Agency Guide to Workforce/Succession Planning

October 2021

TN Department of Human Resources

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Definition

Workforce Planning is the process used to manage the staffing levels and skill mix needed to meet an agency's strategic mission.
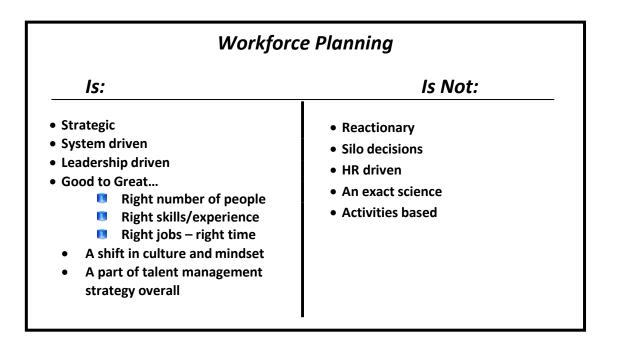
Why do Workforce Planning (WFP) in Tennessee?

There is significant data to support that the public and private sectors across our nation, including Tennessee state government, will continue to face challenges that threaten productivity in Tennessee and the nation:

- getting more done with less

- meeting diverse customer needs

- working within very constrained budgets

- staffing within a forecasted labor shortage created by baby-boomer retirements and the changing workforce needs

Workforce planning is a well-established process used by leaders in the public and private sectors to forecast talent needs and develop the workforce to meet the agency's needs. The output of the process is:

1. The number and types of jobs needed to fulfill the agency's mission

2. Clear strategies to

   a. Develop the needed core skills

   b. Attract and retain the needed skills

   c. Ensure solid leadership is in place over time

Workforce Planning

Is:	Is Not:
• **Strategic**	• **Reactionary**
• **System driven**	• **Silo decisions**
• **Leadership driven**	• **HR driven**
• **Good to Great…**	• **An exact science**
■ **Right number of people**	• **Activities based**
■ **Right skills/experience**	
■ **Right jobs – right time**	
• **A shift in culture and mindset**	
• **A part of talent management strategy overall**	

In Workforce Planning there are
3 groups to consider simultaneously...

Future Employees	Current Employees	Transitional Employees
• **Recruiting** • **Selecting** • **Learning Curve** • **1ˢᵗ 90 Days with on-boarding assimilation**	• **Retaining** • **Developing** • **Succession preparation** • **Adding value**	• **Transfer of knowledge/skills** • **Replacing** • **Leaving a legacy**

Who does Workforce Planning (WFP)?

WFP is a strategic process that has significant impact on an agency's performance; therefore, agency leaders are ultimately accountable for Workforce Planning.

Best practices show that agency leaders identify and actively sponsor a small cross-divisional team to implement the process into the agency.

Embedding workforce planning into the agency culture requires strong leadership and a focused implementation team committed to the process. It is a journey, not an event.

Workforce Planning Status Check
Self-Assessment

Is Your Agency Ready?

	Yes	No	Not Sure
1. We know our critical "must fill if vacant" positions.			
2. We know our aggregate current and projected turnover rates.			
3. We know why those who leave choose to do so.			
4. We know why those who stay choose to do so.			
5. Our strategic plan addresses the human resources needed to accomplish our mission.			
6. Our hiring practices identify and attract the kind of applicants we need to accomplish our mission.			
7. We know the knowledge and skill mix associated with all key roles.			
8. Our managers create a work climate that retains high performers.			
9. Employees have individualized development plans designed to support the agency's mission.			
10. We use a variety of methods to assure transfer of knowledge.			

