

THE POWER OF BEING UNDERSTOOD

WORKFORCE AND SUCCESSION PLANNING IN THE GOVERNMENT SECTOR

Kansas Government Finance Officers Association

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Your presenter



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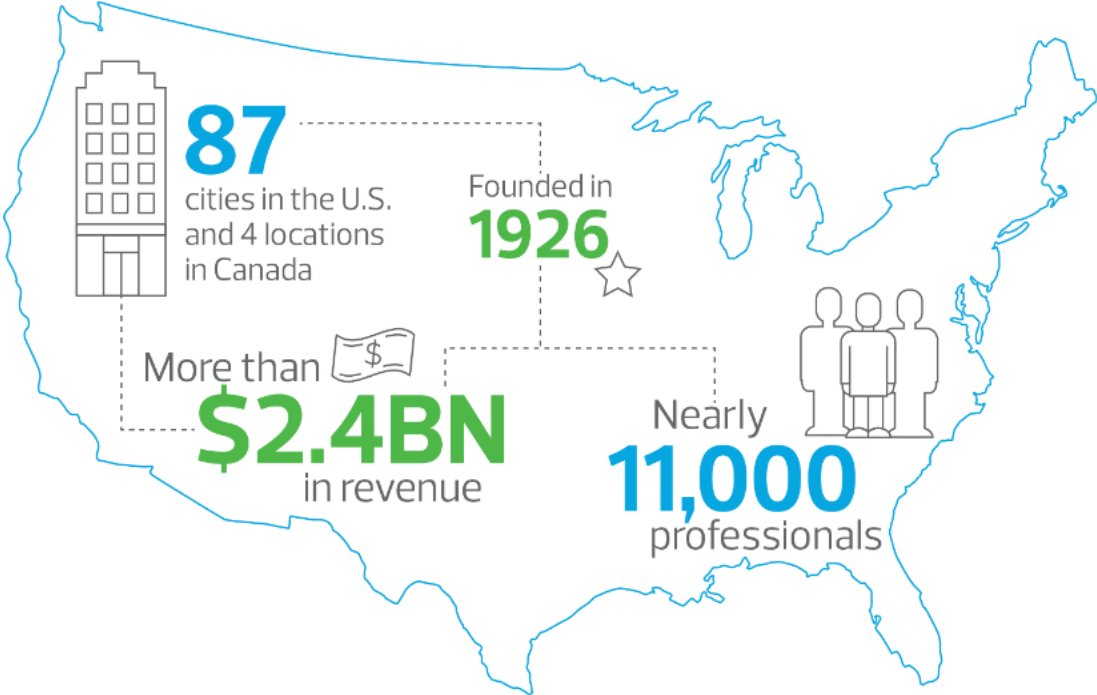
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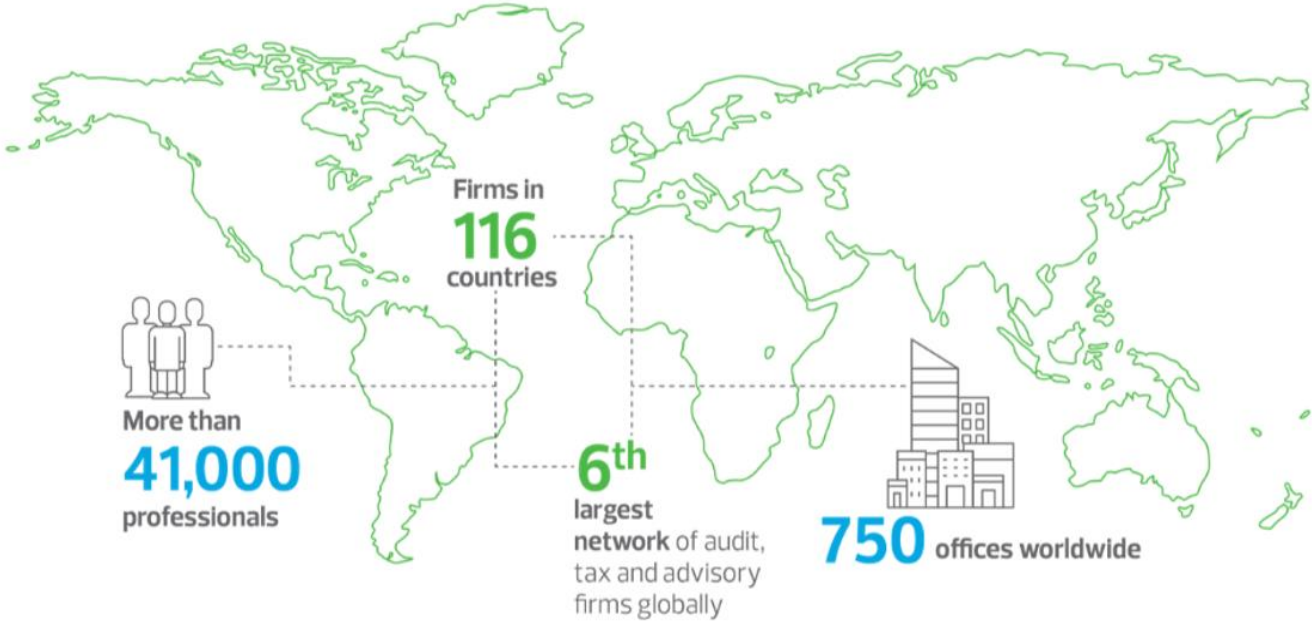
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- Director in RSM's Management Consulting Practice focusing on Government, Education and Nonprofits
- National Leader for State and Local Government for Management Consulting
- 20 years' experience helping to create high performing organizations and advising clients during my career at RSM, IBM and in private industry
- Extensive training and deployment of Lean and Six Sigma strategy and tactics

