particular position.

At an agency in Texas, the CFO and the COO are engaged to provide courses on strategic budgeting and strategic operations for their particular agency. This serves as a great example of knowledge transfer. In addition, this internal training initiative saves the agency on potential costs of hiring third-party training vendors.
Step 5 – Monitor Progress and Recognize Achievement

The ultimate success of an agency’s succession planning program depends on the adherence to the plan in assessing current competencies and determining where the skills gaps are and taking steps to close the gaps over time. However, the success is also determined by the efforts to keep the succession moving forward over time despite the predictable intrusions of operational needs and unexpected agency changes. The support and maintenance of the succession planning program ensures the plan’s endurance and benefit to agency leadership continuity.

Associated Best Practices

a. Regular Program Reviews – Conduct annual or semi-annual status check with executive sponsors and owners of the process. Doing these activities during management updates, senior leader meetings, department head meetings and SPOC meetings are all means to promote visibility and progress in succession planning implementation. These means also ensure the perception that succession planning is a key part of the strategic plan that should be reviewed as a core component of talent management.

b. Performance Reviews – Ensure succession planning is tied to a talent review process to happen simultaneously with performance reviews. As stated earlier, the key for each participant is to identify the competencies for key positions and then to assess the competency gaps for participants that are identified for the respective positions. These come from competencies that are identified for positions early and include critical performance indicators, which are descriptive, measurable actions that reveal whether the competency was met or not. Participants are then given opportunities to further develop lacking competencies and narrow the competency gaps to prepare them for their next role. Supervisors, mentors, trainers and anyone else who has a role in developing the participant should provide feedback to answer the following questions:

   i. Did learning and appropriate work behaviors take place? The evaluation of participants from mentors, supervisors and trainers can assess learning through observing work behaviors and whether or not participants are consistently repeating appropriate behaviors and/or competencies. Learning can also be measured through pre- and post-tests and the ability to consistently apply work behaviors in simulated or real work situations.

   ii. What were the results of the training? Was the participant able to complete a development plan? If not, why? Were gaps narrowed? How?
d. **Update Development Plans** – Update development plans as needed to ensure accountability and plan effectiveness. As positions evolve or as participants begin to narrow competency gaps, the SPOC and existing leaders responsible for succession development plans will need to review necessary competencies regularly and uniquely adapt them to each individual participant. For example, as stated earlier, senior executives involved in succession development may require applied development such as shadowing, cross-development projects and/or job changes/rotations, whereas mid-level managers may require more in-class instructional development. Based on participant assessment and input, plans may require modification. Modifications may be necessary during mid-development as workforce requirements and competencies change rapidly.

e. **Measure** – For purposes of both internal program assessment as well as external publicizing of the development program, some key performance measures may be useful to communicate levels of activity and linked outcomes. Some or all of the potential metrics may be subject to the SPOC. The measures or indicators used to determine the success of the program can include the following:

   i. Level of employee participation (#s) in the development plan
   ii. Collective activity levels completed on the development plans (e.g., training hours completed, OJT assignments completed)
   iii. Scoring of overall agency competency gaps in key areas and showing a visible gap closure – percentage of agency gaps before and after development activities
   iv. Percentage of development activities completed per schedule
   v. Breakdown or ratio of internal OJT development activities versus external training activities
   vi. Internal application activity for future leadership’s openings
   vii. Percentage of leadership positions filled internally versus externally
   viii. Time to fill leadership positions
   ix. Impact of development activity on overall unit/department attrition rates
   x. Participant Evaluation Ratings – Participants should have an opportunity to provide feedback about their uniquely developed training program. The agency should solicit specific feedback from participants such as quality of face-time with mentors, workload implications, opportunities to apply newly learned skill sets and program and development practices as it relates to usefulness, relevance and applicability of the participants career trajectory and overall agency goals.
REVIEW OF SUCCESSION PLANNING STEPS AND ASSOCIATED BEST PRACTICES

ID Key Positions
- Alignment
- Accountability
- Automation
- Robustness

ID Participants
- Define Competencies
- ID HiPos
- Assess Bench Strength

Prepare Participants
- Communication
- Transparency

Provide Development
- Succession Blueprints
- Development Toolboxes
- Experiential Development

Monitor Program
- Regular Program Reviews
- Performance Reviews
- Update Development Plans
- Measure

MORE INFORMATION

If readers would like information on how to prepare a succession planning operating manual or assistance with constructing a succession plan, you may contact Joshua Smith at jsmith@cpshr.us, Jeff Hoye at jhoye@cpshr.us, or Michael DeSousa at mdesousa@cpshr.us.

For information on succession planning training, please contact Karen Evan at kevans@cpshr.us.
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