A Gathering Storm

Succession Planning in the Public Sector

June 2007

THE WATERS CONSULTING GROUP, INC.
Innovative Human Resource Management Solutions

Human Resource Management Consulting
Web-Based Human Resources Solutions
Executive Recruitment

Executive Summary

The Waters Consulting Group, Inc. conducted a comprehensive study of managers and professionals in local government and the public sector arena to determine the existence and magnitude of attitudinal and value differences between veteran and younger public sector professionals about Succession Planning—baby boomers (Boomers) and those younger than baby boomers (or Next Gen).

Key findings of the study include:
- There is consensus among local government leaders about what is important in terms of Succession Planning objectives.
- There is no consensus about progress toward implementation.
- Troubling differences exist in perception between Next Gen and Boomers about career ladders.
- There is consensus about the need for coaching and mentoring.

The findings published herein indicate that there is indeed an accelerating crisis, a gathering storm, resulting from a lack of preparedness and rigorously applied standards of Succession Planning in the local government arena.

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The Pending Crisis in Succession Planning in the Public Sector

Evidence of the crisis of the baby boomer exodus is beginning to be apparent in local government and the public sector generally. The first manifestations of the crisis were forecasted for IT and sales by McKinsey and Company in "The War for Talent," and it is now migrating throughout all industries. Public sector is no exception. According to the Society for Human Resource Management (SHRM), the biggest shortages in the gap between the retiring Boomers and Generations X & Y will be employees ready to step into higher-level professional, managerial and technical positions. Current trends show that among the problems currently affecting the public sector, the retirement of Boomers is one of the most severe. The retirement of such a large percentage of the workforce is predicted to create a significant "loss of organizational memory." [1] Furthermore, "as a result of a shift in employee demographics, many organizations are looking to solve a number of important learning-related challenges. In some companies, increasing numbers of employees are retiring, many leaving with sizable amounts of knowledge that can place the organization at risk." [2]

In layman's terms, this mass exodus will cause a number of problems, and one of the most disconcerting for the public sector is the loss of organizational knowledge. Many policies, procedures, hierarchies and relationships will be lost when this generation leaves. To compound the problem, the upcoming leadership class is small.

Organizational Memory (OM)
Organizational memory (sometimes called institutional or corporate memory) is the body of data, information and knowledge relevant to an individual organization's existence. Falling under the wider disciplinary umbrella of knowledge management (KM), it has two repositories—an organization's archives, including its electronic data bases, and individuals' memories.

Its application is only possible if it can be accessed, necessitating effective retrieval systems in the case of the former and good memory recall in the case for the latter, while its importance to an organization is dependent on how well individuals can apply it, a discipline known as experiential learning or evidence-based practice. In the case of individuals' memories, OM's veracity is invariably compromised by inherent short and selective memory recall, individuals' reluctance to admit to mistakes and difficulties and the single biggest change in workplace practice for more than a century, the actively encouraged flexible labor market, which has imposed on organizations an Alzheimer-like corporate amnesia that enforces an inability to benefit from hindsight.

—*Information courtesy of Corporate Amnesia, Butterworth Heinemann, 1998 and Wikipedia.org.*

The purpose of this study was to determine if the next generation is receiving the training they need to successfully run local governments and the viability of Succession Planning in the public sector. The findings of our study address both the generational differences and the attitudes of local government professionals about the value of organizational memory.

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1   Snipes, Anthony. City of Fort Worth, Texas. A briefing for the panel discussion "Succession Planning," presented by the National Forum for Black Public Administrators (NFBPA) May 2007.
2   IBM Institute for Business Value and the American Society for Training & Development (ASTD). "Closing the Generational Divide." 2006.

Methodology

The Waters Consulting Group undertook the "Best Practices in Succession Planning" study in April and May 2007. The survey was sent via email to more than 8,000 local government professionals who serve in a managerial, professional or administrative capacity in a local government anywhere in the United States. Clerical workers, administrative assistants and field operatives such as inspectors, drivers, mechanics and service engineers were excluded from the survey, and 253 people responded. Because of the large number of respondents who participated in this survey, we are 95 percent confident that the responses of the population to the survey questions would be +/- 6 percent from the figures stated herein.