About RSM – Leading provider of Assurance, Tax, and Consulting



RSM International is a global network of independent audit, tax and advisory firms.



RSM Management Consulting

Our core practice areas include:

Technology and digital

Digital is evolving quickly, and the right solutions can significantly enhance your efficiency and productivity. Our team helps your organization understand your technology and digital needs, and works with you to design a strategy that aligns with your goals.

Finance and accounting

The finance function is growing within organizations to become a strategic enabler. We help you modernize your finance function by optimizing strategy and operating models, improving business processes and leveraging digital finance solutions.

Operations and supply chain

The supply chain is rapidly changing, with new challenges, as well as opportunities to increase growth. The RSM team can help you develop a cohesive, high-performance supply chain, with optimized processes at every step.

People and organization

Business leaders are facing challenges in how to attract, engage, manage and retain talent everyday. RSM's people and organization consultants can help you address your people challenges with custom solutions for your organization.

Mergers and acquisitions

Deals are scarce and valuations are increasing, so businesses must be more judicious about the deals they seek and conduct. RSM's mergers and acquisitions team can help you get from the beginning to the end of an acquisition.

Back office capabilities have expanded:



Digital finance



Operations due diligence



Technical accounting consulting

Today's topic

- *Silver tsunami, brain drain, workforce cliff* – these are all terms that have been used to describe the number of baby boomers in the government workforce at or near retirement age and who will soon be exiting.
- As a result, many will be taking years of valued leadership, knowledge and experience with them.
- Many governmental organizations have decided to proactively address the issue, while others react and scramble to mitigate critical losses.

Where does your organization stand?

Agenda

- Workforce planning and tactics
- Succession planning and tactics
- Tailoring your actions to your talent needs
- Why are these important?
- Benefits and challenges
- Examples
- Q&A

WORKFORCE PLANNING

Definitions

- Workforce planning is:
 - A strategy: an art and science
 - The strategic process for getting the right number of qualified people into the right jobs at the right time
 - Can include a variety of tactics.

- Succession planning is:
 - A process, not an event
 - The process for identifying and developing new talent opportunities within an organization to fill key and leadership positions
 - Through your succession planning process, you also recruit and retain quality employees, develop their knowledge, skills and abilities, and prepare them for advancement or promotion into a more challenging role or leadership.

Why is this important?

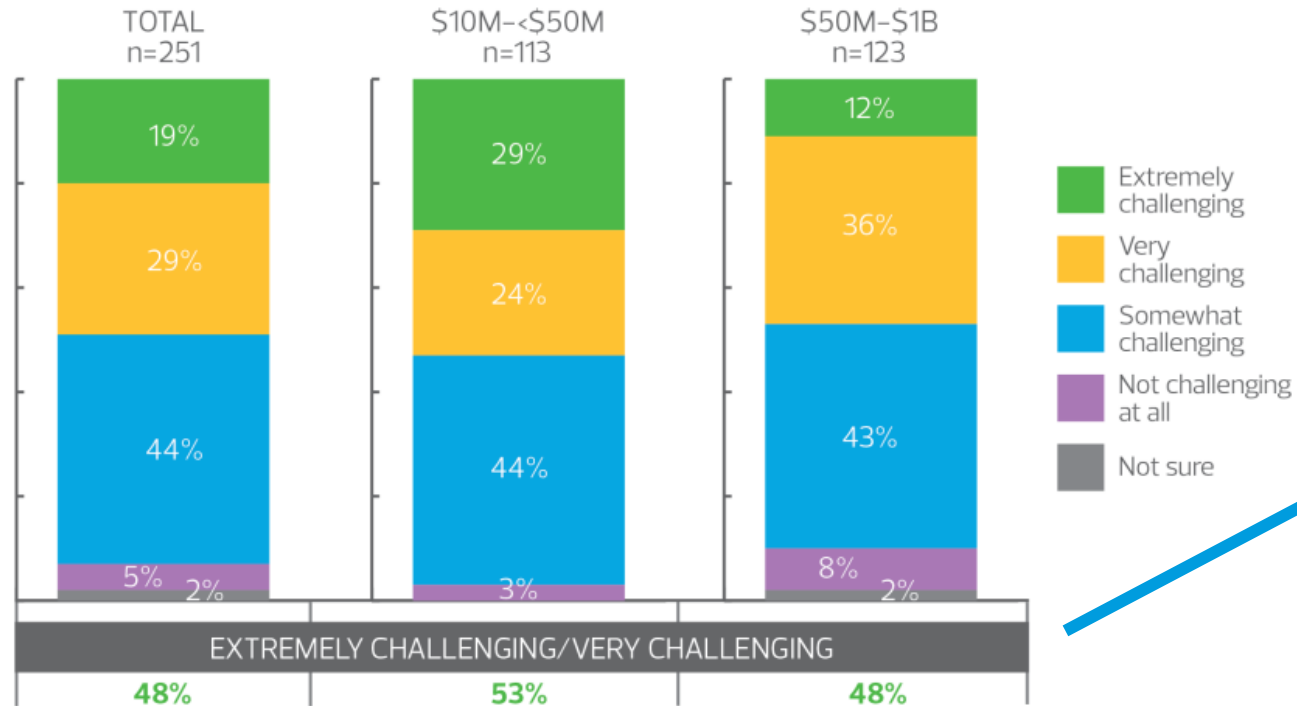
- Organizations indicated that they could lose 20% or more of their employees to retirement within the next five years.
- Only an estimated 27% have succession plans in place.
- Many employees will take tribal knowledge with them unless there is a plan for the retention of their knowhow and expertise.
- Low unemployment rates make it challenging to find qualified applicants.
- **You don't want to be caught off guard in a tough situation.**



