

WORKFORCE AND SUCCESSION PLANNING

During its 2014 Mid-Year Meeting, the NASPE membership identified Workforce Planning in general and Succession Planning in particular as the primary issue facing State Government Human Resources leadership today. The description includes that “Without proper planning and development for employees who will remain after these retirees leave within the next few years, there could be a shortage of institutional knowledge and capable leaders.” The research performed for this brief suggests a yet more troubling potential: **without comprehensive workforce and succession efforts intertwined with well-executed full spectrum talent management, States are at risk of being unable to deliver critical services.**

This brief analyzes the status of Succession and Workforce Planning in state government and strives to provide plausible recommendations towards the implementation of these necessary programs. Given current trends in the talent marketplace, an analysis of the status of those programs in local government as well as private industry are provided as useful context within which to make those recommendations.

To that end, a survey was conducted with the NASPE membership along with HR directors and managers from the International Personnel Management Association (IPMA-HR). The survey was designed to assess current maturity level and future implementation plans for Succession and Workforce Planning across State and Local organizations. Additionally, study was made of recent whitepapers, research briefs and surveys by HR industry analysts whose focus tends more towards commercial organizations in order to glean insights relevant to government HR as well as to compare and contrast the results.

The NASPE survey results indicate that there is still much work for states to do in order to address the reality of the ‘silver tsunami’, with one third or more of the workforce retirement-eligible over the next five years. While local agencies are not substantially ahead or behind, broader studies show that commercial enterprises have sophisticated programs in place served by effective collaboration, processes and automation.

Please note that all works cited here are listed in the bibliography available on the NASPE website member pages.

FACTORS IMPACTING IMPLEMENTATION

Building and maintaining an effective Succession Planning and Workforce Planning program is no simple matter. Part of the complexity is inherent in the fact that the two should be considered inextricably linked parts of comprehensive talent management. If they aren't treated as such, critical benefits and efficiencies are lost, making such programs tactical shells of their true strategic potential.

Visier's State of Workforce Analytics and Planning 2014 Survey and other industry analyses discuss typical concerns around implementation of such programs, and NASPE's 2007 whitepaper *Guide to Developing Your Agency's Succession Plan* identified public-sector-specific challenges to implementing succession planning and offered guidance on overcoming them. While detailed reiteration of those isn't part of this brief, one in particular bears repeating and the paper itself certainly warrants re-reading.

Perhaps the biggest difference between commercial and State succession planning lies in government's need to work within civil service or merit systems, which require equal opportunity for all when identifying leaders. Many States have passed legislation reforming these systems in recent years, but the bulk of them will continue to operate under those constraints for the foreseeable future. NASPE's 2007 guidance in this area is quite as valuable and relevant today as it was then.

An additional point to consider is that the open records laws of some states make all identified successors part of the public record. Besides increasing scrutiny around fairness, this could potentially put successors at risk of unsavory conduct on the part of competitors or those who support them.

Another factor is that many of the highest executive positions are appointed by elected officials. This means that states a) can't plan for their replacements, and b) must work with whoever is placed regardless of their qualifications. This sharpens the need for qualified management under those appointees to ensure the support of experienced, competent teams – and underscores that succession planning needs to happen for all levels of leadership, as retirees aren't just in the executive ranks.

Per the NASPE membership, another of the top five issues facing state government HR today is the need to fill a large amount of vacancies. With institutional knowledge leaving government and a lack of qualified staff to fill the gaps, modern competitive recruiting must be an integral part of succession planning.

To that end, States need to be able to attract and retain younger workers to strengthen their succession bench. This requires engaging candidates and workers who have different employment expectations of than States are used to fulfilling. Those expectations are very different than in the past. Jason Shueh's article posted in *Government Technology*, *Top 5 Things Millennials Consider in Job Searches* highlights some critical items 1) the products and services and organization provides, 2) a company culture of rewarding creativity and efficiency, 3) dedication to causes and making a positive impact, 4) a positive office environment blending work/social lives, and 5) diversity and recognition for contributions.

In addition, millennials want promotions much faster than traditional employees. They are well educated but they have a lot of student loans to pay off and are looking for more money, faster. They will jump ship for higher pay if other expectations aren't being met, and they also want more flexibility in their work schedules. Finally, millennials have known technology and social media their entire lives and expect to be able to use any device through a variety of media to accomplish their jobs.

