STATE OF NEW HAMPSHIRE
SUCCESSION PLANNING

PERFORMANCE AUDIT

JULY 2008

To The Fiscal Committee Of The General Court:

We have conducted an audit of New Hampshire's succession planning efforts for key personnel to address the recommendation made to you by the Legislative Performance Audit and Oversight Committee. We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide a reasonable basis for our findings and conclusions. Accordingly, we have performed such procedures as we considered necessary in the circumstances.

The purpose of the audit was to determine whether New Hampshire has effectively conducted succession planning for key personnel within the State Executive Branch. The audit period was the six months ended December 31, 2007.

This report is the result of our evaluation of the information noted above and is intended solely for the information of New Hampshire's Executive Branch and the Fiscal Committee of the General Court. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Fiscal Committee is a matter of public record.

Office Of Legislative Budget Assistant

July 2008

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TABLE OF CONTENTS

ABBREVIATIONS

DAS	Department of Administrative Services
DoP	Division of Personnel
FTE	Full-Time Equivalent
GAO	U.S. Government Accountability Office
GHRS	Government Human Resources System
HHS	Department of Health and Human Services
LPAOC	Legislative Performance Audit and Oversight Committee
NHRS	New Hampshire Retirement System
OPM	U.S. Office of Personnel Management
SFY	State Fiscal Year

SUMMARY

Purpose And Scope Of Audit

This audit was performed at the request of the Fiscal Committee of the General Court consistent with the recommendation of the joint Legislative Performance Audit and Oversight Committee. The purpose was to determine whether the State has effectively conducted succession planning for its key positions. Our audit efforts focused on identifying succession planning best practices and comparing them to New Hampshire's succession planning activities and examining the State's Executive Branch workforce by identifying key positions and developing a demographic profile of the incumbents. The audit period was the six months ended December 31, 2007. The audit focused on key full-time positions within the Executive Branch. The Judicial and Legislative Branches and part-time positions were not examined.

Background

Succession planning is the process of ensuring a knowledgeable labor supply exists to replace personnel leaving the organization regardless of reason – resignation, transfer, termination, death, disability, or retirement. Succession plans are typically used to fill key positions necessary to ensure continued effective operations.

Succession planning is an increasingly relevant topic given the imminent retirement of baby boomers from the workforce and the much smaller number of younger employees to replace them.

RSA 21-I:42 establishes the Division of Personnel (DoP) within the Department of Administrative Services (DAS) and vests general human resources responsibility with the Division. While the statute does not specifically mention succession planning responsibility, RSA 21-I:42, I makes the DoP responsible for managing a centralized personnel operation providing for the recruitment, appointment, compensation, promotion, transfer, layoff, removal, and discipline of State employees. In addition, RSA 21-I:42, VI assigns to the DoP development of a program for the recruitment, selection, and placement of qualified applicants in State service. Succession planning efforts to date have mostly been decentralized and performed by individual departments rather than the DoP.

Results In Brief

1. Thirty-five percent of retirement Group I full-time Executive Branch employees were eligible for either early service or full retirement at December 31, 2007. The average age of all Group I Executive Branch employees at December 31, 2007 was 47.3 years.
2. Approximately 10 percent of the State's retirement Group II full-time Executive Branch employees at December 31, 2007 were eligible to retire. The average age of Group II employees was 40.9 years.

3. The Judicial Council, Department of Health and Human Services (HHS) Bureau of Behavioral Health, Highway Safety Agency, boards and commissions, HHS Administratively Attached Boards, Department of Cultural Resources, Pease Development Authority, Human Rights Commission, HHS Bureau of Developmental Services, and the Board of Accountancy all had at least 50 percent of their full-time employees eligible for retirement at December 31, 2007.

4. Our analyses of workforce demographics of key employees compared to the State's workforce in general showed there is an increased risk to agency operations because of the higher proportion of key employees eligible for retirement. At December 31, 2007, 35 percent of full-time retirement Group I Executive Branch employees were eligible for either early or full retirement while 52 percent of employees identified as key employees by agency managers were eligible for retirement. By 2011, the proportion of key employees eligible for retirement will increase to 73 percent while 54 percent of the statewide workforce will be eligible for retirement.