State of Tennessee's Workforce Planning Model

Phase 1: Set Agency Strategic Direction

Assess, evaluate and gain shared mindset within the agency regarding:

- Mission, Vision, Values
- Cultural Assessment
- Brutal Facts
- Agency Core Competencies
- Core Product and Services
- Key Customers
- Key Processes
- Agency strategic talent goals and long term priorities over the next 3-5 years

Output:

- Organization Profile (Baldrige Level 1 application ready)

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Phase 2: Conduct Workforce Analysis

- Develop future workforce profile for the agency = Demand Profile
- Determine current workforce profile = Supply Profile
- Analyze discrepancy between Supply and Demand = Gap Analysis
- Identify mission critical roles

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Phase 3: Develop the Workforce Plan

- Prioritize the talent gaps in terms of urgency and impact
- Generate a Workforce Plan consisting of large term and quick win talent strategies to close the talent gaps
- Establish development opportunities to close the talent gaps
- Formalize agency succession plan

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Phase 4: Implement the Workforce Plan

- Establish a talent management advisory committee to support talent management efforts
- Identify strategy teams or individuals accountable to implement each part of the talent management strategy and workforce plan
- Utilize established best practices in strategy implementation and project management for operationalizing talent management action plan

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Phase 5: Monitor, Evolve, Embed

- Assess what is working and not working and make adjustments to the workforce plan
- Proactively identify and address emerging organizational and environmental issues that affect the workforce plan
- Continuously improve the Workforce Planning process annually to embed it into the agency culture

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Phase 1: Set Agency Strategic Direction

A Strategic Plan charts the agency's future with broad mission-related goals and supporting strategies that drive the type of work to be accomplished.

Workforce planning complements an agency's strategic planning and performance-based budgeting. It translates strategic thinking into concrete discussions about workforce staffing and development needs.

Key Actions

Using a three-year planning horizon, agency leaders:

- ■ Reach consensus on:

  - Mission, Vision, Values
  - Cultural Assessment
  - Business Drivers
  - Targets for Success
  - Brutal Facts

  - Agency Core Competencies
  - Customers
  - Core products and services
  - Key Processes
  - Agency Goals

- ■ Analyze budget estimates to determine whether there will be budget issues affecting the current and/or future workforce
- ■ Determine if technology changes will impact the way the work is performed
- ■ Determine if current, new, or anticipated legislation will affect the agency

Two key questions that must be answered by leadership <u>before</u> moving to Phase 2:

1. Will implementing the WFP process in our agency strategically help us meet our mission? If yes, then answer Question 2.
2. *Who needs to lead and/or participate in the small WFP project team that will utilize our agency's strategic information to implement the WPF process? Note: The project team should consist of individuals from different divisions who have knowledge and interest in the future of the agency. The team leader should be a motivated employee that will view the assignment as a high visibility project and a career building opportunity. <u>Best practices indicate HR is a vital member of the team</u>.*

Phase 2: Conduct Workforce Analysis

When starting Phase 2, the agency determines the size and scope of its Workforce Plan. The question must be answered: Does our plan cover the entire workforce or a more limited scope? For example, a retirement wave is not in itself a workforce challenge. It becomes a challenge when it involves individuals whose work or historical knowledge has a direct impact on the agency's ability to produce its core products/services and meet customer needs. When making this decision, agency leaders will determine if their whole agency needs a Workforce Plan or if they should focus on:

- A particular function or department

- Mission-critical roles

- Difficult roles to recruit or retain

- An agency-specific strategy or future change to ensure that qualified people are employed

- A combination of the above

Once the size and scope of the decision is made, the Workforce Analysis generates a **Demand Profile** and a **Supply Profile.** The agency decides if it wants to start with *demand* or *supply*. Research shows that beginning with *demand* better focuses decision-makers on the issues because it highlights the future human resources needed and assists in providing a more targeted analysis when generating the Supply Profile.

Demand Profile

The Demand Profile shows the workforce needed to accomplish future functional requirements and carry out the agency's mission.

The following types of data are analyzed to create the Demand Profile:

- **Strategic** plan and agency goals (Phase 1)
- *Internal factors* affecting the workforce such as strategies, structure, policy, core processes, laws, etc.
- Significant external **demographic** issues that are likely to influence the demands placed on the agency
- How *technology* will be used to enhance services provided, and/or identify jobs that will be affected by enhancements
- The *economic* considerations that have particular relevance to the agency and its programs and services
- The *labor trends* relevant to the agency's mission, student information available from educational institutions, issues associated with the use of non-permanent staff, including cost and supply, and outsourcing costs.