The study, in part, was undertaken to test a number of hypotheses, primary among them that Succession Planning is a topic of interest, concern and action within local government and the general public sector arena. Furthermore, there are a number of shortcomings and disconnects in developing, implementing and managing a Succession Planning program, including:

- Disparate opinions about the need for Succession Planning between young and mature local government professionals;
- Underlying, largely unvoiced opinions among younger workers that "nothing is being done" to prepare them to grow into a career path in local government; and
- A wide range of approaches to managing Succession Planning from light to moderate to aggressive.

Demographics

Of all survey respondents, 56 percent are in city, county or other government executive departments. The next largest group of respondents (24 percent) is in the human resources (HR) field.

Almost two-thirds serve as a chief administrative officer or city manager (46 percent) or a department director (18 percent).

Age of survey respondents

	Age
■	60-79
■	50-59
■	40-49
■	30-39
■	25-29
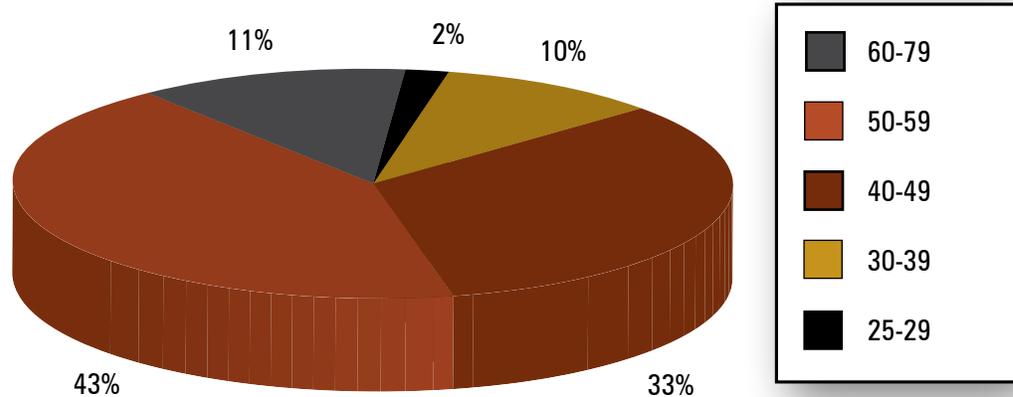
Just more than half of respondents (51 percent) have less than 20 years of experience employed in the public sector. The distribution of respondents by age is split almost evenly between respondents, with 45 percent being 49 years old or younger and 55 percent 50 or older. These groups represent the Boomers and Next Gen groups in this report.

Tenure of survey respondents

	Tenure
■	30 years or more
■	20 to 29 years
■	10 to 19 years
■	Less than 10 years
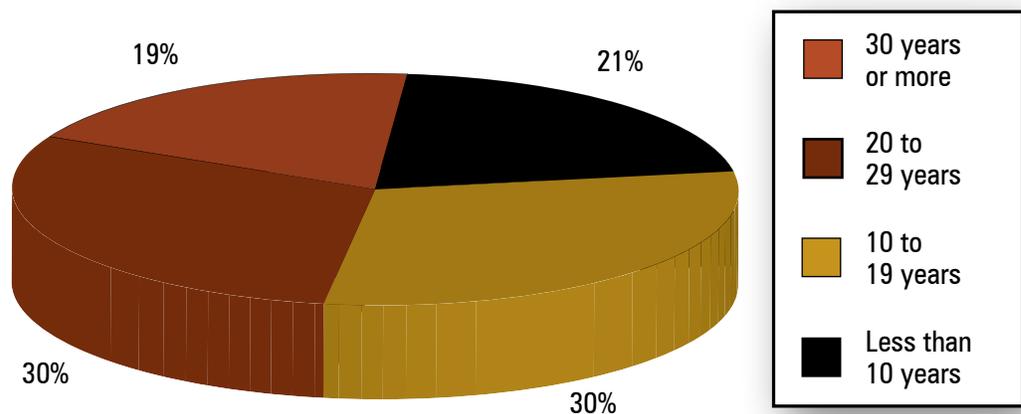
Succession Planning in Theory

Succession Planning involves:
- Understanding the organization's long-term goals and objectives
- Identifying the workforce's developmental needs
- Determining workforce trends and predictions

Succession Planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the organization. Through the organization's Succession Planning process, superior employees are recruited; other standard goals for the process are to develop employees' knowledge, skills and abilities and prepare them for advancement or promotion into more challenging roles.

