

# Effective Succession Planning: The Public Sector Imperative

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**Table of Contents**

[Introduction](#) \_\_\_\_\_ 2

[Brief Literature Review](#) \_\_\_\_\_ 2

[Current Case Studies](#) \_\_\_\_\_ 3

[WisdomNet Model and Experience](#) \_\_\_\_\_ 4

[Program Development](#) \_\_\_\_\_ 7

[Conclusion](#) \_\_\_\_\_ 8

[About the Author](#) \_\_\_\_\_ 8

[Select Bibliography](#) \_\_\_\_\_ 9

[References](#) \_\_\_\_\_ 10

## **Introduction**

The concept of succession planning has long been the subject of study in the private sector. The effects of succession on organizational and fiscal performance have created a large body of research that has focused on practices and pitfalls in succession planning. These studies, however, have focused primarily on the private sector, leaving a large gap in studies of public sector practices of succession planning. In fact, of nearly 131 studies of succession planning conducted from 1980-1993, only 5 were conducted in the public sector.<sup>1</sup> At the same time, there has recently been increased focus in the public sector on succession planning, and the dangers of not having adequate succession plans and mechanisms in place.<sup>2</sup>

Succession planning is the means by which an organization prepares for and actually replaces management and executives that have left the organization or their positions, and is critically important to the continued and future success of the organization.<sup>3</sup> This includes processes such as how it identifies successors, how it recruits these successors, how it actually manages transitions from one executive to another, and how it develops successors. Succession planning can also include the practice of identifying 'high potential' employees and tracking them into special training and development for future management roles. The practice of succession planning is key to sustaining organizational initiatives, performance, and the execution of its mission in the face of turnover. Succession planning in the private sector to date has been more formalized than in the public sector and the public sector has only recently begun to look at this issue systematically. Similarly, there is a strong lack of focus on succession planning in non-profits, although the need there is just as pressing. One study noted when examining the effects of turnover in the Senior Executive Service (SES) that: "The loss of experienced executives without adequate replacements can have a substantial, immediate negative effect on an organization".<sup>4</sup>

In addition to this increased focus on succession specifically, labor market conditions over the past several years have combined with demographic and social trends to increase the amount of competition for talent between the public and private sector. This has caused many public agencies to re-examine their approach to managing their talent, and examine how they can adopt strategies similar to the private sector for attracting and retaining talent. While there has been some success in these efforts, there have been many challenges specific to the public sector that have made implementation of these programs difficult.

This paper will briefly review the current academic knowledge of succession planning in the public sector. It will then focus on successful models and practices currently 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 non-profit sectors and the lessons learned from that work.

## **Brief Literature Review**

Kesner and Sebor (1994) undertook a comprehensive review of literature related to succession planning that had been published from 1960-1993. In this study, they drew several conclusions about the current state of literature on the topic: 1) That while the literature from the period of 1980-1993 has seen a sharp increase in the number of articles related to succession planning, an overall lack of successful, proven strategies still exists, 2) ambiguity still exists about the results of many successions and succession planning methods, and that 3) further exploration needs to be undertaken to have a clear picture of what factors influence successful transition and what strategies will be successful. In addition, they noted that most of the studies in this period had focused on the origin of the successor (internal or external) and the consequences of the succession (market response, fiscal performance, etc.), and that this period was really only the beginning of a comprehensive study of succession planning.<sup>5</sup>

Schall (1997) echoed this lamentation of the lack of literature about succession planning, particularly in the public sector. She noted that serious study of succession planning in the public sector began in 1992 with the National Academy of Public Administration (NAPA) study in response to the anticipated turnover crisis in the Senior Executive Service (SES) of the United States government and that to date, most literature has focused on transition of the chief executive officer. Finally, she noted that there was an overall lack of focus on successful transition at the agency level, and that this was an area for future research.<sup>6</sup>

