

2010 Sustainability Session  
June 16, 2010  
*City of Warren, Ohio WPC*  
*Tom Angelo, Director*

# **SUCCESSION PLANNING; PREPARING FOR TOMORROW'S WORKFORCE**

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# PRESENTATION OUTLINE

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- ✘ What is succession planning?
- ✘ Baby Boomers
- ✘ Business 101
- ✘ Today's Workforce
- ✘ The Employment Cycle
- ✘ The Challenges
- ✘ The Benefits

# DEFINITION OF SUCCESSION PLANNING

“ A deliberate and systematic effort by an organization to ensure leadership continuity in key positions, retain and develop intellectual and knowledge capital for the future and encourage individual advancement.”

William J. Rothwell  
Effective Succession Planning  
Second Edition, 2001

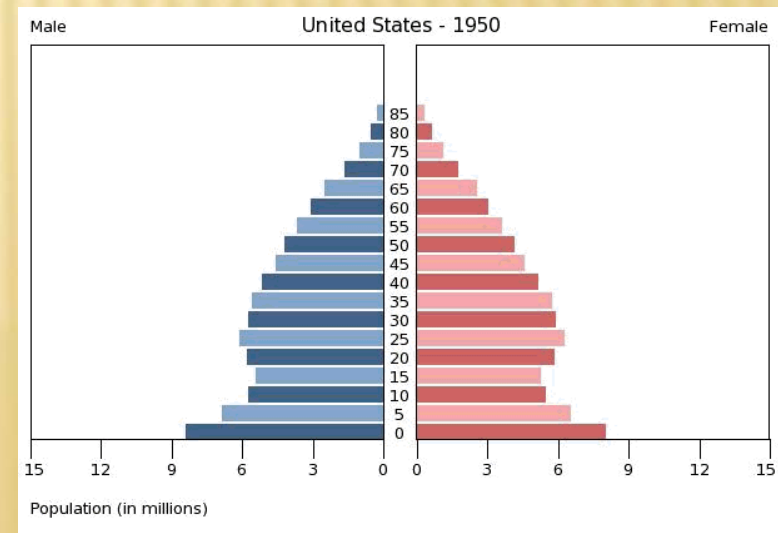
# WHAT IS SUCCESSION PLANNING?

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- ✘ **Process to identify and develop internal personnel to assume leadership roles.**
  - + Prepares current employees to undertake key operational positions.
  - + Develops talent and long-term growth.
  - + Improves workforce capabilities and overall performance.
  - + Improves employee commitment and retention.
- ✘ **Captures Institutional Wisdom.**
  - + Allows for the transfer of retained knowledge.
  - + Reduces “Brain Drain”.
  - + Increases overall employee technical capabilities.
- ✘ **Replacing retiring workers while evaluating organizational needs.**
  - + Leadership Development
  - + Employee Training
  - + Targeted Recruiting

# BABY BOOMERS

- ✘ Born between 1946 to 1964
- ✘ Approximately 76 million American babies
- ✘ Higher rates of participation in higher education than previous generations.
- ✘ The “Age Wave” theory suggests an economic slowdown when boomers start retiring during 2007-2009.



# BUSINESS 411

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## ✘ Bureau of Labor Statistics

- + In 2010 → 10 million more jobs than people to fill them.
- + In 10 years – jobs will double.
- + Labor force need will grow by 12%.
- + This will create a labor shortage.

# BUSINESS 411


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## × Bureau of Labor Statistics

**WHY?**

- + In 20 years – jobs will double.
- + Labor force need will grow by 10%.
- + This will create a labor shortage.

→ 20 million more jobs than people to fill



# REASON FOR LABOR SHORTAGE

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- ✘ Baby Boomers are preparing to Retire.
  - + 62% of future job openings will be from replacement.
- ✘ Labor Force is Growing Older
  - + 1980...Average employees age was 35.
  - + 2010...Average employees age projected to be 41.