Hiring challenges

How challenging was it for your organization to staff open positions over the last 12 months?

(BASE = significant/moderate hiring needs over last 12 months)



Approximately 50% of organizations found it Very to Extremely Challenging to staff open positions in the last 12 months!

What do we know?...Additional statistics

- 34.9 million 55-and-older workers in the U.S. labor force.
- The labor force participation (LFP) rate has been near 63 percent for the past few years, down from 66 percent.
- Workers ages 55 and older will decline due to retirement and constitute nearly one-fourth (24.8 percent) of the labor force in 2024.
- Job tenure of workers age 50+ is three times longer than workers under age 50.
- Baby boomers will remain the wealthiest generation until 2030, accumulating nearly \$26 trillion in financial assets. As the stock market goes up employee's wealth increases and retirement becomes more feasible
- Despite their generation's reputation for being workaholics, average retirement age is 61 to 65.

Taking a proactive approach

- Most organizations aren't prepared and are reactive
- This represents a great opportunity to take strategic action and reduce risk
- While retirements may be an eminent concern:
 - **Level 1:** Creating appropriate redundancies and structures in the event anyone in quits, becomes sick or simply takes a vacation
 - **Level 2:** Removing barriers in the organizational structure so people can innovate and achieve what is asked of them
 - **Level 3:** Investing in a culture that strives for self betterment.

This might be one of the most important initiatives you take on to facilitate driving strategy and achievement.

