Succession Planning

“The Recovery Period”

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Succession Planning
"The Recovery Period"

Introduction

"The Department of Juvenile Justice (DJJ) administers South Carolina's juvenile justice system at the state and local levels. DJJ has adopted restorative justice and treatment in the least restrictive setting as its guiding principles. Restorative justice places equal emphasis on accountability to victims, restoration of harmony in communities where crime has caused harm, and the development of pro-social skills in offenders to prevent re-offending. The least restrictive principle calls for juvenile offenders to be treated in the least restrictive setting that is commensurate with public safety. Restorative justice is in alignment with DJJ's statutory mandates, which include sanctions and services for offenders, and consultation/information sharing with victims as decisions are made about delinquency cases. The least restrictive principle appears in the Children's Code and is embedded in DJJ's mission statement. The framework of DJJ's mission is set forth in statute, Section 63-19-10\(^1\) establishes DJJ as a state agency. The mission states that: *The South Carolina Department of Juvenile Justice supports the Governor's vision for our state by protecting the public and reclaiming juveniles through prevention, community programs, education, and rehabilitative services in the least restrictive environment.*\(^2\)

\(^1\) South Carolina Children's Code. CHAPTER 19. JUVENILE JUSTICE CODE. ARTICLE 1. GENERAL PROVISIONS. SECTION 63-19-10

\(^2\) South Carolina Department of Juvenile Justice Accountability Report (2011-2012)
Problem Statement

To ensure that Department of Juvenile Justice has the required staff to meet the Department’s mission, it is imperative that DJJ hire, retain and train the necessary human capital. In concert with the hiring and retention of this talent, it is also important that DJJ identify and effectively place its “star achievers” in the most critical positions within the department. This can only be effectively accomplished through a well developed succession plan that includes an in-depth analysis of the department’s current human capital. Through this process the Department can identify its current needs and develop a gap analysis on training needs, knowledge transfer needs, recruiting needs, talent deficiencies, as well as demographic shortfalls.

In 2006 the Department had an active succession planning committee and a strong group of employees identified in two leadership development cohort groups. Unfortunately, the economic tsunami in 2008 caused the Department to abandon this program. Additionally, and in review of the previous plan, it was found that many of the employees identified in the leadership cohorts were either no longer employed or had already been promoted by the Department.

In Fiscal Years 2008-2009 and 2009-2010, the Department of Juvenile Justice, as did many other state agencies, experienced an unexpected and unprecedented decline in funding from all revenue sources. South Carolina’s tax revenues and other fund sources dropped dramatically. Unemployment rates reached levels not seen in the United States since the Great Depression. According to the US Board of Labor Statistics, South Carolina’s unemployment rates steadily increased from 5.5% in
January 2008 and topped out at 12% in September of 2009.\textsuperscript{3} (As of January 2013, South Carolina’s unemployment rate still hovers around 8.4% and is among the highest in the Nation.)\textsuperscript{4} During the years of 2008 through 2010, the Department of Juvenile Justice saw its overall budget decline by nearly 14%\textsuperscript{5}. As a result of the budget decline, the Department terminated more than three hundred fulltime, probationary and temporary employees. The Department also instituted mandatory furloughs in 2008 and 2010, closed all of the department’s juvenile group homes and ended many of the Department’s teen after-school programs sponsored in local communities. DJJ reduced staff in each of the divisions including teachers in its local school district. Further complicating these issues, the State Budget Office determined that the Department had 247 fulltime equivalent positions that had been vacant for more than 13 months and an additional 125 positions that were unfunded. DJJ was required to delete these positions.\textsuperscript{6} This action equated to a 20% reduction in the Department’s fulltime equivalent positions. The full effect of these actions not only reduced the Department’s talent pool, but also limited its ability to recruit new talent, add new programs and reestablish programs that were previously eliminated. Since FY 2010, the Department has maintained a status quo.

Today, DJJ continues to face talent management issues as it has 63 rehired retirees/TERI employees of whom twenty-three serve in management positions. The Department currently has 463 (31\%) employees who are eligible to retire in the next five

\textsuperscript{4} South Carolina Department of Employment and Workforce
\textsuperscript{5} South Carolina Department of Juvenile Justice, Office of Fiscal Affairs
\textsuperscript{6} Budget and Control Board Office of State Budget Memorandums; January 27, February 9, and April 5, 2011
years.\textsuperscript{7} The turnover rates in the two of the Department's most critical areas, Probation and Correction Officer Classes, consistently exceed 30\% turnover rates.\textsuperscript{8} The turnover issues, while not as high, are still areas of concern for all job classes within the Department.