States know that the retirement wave is upon us, and that theirs is a much higher percentage of retirement ready workers than in commercial industry. Nor are Succession and Workforce Planning new concepts to State HR leaders. Lee-Ann Easton, Administrator, Nevada Division of Human Resources summed it up in this way: "States know what needs to be done, we just are not sure how to get there. We can't just appoint or even groom someone into our classified positions; we have to perform comprehensive recruitments so all employees have an opportunity to apply. What we need are ideas on how to perform succession planning effectively."

CURRENT STATE PRACTICES

Our survey results present an aggregate picture of how States are faring in Workforce and Succession Planning. State-specific narratives are offered below to illustrate differing maturity levels and plans.

The Michigan Civil Service Commission (MCSC), among those highlighted in the 2007 NASPE paper, leverages its Performance Management Program to align individual career strategies with departments' leadership needs. An update from the State is that some of the departmental executive leaders have elected not to (or don't have time to) identify key leadership positions. An important new element incorporated into the planning process by MCSC is the provision of annual reports showing employees enrolled in the state's Defined Benefit pension program who are eligible for retirement in one, three and five years. This allows better prioritization of positions upon which management should focus. Additionally, MCSC now offers a broad array of supervisory and soft skills training for those interested in leadership.

Florida is just beginning to address statewide Talent Management. The State began by changing the performance management system to incorporate SMART expectations at operating agencies, and is currently developing business requirements for Succession and Workforce Planning to include in an Invitation to Negotiate for the state's HR Information System (HRIS). Currently, there aren't additional plans for the implementation of succession and workforce planning statewide beyond securing these modules as part of the new HRIS, though individual operating agencies may have initiatives in place.

The State of Nevada has just begun working on succession planning efforts and getting agencies to think about who could step up and fill higher level vacancies. Workforce statistics show that 24% of the State's higher level workforce will be eligible to retire within the next 4 years; 44% within the next eight. In an effort deal with this proactively, the State created its first ever Mid-level Manager's Academy which kicked off in February 2014. It is a six-month blended learning program that includes classroom time, webinars and on-line trainings. The goal is to teach participants how to lead, run an agency, and how to treat employees and empower them to do their jobs while creating a positive working environment. Specific criteria have been developed for admittance, and candidates must be in a mid-level position and be recommended by their boss/director as having the potential to become a leader for tomorrow.

The Commonwealth of PA has deep statistics on workforce trends, the generational makeup of its workforce, retirement projections and much more.

The Commonwealth of Pennsylvania's fairly comprehensive program is detailed in a presentation on the NASPE member site. Pennsylvania has deep statistics on workforce trends, the generational makeup of its workforce, retirement projections and much more. This includes a Retirement Projection Tool that depicts retirement eligibility by agency, organization, and job classification over a four-year period that helps workforce planners predict future workforce shortfalls, identify succession planning and knowledge transfer goals and implement proactive workforce management practices. The presentation includes valuable innovations and insights into future plans, and should be considered requisite reading for any public agency building succession planning and workforce planning programs.

HIGHLIGHTS AND RECOMMENDATIONS FROM WORKFORCE/ SUCCESSION PLANNING SURVEY OF NASPE AND IPMA

In a nutshell, survey respondents were asked to rate the maturity of their Succession and Workforce Planning programs across three areas – collaboration, automation, and process - on a 5 point scale. The most relevant factors are summarized below; complete content and more comprehensive results are beyond the scope of an issue brief and are included for reference on the NASPE membership website. Please note that IPMA responses are labeled local, as most were from local governments.

I. SUCCESSION PLANNING

a. COLLABORATION

- i. 33% of states and 36% of local agencies reported that communication and coordination is poor and/or ad hoc at best.
- ii. 38% of the states and 43% of local agencies reported that communication is managed and includes some decision-making.
- iii. 19% of the states but only 1% of local agencies reported an extremely high level of maturity based on their ability to creatively adapt to their internal and external environment.

Spot Recommendation: States that haven't yet done so should establish a governance structure around Succession Planning programs to clarify shared decision making and accountability.