Through analysis and dialogue, the Demand Profile is created to show:

1. What work the agency will do in the future

2. How that work will be performed

3. The number and location of needed employees

4. The mission critical knowledge, skills, abilities, and competencies.

Agency leaders have a decision to make as to the depth of knowledge, skills, abilities, and competencies work they choose to do for their Workforce Plan.

Best-case scenario, competencies should be defined at both the agency and individual role level. At minimum, competencies can be taken from job class specifications and position descriptions, but assume it will lack a level of precision and detail.

The set of competencies provides managers and staff with a common understanding of behaviors that are most important to the agency. Competencies also serve as key information when making decisions about recruitment, employee development and performance management.

Initial work to build a competency-based agency is labor intensive. Agency leaders will want to review the purpose of their Workforce Plan when making the decision regarding the depth of competencies.

Supply Profile

The Supply Profile has two parts. Data is analyzed to generate a **Supply Existing Profile** and a **Supply Future Profile.** The key in this step is to focus on data important to the agency's mission with the caution not to devote too much time to this phase.

Create a **Supply Existing Profile** by gathering the following data:

- Number of employees
- Job classifications/occupations
- Competencies
- Length of service

At a minimum, the **Existing Profile** should reflect number of employees, core knowledge and skills.

Create a **Supply Future Profile** by projecting the **Existing Profile** into the future, assuming only that normal course of action continues with management taking no action to address attrition or develop existing staff. Consider the following actions:

➢ Review trend data such as recruitment, retention, turnover, promotion patterns, retirement rates and exit interviews

➢ Review organization structure in terms of layers and number of direct reports per supervisor

➢ Project what the skill and experience level of the current workforce will be in the future

➢ Identify challenges that might affect the agency's ability to recruit and retain mission-critical skills

At a minimum, the **Future Profile** can be accomplished by taking attrition rates for the agency and/or classification area and applying those to the **Existing Profile**. This shows the projected workforce supply in terms of staff numbers and knowledge, skills, abilities, and competencies.

Gap Analysis

Gap Analysis determines the agency's ability to fulfill the workforce **demands** based on the **Supply Future Profile**. The expected result is the identification of human resource **gaps** in the agency's ability to accomplish its mission because of:

▬ Capacity   ▬ Capability   ▬ Diversity

Capacity and Capability

The analysis may reveal a shortage of workers or the needed knowledge, skills, abilities and competencies. It may also show a surplus of workers or knowledge, skills, abilities and competencies that will not be needed in the future or at least will not be needed to the same extent. Either result has significant implications for Phase 3.

Diversity

Diversity is about making the most of all the talent inside an organization to improve the products and services delivered to customers. Customers come from different groups of people with different ideas about what is good for them. Organizations that tap into the breadth of talent that each group of employees has to contribute are in a better position to anticipate, understand and meet the diverse needs of their customers.

Gap Analysis

The Gap Analysis should answer the following questions:

- How will the anticipated demand for the agency product and services impact the size, skills and competencies of the current workforce?

- Does the current or future labor market indicate the appropriate availability of talent needed for the agency to stay competitive?

- Does the agency's workforce currently have the anticipated needed competencies?

- What new competencies will the agency need to accomplish its mission and goals?

- What job functions or skills will no longer be required?

Phase 3: Develop the Workforce Plan

The agency's Workforce Plan is comprised of strategies (programs, policies, processes and practices) that close the gaps and assist an agency in recruiting, developing and retaining the staff critical to achieve its mission and goals.

Prior to generating WFP strategies, the gaps (shortage and surplus) should be prioritized for urgency and impact and an open discussion held regarding the following factors:

1. ***Time:*** Is there enough time to develop staff internally for anticipated vacancies or new competency needs?