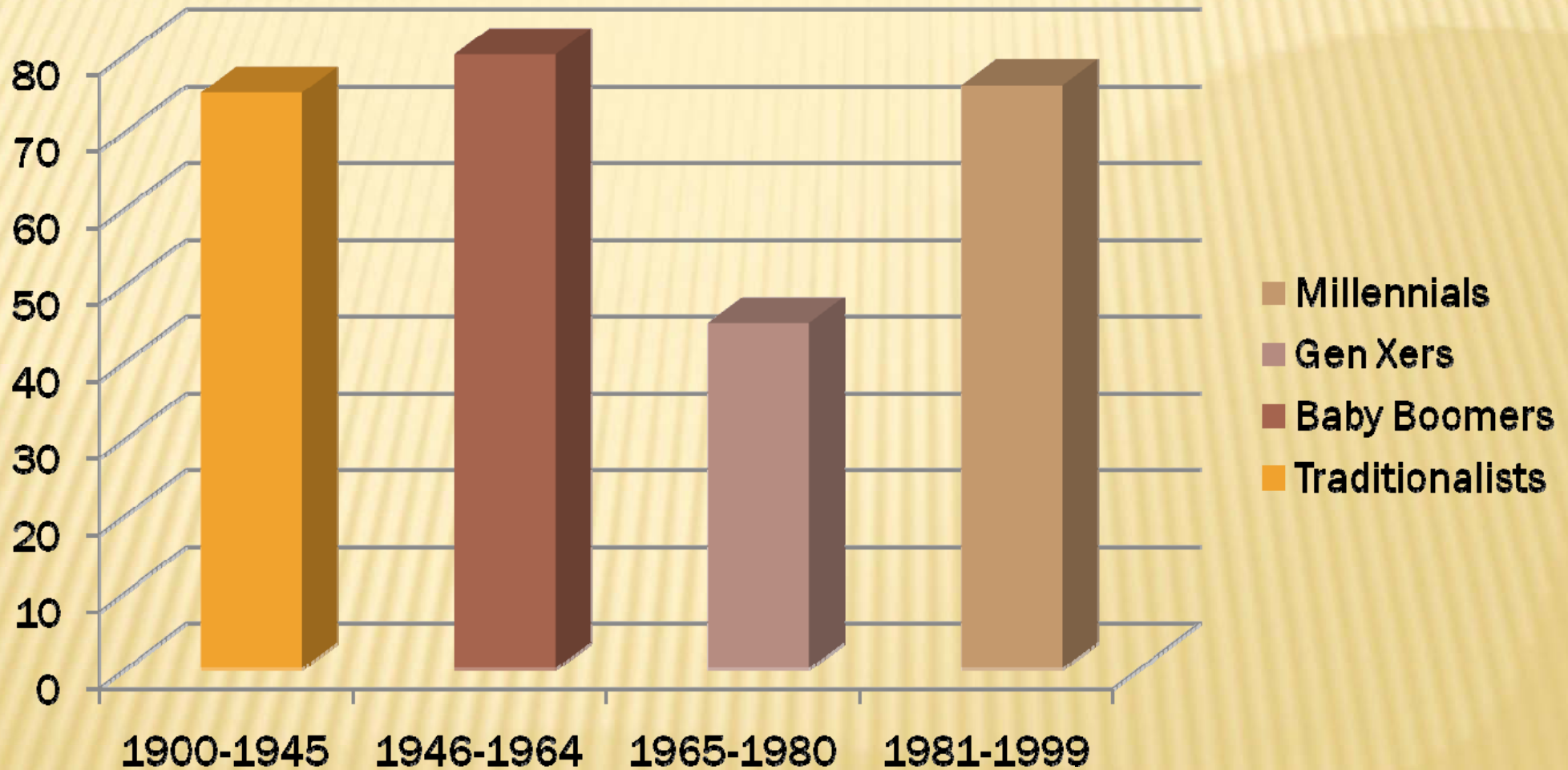
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# REASON FOR LABOR SHORTAGE

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- ✘ Median average age ... 44.2
- ✘ Majority of Class IV holders can retire in the next 5-10 years
- ✘ Retirement plans are generous
  - + Most employees don't stay past their retirement date
- ✘ Demand for Engineers is growing
  - + Enrollment is declining
  - + Only 2 out of 3 graduating Engineers stay in the field
- ✘ Foreign students return home after graduation
- ✘ Industry is predominately run by white males from the Traditionalist or Boomer generations
  - + Not what Gen Xers or Millennials are looking for

# 4 GENERATIONS - OVERVIEW



# WORKFORCE DEMOGRAPHICS

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Traditionalists

1900 - 1945

Born before or  
during WWII

Grew up in  
relatively stable  
times

Life-time loyalty  
to employers

Radio and TV  
were new  
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Watched internet and "new economy" bubble burst