	Succession Planning			
	NASPE		Local	
	#	%	#	%
Area of Focus: Collaboration				
Phase I	7	33.33%	56	35.67%
Phase II	8	38.10%	67	42.68%
Phase III	1	4.76%	28	17.83%
Phase IV	1	4.76%	4	2.55%
Phase V	4	19.05%	2	1.27%
total	21		157	

a.

	Succession Planning			
	NASPE		Local	
	#	%	#	%
Area of Focus: Automation				
Phase I	8	47.06%	81	53.29%
Phase II	8	47.06%	44	28.95%
Phase III	1	5.88%	22	14.47%
Phase IV	0	0.00%	4	2.63%
Phase V	0	0.00%	1	0.66%
total	17		152	

b.

b. AUTOMATION

- i. 47% of states and 53% of local governments have not automated their SP process.
- ii. 47% of the states and 29% of local agencies report siloed automation with no central infrastructure.
- iii. Only 6% of the states, but 14% of local governments responding to this survey report having central automated processes.

Spot Recommendation: With continuous budget and staffing attrition in State government, automation is perhaps the single most effective tool for remaining effective, given that communication and processes are also attended to. Succession planning is an area that begs both line agency and centralized visibility. The overwhelming majority of survey respondents in both groups who have not automated their succession planning process, should begin vendor conversations to understand what is possible, then move to requirements definition to identify the best way(s) to bring automation to your succession planning efforts. Agreeing on a standardized process would be a good first step.

c. PROCESS

- i. 50% of the state agencies and 35% of local agencies surveyed report unpredictable, or uncontrolled, or reactive processes.
- ii. 31% of the states and 43% of locals describe their SP process as managed but not standardized.
- iii. 19% of the states and 18% of the local agencies responding to this survey have standardized their succession planning process state-wide.
- iv. Though a small number of local agencies did so, the total organizations that identified high levels of process maturity is disturbingly low.

Spot Recommendation: This area of the survey identifies a high risk for States. A concerted effort to standardize succession planning processes across your state agencies should be made to help ensure multi-level visibility into workforce gaps and facilitate decision making. For the few of those that have standardized processes, they should seek now to create visibility and predictability for their succession planning process and performance through improved communication and automation.

Succession Planning				
	NASPE		Local	
	#	%	#	%
Area of Focus: Process				
Phase I	8	50.00%	54	34.84%
Phase II	5	31.25%	67	43.23%
Phase III	3	18.75%	28	18.06%
Phase IV	0	0.00%	5	3.23%
Phase V	0	0.00%	1	0.65%
<i>total</i>	16		155	

c.

II. WORKFORCE PLANNING

a. COLLABORATION

- i. 50% of states and 22% of local governments reported that communication and coordination is poor and or ad hoc at best.
- ii. 8% of the states and 44% of local agencies reported that communication is managed and includes some decision-making.
- iii. 8% of the states and only 2% of locals reported an extremely high level of maturity based on their ability to creatively adapt to their internal and external environment.

Spot Recommendation: This area shows the largest disparity between State and Local governments, which may represent an opportunity to learn from the larger locals in your State. In any case, States need to establish a governance structure regarding workforce planning to clarify shared decision making and accountability. For those states that have done so already, they should continue to move toward more shared decision making and accountability in collaborating across the state enterprise.

WorkForce Planning				
	NASPE		Local	
	#	%	#	%
Area of Focus: Collaboration				
Phase I	6	50.00%	38	21.59%
Phase II	1	8.00%	77	43.75%
Phase III	2	16.00%	42	23.86%
Phase IV	2	16.00%	14	7.85%
Phase V	1	8.00%	5	2.40%
<i>total</i>	12		176	

a.

b. AUTOMATION

- i. 47% of states and 37% of locals have not automated their WFP process.
- ii. 32% of the states and the same percentage of local agencies report siloed automation with no central infrastructure.
- iii. 21% of the states and 25% of local agencies responding to this survey report having central automated processes.

Spot Recommendation: Without automation, understanding the workforce and making decisions at the organizational level will be impossible. States should plan and begin to identify the best way(s) to automate their workforce planning processes. Again, agreeing on a standardized process first would be a good first step.