5. We surveyed New Hampshire's agency managers and found:
   - Ninety-eight percent of the respondents answering the question reported succession planning was moderately or very important when compared with other management priorities.
   - Thirty-nine percent of the respondents answering the question reported having a succession plan. However, only 11 respondents (32 percent) reported having *written* succession plans. Of these, only one agency was able to provide us with a written plan.

6. We identified eight best practices in the succession planning field that can be used by the DoP and State agencies to develop effective succession plans.

7. Agency management should be responsible for developing the actual plan since planning is a management responsibility and to develop an effective succession plan, detailed knowledge of the agency and its employees and their job functions is necessary.

8. The DoP should be responsible for developing and distributing a succession planning tool kit to agencies.

9. Statutory and regulatory impediments appear to prevent a short training period where the outgoing incumbent employee's tenure would overlap with the incoming successor. Personnel rules referring to "vacant" positions create potential for confusion, possibly leading agency personnel to believe job openings cannot be posted until the incumbent employee has left the position. The rules should be amended to make clear that agencies may post positions as soon as the incumbent has given notice to depart. Likewise, current legal restrictions on the salary adjustment fund and the employee benefit adjustment account present barriers to succession planning by prohibiting the use of these funding sources to finance temporary full-time positions. As a result, there is effectively no funding source available to support both employees during this transition period when key employee departures are not seen well in advance.

10. Because the Executive Branch human resources function is decentralized and we were unable to obtain more than a single written plan, we recommend the Legislature consider amending RSA 21-I:13 to explicitly provide the DAS Commissioner authority to direct all agencies to prepare comprehensive written succession plans using tools and guidance provided by the DoP.

RECOMMENDATION SUMMARY

Observation Number	Page	Legislative Action Required	Recommendation	Agency Response
1	18	No	Develop written succession plans based on best practices and other guidance from the Division of Personnel.	Concur
2	22	No	The Division of Personnel should create a comprehensive succession planning "tool kit" for agencies to help develop effective succession plans.	Concur
3	23	Yes	Consider amending RSA 99:4 and RSA 9:17-c to finance temporary full-time positions for the purpose of training the incumbent employees and clarify administrative rules governing when agencies may begin recruiting for an anticipated vacancy.	Concur
4	25	Yes	Consider amending RSA 21-I:13 to explicitly provide the Commissioner of the Department of Administrative Services authority to direct all agencies to prepare comprehensive written succession plans.	Concur

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In July 2007, the Fiscal Committee of the General Court approved a recommendation of the joint Legislative Performance Audit and Oversight Committee (LPAOC) for a performance audit of succession planning. An entrance conference was held in October 2007 with the Department of Administrative Services (DAS), Division of Personnel (DoP).

SCOPE, OBJECTIVES, AND METHODOLOGY

This performance audit was conducted in accordance with generally accepted government auditing standards applicable to performance audits and accordingly included such procedures as we considered necessary in the circumstances.

Consistent with the scope statement approved by the LPAOC at its January 2008 meeting, this audit answers the following question: **Has the State effectively conducted succession planning for its key positions?**

To address this objective, our audit efforts focused on the following issue areas:

- Identifying succession planning best practices, comparing them to New Hampshire's succession planning activities, and making recommendations to strengthen the State's efforts.
- Examining the State's Executive Branch workforce by identifying key positions and developing a demographic profile of incumbents.

Methodology

We reviewed and analyzed information including State statutes, administrative rules, and policies and procedures related to human resources responsibilities. We also conducted planning interviews with DAS personnel and other State agencies to identify succession planning guidance provided to State agencies.

The primary method used to collect succession planning information from New Hampshire's Executive Branch agencies was a web-based survey. The goals of the survey were to: 1) identify agencies with succession plans, 2) identify key positions or individuals in the Executive Branch, and 3) assess attitudes towards succession planning in general and agency heads' expectations for the role of the DoP.

Because it was difficult to identify managers potentially involved in succession planning, we selected survey recipients by casting a wide net to ensure we identified as many succession plans and key individuals in each agency as possible. We sent surveys to individuals identified as commissioners or directors in the State's Government Human Resources System (GHRS) on March 1, 2008. In addition, we examined GHRS data for other agency managers to ensure we sent a survey to all high-level managers likely to have knowledge of succession planning within their area of responsibility. From the 175 individuals asked to complete surveys, we received 105

useable surveys for a valid response rate of 60 percent.[1] Respondents were asked to answer multiple-choice questions and to provide written comments to open-ended questions. Survey results can be found in Appendix B.