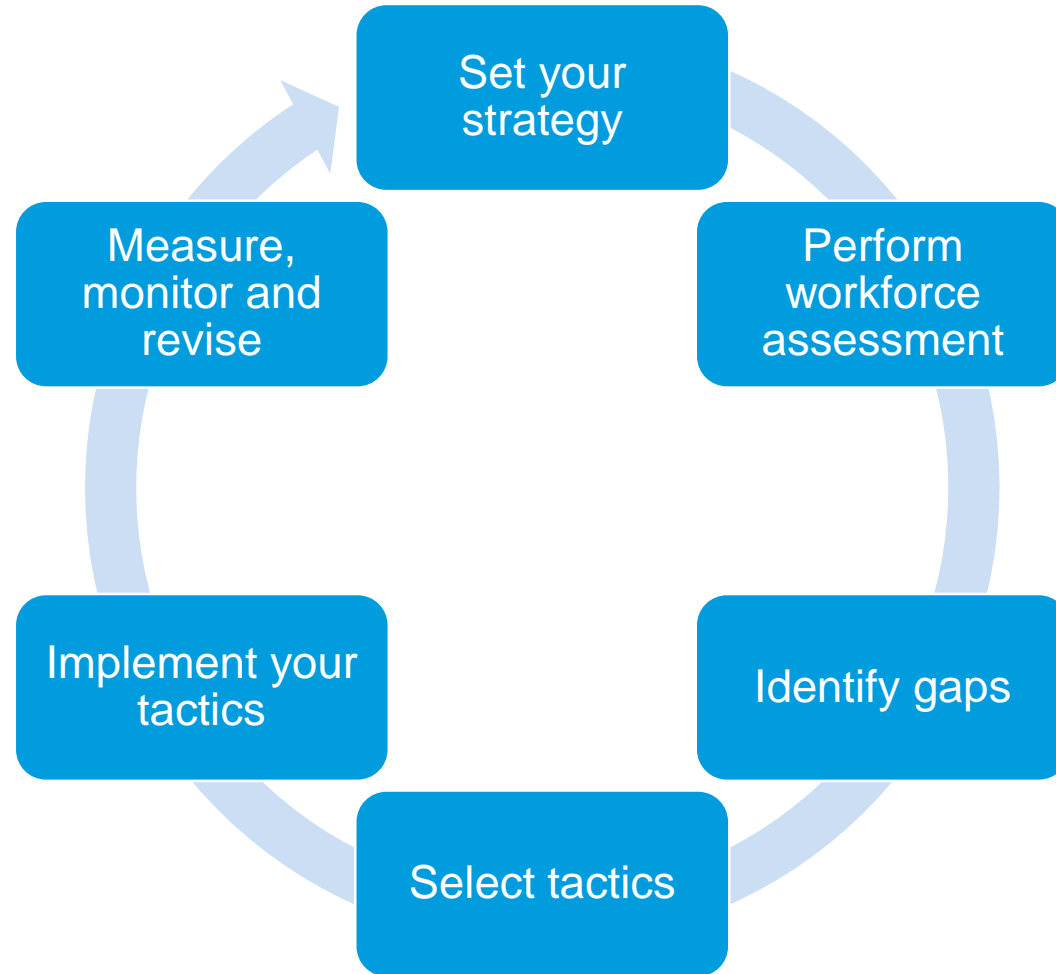
Example

- Situation:
 - A state agency faced a state-mandated payroll biennium budget decrease, coupled with rising payroll and benefits costs.
 - This necessitated over \$1 million in budget cuts likely requiring a decrease in headcount.

What do you do?

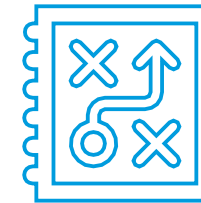
- Leverage your existing workforce plan to see where you can tighten up.
- Review the organizational structure, evaluate departmental workloads and assess high-level operational efficiency.
- In an effort to preserve as many jobs as possible, identify roles and responsibilities that can be consolidated and vacancies not to be refilled, and consider creative employment scenarios.

High level approach



Getting started

- Assess your current workforce against current and future demands, economic trends and political factors
- Identify gaps in your workforce compared to strategic and operational plans and mission
- Review and prioritize tactics to be implemented in your detailed workforce strategic plan



Getting started – further details

Initial Phase – Top Down

- Align any actions with mission and vision, and priorities and core values
- Identify your key challenges and opportunities
- Identify your most critical or most exposed positions – create an organizational map and rank
- Develop the “back up plan” for each one identified relative to risk

Second Phase – Bottom Up

- Analyze current and historical staffing for notable information
- For each position develop
 - A description
 - Workload priorities
 - Workload challenges and opportunities
 - Summary of workload demand
 - Summary of workload transaction measures
 - Workforce supply details
 - Roles and responsibility definition
 - Inventory of necessary procedures
 - Summary of workforce training and development
 - Position redundancy or backup tactic(s)

Additional phases may be the following and more

Workforce Planning Activities

Organizational design, redesign and restructuring	Role and responsibilities definition, clarity and alignment
Succession planning for leadership and key operational positions	Investment in culture, diversity and inclusion
Future leadership identification studies	Transactional process improvement
Design of flexible work options	Operational process and procedure documentation
Compensation studies	Consolidations and reduction in workforce strategies
Tactics for training and professional development	Additional automation and technology of work tasks
Outsourced services	Recruiting and retention tactics

Conclusion



- **Your workforce is your #1 resource**
- Why wouldn't you have an ongoing workforce strategy?
- Be proactive
- At a minimum, know where your organization is the most exposed and draft likely backup scenarios.

SUCCESSION PLANNING



One of the biggest challenges for many state and local governments is how to prepare for the next generation of employees and management.

“One of the things we often miss in succession planning is that it should be gradual and thoughtful, with lots of sharing of information and knowledge and perspective, so that it's almost a non-event when it happens.”

Anne M, Mulcahy, former Xerox CEO



Benefits of succession planning

- Facilitates execution of strategy for your most important resource – your people
- Lowers key-person risk
- Helps identify and train current employees with the potential to advance into higher positions in the organization
- Increases the number of experienced and capable employees who will be prepared to assume these roles as they become available
- Helps retain high performers
- Provides increased buy-in, allowing your organization to more easily accept change when it's time
- Can help achieve other fiscal and strategic objectives

Example

- Situation:
 - A mission critical department in charge of managing a complex funding program
 - A key middle-level manager unexpectedly left indefinitely on long-term disability
 - The workload would fall on the only other staff person and that person didn't know all the responsibilities the manager performed
 - Plus any procedural documentation was out of date or didn't exist.

What do you do?