	WorkForce Planning			
	NASPE		Local	
	#	%	#	%
Area of Focus: Automation				
Phase I	9	47.37%	61	36.53%
Phase II	6	31.58%	54	32.34%
Phase III	4	21.05%	41	24.55%
Phase IV	0	0.00%	9	5.39%
Phase V	0	0.00%	2	1.20%
<i>total</i>	19		167	

	WorkForce Planning			
	NASPE		Local	
	#	%	#	%
Area of Focus: Process				
Phase I	7	35.00%	34	19.88%
Phase II	7	35.00%	76	44.44%
Phase III	6	30.00%	44	25.73%
Phase IV	0	0.00%	14	8.18%
Phase V	0	0.00%	3	1.75%
<i>total</i>	20		171	

b.

c.

c. PROCESS

- i. 35% of the states and 20% of local agencies surveyed report unpredictable, or uncontrolled, or reactive processes.
- ii. 35% of the states and 44% of the local governments describe their WFP process as managed but not standardized.
- iii. 30% of the states and 18% of locals responding to this survey have standardized their workforce planning process state-wide.
- iv. No States, but a small number of local governments indicate a high level of maturity in the workforce planning processes.

Spot Recommendation: Stable business processes are the foundation upon which effective programs must be built. Standardization is necessary to ensure clear understanding across the enterprise. To this end, States who have not done so should initiate concerted efforts to build standardized WFP processes across state agencies. For the few of those that have standardized processes, seek now to create visibility and predictability on your workforce planning process and performance through communication and automation.

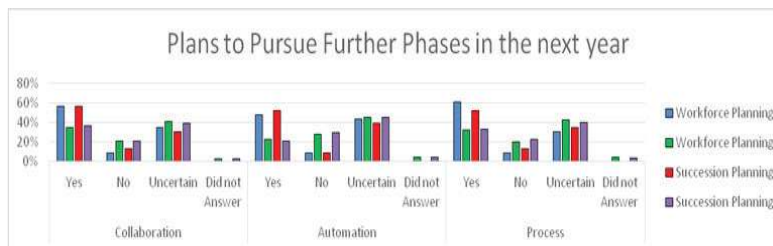
COMPARISON WITH COMMERCIAL INDUSTRY

While there is not a mirror image of the NASPE/IPMA-HR survey conducted amongst commercial entities, there are many related analyses and papers. From a very broad view, commercial enterprises as a whole do appear to be years ahead of State government in terms of their current programs.



Further, indications are that the private sector is more focused on moving to the next level, based on the stated intent to adopt automation.

As shown above, 44% of the CedarCrestone respondents either have succession planning technology in place or have it budgeted for last year (this metric was not found in this year's survey), whereas only 6% of States have automation today (as reported earlier) and approximately 50% 'plan to pursue further phases' with regard to automation. Typical State procurement processes put budgeting and acquisition a minimum of two to three years into the future.



CedarCrestone's 2013-2014 HR Systems Survey Whitepaper shows the adoption rate for Talent Management technology (of which Succession Planning is considered part) in Public Administration to be 11% below the average. There is some small consolation in the fact that it also shows governments to be in parity with the average for Workforce Analytics and Planning. Also specific to Workforce Planning, Visier's report shows that 52% of their respondents (only 5% of which self-identified as government) plan to increase investment in workforce planning over the next 12 months.

In Aberdeen's HCM (Human Capital Management) Trends 2014, a reference shows that for best-in-class organizations, 73% of key roles have one or more ready and willing successor. We believe it is safe to extrapolate that State governments in general are far behind in this regard.

Why are these comparisons important? The CedarCrestone whitepaper sums it up nicely:

“Simply put, Top Performers have more HR technologies in place today than others, and more are planning to increase spending ... in the coming year. Our research shows that having more technologies in place is correlated with improvement in HR cost efficiency, which in turn correlates with increased alignment between HR and business goals. Invest in more HR technologies to not be left behind!”

The crux of the matter is that, like always, States will be competing with local governments and commercial industry for talent. Today the pool of available talent, much less skilled talent, is rapidly shrinking. With the dichotomy between government and commercial pay scales, states must find ways to leverage technology and trends for more level competition.

Without qualified managers succeeding, the quality of management will suffer. This in turn impacts employee engagement, exacerbating voluntary termination and turnover. Considering the time to select, onboard and train new hires to the point of productivity, poor talent management puts organizations at risk for being unable to deliver critical services.

