

Succession Planning

Florida Inspector General Community



April 29, 2009

Enhancing Public Trust through Professionalism and Respect

OFFICE OF CHIEF INSPECTOR GENERAL



Melinda Miguel
Chief Inspector General

Succession Planning Florida Inspector General Community

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Charlie Crist
Governor

EXECUTIVE SUMMARY

As an Inspector General community, it is important that we continue demonstrating, to the people we serve, the value we add in providing oversight and transparency for government. Think of succession planning as life insurance for the Inspector General community.

As with all facets of government, we should also periodically perform an assessment to ensure that we have established ample succession planning within our respective organizations that allows for the continuity of our operations. This is particularly important in light of the added flow of funds through the American Recovery and Reinvestment Act of 2009 (ARRA).

To that end, the Reporting Committee, chaired by Inspector General Ron Russo, Florida Department of Transportation created a survey to aid in this endeavor. This survey gathered information about budgets, staff levels, audit and investigative activities, salaries, professional credentials and impacts on Inspector General offices resulting from ARRA.

The results of this survey indicate a need for succession planning for Offices of Inspectors General. Three specific areas of concern were identified:

- Of the thirty-one respondents, eight (26%) of the Inspectors General are either in the State's Deferred Retirement Option Program (DROP) or eligible for DROP;
- Of 21 investigators identified as eligible for DROP, 14 of those are law enforcement investigators employed by the Department of Corrections; and
- Six directors and managers were also identified as being eligible for retirement.

These represent areas the Inspector General community should focus on for succession planning.

We recommend the Inspector General community prepare to meet the impact of an aging workforce and budgetary challenges by ensuring each Inspector General:

- Conducts a periodic analysis of retirement eligibility and turnover rates to identify impacted areas;

- Evaluates their employee development and leadership training plans;
- Evaluates and enhances recruitment, training and retention strategies; and
- Develops a succession plan.

BACKGROUND AND INTRODUCTION

Predictions of the baby boom (born between 1946 and 1964) generation's affect on the availability of an experienced and trained workforce has been the topic of discussion and research in both the public and private sectors. As a result of fiscal constraints and downsizing, studies show government is one of the first sectors to feel the effects of an aging workforce. The U.S. Office of Personnel Management data reveals that, although retirement statistics reported for federal government employees has only increased from 3.1 percent in 2003 to 3.7 percent in 2007, in absolute numbers there were 10,000 more retirees in 2007.¹ Also, as budgets continue to decrease, this may have a negative impact on staffing levels and further impact continuity of operations.

In addition to the increased aging workforce, competition with the private sector for experienced employees and the challenge of hiring and retaining younger workers are issues facing the Inspector General community. The U.S. Bureau of Labor Statistics reports over the 2006-2016 period, the labor force in the 25 to 54 age group will decline by 3.8 percent and workers 55 and older will increase 5.9 percent.²

Although succession planning is often focused on top leadership positions, a review of literature emphasizes the need to look at critical skill areas at all levels in an organization. Planning must begin well in advance of anticipated vacancies. However, the Inspector General community does not currently have a formal plan to transfer knowledge in key positions or to measure trends within the workforce.

To assist in planning and decision-making, our analysis provides statistical information about the retirement eligibility of Inspector General community employees. Rather than assuming all retirements are equally significant, we approached our analysis by identifying key positions where the loss of knowledge and experience may have more impact.

¹ The Tides of Time by Brian Friel, Government Executive eNewsletter, February 20, 2008, http://www.govexec.com/story_page.cfm?filepath=/dailyfed/0208/022008mm.htm

² Tomorrow's Jobs, Bureau of Labor Statistics, Occupational Outlook Handbook, 2008-09, Bulletin 2700

PURPOSE, SCOPE AND METHODOLOGY

The **purpose** of this document is to evaluate the need for succession planning for the Florida Inspector General community.

The **scope** included all Governor’s Agency Inspectors General and Inspectors General of cabinet and legislative agencies as follows:

CHIEF INSPECTOR GENERAL AGENCY SURVEY RESPONDENTS			
GOVERNOR’S AGENCIES			
Business & Professional Regulation	Citrus	Community Affairs	Corrections
Children & Families	Education	Elder Affairs	Environmental Protection
Governor’s Office	Health	Health Care Administration	Juvenile Justice
Lottery	Management Services	Military Affairs	Persons with Disabilities
Department of State	Transportation	Workforce Innovation	
OTHER AGENCIES			
Agriculture and Consumer Services	Financial Services <ul style="list-style-type: none"> • Financial Regulation • Insurance Regulation 		Fish and Wildlife Conservation
Attorney General	Law Enforcement	Public Service Commission	Revenue
Supreme Court	Highway Safety and Motor Vehicles		Veterans’ Affairs

The **methodology** included research into succession planning best practices and a survey of Inspectors General designed to gather information about budget, staffing, audit and investigative activities, salaries, professional credentials and impacts on offices of Inspector General resulting from ARRA.

RESULTS OF REVIEW

The results of this review indicate a need for succession planning for offices of Inspector General.