Once key positions or individuals were identified via the survey, we obtained GHRS data from the *e-information warehouse* and examined the demographics of key individuals to determine the potential impact on agencies. We also conducted a literature review to identify best practices in the field of succession planning.

The audit period was the six months ended December 31, 2007. The audit focused on key full-time positions within the Executive Branch. The Judicial and Legislative Branches and part-time positions were not examined.

BACKGROUND

Succession planning is the process of ensuring that a knowledgeable labor supply exists to replace personnel leaving the organization regardless of the reason – resignation, transfer, termination, death, disability, or retirement. Succession plans are typically used to fill key positions necessary to ensure continued effective operations. Key positions are those essential to achieve the organization's mission or require a depth of expertise or specialized knowledge that could make the position difficult to fill. Succession plans are often just one element of an overall workforce plan, and may be designed to further such goals as workforce diversity and organizational transformation. In general, workforce development plans may include such strategies as recruitment efforts to attract new employees, retention efforts to prevent existing employees from departing, and training programs to create a pipeline of trained and competent employees ready to assume management-level positions.

Succession planning is an increasingly relevant topic given the imminent retirement of baby boomers from the workforce and the much smaller number of younger employees to replace them. The public sector, in particular, faces this problem because public employees are, on average, both older and more likely to retire early than their private-sector counterparts. In response, many governments have begun to examine the role succession planning may play in shaping the future public workforce.

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[1] We expected a low response rate because of the broad population surveyed. Because we surveyed individuals based on their job title, we expected some would not be in the position to respond. For example, several individuals were sent surveys but reported they were not involved in succession planning. Additionally, some respondents indicated their department would respond as a whole.

Related Concepts

Succession planning has not yet earned a universally-accepted definition. Terms such as workforce planning, human capital management, talent management, and replacement planning are often used interchangeably with succession planning.

Succession planning focuses on identifying high-potential employees and grooming them for more advanced roles within the organization when needed. *Workforce planning* considers "big picture" factors – such as compensation, retention, and retirement incentives – unlikely to be addressed by succession plans. It is concerned with the entire workforce, not simply "key" positions. Workforce planning is an integral element of an organization's strategic plan, and seeks to develop a future workforce large enough and with appropriate skills to carry out the mission and responsibilities of that organization. Workforce planners seek to answer such questions as "What skills are needed?" and "In what quantities are they needed?" Workforce planners may use recruitment, retention, and training to ensure these skills are available.

Human capital management is a term that incorporates the concepts of succession planning and workforce planning. At its core is the notion creativity and institutional memory individuals carry in their heads is valuable. *Talent management* refers to the entire process of recruiting, training, and keeping talented employees. It is often used loosely to describe various activities undertaken by human resources personnel. As with human capital management, it can be distinguished from succession planning by its focus on the entire workforce, rather than key positions.

Replacement planning is similar to, though not synonymous with, succession planning as both are focused on ensuring key positions are filled. Replacement planning, however, is focused primarily on mitigating the effects of catastrophe by identifying replacements for job incumbents in the event of sudden and unplanned loss. Succession planning seeks to cultivate the best available talent, not simply adequate and available talent in the event of disaster.

Although called different things, succession planning is increasingly viewed as a vital component of an organization's planning activities. This interest stems from recognition by leaders in both the public and private sectors of the importance of maintaining continuity of operations. This, in turn, requires preserving institutional knowledge and ensuring qualified individuals perform key jobs.

Succession Planning Model

Figure 1 shows the model developed by the U.S. Office of Personnel Management (OPM). It is a widely-accepted succession planning model used by all federal agencies and many state governments.

Figure 1

U.S. Office of Personnel Management Succession Planning Model

Step	Common Tasks For Step
Step 1: Link strategic and workforce planning decisions	● Identify long-term goals ● Determine anticipated future demand for services
Step 2: Analyze skill gaps	● Identify core skills needed to achieve strategic goals ● Analyze gaps between existing and expected skills needed to achieve strategic goals ● Develop business plan based on long-term talent needs rather than position replacement
Step 3: Identify talent pools	● Identify current employees with needed skills ● Identify external sources of talent with needed skills
Step 4: Develop succession strategies	● Identify recruitment strategies, retention strategies, and employee development strategies
Step 5: Implement succession strategies	● Implement recruitment, retention, and development strategies identified in previous step ● Identify performance measures
Step 6: Monitor and evaluate	● Track performance of selected employees ● Assess changing needs and requirements

