



# Effective Succession Planning in the Public Sector

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## Introduction

The concept of succession planning has long been a subject of study in the private sector, but not in the public sector. Of some 130 studies of succession planning conducted between 1980 and 1993, only five involved the public sector.<sup>1</sup> Nonetheless, succession planning is increasingly discussed in the public sector, and the dangers of not having adequate succession plans and mechanisms in place are becoming more obvious.<sup>2</sup>

Succession planning is the means by which an organization prepares for and replaces managers, executives and other key employees who leave their positions, and is critically important to the organization's continued and future success.<sup>3</sup> It includes processes such as how the organization identifies and recruits successors, how it manages transitions from one executive to another and how it develops successors. Succession planning can also involve identifying "high potential" employees and including them in special training and development for future management roles. The practice of succession planning is key to sustaining an organization's initiatives and performance and to ensuring it meets its mission even in the face of turnover.

Succession planning in the private sector has been more formalized than in the public sector, which has begun to look at it systematically only recently. Similarly, there has been a lack of focus on succession planning in nonprofits, although the need there is just as pressing. One study examined the effects of turnover in the federal government's Senior Executive Service (SES) and noted: "The loss of experienced executives without adequate replacements can have a substantial, immediate negative effect on an organization."<sup>4</sup>

In addition, labor market conditions over the last several years have combined with demographic and social trends to increase the competition for talent between the public and private sectors. This has led many public agencies to reexamine their approach to managing talent and to consider adopting strategies similar to those of the private sector for attracting and retaining it. While some of these efforts have succeeded, challenges specific to the public sector have made implementing these programs difficult.

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One of the biggest challenges in the public sector is sustaining innovation and programs in the face of changing administrations, politics and priorities.

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This paper will briefly review the current academic knowledge of succession planning in the public sector. It will then look at successful models and practices being used in the public sector, as well as private sector practices that have been applied in the public sector. Finally, it will focus on our own consulting experience in the public and nonprofit sectors and the lessons learned from that work.

<sup>1</sup> Kesner and Sebor, 343-345.

<sup>2</sup> Cipolla, 23.

<sup>3</sup> Gilmore, 11.

<sup>4</sup> Barkdoll and Mocniak, 28.

## Brief Literature Review

A recent literature search shows that while articles on succession in the private sector continue to proliferate, there continues to be a lack of strong public and nonprofit sector models.

This has been the case for some time. Kesner and Sebor (1994) reviewed the literature on succession planning that had been published between 1960 and 1993 and drew several conclusions:

- While there was a sharp increase in the literature beginning in 1980, a lack of successful, proven strategies remained.
- Ambiguity about the results of many successions and succession planning methods still existed.
- Further exploration was necessary to determine the factors and strategies in successful transitions.

In addition, Kesner and Sebor noted that most of the studies had focused on the origin of the successor (internal or external) and the consequences of the succession (market response, fiscal performance and so on). They concluded that this period was only the beginning of a comprehensive study of succession planning.<sup>5</sup>

Schall (1997) echoed their lament about the lack of literature, particularly in the public sector. She noted that serious study of succession planning in the public sector began in 1992 with a National Academy of Public Administration study in response to an anticipated turnover crisis in the SES. Since then, she said, most literature had focused on the transition of the chief executive officer. Finally, she noted an overall lack of focus on successful transition at the agency level, and suggested this was an area for future research.<sup>6</sup>

Kesner and Sebor found only three studies of transition in the nonprofit sector, and all of these involved universities. Santora and Sarros (1995) also found little conclusive data about transition in the nonprofit sector, and said that much research was needed in that area.

From these authors' perspective, public and nonprofit literature was scant because many leaders in these sectors believed no one else was capable of leading the organization and because many public sector leaders had long tenures.<sup>7</sup> Consequently, succession issues have only recently begun to come to the fore in these sectors. Working with organizations, we have

seen the concern about pending retirements among senior public leaders trigger an interest in succession planning.

Despite the overall lack of public sector literature on the subject, two case studies show how public sector organizations can address succession planning successfully.

## Current Case Studies

One case study is from the Oklahoma Department of Corrections, and the other is from the New York City Department of Juvenile Justice. These two are the most comprehensive public sector models in the literature. Examining each model points out lessons for other organizations.