2. ***Resources:*** What is the availability of financial and human resources to provide assistance (i.e., technology, websites, templates, process development or re-engineering, training, etc).

3. ***Internal depth:*** Do existing staff demonstrate the potential or interest to develop new competencies and assume new or modified positions or is external recruitment needed?

4. ***In-demand competencies:*** Do the gaps indicate need for competencies that will be difficult to find in the labor market? How does that influence the strategy to recruit, develop internally, or create a succession plan?

5. ***Organizational structure:*** Does the existing structure create barriers to strategy implementation?

6. ***Job classifications:*** Do the current job classifications and position descriptions reflect the future functional requirements and competencies needed?

Strategies to close gaps are linked to the business and fall into the broad categories of:

- ■ ***Recruitment/selection:*** to find and hire recent graduates or qualified candidates from other agencies or the private sector.

- ■ ***Staff development:*** to prepare employees for different positions, titles, or occupations.

- ■ ***Succession planning:*** to ensure there are highly qualified people capable of filling mission-critical positions.

- ■ ***Knowledge transfer:*** to capture the knowledge of experienced employees before they leave the agency.

- ■ ***Retention:*** to encourage employees to stay in the agency.

- ■ ***Redeployment***: career transition or separation for surplus roles.

- ■ ***Position classification actions:*** redefining class series, adding new job classifications, and rewriting job descriptions to better reflect future functional requirements.

- ■ ***Leadership Development:*** to provide agency with qualified leaders to meet business objectives and achieve the mission.

Phase 4: Implement the Workforce Plan

At this point, the agency is implementing a single Workforce Plan, which consists of a number of strategies. If the agency has a robust strategic planning process, the Workforce Plan should be integrated into that process. If the strategic planning process is limited, there will need to be additional emphasis placed on implementation.

Each strategy should strive for both long term and quick win solutions and consider:

- Processes impacted, improved
- Resources to implement and maintain – people, dollars, and technology
- Culture as enabler and/or barrier

- Policies impacted, improved
- Knowledge/Skills/Abilities/Competencies to implement & maintain
- Timeline to execute the strategy
- Structure if it is a barrier

Apply benchmarked best practices

There are several well-established best practices that influence effective implementation of the agency's WFP:

- Establish a WFP decision-making committee that will champion and hold each other and the agency accountable for implementation of the plan and all strategies.

Key responsibilities of the WFP Committee:

- Evaluate the effectiveness of implementation and break down identified barriers and challenges
- Review metrics and generate recommendations for Agency Appointing Authority
- Assess which strategies are working and which are not and adjust the WFP and strategies as needed
- Address emerging workforce and organizational issues that impact the WFP
    - Enlist the broader executive and senior leadership team's buy-in and support so they speak to the value and factor in the WFP in their operational and strategic decision-making. Clearly communicate the Workforce Plan to agency staff explaining the why and how of development, how it will be implemented, how it will affect staff and how it will be monitored and maintained.
    - Apply standard change management practices.
    - Create a through communication plan for initial and ongoing information on the WFP.
    - Apply standard project management principles.
- Identify a leader for each strategy within the Workforce Plan
- Allocate necessary resources
- Clarify roles and responsibilities for accountability throughout implementation and maintenance
- Establish clear timelines with milestones for key deliverables

Phase 5: Monitor, Evolve and Embed

Place the same degree of focus on Phase 5 as placed on Phases 1-4. The ultimate goal is to embed the Workforce Plan process into the agency culture. The WFP committee holds the agency accountable for proactively planning, aligning and managing workforce capacity and capability needed to meet the mission and objectives.

For WFP Committee effectiveness consider:

- Rotating leadership among functional leaders, continuing to have HR on the team

- Meeting frequency to ensure that meetings are scheduled regularly and far enough in advance to allow maximum participation

- Meeting agenda to encourage dialogue, debate, and decision-making

- Recognizing strategy teams successes

Workforce Planning Frequently Asked Questions

✓ **What is the difference between Workforce Planning and a Workforce Plan?**
   Workforce Planning is the strategic **process** that enables leaders to anticipate and proactively manage the capacity and capability needed to meet the agency's mission. A *Workforce Plan* is the **output** of the process that outlines the strategies to close the gaps in talent resource shortages.