Source: LBA analysis of U.S. Office of Personnel Management model.
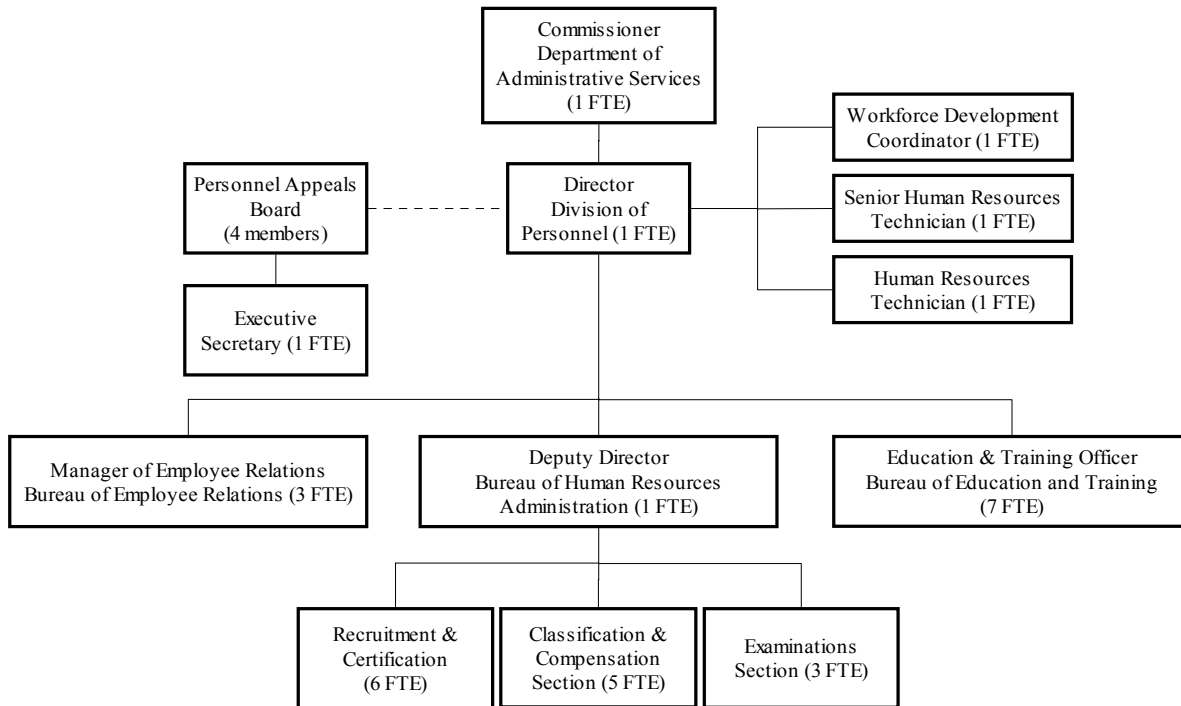
8

The OPM's succession planning model has six steps:

1) **Link strategic and workforce planning decisions**. This step involves identifying the agency's long-term goals and future demands for services. With these in mind, succession plans can be developed to provide for the agency's future needs. This is in stark contrast to a process designed merely to replicate the existing organization.

2) **Analyze skill gaps**. This step builds on step one and involves identifying core skills and competencies needed to achieve the agency's strategic goals, and skill sets likely to be possessed by the agency's future workforce. The existence of a "gap" – needed skills unlikely to be possessed, or redundant skills that could feasibly be eliminated – is where the resulting efforts should be focused.

3) **Identify talent pools**. Step 3 identifies current employees, preferably early in their careers, who possess needed skills; analyzing the skills and abilities of external talent pools; and soliciting feedback from employees to determine which skills are lacking and which are abundant.

4) **Develop succession strategies**. Utilizing data obtained from steps one through three, this step involves identifying recruitment strategies, retention strategies, and workforce development strategies. These strategies may be wide-ranging, and include compensation increases, flexible work schedules, mentorships and coaching, and internship programs.

5) **Implement Succession Strategies**. Implementation involves putting into effect the strategies developed in step four.