The New York Department of Juvenile Justice case focuses on how to sustain innovations and programs started under one administration when a new one is going to take over, specifically after a mayoral election and the subsequent appointment of a new agency head. Schall briefly describes the strategies that other public officials have used, including establishing a support base for the program outside of government, such as business leaders; identifying a champion in the incoming administration; securing bipartisan political support for the program; creating a strong base of support within the agency; and achieving national recognition for the program.<sup>8</sup>

The author notes that while these strategies are important, the agency head also plays an important role in sustaining these innovations. She highlights the model the Department of Juvenile Justice used to address the task of sustaining innovations. Key elements of this model include:<sup>9</sup>

- Ensuring that agency staff is prepared for the change, and that the focus of sustaining innovations is a high priority
- Documenting administration successes and retaining the staff involved in those successes so that leaders who follow will have resources upon which to draw
- Designating a champion for each program among the staff remaining through the transition
- Preparing people in lower levels to assume higher-level responsibility to deal with anticipated turnover. This includes ensuring that they receive adequate training and development, and exposure to other functions in the organization for their potential roles.

<sup>5</sup> Kesner and Sebor, 355, 361.

<sup>6</sup> Schall, 6.

<sup>7</sup> Santora and Sarros, 29-30; Schall, 9.

<sup>8</sup> Schall, 4.

<sup>9</sup> Schall, 7-8.

- Ensuring that initiatives started by the agency are completed before the new administration takes over, and that these initiatives have buy-in from external constituencies, thus making them harder to replace
- Supporting a candidate for successor who will likely embrace the innovations, and working to ensure that he or she is appointed to the agency head position
- Working through the transition with the successor to ensure that he or she is aware of the innovations and the organizational support for sustaining them

These efforts helped the Department of Juvenile Justice sustain successful programs that were begun under the previous administration, even though the agency head left and the budget was cut.

Several of these strategies can be duplicated in other public sector organizations, particularly when a leadership change is anticipated or when there is adequate notice of the change. In the Department of Juvenile Justice, the staff had more than a year to prepare for the transition and was able to build a long-term strategy to deal with it. This is not usually the case, however, so ongoing systematic processes must be put in place to ensure that an organization is ready to deal with succession.

The situation at the Oklahoma Department of Corrections (DOC) focused on the succession of personnel. It shows how organizations can prepare for these events and manage them on a systematic basis.

The DOC operates under the assumption that it must take a systematic approach to developing talent to ensure adequate resources to assume leadership positions.<sup>10</sup> The department views transitions as critical to its continued success and growth, and there is a strong commitment from the top to ensure that transitions are adequately managed.

Some of the key components of the Oklahoma DOC model are:

- Candidates for leadership posts are recruited both formally (through postings) and informally (through personal calls from high-ranking staff) to ensure that all potential candidates know about upcoming openings. The department also directly encourages high performers in executive training, as well as employee-of-the-year recipients, to apply.
- Rigorous interviews are used in the initial selection of candidates, and the director of the department, or his or her designee, confirms the selections.
- The interview process provides performance feedback to candidates. If they are not selected, they are told why, and what areas they need to develop to attain the next level.
- Staffing and training assignments are made strategically to ensure that potential management candidates receive the training and experience they need to prepare them for management positions. An extensive executive training program also helps employees develop into management roles.
- The transition is managed as a “learning journey,” with the new appointee participating in numerous discussions with staff before assuming his or her responsibilities. This is done to ensure that the new manager is fully prepared to take on the new position.
- The director of the department participates directly and extensively in the training and transition processes to demonstrate a commitment from the top and to ensure a common understanding of the mission and expectations of the organization.

The strong commitment by top management and the systematic approach to succession planning at the DOC helped ensure that talent was always available and prepared to assume management roles when succession events arose. This systematic approach can serve as a model to other public sector organizations.