Through the organization's Succession Planning process, the organization also retains superior employees because they appreciate the time, attention and development that are invested in them. To effectively utilize Succession Planning in the organization, the Succession Planning process must be linked to the organization's long-term goals. Additionally, a robust Succession Planning process will help managers identify and understand the developmental needs of employees, ensuring that all key employees understand their career paths and the roles they are being developed to fill. Succession Planning serves as an interface between the HR function and the strategic management of an organization.

Succession Planning is more critical than ever because the demand for effective managers continues to grow and the retirement of Boomers is producing a sharp decline in the ranks of available personnel. This is true for small local government entities as well as large ones. The succession at stake is not just succession to the top position—it is the succession of each employee to the most appropriate job for him or her.

The real key in succession management is to create a match between the organization's future needs and the aspirations of individuals. The only way to keep talented people is to provide them with growth opportunities that keep them stretching and finding more promising opportunities within their current organization than they might look for elsewhere.

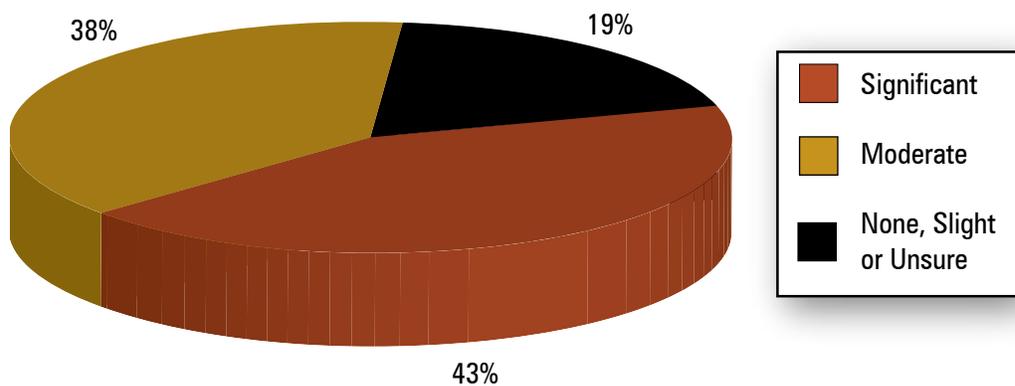## Impact that changing workforce demographics have on your organization in the next 3-5 years

38%   19%

43%

Significant

Moderate

None, Slight or Unsure

Chart courtesy of ASTD/IBM Learning and Changing Workforce Demographics study.

Succession Planning in Practice

Attention to Succession Planning in local government is either non-existent or flagging. Dr. Stuart Greenfield sounds the alarm about the general lack of readiness in implementing effective Succession Planning processes in government.

"As is the case with the Texas government workforce in general, public sector knowledge workers are heavily concentrated in the 45-and-older age group," Greenfield said. "Given the expected retirement boom, the public sector faces a greater shortage of these workers. Compared to the only 20 percent of private sector knowledge workers, approximately 40 percent of state knowledge workers will be eligible to retire in the next 10 years." [3]

The following attributes of a Succession Planning process ranked highest in importance to local government department directors and HR directors in the Dallas/Fort Worth area. [4] Each of these was identified by at least 96 percent of respondents as either important or very important.

Succession Planning:
- Preserves and documents institutional knowledge.
- Identifies employees who could potentially fill future vacancies in leadership positions.
- Considers the organization's long-term objectives and goals.
- Ensures that critical positions within the organization have proper successors. [5]

However, just more than half (52 percent) of these professionals reported that Succession Planning is intertwined with strategic planning, and about a third (37 percent) reported that the skills and capabilities needed to fill future employment opportunities are sufficiently communicated to employees.

Some of the most cited impediments to Succession Planning are:

1. leaders' reluctance to take on Succession Planning task

2. leaders' possible assumption that Succession Planning is not within the scope of their work

3. inadequate information or skills in how to do Succession Planning

4. excessive costs or lack of resources

5. too many other work demands

6. overcoming internal resistance

7. lack of clear assessment criteria for success in leadership roles

8. lack of evaluation of Succession Planning programs to show if they have had any effect on organizational capacity to justify their value

—Dr. Vidu Soni
"Succession Planning In Public Sector Organizations"
International Public Management Association for Human Resources, 2006

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3   Greenfield, Stuart. "Personnel Predicament: The Coming Human Resource Crisis in Texas Government." Texas Business Review, August 2003.