- Jump in and figure it out!
 - But service is nearly down
 - The one staff person is swamped to do their best let alone create new procedure and documentation...if it was easy it would have been already done
 - How is quality affected?...What mistakes are being made we don't even know about?

Key steps for a successful succession plan

- Identify key positions that need succession plans (not just for chief officers)
- Create a formal succession plan and measurement criteria
- Identify potential employees to fill positions
- Provide development and training in advance to meet the increased responsibilities
- Form a leadership program, if appropriate, in your organization
- Formalize check-ins, reviews and communication
- Engage those selected, by members of the management team
- Recruit high potential new employees from the outside
- Decide where to consolidate and not to refill

Example succession plan considerations

What will need to be transferred?

- What are you known for?
- What are you the “go to” person for?
- What do only you know how to do?
- If you left your position today, what wouldn't get done because no one else knows how to do it?
- When you return from vacation, what work is usually waiting for you because no one else knows how to do it?
- What does your office rely on you for?

Mapping key activities

- Knowledge of key contacts (customers, other state agency contacts, federal government contacts, universities, etc.)
- Having strong relationships with key customers or coworkers
- Knowing past history (court cases, customer requests, business decisions, etc.)
- Knowing locations of critical files or information
- Knowing how to carry out a task or responsibility

Conclusion



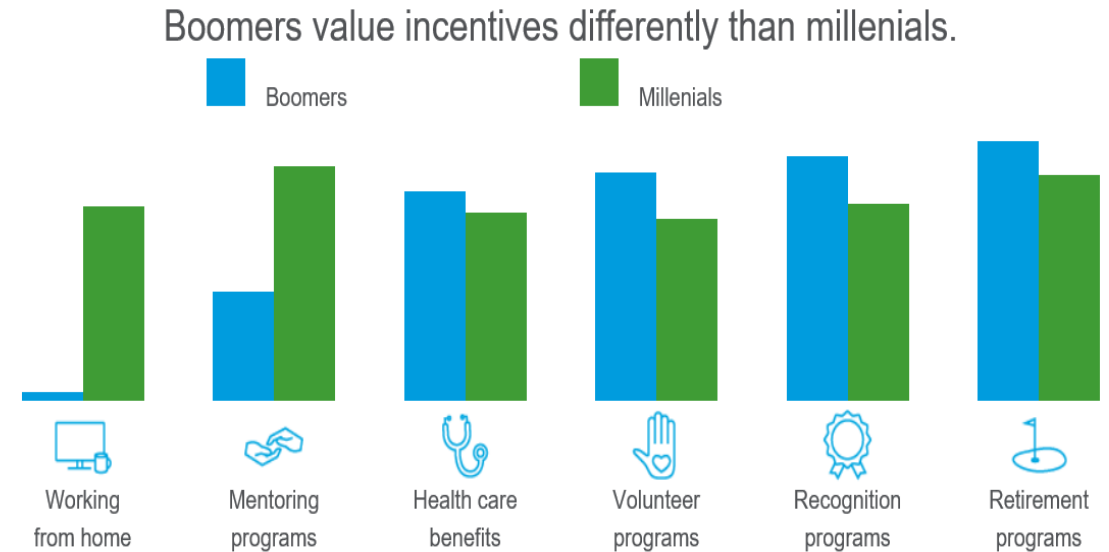
- Although we don't know the future, creating a plan will protect your organization.
- Succession is best when the plan is developed early, mentorship/training takes place and is part of the organization's culture.



TAILOR YOUR ACTIONS TO YOUR NEEDS

Know your audience in order to attract and retain

- Traditional incentives like increased compensation and benefits are ubiquitous, and it can be difficult to stand out among those competing for the same talent pool.
- Baby boomers and Gen Xers don't value the same incentives as millennials, according to the job search site Flexjobs.
- Nearly three-quarters of companies and organizations are actively taking steps to make their culture and work environment more attractive and appealing to prospective hires.



Source: RSM analysis, Flexjobs.com

Millennials are looking for...

- Contact via social media
 - 71% of companies and organizations have implemented formal or informal programs for monitoring and enhancing the organization's online presence.
- Work life balance, flexibility, work from home
- Career guidance, leadership development and mentoring showing an employee a clear and realistic trajectory that holds the promise of a solid career
- Community - volunteer days and community involvement
- A sound strategy and succession planning – a commitment to a future direction they can rally behind

