SUCCESSION PLANNING;
PREPARING FOR TOMORROW'S WORKFORCE
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
WHAT IS SUCCESSION PLANNING?

- 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.
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.
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REASON FOR LABOR SHORTAGE

✖ 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.
REASON FOR LABOR SHORTAGE

- 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

- Millennials
- Gen Xers
- Baby Boomers
- Traditionalists

Year Ranges:
- 1900-1945
- 1946-1964
- 1965-1980
- 1981-1999
WORKFORCE DEMOGRAPHICS

Traditionalists

1900 - 1945

Born before or during WWII

Grew up in relatively stable times

Life-time loyalty to employers

Radio and TV were new technologies
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- Company loyalty lagged in the ‘80s and ‘90s
- Many committed to public service
- Computers common
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Feel over-educated and over-trained
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Millennials
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

- Retirement
- GAP
- Hiring
- Training
- Employee Retention
- Leadership Development

Employment Cycle
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

- 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**

- 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

- 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 with 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

- 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

- 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
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

Phase 1
Establish the Scope
1. Review your strategic plan.
2. Analyze attrition data and retirement projections.
3. Determine external factors.
4. Define parameters of succession planning.

*American Society for Training and Development 2004*
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1. Identify job functions.
2. Identify staffing levels needed and related KSAs (Knowledge, skills and abilities).
3. Determine availability of staff.
5. Create workforce plan with strategies and measures of success.

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**Phase 3**
Implement the Succession Plan
1. Communicate succession planning process.
2. Implement strategies and tactics for developing employees.

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Phase 4
Monitor, Evaluate and Revise
1. Monitor progress and make necessary interventions.
2. Evaluate implementation and revise plan based on lessons learned and new succession planning issues.
QUESTIONS ???????