4   Snipes, Anthony. City of Fort Worth, Texas. A briefing for the panel discussion "Succession Planning," presented by the National Forum for Black Public Administrators (NFBPA) May 2007.

5   Ibid.

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Succession Planning Best Practices

According to survey respondents, the three most important Succession Planning best practices include: the generation of a program to prepare and grow the future leadership management pool (55 percent), targeted leadership development programs for continued professional growth of future key leaders (50 percent) and the development of a clearly defined and communicated career ladder program to not only retain but also attract key talent at all levels (43 percent).

Generation of a program to prepare and grow future leaders has been implemented.

% of respondents who agree
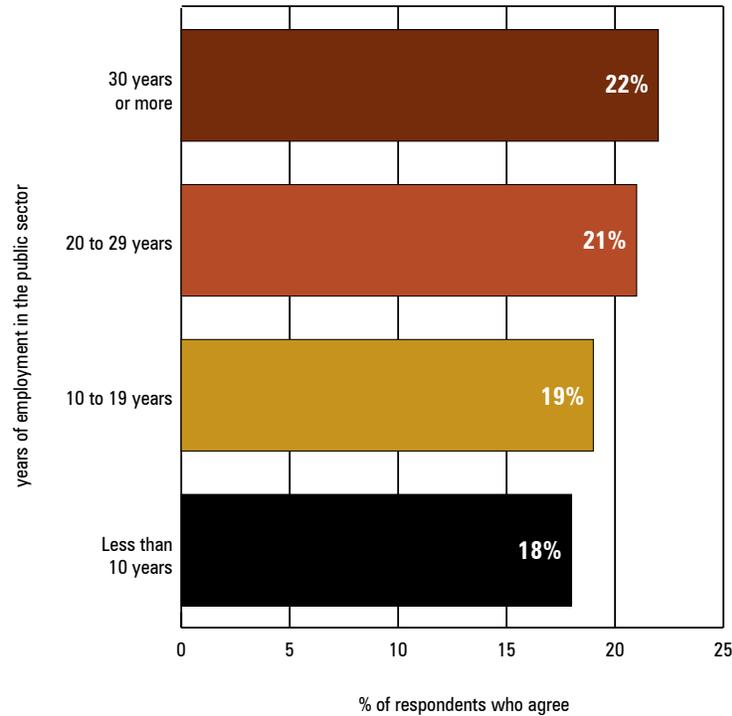
Development of a clearly defined and communicated career ladder program has been implemented.

% of respondents who agree
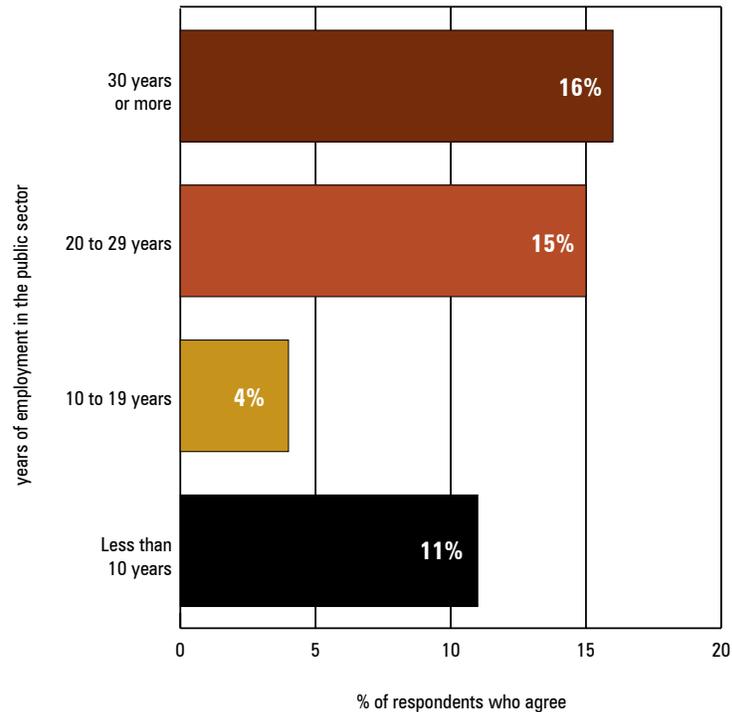
Of the respondents who selected the generation of a program to prepare and grow the future leadership management pool as the most important best practice, 60 percent are 50 or older. This shows the discrepancy among generations in terms of the purpose of Succession Planning. For the development of targeted leadership development and career ladder best practices, almost equal percentages of respondents from the two age groups are represented, showing agreement among the various generations.