In the non-profit sector, the literature is even more scarce. Kesner and Sebor found only 3 studies of transition in the non-profit sector in their review, and all of these were focused on universities. Santora and Sarros (1995) also noted that there is little conclusive data about transition in the non-profit sector, and that much future research was needed in that area. From these authors' perspective, the public and non-profit sectors have often lagged behind the private sector because of the belief on the part of many leaders in these sectors that no one else was capable of leading the organization and the often long tenure of public sector leaders.<sup>7</sup> Consequently, succession issues have just now begun to come to the forefront in these sectors. From our own client experience, the concern about the senior ranks of public leaders retiring in the next 2-5 years has once again raised the alarm for succession planning. While a more recent literature search shows that articles on succession in the private sector continue to proliferate, there continues to be a lack of strong public and non-profit sector models. Let's examine what we can learn from two successful case studies.

### **Current Case Studies**

Two case studies demonstrate models that are currently being used in the public sector for succession planning. One is from the Oklahoma Department of Corrections, and the other from the New York City Department of Juvenile Justice. These two are the most comprehensive public sector models in the current literature. Each model will be examined in detail for lessons that can be applied to other organizations.

The New York case focuses on sustaining innovations and programs started under one administration when a new one is going to take over, specifically after the election of a new mayor and the subsequent appointment of a new agency head. Schall briefly describes how other public officials have built support for sustaining programs across administrations, including such strategies as: 1) establishing a support base outside of government for the program(s) (such as business leaders), 2) identifying a champion in the incoming administration, 3) securing bipartisan political support for the program(s), 4) creating a strong base of support within the agency, and/or 5) achieving national recognition for the program(s).<sup>8</sup>

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

- Ensuring that the staff of the agency is well prepared for the change, and that the focus of sustaining innovations is a high priority.
- Creating (written) documentation of administration successes and keeping key staff involved in those successes in their positions, so that the leadership that followed would have the resources to draw on.
- Creating a champion for each program among the staff remaining through the transition.
- Preparing people in lower levels to assume higher-level responsibility in order to deal with anticipated turnover. This includes ensuring they receive adequate training and development and exposure to other functions in the organization for their potential roles.
- 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 that will be likely to embrace the innovations, and work to ensure that candidate is appointed to the agency head position.
- Working through the transition process with the successor to ensure that they are aware of the innovations, and the organizational support for sustaining them.

All of these factors helped the department sustain the various successful programs that had begun under the previous administration, in spite of turnover of the agency head and budget cuts. Several of these strategies can be duplicated in other organizations in the public sector, particularly when the leadership change is anticipated or when there is adequate notice of the change. In the case of this department, 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

## ***White Paper- Public Sector Succession Planning***

is often not the case in most successions, however, and ongoing systematic processes must be put in place to ensure that an organization is ready to deal with unexpected succession.

The Oklahoma Department of Corrections (DOC) case is focused more on the succession of personnel, and how these events are prepared for and managed on a systematic basis. The DOC operates under the assumption that in order to ensure that they have adequate resources to assume leadership positions, they must take a systematic approach to developing that talent.<sup>10</sup> The DOC views transitions as critical to the continued success and growth of the organization, and there is a strong commitment from the top to ensure that these 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 the availability of positions reaches everyone who is eligible. The department also directly encourages high performers in executive training and employee of the year recipients to apply.
- A rigorous interview process is used to make the initial selection of a candidate and the director of the department or his/her designee confirms this selection.
- The interview process itself serves as 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 depth and breadth of training and experience they need to prepare them for management positions. There is an extensive executive training program in place to help employees develop into management roles as well.
- The actual transition process is managed as a “learning journey”, with the new appointee participating in numerous learning discussions with existing 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 process to ensure that the commitment from the top is demonstrated and that everyone has a common understanding of the mission and expectations of the organization.

The strong commitment demonstrated by top management and the systematic approach to succession planning within the DOC helps to ensure that talent is always available and prepared to assume management roles within the agency when succession events arise. This systematic approach can certainly serve as a model to other public sector organizations.