Due to these concerns and the fact that the economy of South Carolina has shown some stability, the Department Director determined that succession planning was a critical issue and included it as one of her eight strategic goals within the Department's three year strategic plan. Thus, the journey began with the Director's request to implement a succession plan that will promote a deliberate and continuous focus on talent management and to identify the future leaders for DJJ. These issues, coupled with a continued unstable economy and an extremely competitive job market, make succession planning a critical must for DJJ.

\textbf{Project Purpose}

The purpose of the project is to develop and implement a succession plan for the South Carolina Department of Juvenile Justice. What is succession planning? Why is it important and/or necessary and what are the benefits of such a plan?

There are literally hundreds of books and websites dedicated to succession planning. Virtually every book on leadership and management covers the topic of succession planning in some fashion. Grossly stated, the definition of succession planning is putting the right peg in the right hole. Perhaps a better and more specific definition is that succession planning is a systematic process for identifying and addressing gaps between the workforce of today and the employment needs of

\textsuperscript{7} Public Employee Benefits Authority, Retirement Report July 2012-July 2016
\textsuperscript{8} South Carolina Budget and Control Board, Human Resources Division
tomorrow. The definition used by the Society of Human Resource Managers (SHRM) states, "Succession planning is the process of identifying high-potential employees, evaluating and honing their skills and abilities, and preparing them for advancement into positions which are key to the success of business operations and objectives." A well developed succession plan provides a foundation for successful strategic human resources and human capital decisions. It truly goes far beyond the right peg in the right hole!

Why then is succession planning important for the Department of Juvenile Justice? To understand the importance of succession planning, one needs only to look back to the aforementioned events of the past four and half years! DJJ needs to be prepared to deal with the unexpected events impacting budgets and manpower, and, like all organizations, ensure it has the adequate human capital who possess the skill sets to guarantee the Department can accomplish its mission. DJJ must be ready to face the increasing competition for talent and be prepared to recruit and retain new and existing workforce. Other factors that make succession planning important include: the aging population, the delayed retirement of baby boomers, changes to retirement laws and regulations, opportunities for educational degrees, and the ever-changing political environment.

What are the benefits of a well developed succession plan? Below are some of the many benefits:

- Align the Department's strategic goals and human capital needs
- Place the right people in the right place at the right time

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9 Society of Human Resource Presentation (Succession Planning for Managers)
Achieve desired organizational results

See their current talent in an organized and useful document

Develop qualified pools of candidates ready to fill critical or key positions

Provide stability in leadership and other critical positions

Sustain a high-performing organization

Identify gaps in knowledge and help develop knowledge transfer processes

Assist HR managers in overcoming the limitations of reactive management decisions and fosters pro-active management steps

Make DJJ a better place to work

Establish a logical basis for making choices among qualified candidates

Determine who should be selected, why they should be selected

These are all critical factors when identifying the benefits of a succession plan. Perhaps the most important reason is that it gives managers a strong basis to make solid and reasonable human capital decisions.

While it is easy to define and identify the benefits of an effective succession plan, the key success factors still and will always lie in the hands of management. It is imperative to have a high level of support from the Department’s senior management and cooperative support from all levels of the organization. Without this level of support, the document has the potential to be stuffed in a notebook and remain sitting on the corner of a desk collecting dust!
Data Collection

Within Human Resources there is a multitude of data that can be collected to show current and past performances and accomplishments. Historical data can also be used to develop pathways to the future. However, too often in the Human Resources profession, data is collected without purpose. Because this is sometimes the case, the goal in this project is to collect data that will help guide the Department in the out-years as it seeks to continue to accomplish its established missions and/or future missions as defined by leadership. Historical data was collected from the Department’s legacy data system SABAR and from the South Carolina Enterprise Information System (SCEIS). Additionally, various surveys and interviews were conducted with DJJ managers and employees.