When segregated by length of experience, the percentage of respondents who selected the first or second initiative as the most important best practice increased with their length of experience. However, the percentage of respondents who selected the third initiative decreased as their length of experience increased.

Thirteen percent of all respondents indicated that the top-ranked goal—the generation of a program to prepare and grow the future leadership management pool—is neither important nor taken seriously by their organization.

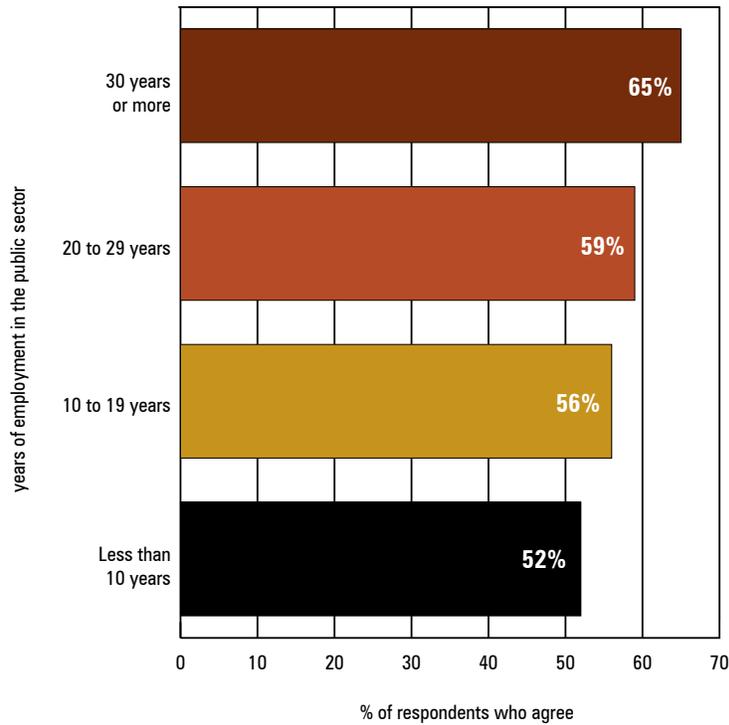Other important best practices include:
- Targeted leadership development programs for continued professional growth of current key leaders
- The development and replacement of key leaders
- Ongoing generation of a talent pipeline for key positions
- Inventory of duties and competencies of key leaders
- Generation of a program to manage and maintain the current leadership management pool

It is worth noting that even though the preservation and documentation of institutional knowledge is perceived to be important in other studies and writings, it is considered an important best practice by only 17 percent of all respondents. Also significant is the finding that 13 percent of all respondents indicated that the top-ranked goal—the generation of a program to prepare and grow the future leadership management pool—is neither important nor taken seriously by their organization.
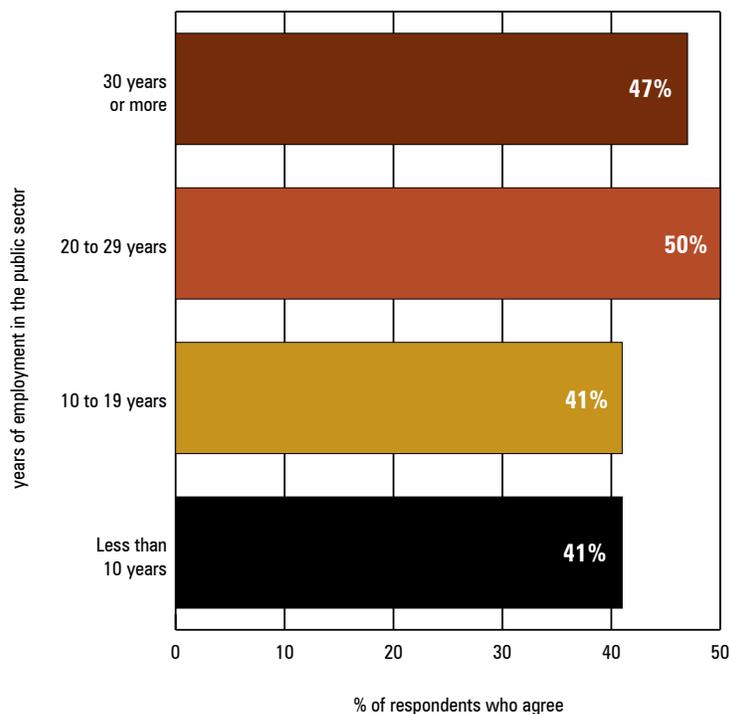
The Reality of Succession Planning in Organizations