## Common Pitfalls

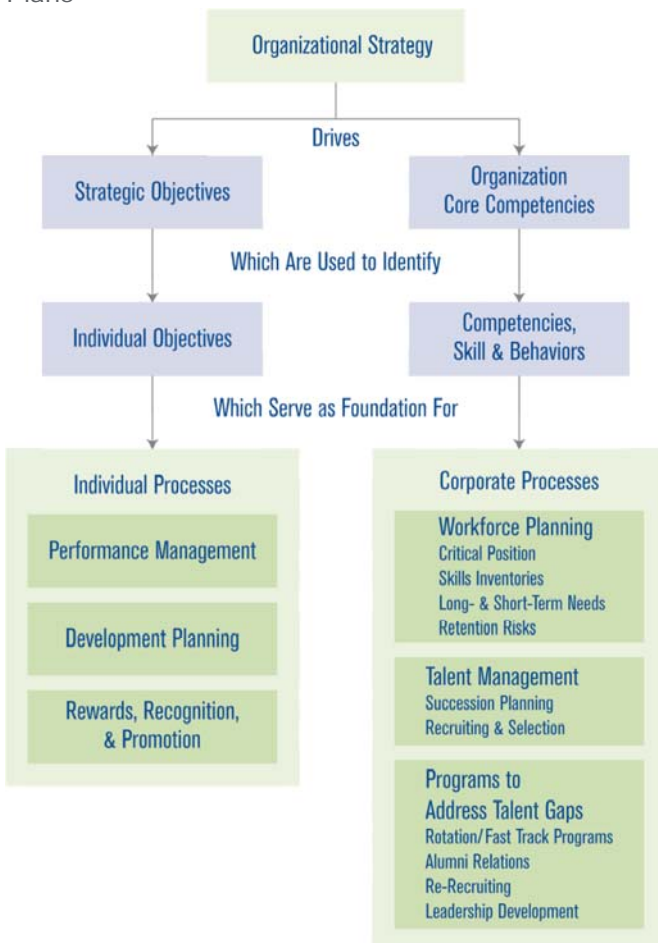
While the experiences of the Department of Juvenile Justice and the DOC show how a strong organization can benefit from succession planning, it is not as simple as it may seem. A common and potentially damaging decision in both the public and the private sectors is to designate succession planning as a separate program instead of an integrated strategy for managing talent in the organization. Effective succession must be linked to other management and HR processes, and must become part of the culture of the organization.

Too many organizations, public and private, look at succession planning as an annual event in which they put senior managers in a room to talk about everyone in the organization who has the potential to be brought into their ranks. This has been the traditional model for succession planning — handpicking successors that

have been groomed for particular positions. The approach has been less common in the public sector, given personnel system constraints. Still, it has perils for all organizations that use it.

Just as important as making succession planning part of an overall talent management strategy is linking it to the organization’s strategy and goals. The organization must first be clear about its vision for the future and the leadership and skills that vision will require. Without these essential foundations, succession planning programs will not achieve their desired results. This concept is shown in Figure 1.

**Figure 1** | Organizational Strategy Is Central to All Plans



As the diagram illustrates, succession planning is only one of a number of strategies employed to manage talent and to align people with the organization’s goals. All of these processes must work together and focus the organization on its mission. This diagram is not comprehensive, and other strategies and processes can — and should — be used to achieve this

alignment. The key points are the need for strategy alignment and process integration to make succession planning successful.

After the organization develops its goals and strategy, it must determine the objectives it must achieve and the competencies required to achieve them. Processes that assess capability, address gaps and measure performance will support these decisions.

This points out one of the challenges of succession planning in the public sector: strategy continuity. As Schall notes, one of the biggest challenges is sustaining innovation and programs in the face of changing administrations, politics and priorities. While this is an important consideration, it does not mean that succession planning cannot be effectively aligned.

By focusing on the skills and competencies needed to achieve the organization’s vision, the succession planning program is somewhat buffered from changes in priorities and programs. For example, it makes sense to develop strong project management skills in future leaders at an agency that manages large projects. The particular projects and even some of the nuances of project management will change as the leadership and agenda change, but the core skill is still required.

One of the most common challenges cited by public sector leaders and HR staff is the restrictions the public personnel system places on their ability to implement private-sector-style programs. While this is certainly true of the traditional succession planning programs, our experience and the more recent literature point to the need for these models themselves to change.<sup>11</sup>

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The most important change for the public sector is shifting from one-to-one replacement mapping to creating a pool of future leaders capable of meeting the succession needs of the organization.

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<sup>11</sup> Metz; Leibman, et al.



The most important change for the public sector is shifting from one-to-one replacement mapping to creating a pool of future leaders capable of meeting the organization's succession needs. These pools are called "high potential," "fast track," "emerging leaders" or other terms. By developing a profile of successful leadership in their organization, organizations can develop a pool of leaders who meet this profile and have a range of functional and technical skills. When a position becomes open (planned or unplanned), private sector organizations look to this pool first for those who can quickly step into the position.

In addition to avoiding the problems of entitlement and unexpected succession needs, this approach delivers the added benefit of boosting performance. The pool's participants are continuously improving their skills and competencies, leading to improved performance in the organization itself. As organizations expand these pools, they will have more bench strength for future succession needs, as well as take advantage of increased performance in a broader range of staff.