6) **Monitor and Evaluate**. Implemented programs should be continually monitored to ensure they are resolving skill gaps identified in step two. This may involve tracking employees' skills and qualifications; obtaining feedback from management; and surveying agency customers, employees, and stakeholders. This process is ongoing and should be repeated frequently to ensure skill gaps do not recur after the initial process has been carried out.

Division of Personnel Organization

RSA 21-I makes the DAS, through the DoP, responsible for general human resources functions. RSA 21-I:42 establishes the DoP and vests general human resources responsibility with the Division. Figure 2 shows the DoP's organization. While the statute does not specifically mention succession planning responsibility, RSA 21-I:42, I makes the Division responsible for managing a centralized personnel operation providing for recruitment, appointment, compensation, promotion, transfer, layoff, removal, and discipline of state employees. In addition, RSA 21-I:42, VI requires the DoP develop a program for recruitment, selection, and placement of qualified applicants in the state service. Succession planning efforts to date have mostly been decentralized and performed by individual departments rather than the DoP. Starting in SFY 2008, the DoP has added a Workforce Development Coordinator position to its staff.

Figure 2

Organization of the Division of Personnel

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                              ┌──────────────────────┐
                              │ Commissioner         │
                              │ Department of        │
                              │ Administrative       │
                              │ Services (1 FTE)     │
                              └──────────┬───────────┘
                                         │              ┌──────────────────────────┐
                                         │              │ Workforce Development     │
                                         │              │ Coordinator (1 FTE)       │
                                         │              └──────────────────────────┘
 ┌──────────────────┐      ┌─────────────────────┐     ┌──────────────────────────┐
 │ Personnel Appeals│------│ Director            │─────│ Senior Human Resources    │
 │ Board            │      │ Division of         │     │ Technician (1 FTE)        │
 │ (4 members)      │      │ Personnel (1 FTE)   │     └──────────────────────────┘
 └────────┬─────────┘      └─────────┬───────────┘     ┌──────────────────────────┐
          │                          │                 │ Human Resources           │
 ┌────────┴─────────┐                │                 │ Technician (1 FTE)        │
 │ Executive        │                │                 └──────────────────────────┘
 │ Secretary (1 FTE)│                │
 └──────────────────┘                │
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| Manager of Employee Relations Bureau of Employee Relations (3 FTE) | Deputy Director Bureau of Human Resources Administration (1 FTE) | Education & Training Officer Bureau of Education and Training (7 FTE) |

| Recruitment & Certification (6 FTE) | Classification & Compensation Section (5 FTE) | Examinations Section (3 FTE) |

Source: LBA analysis of GHRS and *e-info warehouse*, 12/11/2007.

Significant Achievements

Performance auditing by its nature is a critical process, designed to identify weaknesses in past and existing practices and procedures. Noteworthy management achievements related to the scope of the audit are included here to provide appropriate balance to the report. Significant achievements are considered practices, programs, or procedures that evidence indicates are performing above and beyond normal expectations.

Survey of State Agency Human Resources Administrators

The DoP conducted a survey in 2006 of State agency human resources personnel and wrote a report calling attention to succession planning. Only seven percent of New Hampshire State agencies responding to the survey reported a succession plan in operation. The report recommended:

- Top management should be informed of the status of workforce demographics and involved in succession planning.
- Appoint a high-ranking official to steer the effort. This person should report on a regular basis to the Governor and Legislature.
- All higher-level managers and human resources officers in State agencies should receive training on the issue.

- All agencies should begin an assessment of the demographics in their respective units.
- A succession planning committee should be formed including representation from all major State agencies to help oversee the effort and keep it on track.
- Succession planning committees should be formed in all agencies.
- Best practices should be shared between and among all agencies.
- A statewide conference, sponsored by the State of New Hampshire should be convened to educate political sub-divisions about the issue.
- Rules and practices regarding recruitment and retention should be reviewed for possible changes that would enhance the opportunities for agencies dealing with the issue.
- The unions should be approached about the looming threat of widespread retirements to include them in any programmatic initiatives.

Tools for Workforce Planning and Development

The DoP, Bureau of Education and Training established three courses relating to workforce development in December 2007. Each course is designed to enable public employers to establish "in-house" programs for mentoring and coaching, as well as the capability to build stronger work teams. Each course will take three days to complete. Courses can be taken individually or as a package culminating in a certificate in workforce development.

