

# Workforce Planning Toolkit

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*A Guide To Developing  
Your  
Agency's*

## **Succession Plan**

# SUCCESSION PLANNING IN A MERIT SYSTEM

## Introduction

The nation's estimated 78 million baby boomers began turning 60 last year. With just one year left until they can begin drawing Social Security, and projections of a mass exodus of potential retirees imminent among both the public and private employment sectors, much has been written about the need for succession planning.

While succession planning in most private sector organizations is focused on staffing top leadership or key leadership positions where "successors" can be groomed and simply appointed, government agencies must be careful to establish succession plans that work in concert with existing Merit system principles governing human resource administration. Developing succession plans that operate within the parameters of the Merit system will ensure employees have equal access to learning and developmental activities and candidate selections remain transparent, consistent, and competitive. By examining critical skill areas at all levels of state government and identifying at-risk positions, agencies will ensure that important knowledge and skills will not be lost as many government employees retire and competition for talent increases.

## What is Succession Planning?

Succession planning is simply a way of preparing people for advancement. Employees may either advance vertically (up the chain of command) or horizontally (along a technical career ladder of increasing breadth and depth of knowledge).

Ensuring compliance with Merit system principles and protection from prohibited personnel practices is essential for state agencies when developing a viable succession plan. To ensure Merit principles are not violated, the succession plan goal should focus on establishing and maintaining a talent pool so that many employees are eligible for promotion at all levels within state government. Talent pooling will ensure the agency has a strong bench strength of talent and will preserve Merit system principles by prohibiting the appearance of "pre-selection," that is, the naming of successors in advance of a competitive job search.

Importantly, employees should be encouraged to take charge of their futures thereby effectively managing their own careers.

## Why do Succession Planning?

**"Looming retirements will cause a potential brain drain, in 40 states. In the next five years, more than half of the states may lose at least 20 percent of their workforces to retirement. The challenge facing state governments is a worldwide problem that will require states to think strategically about how to prepare for the exit of a substantial share of their state workforce."**

## 2005 Governing Performance Project

In addition to the large numbers of employees eligible to retire in public service, the shrinking labor pool also presents serious challenges to public service agencies. According to the Bureau of Labor Statistics (BLS), the number of new entrants into the workforce is now declining each year, which means there is a general shortage of qualified workers to fill jobs in all areas of the economy. Thus, recruiting and retaining productive employees is essential to maintaining the quality, coordination, and accessibility of the services state government offers to its residents.

A succession plan that focuses on career development will engage employees by investing in both their short and long term career goals. Focusing on our most valued asset, our employees, by providing continuous development is a powerful tool for encouraging and enhancing long-term service commitments. This, in turn, will develop future managers and leaders, thus providing a pool of potential candidates qualified to fill key positions capable of ensuring a smooth transition when vacancies may occur without causing possible interruptions in service delivery.

To that end, states are encouraged to have succession planning initiatives aimed at promoting a culture of learning and development throughout an employee's career. The succession plan serves both management and employees by communicating the need for a structured developmental process for managers, and by providing practical tools to employees as they focus on long-range career development goals.

### **Examples of State Succession Plans**

For State of Delaware employees, the Office of Management and Budget (OMB), Human Resource Management (HRM) developed a succession planning model using a developmental approach by offering all HRM employees the opportunity to create an individualized learning plan, the Career Development Plan (CDP). Aimed at promoting a culture of learning and development throughout the agency, the CDP participation is voluntary and consistent with Merit principles in that opportunities are accessible to everyone with potential in all segments of the talent pool – early, middle, late or returning career employees. Employees may state their interest in positions of greater responsibility and/or leadership or may decline participation in optional developmental opportunities. In using this approach, HRM saw evidence that managers were effectively supervising the developmental activities of their employees, which expanded in-house talent and began preparing employees for higher levels of increasing responsibility helping to build and strengthen the leadership pipeline. The framework for the CDP and developmental opportunities are aligned with the strategic plan, workforce plan, competency development/enhancement, and performance management thus ensuring an integrated approach. The HRM succession plan goes beyond simply replacing employees to a more strategic and integrated leadership process that focuses on strengthening current and future agency leadership capacity while abiding by Merit system principles.