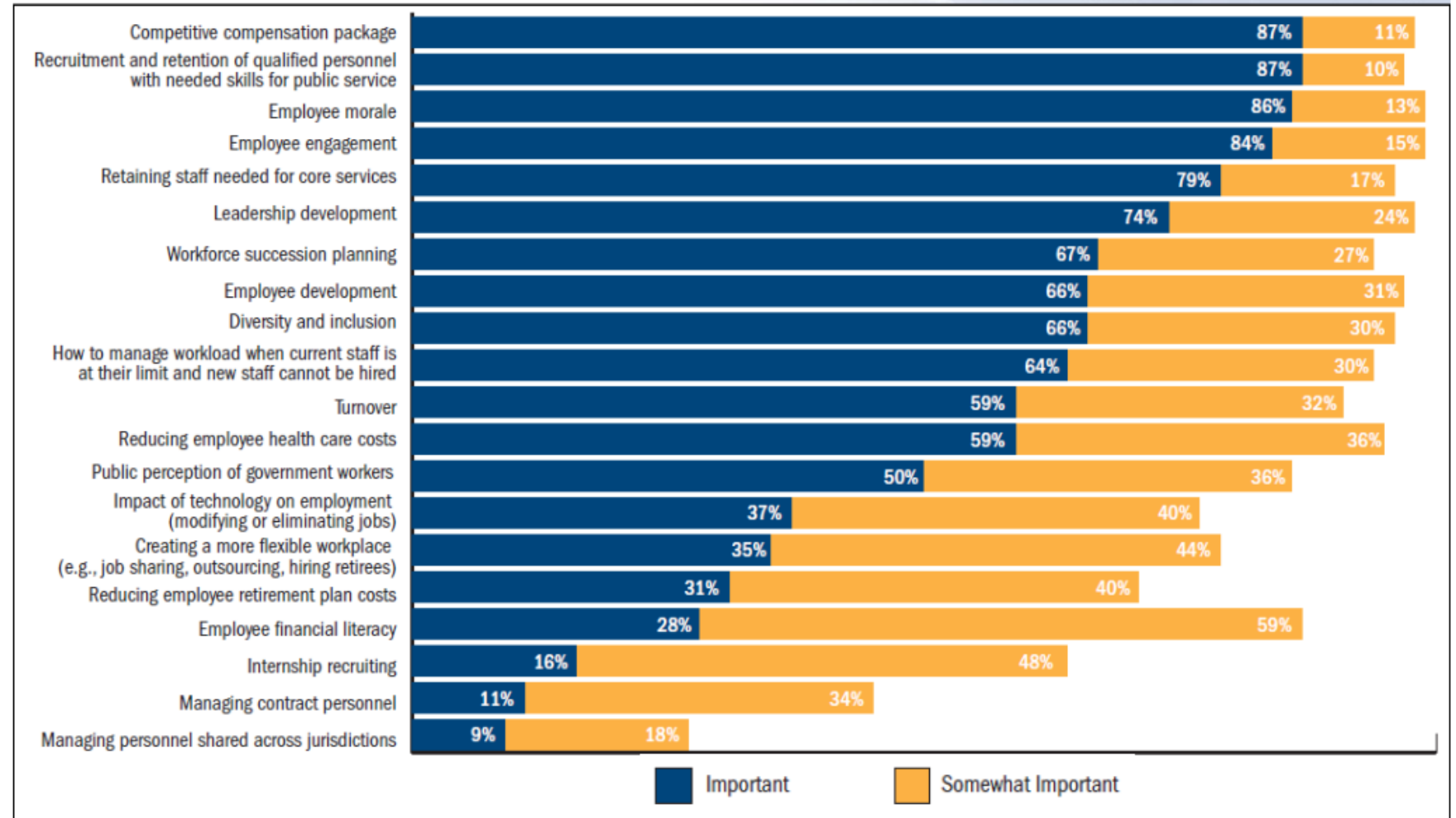
What we're learning about addressing culture

A winning and engaging culture has the following characteristics:

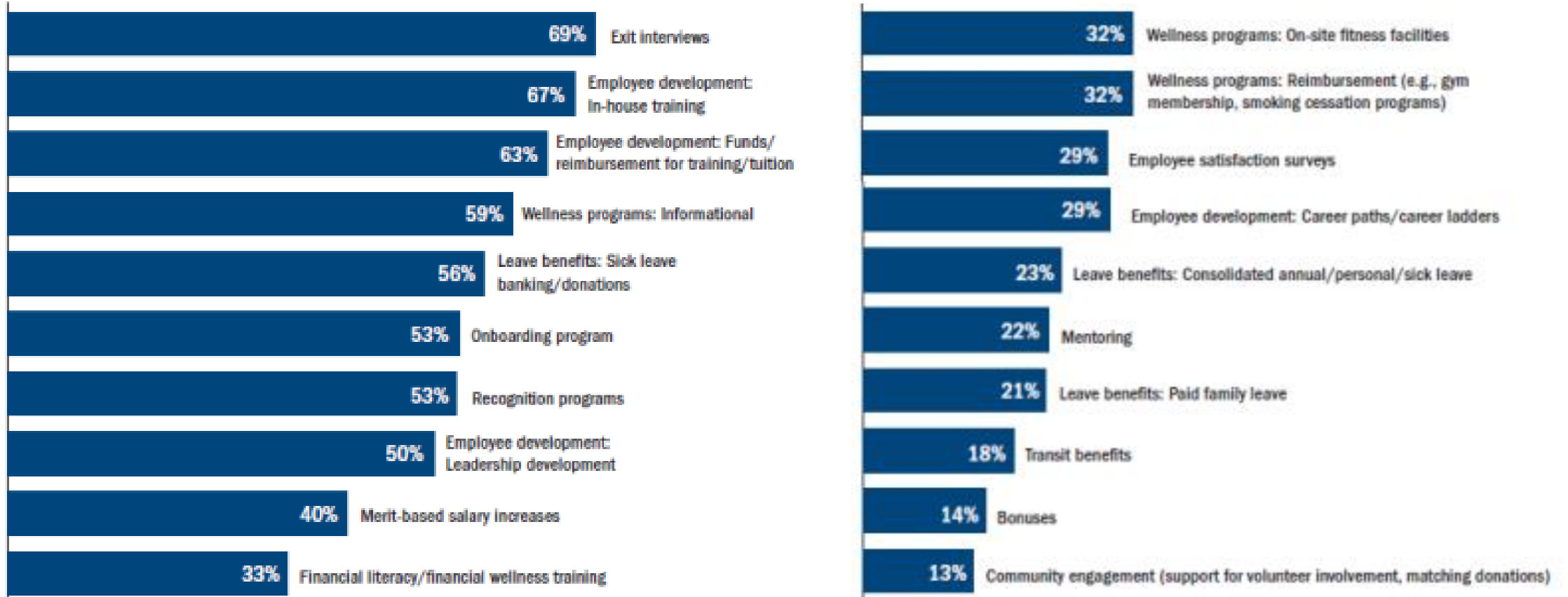
- Employees feel connected to the purpose behind the work
- People know what is expected of them
- Someone cares about them at work
- There is an emphasis on challenge, learning, and growth
- People have autonomy within certain “guidrails” to do the work
- People are recognized for their efforts
- Because employees are truly valued, the organization provides flexibility in scheduling, as well as other policies that support family and personal lives.

Center for State and Local Government Excellence

Talent trends: looking forward



Common actions taken for EE retention and development



Do you have enough activity focused on what will truly impact your target audience?

Final example

- A state's administration department has been improving its outside hiring process through a more diverse and qualified hiring pool for open positions
- Reduced the turnaround time from job posting to new hire by 75 percent, from as long as **330 days previously to an average of 45 days.**
- They've reduced a 1,000-plus step process by about 90 percent, while moving the hiring system from 99-percent paper- based to 99-percent electronic which will save state time and money in perpetuity.