Feel over-educated and over-trained

Cell phones and advanced internet use

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## Millennials

1981 - 1999

New entrants to workforce

Many with some college training

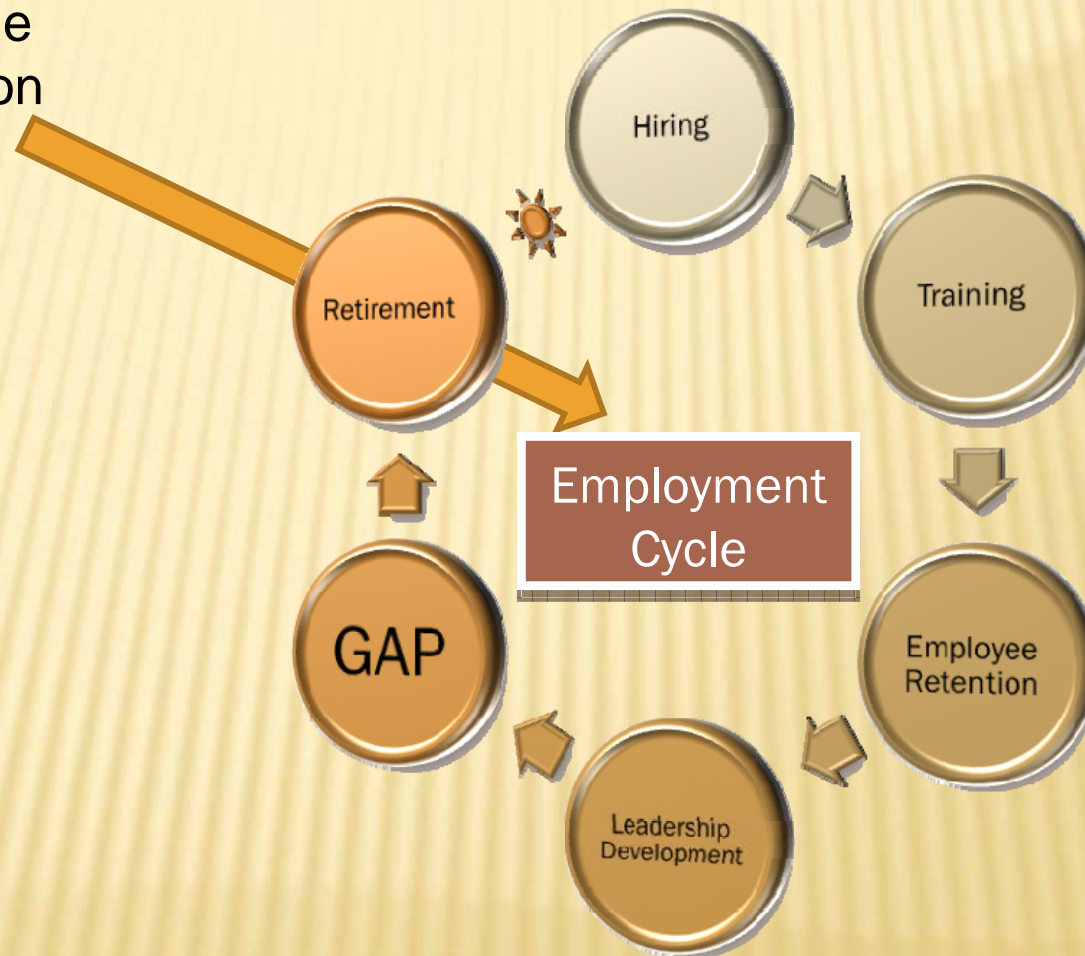
Expect more from employers

Work well with older workers

Team oriented

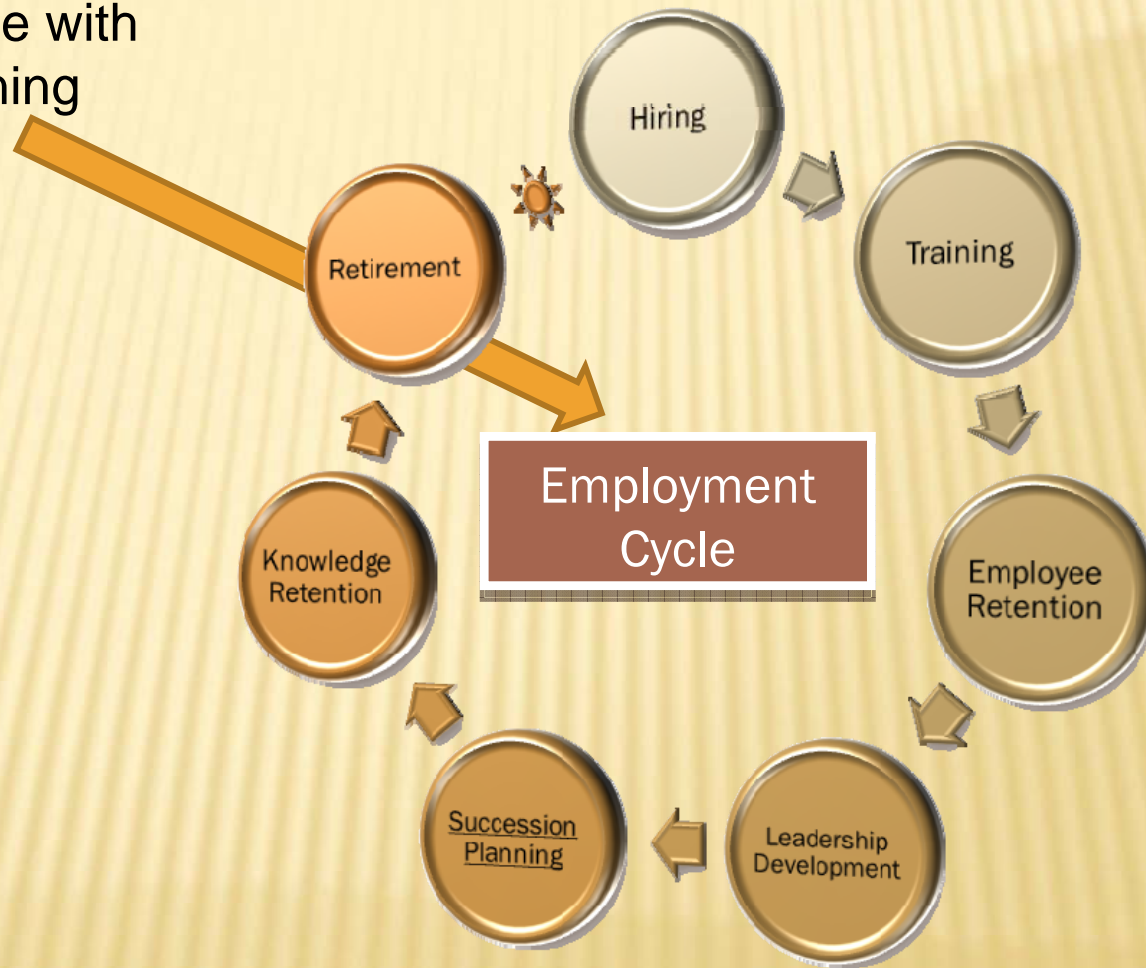
# EMPLOYMENT CYCLE

Employment Cycle  
without Succession  
Planning



# EMPLOYMENT CYCLE

Employment Cycle with  
Succession Planning



# THE CHALLENGE...WASTEWATER - 911

The Pending Wave of Retiring Personnel poses two central challenges

- ✘ How do we replace the workers who will leave over the next several years?
- ✘ How do we capture the knowledge and experience that these people have?

# BENEFITS OF SUCCESSION PLANNING

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- ✘ The Organization Reassess its Needs
  - + Forces a formal and detailed operational evaluation
- ✘ Qualified Employees are Identified
  - + Review of critical work functions
- ✘ Defines Career Pathways
  - + Employees know where they fit
- ✘ Higher Return on Investment From Employees
  - + Reduced Attrition
  - + Less Retraining
  - + Greater Retention
- ✘ Leads to Appropriate Promotion
  - + Matches organizational needs with qualified talent
  - + Provides a way to monitor and reward good work

# WASTEWATER SUCCESSION PLANNING

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- ✘ Actively Recruit Operators & Mechanics
  - + Promote from within
  - + Partner with schools
  - + Form alliances with outside groups
    - ✘ Military Veterans
    - ✘ Retired Workers
    - ✘ OWEA/AWWA
  - + Monitor Plant Closings

# WASTEWATER SUCCESSION PLANNING

- ✘ Improve Employee Retention
  - + Make compensation competitive
  - + Offer Apprenticeship Programs
  - + Recognize Employees Accomplishments
  - + Recognize the importance of training & Skill Development
  - + Retain older workers through phased retirement approaches and re-hiring as consultants.