### ***WisdomNet Model and Experience***

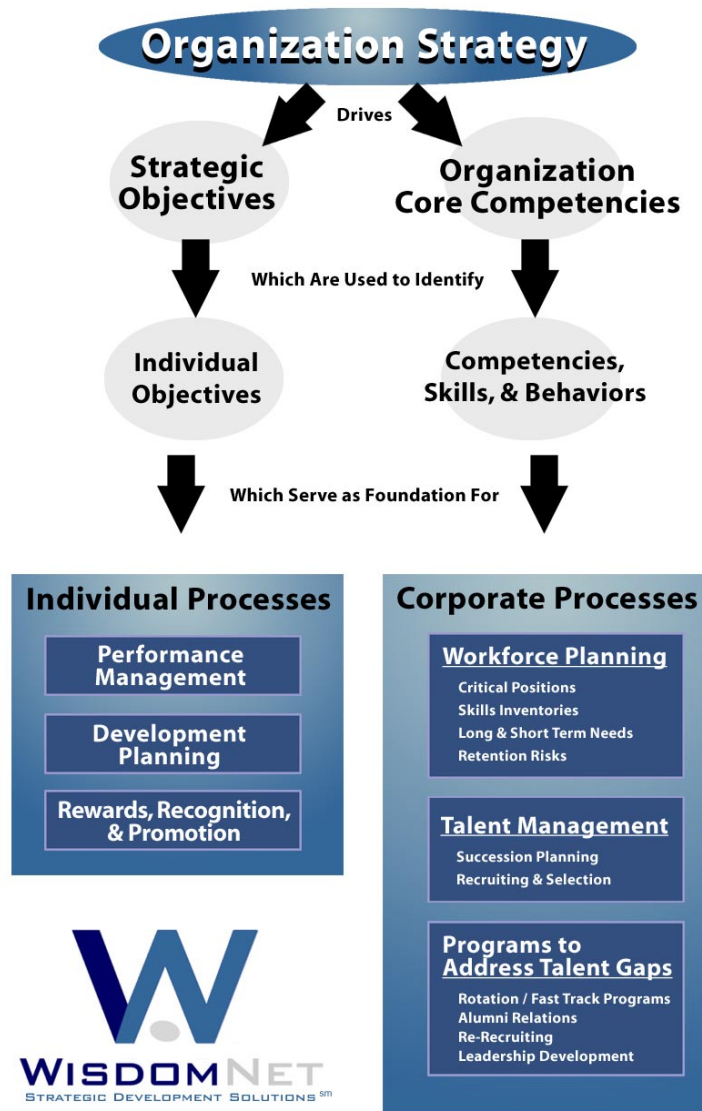
Our own experience working with public sector and non-profit agencies to help them improve succession planning comes from the federal, state, and local level with a wide range of missions and methods of operating, as well as extensive work in the private sector. Through this work, we have encountered numerous unique challenges in the public and non-profit sectors. Additionally, we have been able to successfully apply some of the “best practices” from the private sector in public environments. The most important lesson that we have learned is that succession cannot be taken as a separate program, but must be part of an integrated strategy for managing talent in the organization. Effective succession must be linked to several other management and HR processes within the organization, and must become part of the culture of the organization. Many public and private sector organizations look at succession planning as an annual event, where we put senior management in a room and talk about everyone in the organization who has the potential to be brought into their ranks. For many years, this was the model for succession planning- handpicked successors that were groomed for particular positions. While this approach was never really common in the public sector (given personnel system constraints), the private sector used it extensively. There are, however, many challenges associated with this approach, including:

- Picking the wrong candidates for succession, but creating an entitlement for that candidate that is difficult to manage
- Discrimination in many forms

- Inability to deal with unexpected succession needs or turnover of candidates
- Stagnation of ideas and capabilities at the top of the organization

These issues, along with the increased pace of change and intensity of competition forced the private sector to re-examine its models for succession planning.

As discussed, succession planning must be part of an overall talent management strategy. Just as important, it must be linked to the strategy and goals of the organization itself. The organization must first understand the vision of its own future and what the organization requires in terms of leadership and skills to achieve that vision. Our experience shows that without these two essential foundations, succession planning programs will fail to achieve their desired results. This concept is illustrated in the diagram below.