Two components of the HRM succession plan -- *using individualized Career Development Plans to prepare for upper mobility succession and promoting a culture of learning and development* -- represent an innovative way to prepare any organization for the challenges it faces on a daily basis and for the future challenges it will face. Providing learning opportunities for all employees that works in concert with existing Merit system

principles while simultaneously planning for succession is a worthwhile achievement for any organization.

Another benefit of the State of Delaware CDP is that the form encourages both long and short-term career planning conversations between supervisors and employees. At the debut of the CDP, HRM held a role play session for its Leadership Team to coach supervisors on how to initiate talks with employees at various stages of their careers. Supervisors were instructed to ask such questions as, “Where do you want to be two (or three or five) years from now?” and “Are there other positions within the agency or state that you would consider?” The results were positive in that communication increased and a number of retirement-eligible employees offered insight as to what their plans were regarding retirement and how they might be encouraged to keep working. Importantly, these conversations all took place without breaching age discrimination laws and allowed insights into skill gaps employees needed to address, bringing an increased opportunity for competency development.

Likewise, in the State of Michigan (SOM) the succession planning process has each department’s executive leadership team identify key leadership positions. These positions are typically the upper managers and specialist positions that support the mission of their department. The program is an inclusive opportunity for classified employees to utilize the employee development resources of their department and the Department of Civil Service. It identifies the competencies and experiences typically associated with key leadership positions within each department. These career success factors are communicated throughout the organization. As employees and supervisors review their performance in their current position they also have the opportunity to discuss potential growth and development opportunities.

The SOM leverages its Performance Management Program to align individual career strategies with the department’s leadership needs. As employees and supervisors review the employee’s performance through the Performance Management Program, they have the opportunity to also discuss the employee’s potential career growth and development within the parameters of the department’s strategic plan. By linking employee performance, competencies, and career growth with the department’s goals and objectives, SOM has a comprehensive plan to address both current and future leadership needs consistent with existing merit principles.

The State of Louisiana developed a program to keep knowledge and experience from going out the door as key employees retire. The program adheres to Merit principles, enhances knowledge transfer within agencies, and increases the talent pool of potential replacements as part of succession planning efforts. As employees in certain key positions indicate an interest in retiring, agencies will announce an opportunity for in-house employees to apply to be a potential candidate for the position when the position becomes vacant. This is a competitive process similar to the standard Merit system hiring and promotion process that is used to select a pool of potential replacement candidates. Interested employees must complete a formal application and meet minimum qualification requirements. The selected individuals, or “finalists,” each have a turn

serving in the position, which is double-encumbered along with the primary incumbent, for several months.

The program is very structured, from the communication to employees about the purpose, process, etc., to the method of competitive selection on through to the assignment of duties and evaluation of the individuals' performance. The program has been successful in preparing a number of individuals as potential replacements for certain key management positions, and in enhancing knowledge transfer within the agency. Additionally, enhanced relationships and morale in the agency have increased due to the openness of the process. The program is low-cost and adds benefit to the agency even beyond the specific goal of developing a pool of potential replacements for a key position.

### **Succession Planning in the Public Sector**

The essential elements needed to ensure a fair and equitable succession planning process include communicating opportunities, identifying competencies and levels of proficiency, assessing current bench strength, focusing on career development, and providing developmental opportunities for *all* employees that is transparent and adheres to Merit-system principles.

All employees should be informed of the possible job opportunities that are anticipated/announced, including the competencies needed for the position(s). To that end, the succession planning process should be announced up front to alert and inform employees of the steps the agencies intends to use in implementing the plan.