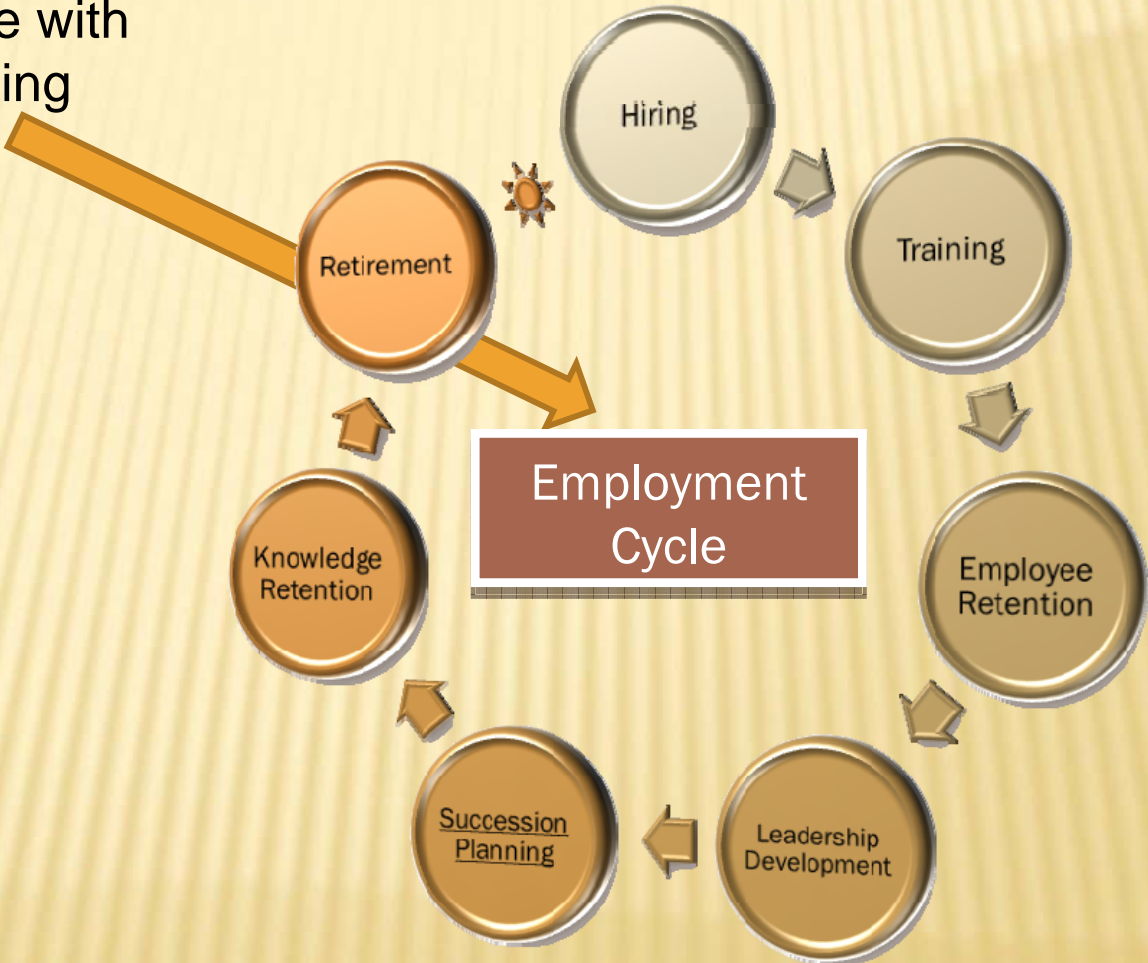
# WASTEWATER SUCCESSION PLANNING

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- ✘ Promote a Positive Image of Your Utility
  - + Create name recognition
  - + Keep the facility clean and “work friendly”
  - + Participate in community events
  - + Host your own public education seminar
  - + Advertise

# EMPLOYMENT CYCLE

Employment Cycle with  
Succession Planning



# EMPLOYMENT CYCLE

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Knowledge  
Retention

# WASTEWATER SUCCESSION PLANNING

## ✘ Capture Tacit Knowledge

- + Retiring employees take decades of institutional wisdom with them. This is “Tacit Knowledge”.
- + Capture that knowledge any way you can...
  - ✘ Formal knowledge management processes
  - ✘ Documenting it
    - ✘ Written
    - ✘ Recorded
    - ✘ Video
  - ✘ Enlisting qualified experienced workers or retirees to train or mentor less experienced workers.