The ultimate goal for succession planning is to evaluate the Department’s current talent pool and to determine the gaps both in talent and human capital. To effectively accomplish this, DJJ should, as Steven Covey says in his book, “The 7 Habits of Highly Effective People”, “Habit 2: Begin With the End in Mind”. DJJ must examine the expectations and/or goals of the plan. In an effort to accomplish this, eighty-eight senior managers were surveyed to find out their level of understanding of succession planning. Fifty-three (60%) of those surveyed responded. Additionally, personal interviews were conducted with the members of DJJ’s Executive Management team (the four Deputy Directors and the three Associate Deputies). Of those senior managers who responded to the survey, 86.8% indicated that they knew the purpose of succession planning. The same question was asked of the Senior Executive team and 100% of this group clearly

10 The 7 Habits of Highly Effective People; Stephen R. Covey - Free Press - 2004 95 - 145
understood the purpose of succession planning. A second question asked to the groups was if they had actually participated in the development of such a plan. The Senior Executives again registered 100%, as expected. However, of the senior manager's group only 43.4% had actually participated in the development of a succession plan. The results here were less than expected. If this percentage should hold true for those senior managers who did not respond, one may conclude that there will be a need to provide formal training regarding succession planning in the early stages of this process.

As mentioned earlier, the Department has 463 (31%) of its employees eligible for retirement over the next five years. From June to December 2012, the Department experienced fifty-six (56) retirements. From June 2006 to May 2012 the Department experienced 182 total retirements which averages 33 retirements per year. The retirement results over the last six months of 2012 exceeded the average of the past six years by 41%. While data to support the higher number of retirements in the last six months of 2012 is not yet available, there is a high confidence level that the results are directly impacted by the Legislative changes in the South Carolina Retirement System Laws and Regulations that became effective on January 2, 2013.

Along with monitoring the retirement potential of the DJJ workforce, the Department cannot overlook the age of the current talent pool. The average age of the DJJ workforce is 48 years of age and the average state service is 9.19 years. Compared to the State averages in these areas DJJ is a bit older and has slightly fewer years of State service. The average age of all State Employees is 46 years of age and

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11 South Carolina Enterprise Information System (SCEIS) RH035, Turnover Data Report
12 SCDJJ Legacy Data System (SABAR); Separation Data Report
their average state service is 12 years. Additionally, DJJ has 147 employees over the age of 60 and 12 over the age of seventy. For years, organizations have been preparing for mass retirements expected by the aging “Baby Boomer” generation. Based on statistics from the Bureau of Labor Statistics, the retirement of “boomers” simply has not happened as quickly as expected. Since 2002, the number of workers age 65 and older has actually increased each year.\textsuperscript{13} SHRM and other HR organizations share similar thoughts about the reasons these workers are staying on the job longer: the economy, better health, flexible work schedules, unplanned retirement, or a cracked nest egg.\textsuperscript{14} According to a 2011 Huffington Post Article, one in four Baby Boomers is still working and has no plan to retire in the near future.\textsuperscript{15} A 2011 report from The Center for Retirement Research at Boston College stated that the current average retirement age for women has increased from 60 to 62 and for men 62 to 64.\textsuperscript{16} In the DJJ survey of senior managers, a concluding question asked them to indicate their retirement plans. Only five of those who responded indicated that they plan to retire in the next three years, eight indicated in the next three to five years and the remainder stated that it would be five or more years before they plan to retire. While these numbers do not necessarily warrant a concern, it does not eliminate the fact that 30% of DJJ staff is retirement eligible. No one truly knows what the future holds in this area. However, DJJ can prepare for whatever may happen, simply by planning.

In concert with the potential retirements, the Department must also focus on its overall turnover rate. Who is leaving? In FY 2008 and 2009 the Department experienced unusually high turnover numbers. These high numbers can be traced back

\textsuperscript{13} United States Bureau of Labor Statistics; Overview of BLS Statistics on Unemployment
\textsuperscript{14} Society of Human Resource Manager/International Public Manager's Association-HR
\textsuperscript{15} Alan Fram, Huffington Post and AP Survey (2011), "One In Four Working Baby Boomers Say They'll Never Retire, Survey Finds"
\textsuperscript{16} What is the Average Retirement Age? Center for Retirement Research, Boston College, Alicia H. Munnell
to the economic instability of this period. Since FY 2008 and 2009 the Department has seen its turnover rates stabilize to some degree. The overall turnover rate dropped from 26% in 2009 to 11% in 2010. The Department, from a personnel standpoint, was at rock bottom and virtually no one was leaving DJJ. Programs had been cut and employees had been sent home. There was no more cutting. In 2011, the turnover rate clicked up a bit to 13.8% and at the end of 2012, it stood at 15%\(^\text{17}\). While these numbers are close to the State average for turnovers, it is still imperative that managers and leaders know the impact employee turnover has and/or will have on their talent pools.