When compared to the evident need for Succession Planning and the stated interest in related objectives, the reality of Succession Planning in respondents' organizations is severely underdeveloped. Just more than half of respondents (58 percent) agreed that their department takes Succession Planning seriously. Of those, some 61 percent are 50 or older, compared to just 39 percent who are between the ages of 18 and 49. Interestingly, as respondents' length of employment increased, so did their belief that their department takes Succession Planning seriously.

Succession Planning is taken seriously by my department.

Bar chart showing "% of respondents who agree" (x-axis 0 to 70) by "years of employment in the public sector":
- 30 years or more: 65%
- 20 to 29 years: 59%
- 10 to 19 years: 56%
- Less than 10 years: 52%

Succession Planning is taken seriously by my organization.

Bar chart showing "% of respondents who agree" (x-axis 0 to 50) by "years of employment in the public sector":
- 30 years or more: 47%
- 20 to 29 years: 50%
- 10 to 19 years: 41%
- Less than 10 years: 41%

However, a third of all respondents (33 percent) do not believe that their organization as a whole takes Succession Planning seriously. When segregated by age group, respondents are split in the same way as they were in their feelings about Succession Planning in their department. Of those who believe Succession Planning is taken seriously by their organization, 60 percent are age 50 or older, whereas only 40 percent are between 18 and 49. The younger generation—those who would benefit and whose success will, in part, be determined by the quality of the Succession Planning program—believe that it is not receiving sufficient attention.

Just 16 percent of respondents indicated that opportunities to rise through the ranks through an advancing career path in their organization are not fair and equitable to the typical employee. Of those who strongly disagree that there are fair and equitable opportunities available to them, two-thirds are between the ages of 18 and 49. This is significant because employees in that age group are most likely still at the beginning or middle of their careers; it is disturbing that such a large percentage of them feel that there are no fair and equitable opportunities for advancement within their organization. When employees cannot advance within an organization, they leave.

About 22 percent of respondents do not believe that their department does a good job of preparing and training employees for advancement to greater responsibility. Of those who strongly believe that their department does do a good job of this, just 30 percent are between the ages of 18 and 49, compared to 70 percent who are 50 or older.

Priority of learning requirements due to changing workforce demographics in respondents' organizations' learning strategy.
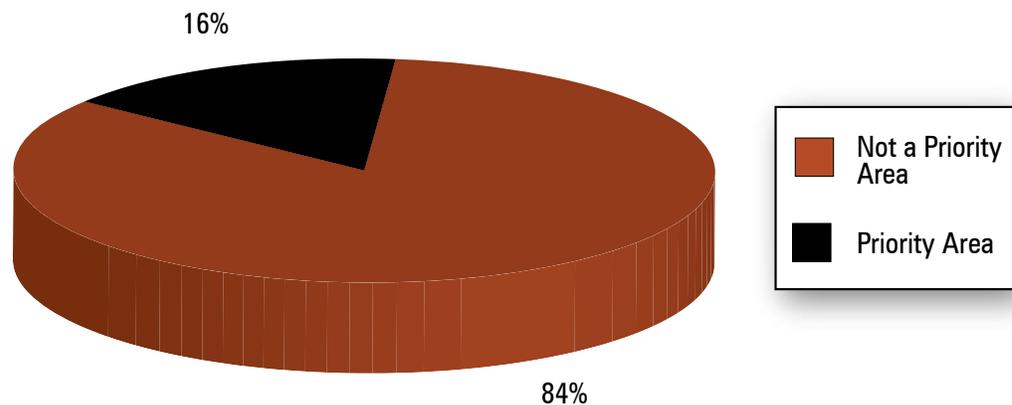

*Chart courtesy of ASTD/IBM Learning and Changing Workforce Demographics study.*

Thirty-two percent of respondents feel that their organization does a poor job of preparing and training people for advancement to greater responsibility. Of those who disagree that their organization does do a good job of preparing and training people for advancement to greater responsibility, 55 percent are between the ages of 18 and 49.