# MENTORING

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- ✘ Modeling at the Highest Levels of the Organization
- ✘ Create expectation of direct reports
- ✘ Allocation of time and resources
- ✘ Flexibility around filling vacancies
- ✘ Be Transparent
- ✘ Offer Broad Exposure

# APPRENTICESHIP PROGRAMS

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- ✘ Operator Apprentice

- + 4 year program

- + Required written and hands testing each year for advancement

- ✘ Maintenance Apprentice

- + 4 year program

- + Required written and hands testing each year for advancement

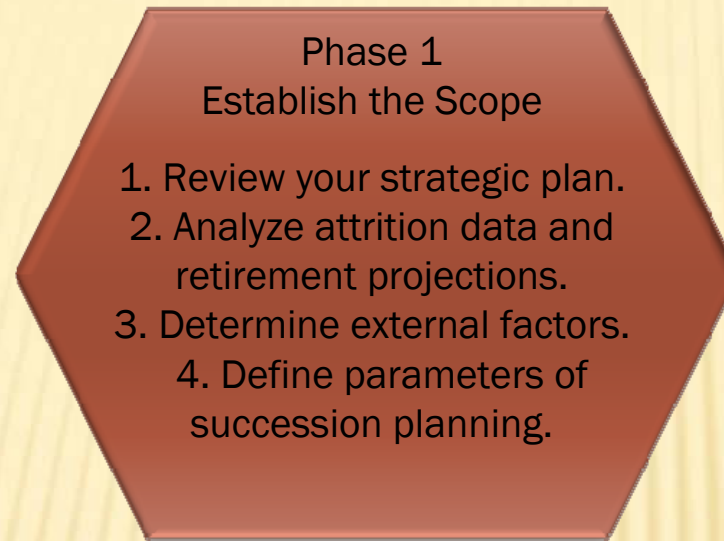
# APPRENTICESHIP PROGRAMS

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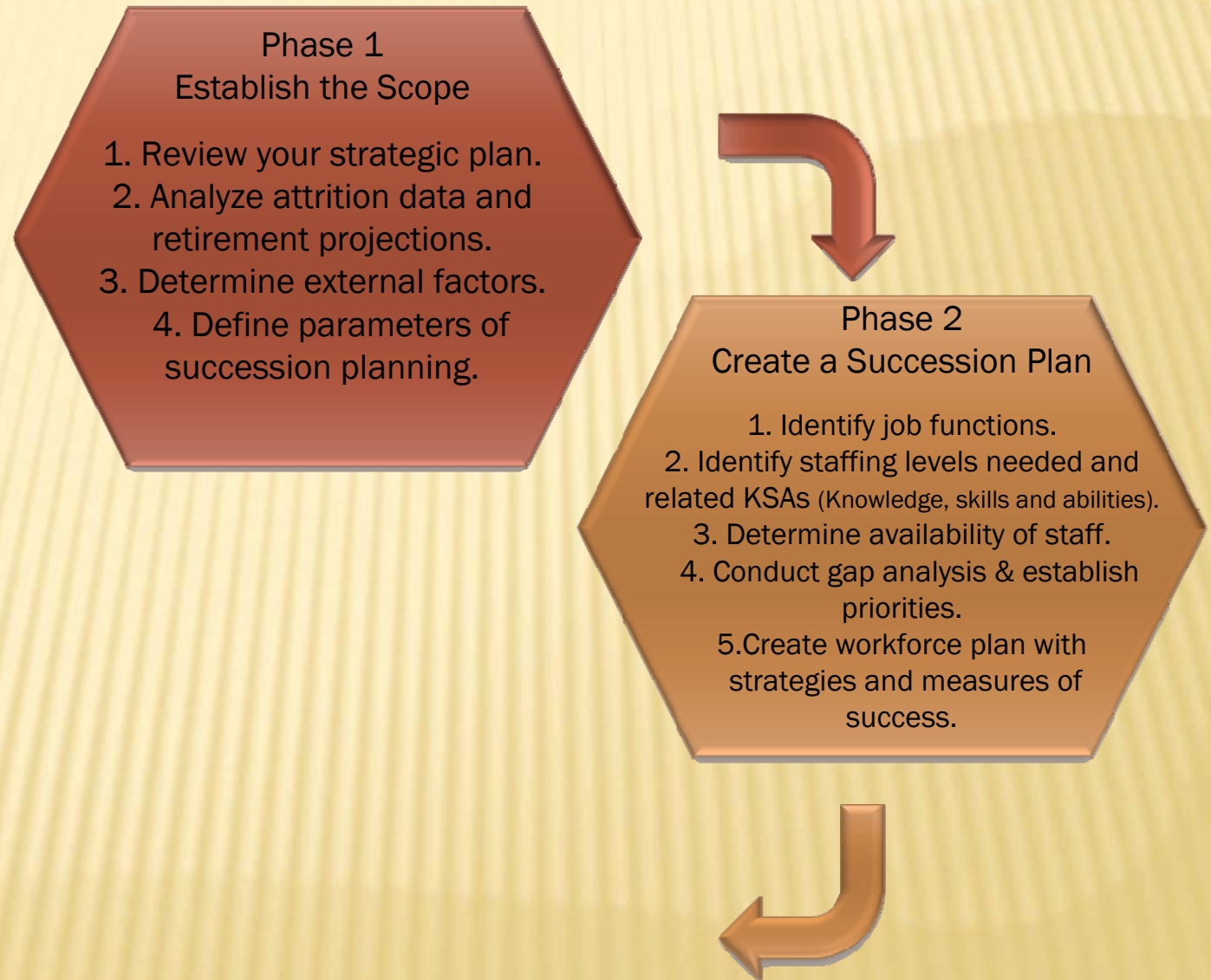
- ✘ Programs train to skills that are not easily (or inexpensively) obtained in the marketplace, and insure that participants are trained to our standards
- ✘ Participants in programs learn hard skills and develop an ability to work within the organization's culture
- ✘ Our investments build commitment on the part of participants and management