As the diagram illustrates, succession planning is one of a number of strategies that is employed to effectively manage talent in an organization, and to align the people in the organization to achieve its goals. All of these processes must work together and focus the organization on its overall mission. This diagram is also not

comprehensive, and there are a number of other strategies and processes that 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.

This diagram also serves as a roadmap for developing an effective succession planning program. First, the organization must get a clear vision of its strategy and where it is going. Next, it must determine the specific objectives that it will achieve and the organization competencies needed to achieve them. This drives out both the objectives of the individuals and teams in the organization, as well as the individual skills and competencies required for the future. All this is supported by processes that assess capability and gaps, measure performance, and address any identified gaps in capability.

Already this illustrates one of the challenges of effective succession planning in the public sector- strategy continuity. As Schall points out in her article, 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 future vision of the organization, the succession planning program is somewhat buffered from changes in priorities and programs. For example, developing strong project management skills in future leaders at an agency that is primarily focused on managing large projects makes sense. The particular projects and even some of the nuances of project management will change as the leadership and agenda changes, but the core skill is still required. In other words, *the particular objectives of the organization and the individuals may change, but many of the competencies and skills needed to be successful will remain the same.*

One of the most common challenges cited by public sector leaders and HR staff is the restrictions that the public personnel system places on their ability to implement private sector style programs. While this is certainly true of the traditional style succession planning programs, our own experience and more recent literature points to the need for these models themselves to change.<sup>11</sup> One of the most important changes (and the one that is critical for the public sector) is shifting from one-to-one replacement mapping to creating a “pool” of future leaders who are capable of meeting the succession needs of the organization. These pools are called “High Potential”, “Fast Track”, “Emerging Leaders” or any other of a number of monikers. Organizations are focusing on creating a profile of successful leadership in their organization and developing 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 most readily step into that position. In addition to avoiding the problems of entitlement and unexpected succession needs, this approach delivers the added benefit of increasing organization performance overall. The talent that participates in this pool is continuously improving their skills and competencies, and can apply these in their current role, leading to improved performance in the organization overall. Unlike the one-to-one replacement mapping programs of the past, organizations strive to make these pools more inclusive so that they can have more “bench strength” for future succession needs, as well as take advantage of increased performance in a broader range of staff.

This move to a pool concept is critical for public sector application. For our clients, we have used the pools to create a process that meets the needs of the organization and works within existing personnel rules. The essential elements of this approach include:

- 1) Utilizing an *open and competitive process* to become a participant in the pool. This often includes some sort of threshold criteria such as certain scores on past performance appraisals, time in position, certifications, or other factors.
- 2) Participation in the program is strictly *voluntary*. It is not a requirement of promotion nor is the participant penalized if they drop out.
- 3) Many of the activities take place *outside of work time*, or with the agreement of the participant’s supervisor.
- 4) When a management or leadership position opens in the organization, 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 as “Leadership Development” or some other similar name. Again the focus is on building overall leadership skills rather than replacement planning. One strong note: it is not in any way the intent of these programs to somehow subvert the existing personnel processes in the organization. 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 outside of the scope of this paper. However, there are several other important considerations that we have found when designing this type of program. First, an effective performance management process is an essential enabler of effective succession planning. Accurate data about performance over time for a potential leader must be available and part of the selection criteria for the program. If your organization does not have an effective performance management process in place, we would advise that you create that first. It will help ensure the success of your leadership development efforts and provide a much higher return on investment to your organization. A second consideration is the availability of information to analyze potential program participants and future leaders. Data elements analyzed should include performance over time, assessments of competencies and skills, previous experience, and time in position, and could include a wide range of other elements such as 360-degree assessments, career interest, and others. Technology often helps in gathering and analyzing this information, but is not required in order to implement an effective program. Certainly, the data gathering and management load can get quite burdensome without appropriate technology, but organizations that cannot afford the technology should not assume that they couldn't implement this type of program. As with all programs of this nature, senior and line management participation and buy-in is critical to success. Without their strong sponsorship and participation, these types of programs will quickly derail as a focus on other priorities shifts time and resources away from developing future leaders. Finally, there must be a close partnership with your organization's legal counsel to ensure that the program complies with all of the appropriate regulations. In all of our successful programs, we have worked extensively with in-house and external counsel to ensure a legal and defensible program.