SUMMARY AND RECOMMENDATIONS

A reduction in the workforce compounds the problem for those who are left behind. Now is the time to act before citizen services begin to suffer the consequences. States that haven't already done so should consider creating executive level committees to analyze and address the issues as a whole. The committees should be empowered to examine and redefine current processes to meet today's demands and should carefully determine how technology can assist with workforce and succession planning.

The issue brief team has provided spot recommendations along these lines in the survey analysis above, and offers additional suggestions at the end of this section. In addition, the commercially focused papers referenced herein include insights and recommendations that are meaningful for states. A selection of those is provided here, and the full content of these analyses are provided via links in the bibliography.

From Aberdeen: “Increasingly, organizations turn to strategies that involve developing business leaders as talent leaders, making them the critical connective tissue between talent strategy and business execution.” And “... the two most commonly cited strategies [are]: aligning HCM strategy with the business and identifying gaps in the workforce. When the people with the greatest visibility ... front-line leaders – are empowered as talent leaders, they can help solve both of these problems ... If one thing is clear about the challenges that [HR] executives face in 2014, it's that they can't do it by themselves.”

From CedarCrestone: “On average, 64% of employees at Top Performers are directly accessing HR technologies, compared to just 55% at other companies. Even more importantly, managers are more likely to have direct access to the workforce data they need for decision making, in real time with integrated data from multiple sources. At Top Performers, 28% of managers have direct access to HR data through business intelligence tools vs. 18% at other companies.”

Visier identifies the lack of perceived value for workforce planning as the primary barrier to successful implementation, stating “... a need for HR to educate the business on the value of workforce planning.”

This last is a common theme that should resonate with government: educating the business on the necessity for succession and workforce planning, and collaborating with them to ensure their engagement in the development of processes and the selection, deployment, and usage of Talent Management automation.

Part of the answer to funding these programs lies in spreading the workload to existing leaders, managers and employees, which will require an early investment in education and communication. Beyond this, funding sources will vary from state to state, and the best resource is probably your peers, including those in large nearby local governments. However, the first step has to be identifying what needs to be done and developing accurate estimates for what the costs should be.

This should be contrasted with the costs of an ineffective program which are highlighted by the American Society for Public Administration article *Workforce and Succession Planning in Government*. The article provides some statistics to consider on the costs of bad hires, inadequate training or inappropriate placements.

One major issue identified earlier is retooling the current culture to be better prepared for the new millennial work force. So what does this mean for state HR? It means that definition and development of your workforce and succession plans must first account for the latest information on the workforce entering the market.

Fortunately, there are things States can do to attract and retain millennials: Implement new and creative processes to ensure government success in recruiting and retaining staff. *7 Surprising Ways to Motivate Millennial Workers* suggests considering adding in-between steps or even titles for quicker promotions, and allowing workers to perform community service on company time. Adopt flexible work schedules (if you haven't already) and enable work on different devices (not just on the computer in the office). Other advice includes providing professional development and regular candidate and employee communication regarding the benefits you offer over potentially higher-paying jobs. Finally, provide regular feedback and recognition which can be facilitated by adopting corporate social networking.

CedarCrestone (2014) underscores the last point: "Social- and mobile-enabled processes get employees and managers using the technologies at higher adoption levels ... [which] results in improved employee engagement, which yields value to the employees and the organization."

The millennial-attraction strategy of prioritizing community service can be a problem for governments who often can't utilize public funds for charity. However, this is a potentially powerful tool for states: positioning the employee as part of the solution. Per Forbes, explain the vision and mission of the organization, and help them understand the importance of their role in improving state government.

HR leaders must do something now before the problem becomes catastrophic. Leaders in state government must rethink and develop new creative processes to recruit and retain the new workforce. These things cannot be done by one HR director or even by the entire HR team on its own. It is critical to get an executive leadership team, even the Governor and legislators, on board to help promote the new way of managing talent from recruitment to performance evaluation and development. The plan must also consider how to adapt the existing culture to the new multi-generational workforce. Make sure existing staff and new employees benefit from the changes, and train existing staff to understand why the changes are essential to the state's success finding and keeping scarce, skilled employees.

The final recommendation of this issue brief is the creation of a NASPE-wide communication mechanism, which could be as simple as a monthly or quarterly conference call to share best practices, current challenges, funding approaches and the like.

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