# THE FOUR-PHASE APPROACH

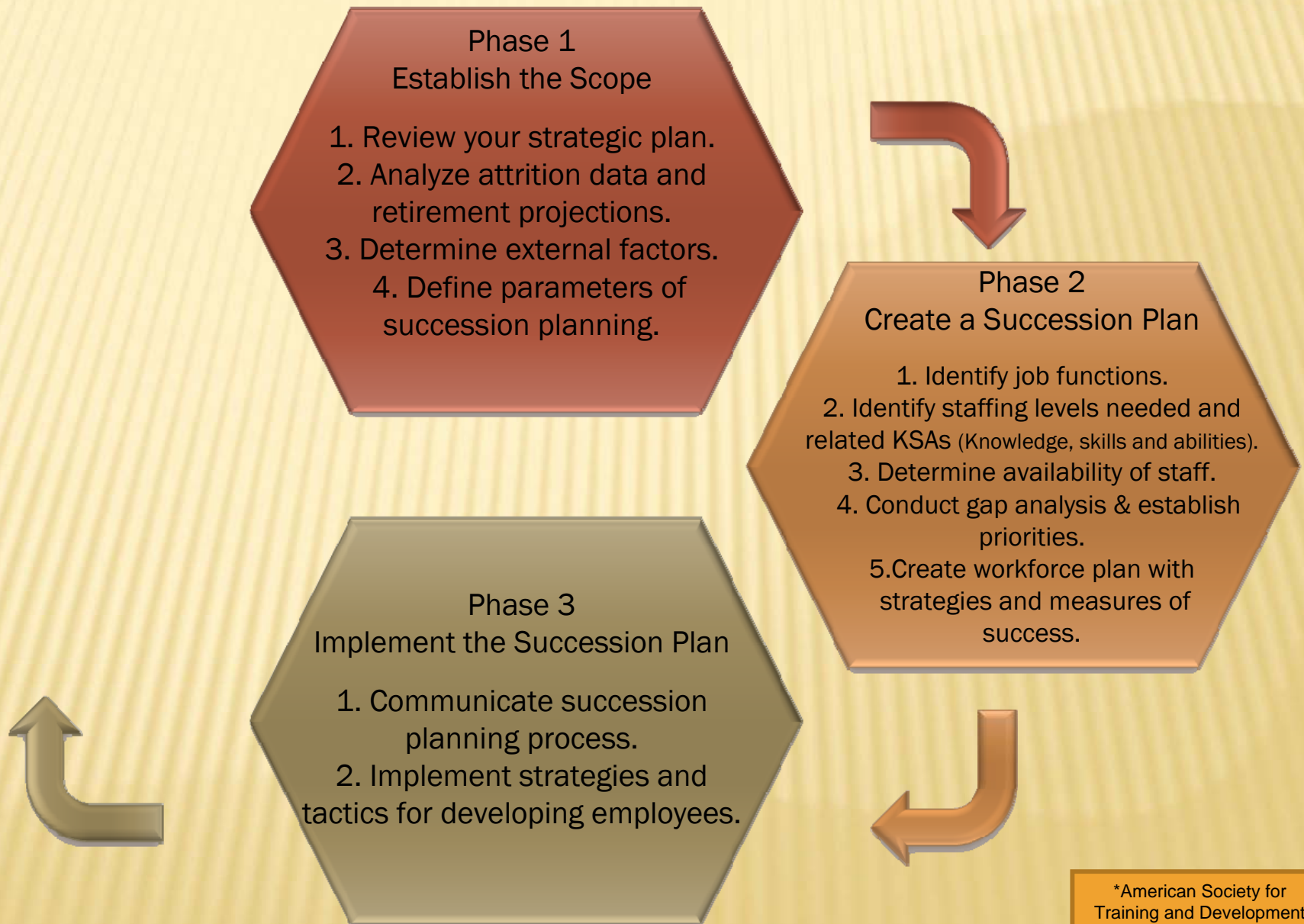
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