Overall, almost half of all respondents (48 percent) believe that their organization does a poor job of Succession Planning. In addition, a third of respondents believe their department does a poor job of Succession Planning. Just more than a third (36 percent) agree that their department does a very good job of Succession Planning, with 28 percent agreeing somewhat and 9 percent strongly agreeing. Of those who strongly agree that their department does a very good job of Succession Planning, 74 percent are 50 or older, compared to 26 percent who are between the ages of 18 and 49 and therefore more likely to benefit from effective Succession Planning within their department.

The Need to Be Coached and Mentored

Half of all respondents agreed or strongly agreed that they would like to be coached, mentored or otherwise helped more in their career advancement. Some 86 percent indicated that they believed others in their organization would like the same. Respondents between the ages of 18 and 49 indicated that they would like to be coached, mentored or otherwise helped in their career advancement with greater frequency than did their older counterparts. In fact, the respondents who have been employed the longest demonstrated the smallest desire for help in advancing their careers. Those respondents with shorter lengths of employment experience are also those with the greatest desire for help in career advancement.

I would like to be coached, mentored or otherwise helped more in my career development.

% of respondents who agree
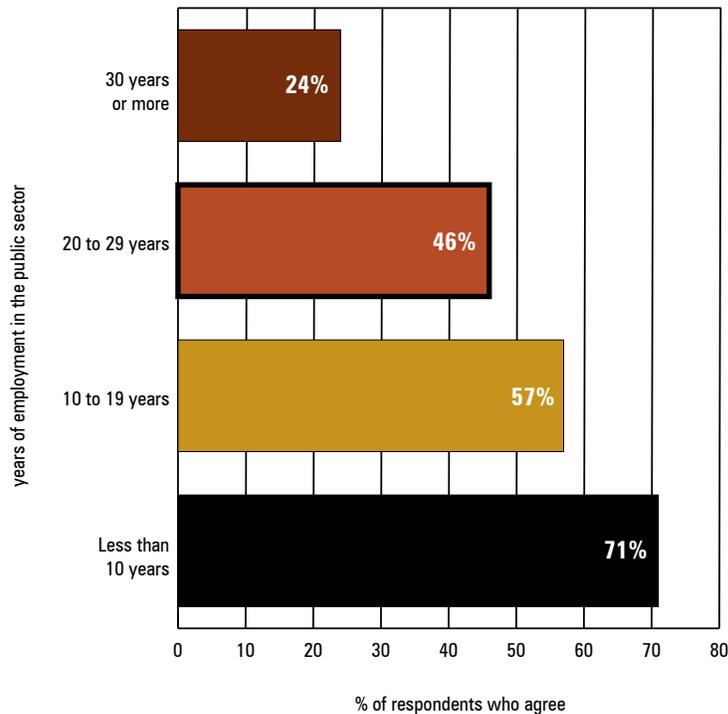
This reflects the conventional wisdom that public-sector organizations must encourage public managers to attract and develop individuals capable of solving the unique problems brought about by a number of cultural, political and environmental changes. Senior civil servants can be mentors and trainers to translate their experience to young and new employees. [6]

In this survey, respondents 50 and older also indicated an interest in mentoring and coaching. In fact, among those respondents 50 years or older and those with 20 or more years of experience in the public sector, a significant number would like to be coached, mentored or otherwise helped in their careers—40 percent and 37 percent respectively.

The progress of the demographic shift due to retiring Boomers is well underway, and robust, documented, well-accepted Succession Planning practices are rare. Further, the dearth of best practices in this area has the potential to contribute to a crisis of prepared and trained talent in the next five to 10 years and perhaps even threaten the entire "city manager" system of local government: the alternative being a resurgence of the "strong mayor" system.