✓ **Is an agency required to do Workforce Planning?**
   Although Workforce Planning is not legislated in the state of Tennessee, effective leaders use Workforce Planning to proactively plan, align and manage the human capital resources needed to achieve their mission and objectives.

✓ **Isn't Workforce Planning HR's job?**
   Workforce Planning is a core responsibility of agency leaders because they are accountable for achieving the agency's mission. HR plays a crucial role in supporting leaders to meet this responsibility.

✓ **Can't I just complete a template that calculates what my agency needs?**
   The critical component of effective Workforce Planning is strategic data-driven talent decision-making specific to an agency or division, which ultimately is a leadership responsibility. The process and supporting tools help leaders in their talent decision-making.

✓ **How do I generate a Workforce Plan?**
   An agency leader identifies and sponsors a small project team and ultimately a WFP Committee. Through a facilitated process, the team uses the five-phase process outlined in the Guide.

✓ **How long will it take to generate a Workforce Plan for my agency?**
   The time it takes to actually generate a Workforce Plan is totally dependent upon an agency's needs and resources. Agency leaders will determine if focus will be on a specific role, a function, or if the entire agency needs a Plan.

✓ **My agency is unique; will the process actually meet our needs?**
   The process/tools are designed to guide your agency. Your agency should adapt the process in a way that makes managerial sense, factoring in agency size, structure, mission and programs.

✓ **Is there anyone who is going to help my agency?**
   DOHR's LLD Division will provide the process/guide/tools, facilitation, training, as well as become an active member of your implementation team. The Director of Talent Management will serve as an ongoing strategic consultant to the agencies identified talent management and workforce planning committee.

Lessons Learned from Benchmarked States:

The Tennessee WFP Process is the result of a benchmark study of states that have strength in workforce planning. Georgia, Louisiana, Minnesota, Texas, Virginia, Washington and Wisconsin were studied via selected interviews, analysis of documentation and website reviews.

- It is important to focus on critical business priorities facing an agency; otherwise, the work loses urgency and support.

- Voluntary use of the process is preferred over mandatory or forced compliance.

- The process must be adapted to the agency's business need and priority goals.

- The process takes time and is dependent on the agency's culture.

- Adequate resources must be ensured from the outset.

- Small initial steps should be taken.

- The process should not be overly paperbound.

- Important to document and act on feedback throughout the process.

- Accountability and communication are important.

- Expectations and responsibilities should be clearly defined.

- Commitment from the bottom and the top is needed if the process is to work.

- It is important to have a strong shared responsibility between management, HR and performance-based budgeting/strategic planning staff when doing Workforce Planning.

- The process cannot be dictated or led by HR—rather it needs agency executive leadership and broad-based agency involvement.

- The project team responsible for generating and implementing an agency's Workforce Plan should be carefully selected to ensure an agency's needs are adequately represented and reported regularly to the Agency Appointing Authority.

Succession Planning in Workforce Planning

Reasons for succession planning:

- **Retain key talent**
- **Prepare individuals for future challenges, e.g. growth, new strategies, etc.**
- **Accelerate development of key individuals**
- **Ensure continuity of management culture**
- **Avoid lost productivity**
- **Control cost (developing internal talent is less expensive than hiring)**
- **Make the organization more attractive to job candidates**
- **Achieve diversity goals**

Grow Your Own Leaders, William Byham

Types of Succession Planning

Role Based

Focuses on key positions which are difficult to fill or critical to business success

Pool Based

Focuses on a number of high-potential people who could move into any of several positions within the organization, sometimes called an Acceleration Pool

Statewide Programs:
- LEAD Tennessee
- Tennessee Government Executive Institute
- Tennessee Government Management Institute
- Accelerated Leadership Institute
- Agency Leadership Academies
- Other programs as defined