The plan should be transparent in that all employees should be given the opportunity to participate in succession planning activities. For example, the State of Delaware HRM office succession plan includes the individualized CDP that provides each employee the opportunity to participate in training and developmental programs as part of the overall succession planning process. Employees may opt out of voluntary training and developmental opportunities by completing a declination statement that is included in the CDP. If they decline participation, employees may opt in during the following year at which time they are given the opportunity to participate; however, employees are still expected to participate in any *mandatory* training and developmental activities the agency deems appropriate for their job knowledge, skills, requirements, etc.

To ensure there is no advance successor or “heir apparent” to any Merit system position, agencies should clarify that participation in any succession planning activity is not a guarantee of advancement but that participation may enhance an employee’s overall knowledge, skill, and chance for promotion.

Identifying competency development and competency levels will guide training and developmental opportunities. Supervisors and managers can assess employees’ readiness for possible job openings for which employees have indicated interest and compare their present level to that of the open position. Formal training, mentoring opportunities,

and/or stretch assignments may be encouraged to assist employees in gaining meaningful experience that may help them compete for transfer or promotional opportunities.

Providing training and developmental opportunities to employees may provide added benefits by influencing, motivating and retaining talent. Many states, such as Pennsylvania, Minnesota, Delaware, Michigan, and New York, provide specialized training and development opportunities in the form of leadership academies, executive training, and management and supervisory development certificate programs. In addition to traditional classroom training, other development activities include mentoring, job shadowing, task force participation, special projects and assignments, conferences, time-limited job rotations, video/audio tapes, committee participation, Internet research, etc. Learning opportunities should be sought that will help develop the employee's targeted competencies. Such opportunities will also help agencies close any knowledge/skill gaps and promote critical knowledge transfer.

While employees must take the initiative for managing their careers, supervisors also have a responsibility in the success of employee training and development. Their responsibilities include: preparing the employee for opportunities by emphasizing the importance of training and development opportunities and setting clear expectations; reviewing and discussing new knowledge with employees; providing opportunities for practicing new skills; and encouraging and supporting employees throughout the skill building phases.

For Merit system positions, selection standards dictate formal competition through competitive vacancy announcements. Employees typically must compete for placement on the appropriate job registers. The process promotes fairness, openness, and selection of the best suited candidate *qualified* for the position. Changeover to "minimum job requirements" and use of competencies are the standard in new recruitment systems and may be a flexibility that increases the number of applicants/applications.

## **Conclusion**

As public service agencies around the U.S. anticipate the need for future leaders and other key employees with the necessary competencies to successfully meet the complex challenges of service delivery in the 21<sup>st</sup> Century, they should develop succession planning initiatives that strategically position the organization for the future. Continuous development is a strategy that can be emphasized for employees *at all levels* to strengthen agency leadership and operational continuity. While there is no single, right way for agencies to implement succession planning, providing career enhancing opportunities to all employees will promote professional and leadership development. The focus then is on employees, not positions, and on *all* employees within the organization. Identifying talent early in an employee's career and cultivating it will assist agencies by increasing the potential candidate pool upon which to draw as vacancies occur.

As we have illustrated, there are many benefits – increased recruitment, retention, and improved diversity – to creating a formal, inclusive, and accessible professional development strategy as part of a state's succession plan. Despite the traditional

approach of anointing “successors” and only providing senior level executives and management with development opportunities as most private sector employers do, succession planning can help government address the challenges of an aging-and-retiring workforce by improving retention of employees who are committed to public service careers and who possess the competencies, skills, and other success factors for the pool of leaders that will guide state governments *tomorrow*. Such an approach will result in a more efficient and better managed agency, thus making state government a more attractive employer able to attract highly qualified job seekers at every position level throughout their varying career stages. Formalizing succession planning while maintaining Merit principles is key to maintaining operational integrity while strategically planning for recruitment and development of potential future leaders.