Turnover rates are not the only data sets that are important when evaluating the talent pool. There is a great deal of demographic data that must also be considered. For example, and as mentioned previously, the age of the workforce, ethnicity, gender, salaries, the population by pay band and classification are all very important in the plan. When looking at this data it shows that not only is DJJ a bit older than the state average, but also shows that the male to female ratio is a bit higher as well. DJJ's workforce is 62% female while the overall state workforce is 56% female. DJJ's ethnicity is considerably different from that of the overall state numbers as shown in the table below.\(^\text{18}\) A quick look at the table is an example of what data can show and in this case may warrant a closer look into why the imbalance in the ethnic groups.

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Black</th>
<th>White</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>33%</td>
<td>64%</td>
<td>4%</td>
</tr>
<tr>
<td>DJJ</td>
<td>69%</td>
<td>30%</td>
<td>1%</td>
</tr>
</tbody>
</table>

\(^{17}\) Department of Juvenile Justice HR Balance Sheet  
\(^{18}\) South Carolina Enterprise Information System (SCEIS)
While these are only a few examples of the data that can be observed, they show how important the results can be. An effective data analysis will compliment a successful strategic succession plan. The data will help identify the gaps in area such as DJJ's talent pool, knowledge, skills, and abilities, abnormal ethnic or demographic data that may exist, along with multitudes of other information.

**Let the Journey Begin**

In preparation for this journey, more than fifty succession plans were reviewed; to include plans from the United States Office of Personnel Management, the United States Department of Justice, CPS Human Resources Service, The Department of Defense, other state agencies and the State of South Carolina Human Resources Division. Each plan provided a well-defined road map for effectively developing a successful succession plan. Each focused on effective data collection and analysis, each recommended involvement at all levels and all stated that succession planning is an ongoing process. The Department of Juvenile Justice elected to use the model shown in the following pages.

**SUCCESSION PLANNING MODEL**

South Carolina Department of Juvenile Justice

Succession Planning identifies necessary competencies and works to assess, develop, and retain a talent pool of employees in order to ensure a continuity of leadership for all critical positions:

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19 Adapted for various State and County Succession Plans (Kentucky, Vermont, Michigan and Fairfax County, Virginia)
Step 1 – Identify Key Positions

Succession Planning identifies necessary competencies within key positions that have a significant impact on the organization. Criteria for key positions may include:

- Positions that require specialized job skills or expertise
- High-level leadership positions
- Positions that are considered "mission-critical" to the organization

Step 2 – Build Job Profiles for each Key Position

Determine the key success factors of the job and how proficient the job holder would need to be. This information can be obtained several ways, including performing job analysis or gathering critical information during the performance appraisal process. The information gathered includes the knowledge, skills, abilities, and attributes that the current employee in a position possesses that allow for the competent and efficient performance of the functions.

Step 3 – Competency Gap Analysis

- Use the job profile of competencies to determine the tool required to gather data on current employee competencies for the key positions
- Analyze the difference between current employee competencies and future needs.
- Document findings for development opportunities

Step 4 – Development Opportunities

- Assess the abilities and career interests of employees
Candidates should demonstrate high potential or ability that will enable them to achieve success at a higher level within the organization. Preferably, the list of possible replacements should be stored in a database so that the organization can easily track candidates. However caution must be taken to avoid the perception of pre-selection.

**Step 5 – Individual Development Plans**

- Design a plan for each candidate – Developmental plans should be available for candidates and then incorporated into their performance management plans. Plans may include identifying career paths for high-potential candidates and others who have the interest and ability to move upward in the organization.
- Provide development opportunities – This can be accomplished through job assignments, training, or job rotation. It is one of the best ways for employees to gain additional knowledge and skills.

**Step 6 – Maintain Skills Inventory**

- Continually monitor skills and needs to determine any gaps and develop plans to meet deficiencies.
- Keep an inventory of current and future needs and maintain the information for individual and organizational development.