### **Program Development**

For our clients, we suggest a basic process for starting the development of their program. The steps in this process include:

- 1) Determine your future Human Capital needs and challenges based on the organization's strategy
- 2) Find out what you know and don't know about your talent
- 3) Create a plan for filling in these information gaps
- 4) Develop a business case for why this program is important to the organization's future and the resources you will need
- 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 your plan
- 10) Measure your results and adjust the program as required

Again, the importance of legal review at each step of program development cannot be overemphasized. In addition, outside expertise should be brought in whenever appropriate during program development (i.e. any time internal staff is outside of their comfort zone). Outside consultants can help ensure that your program meets your needs and takes advantage of best practices from other organizations. Consultants can bring perspective for example, on how to use third parties to select your pool or what is available in terms of technology to help with your process. The consultants should not, however, be solely responsible for program design and implementation. It is critical that the organization owns the program and manages the implementation to ensure long-term success.

As the program is being developed, there are several common mistakes that can derail the program. We have seen organizations new to this area repeatedly fall into these traps and derail an otherwise strong program. Mistakes to avoid include:

- Making it an “HR” process: As discussed above, if it is perceived as an HR-only process and management does not buy in and participate, the program will not succeed.
- “Heir-Apparent” Syndrome: Falling into the replacement-planning mode and appointing de facto successors for positions that may become open. This will quickly undermine the credibility of the program and may cause legal issues.
- 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 has a high profile failure or of the program rapidly receives negative feedback, it won’t last long.
- Lack of Honest Feedback: In order for the development aspects of the program to be effective, the participants must get honest feedback about their areas for development.
- Poor Management Preparedness: Management must understand the program and support it, and they must give the participants that they manage the time and support they need to participate.

It is important to note that this is merely a high level overview of program development and key considerations. Design and implementation of these types of programs in the public sector is complex, and the organization must ensure that it has the appropriate expertise to design and deploy an effective program prior to starting down the path.

## **Conclusion**

Succession planning is an important element of an overall strategy for effectively managing talent and ensuring that your organization achieves its future goals. As organizations lament another impending “retirement crisis” and leadership shortage, succession planning is once again coming to the forefront in public sector human resources management. While the private sector has increasingly focused on creating succession planning programs that align with their changing business needs, the focus on this critical task in the public sector has lagged behind. This is largely due to the complexity of implementing this type of program 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 in the public sector is somewhat lacking, but there are successful public sector models and approaches that have been implemented at various levels. This paper illustrates examples from the literature and our own client experience. These approaches are linked to the overall strategy of the organization and integrated with other HR processes. 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 increasingly an imperative for public sector organizations and with the right focus and expertise, the public sector can effectively meet its talent challenges.

## **About the Author**

*Brian Wilkerson is the President of Wisdomnet Incorporated ([www.wisdomnet.net](http://www.wisdomnet.net)) in Denver, Colorado. Wisdomnet is a small consulting firm focused on providing process, technology, strategy, and people solutions to businesses, non-profits, and public sector organizations of all sizes. Mr. Wilkerson formerly held the position of Vice President- Human Resources Process & Planning for Level 3 Communications and was a Manager on the Global Transition & Transformation Team for Andersen Consulting. His previous experience also includes work as an independent consultant, operations management and international development in the non-profit sector, and governmental affairs. He has worked with several public sector organizations to create and implement effective talent management programs.*

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- 4 Barkdoll and Mocniak 1993, 28
- 5 Kesner and Seboria 355 and 361
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- 7 Santora and Sarros 1995, 29-30; Schall 1997, 9
- 8 Schall 1997, 4
- 9 Schall 1997, 7-8
- 10 Friedman 1990, 291 and 293-295
- 11 Metz 1998; Leibman et al 1995; Wilkerson 2002