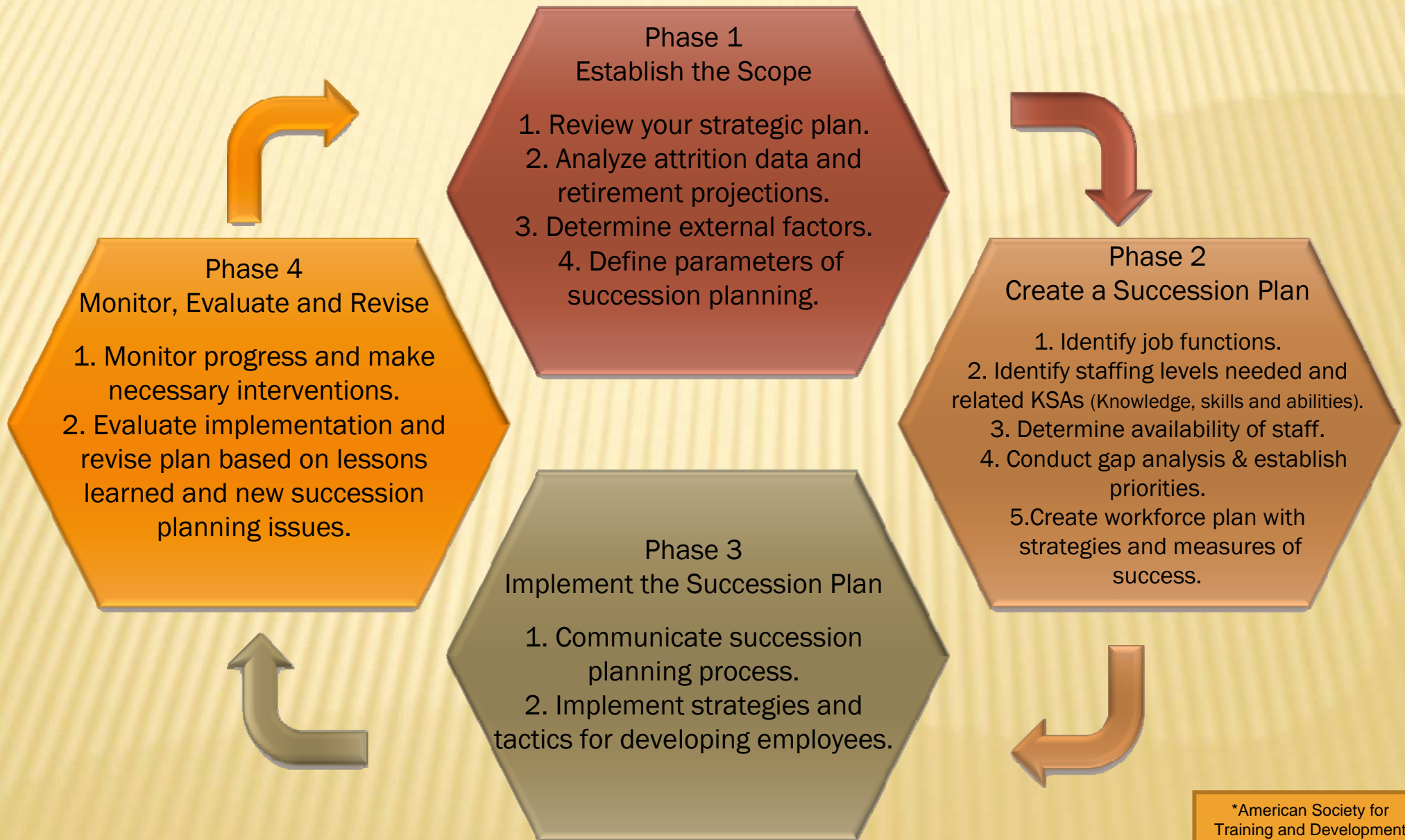
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**QUESTIONS ??????**