Pools can create a process that meets the needs of the organization and works within existing personnel rules. The essential elements of this approach for a public organization include:

- Using an open and competitive process for becoming a participant in the pool. This often includes threshold criteria, such as certain scores on performance appraisals, time in position, certifications or other factors.
- Participation in the program is strictly voluntary. It is not a requirement of promotion nor is the person penalized if he or she drops out.
- Many of the activities take place outside of work time, or with the agreement of the participant's supervisor.
- When a management or leadership position opens up, the standard personnel procedures are followed to fill it. No special consideration is given to program participants.

These programs are generally not called "succession planning" but are more appropriately labeled "leadership development" or some other similar name. Again, the focus is on building leadership skills rather than planning for replacement. One strong note: It is in no way the intent of these programs to subvert the organization's personnel processes. These leadership development programs are focused on improving performance today, and on securing the future of the organization. Because admission to the program is

through an open and competitive process, the same procedural fairness that is inherent in the personnel system is mirrored in the succession planning program.

A detailed account of how these programs are developed and implemented is beyond the scope of this paper. However, there are several other important considerations to take into account when designing this type of program.

First, an effective performance management process is essential. Accurate data about a potential leader's performance over time must be available and part of the selection criteria for the succession planning program. If the organization does not have an effective performance management process, it should create one. This will help ensure the success of leadership development efforts and provide a much higher return on investment.

A second consideration is the availability of information to analyze potential program participants and future leaders. Data should include performance over time, assessments of competencies and skills, previous experience and time in position. It also could include other elements, such as 360-degree assessments and career interest. Although technology is helpful in gathering and analyzing this information, it is not necessary for an effective program. Certainly, the data gathering and management load can get burdensome without appropriate technology, but organizations can implement a program without it.

As with all such programs, senior and line management participation and buy-in are critical. Without them, these types of programs will quickly derail as other priorities shift time and resources away from developing future leaders.

Finally, there must be a close partnership with the organization's legal counsel to ensure that the program complies with all of the appropriate regulations.

## Program Development

A basic process for developing a succession planning program includes these steps:

- 1) Determine future human capital needs and challenges based on the organization's strategy.
- 2) Find out what is known and not known about the workforce.
- 3) Create a plan to fill in information gaps.
- 4) Develop a business case for why the program is important to the organization's future and the resources that will be needed.

- 5) Obtain leadership buy-in and needed resources.
- 6) Define the process by which participants will be selected.
- 7) Define the training and development experiences that participants will have access to.
- 8) Communicate the program effectively.
- 9) Execute the plan.
- 10) Measure results and adjust the program as required.

The importance of legal review at each step cannot be overemphasized. In addition, outside expertise should be brought in whenever internal staff are outside their comfort zone. This can help ensure that the succession planning program meets an organization's needs and takes advantage of other employers' best practices. Regardless, it is critical that the organization own the program and manage the implementation to ensure long-term success.

Several common errors can derail the program.

Mistakes to avoid include:

- Making it an HR process. If it is perceived as an HR-only process and management does not buy in and participate, the program will fail.
- “Heir-apparent” syndrome. Falling into the replacement-planning mode and appointing de facto successors for positions that may become open will undermine the credibility of the program and may cause legal problems.
- Focusing too much on program participants. While it is important to ensure that the program has the appropriate resources and focus, don't forget about the rest of the organization that also needs development.
- Early or high-profile failures. If a program participant is involved in a high-profile failure or if the program rapidly receives negative feedback, it won't last long.
- Lack of honest feedback. For the developmental aspects of the program to be effective, participants must get honest feedback about their areas for development.
- Poor management preparedness. Management must understand and support the program, and give participants the time they need to take part in it.

This is merely an overview of program development and key considerations. Design and implementation of these programs in the public sector is complex, and organizations must make sure they have the appropriate expertise to design and deploy an effective program before starting down the path.

## Conclusion

Succession planning is a key element of an effective strategy for managing talent and ensuring that an organization achieves its future goals. As organizations lament another impending “retirement crisis” and leadership shortage, succession planning is once again coming to the fore in public sector HR management.

While the private sector has increasingly focused on creating succession planning programs that align with their changing business needs, the public sector has lagged behind. This is largely due to the complexity of implementing these programs in the public sector. Challenges include the nature of tenure and political leadership in the public sector, personnel system rules, lack of resources and lack of focus. Literature on successful programs is scant, but successful public sector models and approaches have been implemented at various levels.

This literature and our own experience show that when these approaches are linked to an organization's strategy and integrated with other HR processes, public sector organizations can benefit. At the center of these programs is strong leadership support, focusing on developing a pool of future leaders and a strong focus on performance. Succession planning is becoming an imperative. With the right focus and expertise, the public sector can meet its talent challenges.



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