**Summary**

"Even when you think you are on the right track you can still get run over by the train if you just sit there" Will Rodgers

"An American Management Association Survey in 2011 found that 71% of senior and mid-level leaders in the United States believed that, 'the global economy, with its hyper-competition and ever-changing business environment, has made leadership
succession more important than ever before.' The survey goes on to say that only 14% of those who responded said that they were well prepared to deal with a sudden loss of key members of the senior management team. It also states that nearly one quarter (22%) admitted that they were nowhere near prepared to deal with such a loss."20

DJJ cannot be a part of the 22% mentioned in this survey.

The succession planning team mandated by DJJ's Strategic Plan is preparing to deliver a product to the Director and her senior staff in June 2013. Once the plan is accepted by this group, timelines to accomplish the action addressed in the plan will be developed. The full implementation will likely take two or more years. And yes, there will be obstacles along the way, such as budget uncertainties, competition in the local labor market, employee turnover and objections from those leaders who may not buy into the concept of succession planning. There will be other naysayers, neg-a-holics and perhaps, even a new regime of leadership. While moving forward DJJ must be prepared to deal with these and other obstacles that may arise.

DJJ cannot overlook direct and indirect financial implications of succession planning. The expense of training alone can be very costly. However, enhancing existing skills and learning new ones are critical to effective succession planning. To successfully implement the plan, DJJ must make training a priority. Other issues that may have financial implications include the loss of man-hours while employees attend training and the possibility of overtime earned while backfilling employees away attending training.

Perhaps one of the most difficult parts of succession planning is measuring the outcome or results. Defining the expectations in the beginning will help identify the

20 Randall Beck and Barry Conchie, "A Succession Plan That Works"; Gallup World Headquarters, Washington, DC
results of the process. Senior management must continually monitor and evaluate the Department's needs throughout the process, identify the gaps and make adjustments to the plan as needed. The ultimate measurement will be a steady supply of well-prepared managers and leaders to take DJJ into the future.

There is much work to be accomplished, data to be analyzed, competencies to be developed, knowledge transfer processes to be implemented and cohort groups to be selected. It is critical, however, that these activities are accomplished to ensure DJJ implements a succession plan that will help guide its future leaders as they deal with their human capital needs and as they continue to do the work of the State and the Department of Juvenile Justice. The implementation of a well-developed succession plan can be a defining process in DJJ's future or it can, as mentioned early, sit on the corner of someone's desk and collect dust.

Perhaps Benjamin Franklin's quote puts it all into perspective: "By failing to prepare (plan), you are preparing (planning) to fail." DJJ is preparing for success!
References and Works Cited


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The 7 Habits of Highly Effective People; Stephen R. Covey - Free Press – 2004, 95 - 145


Appendix

SUCCESSION PLANNING MODEL

Monitor Skills Inventory → Identify Key Position

Individual Development Plans → Build Job Profiles for each Position

Opportunity Development → Gap Analysis

Individual Development Plans → Build Job Profiles for each Position

Gap Analysis → Opportunity Development

Monitor Skills Inventory → Identify Key Position

Individual Development Plans → Build Job Profiles for each Position

Opportunity Development → Gap Analysis

Gap Analysis → Opportunity Development

Monitor Skills Inventory → Identify Key Position
**1. Do you know the purpose of "succession Planning"?**
- Yes
- No

**2. Have you ever participated in the development of a "succession Plan"?**
- Yes
- No

**3. Have you ever used a formal Individual Development Plan (IDP)?**
- Yes
- No

**4. How important do you think it is for DJJ to implement a formal Succession Plan and IDPs for DJJ Employees?**
- Very Important
- Important
- Somewhat Important
- Not Important

**5. Rank the following as they relate to the purpose of the DJJ Succession Plan.**

- To retain existing talent
- To achieve DJJ's Strategic goals
- To identify future leaders at DJJ
- To fill critical positions at DJJ
- To develop DJJ employees

**6. Do you think DJJ values staff development and training?**
- Yes
- No
7. Rank the following nomination methods as they relate to the effectiveness in selecting potential successors.

<table>
<thead>
<tr>
<th>Method</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
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<tr>
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<td>0</td>
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</tr>
</tbody>
</table>

8. At what level have you identified key employees within your division for succession planning?
- Fully engaged
- To some extent
- Limited at best
- Not at all

9. In your estimation, how long do you think is needed for the development period for potential leadership candidates?
- Less than one year
- 1-2 years
- 2-3 years
- 3-5 years

10. I plan to retire in the next _______ Year(s)
- Less than one
- 1 - 3
- More than 3 but less than 5
- More than 5
- Undecided/Unsure