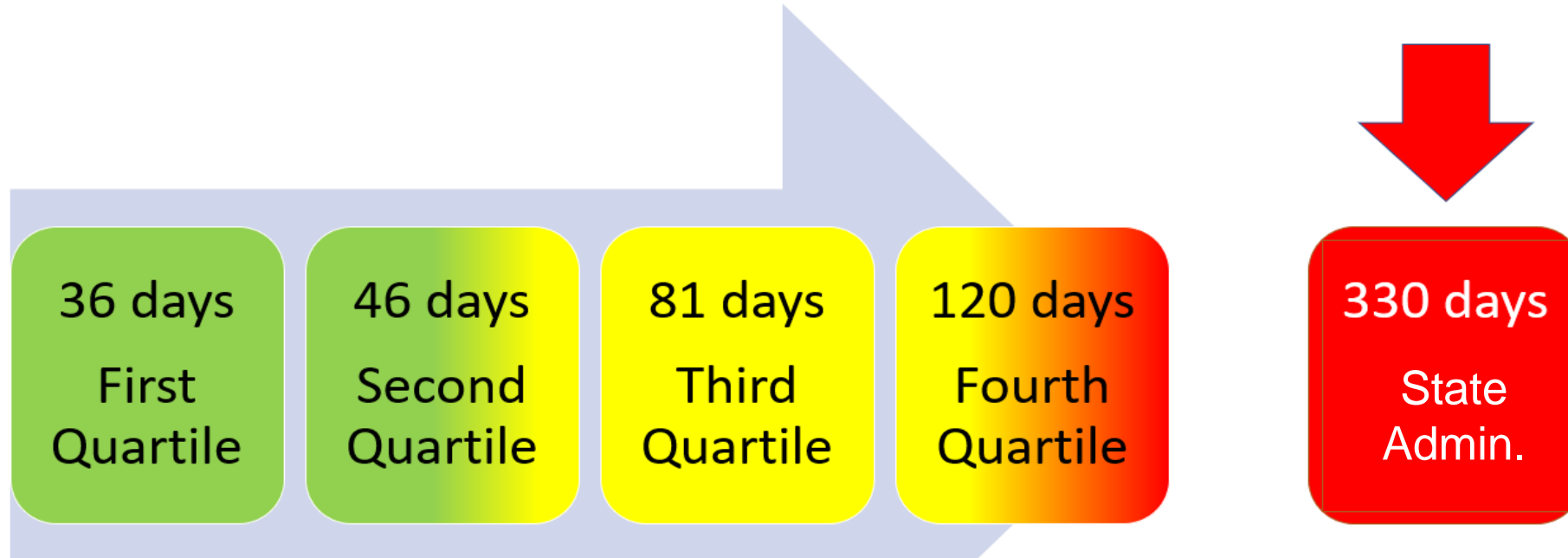
1,000+ unique process steps



Top improvements

Opportunity Description	Best Practice
Extended Hiring Cycle Time (200 – 350 Days)	Hiring Cycle time = 45 Days of Less
Lack of actionable performance data	Track all available performance metrics to enable informed hiring decisions
Applicants do not align to position specific needs	Position Specific Vacancies with Position Specific Requirements and Qualifications
Underutilization of available Technology	Fully Leverage Technology investment
99% manual paper processing	99% Automated and Electronic processing
Lack of Customer Service	Customer Oriented Process Approach

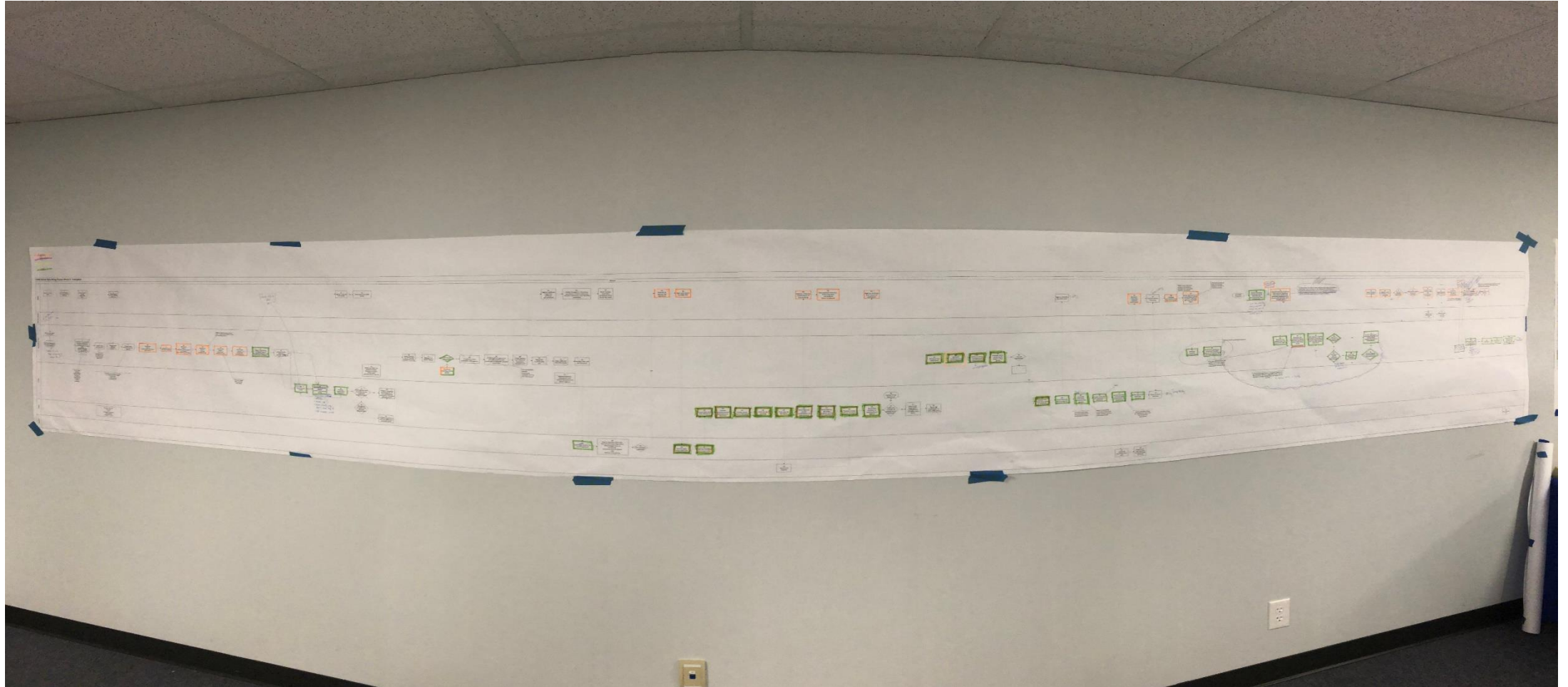
Addressing cycle time – national benchmarking



Consequences Include:

- Lose top candidates to nimble organizations
- Increase Agency operating costs
- Reduce service delivery performance
- Adverse impact to economically disadvantaged applicants

1,000 to 100 steps



Takeaways

Get proactive
about planning your
workforce needs

- Achieve strategy
- Mitigate risk

**Make succession
routine**


- Benefits will be numerous when engrained in your culture

**Tailor your
approach**

- Address the matters **your** organization finds most urgent



QUESTIONS AND ANSWERS



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