Three specific areas of concern were identified:

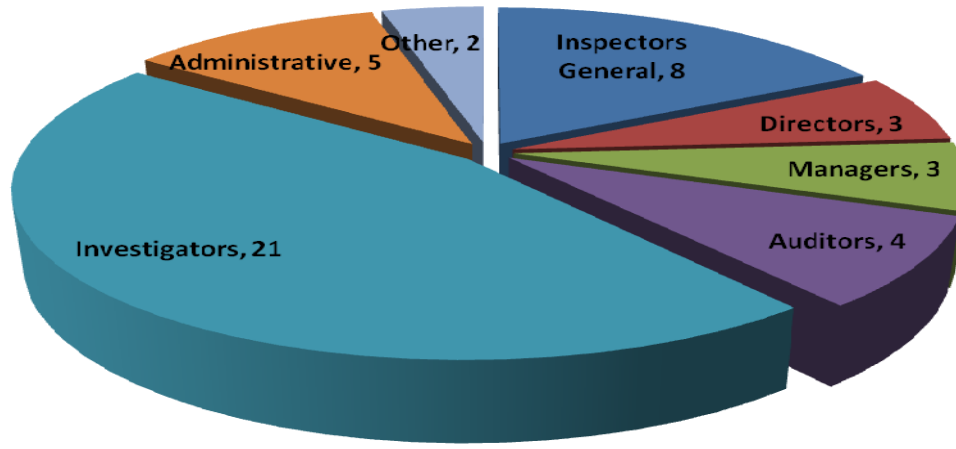
- Of the thirty-one respondents, eight (26%) of the Inspectors General are either in the State’s Deferred Retirement Option Program (DROP) or eligible for DROP.
- Of 21 investigators identified as eligible for DROP, 14 of those are law enforcement investigators employed by the Department of Corrections.
- A review of directors and managers identified six who were eligible for retirement.

These represent areas the Inspector General Community should focus on for succession planning. The following table summarizes the survey results.

INSPECTOR GENERAL STAFF RETIREMENT ELIGIBILITY							
	Inspectors General	Directors	Managers	Auditors	Investigators	Admin.	Other
Currently in DROP -	5	2	0	4	0	3	1
Law Enforcement – Currently in DROP	0	0	0	0	4	0	0
Eligible for DROP	2	1	2	0	2	2	1
Law Enforcement – Eligible for DROP	1	0	1	0	15**	0	0
TOTAL	8	3	3	4	21	5	2
Military Orders for Deployment	0	0	0	1	0	0	0
TOTAL	0	0	0	1	0	0	0

****Note:** Of the 21 investigators eligible for DROP 14 of those are law enforcement investigators employed by the Department of Corrections.

Succession Planning Inspector General Staff In or Eligible for DROP



According to the U.S. Office of Personnel Management, the annual federal government retirement rate was 3.7 percent in 2007.³

These measures provide only a general comparison since the federal rate is reporting actual retirements while the Inspector General community rate measures employees eligible to retire. The economic downturn and the rising cost of health benefits could encourage department employees to work longer. Conversely, the budgetary downturn could result in potential staff reductions.

Some offices within the Inspector General community use a number of tools for employee development, such as supervisor and leadership training, awards and recognition programs and core leadership competencies. However, these are not used consistently throughout the community.

According to a survey by the National Academy of Public Administrators, personal involvement and commitment of top leadership is the single greatest determinant of the success or failure of a succession program. Only top leaders can sustain the focus and resources needed to develop future leaders. Other benchmarks for success are:

- Integration with strategic business plans and human resource processes;
- Ownership of succession plans by line-managers;
- Identification of leadership competencies;

³ The Tides of Time by Brian Friel, Government Executive eNewsletter- February 20, 2008, http://www.govexec.com/story_page.cfm?filepath=/dailyfed/0208/022008mm.htm

- Development of a leadership pool based on assessment and development of competencies in potential candidates;
- Regular performance reviews;
- Development of leadership through varied job assignments, education and training and self-development; and
- Provision for accountability and follow-up using measurable outcomes.⁴

An analysis of employee data is a key element in succession planning. Turnover rates, hiring and demographic data, and retirement eligibility provide relevant trend information. Another reliable indicator for anticipating future vacancies is an employee's participation in DROP which provides lead time to prepare candidates and document crucial knowledge.

To provide for continuous improvement, knowledge management methods and procedures are needed to document accumulated knowledge, lessons learned and best practices. Many strategies for transferring knowledge are available.⁵

Succession planning resources to assist the Inspector General community include the following:

- U.S. Office of Personnel Management planning guides, The Workforce Planning Model and The Succession Planning Model.⁶
- Supporting Knowledge Management: A Selection of Methods and Techniques – by Karl M. Wiig, et al.⁷

⁴ The Workforce Challenge: Recruiting, Training, and Retaining Qualified Workers for Transportation and Transit Agencies - Special Report 275 (2003) pages 119-120, Transportation Research Board

⁵ Supporting Knowledge Management: A Selection of Methods and Techniques – by Karl M. Wiig, et al.

⁶ Succession Planning Model: www.opm.gov/hcaaf_resource_center/assets/Lead_tool1.pdf
Workforce Planning Model: http://www.opm.gov/hcaaf_resource_center/assets/Sa_tool4.pdf

⁷ Knowledge Research Institute: <http://hcs.science.uva.nl/kennisenleren/cursus0102/wiig.pdf>

CONCLUSION AND RECOMMENDATIONS

A commitment by top management is the key to successful succession planning. It is essential that management understands what knowledge is at risk, its impact on the individual offices and Inspector General community as a whole, and how the community is managing the risk.

An analysis of employee data and development of knowledge management methods are effective tools for providing this information. Through careful planning, the community can prepare for the loss of leadership and make the challenge of an aging workforce and budgetary challenges manageable.

We recommend the Inspector General community prepare to meet these impacts by ensuring each Inspector General:

- Conducts a periodic analysis of retirement eligibility and turnover rates to identify impacted areas;
- Evaluates their employee development and leadership training plans;
- Evaluates and enhances recruitment, training and retention strategies; and
- Develops a succession plan.