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6   Leuenberger, Deniz Zeynep & Kluver, Jode Drapal. "Changing Culture Generational Collision and Creativity." *Public Manager*, Winter 2006.

Summary

The views of local government professionals around the topics and characteristics of Succession Planning can be summarized.

Consensus among local government employees about what's important:
Survey respondents indicated that the three most important Succession Planning best practices are:

1. The generation of a program to prepare and grow the future leadership management pool
2. Targeted leadership development programs for continued professional growth of future key leaders
3. The development of a clearly defined and communicated career ladder program to not only retain but also attract key talent at all levels

No consensus about progress toward implementation:
Almost half of all respondents (48 percent) believe that their organization does a poor job of Succession Planning. In addition, a third of respondents believe their department does a poor job of Succession Planning. Older workers tend to be more optimistic about the quality of Succession Planning in their department; of those who strongly agree that their department does a very good job of Succession Planning, just 26 percent are between the ages of 18 and 49.

Troubling differences about the perception of career ladders between young and old:
Older employees tend to think that their department and organization both do a good job of preparing and training people for advancement to greater responsibility more so than younger workers. Of those who strongly disagree that there are fair and equitable opportunities available to them, two-thirds are between the ages of 18 and 49.

Consensus about the need for coaching and mentoring:
Younger workers indicated that they would like to be coached, mentored or otherwise helped in their career advancement with greater frequency than did their older counterparts. In fact, the respondents who have been employed the longest demonstrated the smallest desire for help in advancing their careers. Those respondents with shorter lengths of employment experience are also those with the greatest desire for help in career advancement.

Conclusion

As more and more professionals in city management approach retirement, many cities face a shortage of qualified candidates and are ill prepared for the increasingly urgent task of Succession Planning. An easily accessed, local-government-focused assessment tool that can serve as a foundation for building a mentoring program is needed. Additionally, the report generated by such a tool and corresponding program can become the cornerstone for a managed and accountable Succession Planning program in local government organizations of any size.

About The Waters Consulting Group

The Waters Consulting Group, Inc. offers such a tool—CareerNavigator™. CareerNavigator™, a customized, valid competency model and personality assessment survey, is a web-based resource that fosters Succession Planning and career development for organizations and individuals.

CareerNavigator™ measures candidates for the core leadership competencies needed to be successful in city management. It is a rigorously substantiated personality assessment survey designed to help current and aspiring leaders to know themselves and on those factors that matter most in city government. CareerNavigator™ is based on competencies selected by management-level professionals from various-sized cities. These competencies serve as the basis for what is measured through this assessment process. It includes abilities and traits such as:

- Visioning
- In-Depth Problem Solving & Analysis
- Decisive Judgment
- Championing Change
- Business Acumen
- Planning and Organizing
- Driving Results
- Quality Focus
- Customer Service
- Integrity
- Resilience
- Continuous Learning
- Teamwork and Collaboration
- Influencing and Persuading
- Managing Others
- Coaching and Developing Others
- Organizational Savvy
- Relationship Management
- Conflict Management
- Interpersonal Communication
- Meeting Leadership
- Respecting Diversity

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Since 1988, The Waters Consulting Group, Inc. has built a highly successful practice providing state-of-the-art and innovative solutions in the human resources arena to a broad range of clients that include some of the nation's largest local governments as well as small to mid-sized cities and counties.

Our clients also include various state agencies, school districts and professional associations. But our expertise does not end with the public sector. Our client list also includes the private sector in several major industries including transportation, insurance, health care and retail. Based in Dallas, Texas, with regional offices in Seattle, Washington; Cleveland, Ohio; and Austin, Texas, we are strategically located to serve our nationwide client base.

We offer a broad range of services and product types. Each service is offered from our seasoned experience with HR issues.

- Compensation
- Performance appraisals
- Executive search
- Training and development
- HR outsourcing
- Competency modeling and competency-based systems
- Pre-employment assessments and administration
- Sales force selection and training
- Employee opinion surveys
- Testing validation studies
- Customer service survey development
- Creation of policy and procedure manuals
- Development of mentoring programs
- Administration of shrinkage surveys and reports
- FLSA audit
- U.S. Department of Labor negotiations
- Expert witness services