Workforce Development Coordinator

For SFY 2008, the DoP added a new Workforce Development Coordinator position to its staff to coordinate workforce planning processes in all State agencies and to provide consultation, training, and technical advice to agencies in the areas of workforce planning including mentoring, workforce metrics, hiring, and retention strategies. This is the first time the State of New Hampshire has devoted a position entirely to workforce planning. The Division filled this position in January 2008.

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STATE WORKFORCE DEMOGRAPHICS

Impending retirements among the baby boom generation have fueled much discussion about the need for succession planning. New Hampshire's workforce situation is similar to other public employers. The projections indicate much of the State's talent may leave state employment in the next few years, taking their skills and institutional knowledge with them.

Group I members of the New Hampshire Retirement System (NHRS), consisting of employees and teachers, are eligible to retire at 60 years of age regardless of the number of years of service. In addition, Group I members become eligible for early service retirement if they are between 50 and 59 years of age and have a minimum of 10 years of service. Group I members are also eligible for early service retirement if younger than 50 years of age and their age plus years of creditable service equal at least 70. Group II membership, consisting of police personnel, corrections officers, and firefighters, become eligible for retirement at age 60 regardless of the number of years of service or at least 45 years of age and at least 20 years of creditable service.

Table 1 shows the results of our analysis of the State's existing workforce at December 31 of each year between 2007 and 2011. Because the retirement eligibility requirements differ between Group I and Group II NHRS members, we examined each retirement group separately. The table shows 35 percent of retirement Group I full-time Executive Branch employees were eligible for either early service or full retirement at December 31, 2007. The average age of retirement Group I employees at December 31, 2007 was 47.3 years. Projecting out to December 31, 2011, 54 percent of the State's existing Group I workforce will be eligible for either early service or full retirement. Our analysis also shows approximately 10 percent of the State's retirement Group II full-time Executive Branch employees at December 31, 2007 were eligible to retire. The average age of all Group II employees was 40.9 years.

Table 1

State of New Hampshire Retirement-Eligible Workforce By Retirement Group

At December 31,	Group I		Group II	
	Early Retirement	Regular Retirement	Early Retirement	Regular Retirement
2007	24.6%	10.5%	6.7%	3.0%
2008	25.7	13.6	8.4	3.7
2009	27.6	16.9	10.6	4.8
2010	29.1	19.9	14.2	6.2
2011	30.5	23.5	16.7	7.4

Note: Assumes no change from year to year in the State's workforce.
Percentages may not add to 100% due to rounding.
Source: LBA analysis of GHRS data.

Of course, not all employees retire as soon as they become retirement-eligible, making workforce planning more difficult. There are many external factors, such as individual financial circumstances and health, contributing to an employee's decision to retire or continue working. The growth in retirement-eligible employees in the current workforce, coupled with normal attrition and a relatively short time horizon to develop competent individuals within the organization to replace outgoing employees in key positions, is driving the immediate concern about succession planning.

Table 2 shows the proportion of retirement-eligible Group I full-time Executive Branch employees at December 31, 2007 as a percentage of the total full-time employees for each agency. It illustrates agencies most likely impacted by retirements. Eleven state agencies had at least 50 percent of their full-time employees eligible for retirement at December 31, 2007.

Table 2

Agency	Total Agency Employees	Percent Retirement Eligible	Agency	Total Agency Employees	Percent Retirement Eligible
Board of Accountancy	3	66.7	Department of Agriculture	35	37.1
Judicial Council	3	66.7	Adjutant General	89	37.1
HHS: Behavioral Health	42	61.9	Department of Administrative Services	305	36.7
Highway Safety Agency	7	57.1	HHS: Health Management	266	36.5
Boards And Commissions	11	54.5	Department of Environmental Services	477	36.3
Department of Cultural Resources	69	52.2	Department of Transportation	1,652	36.3
HHS: Developmental Services	37	51.4	Governor's Office	45	35.6
Pease Development Authority	4	50.0	Secretary Of State	79	35.4
Human Rights Commission	8	50.0	Liquor Commission	283	34.6
Tax & Land Appeals Board	12	50.0	Veterans Council	6	33.3
HHS: Administratively Attached Boards	38	50.0	Development Disabilities Council	3	33.3
Police Standards & Training Council	19	47.4	Fish And Game Commission	137	32.8
Department of Education	266	46.6	Department of Corrections	150	32.7
Public Utilities Commission	70	45.7	HHS: New Hampshire Hospital	750	32.0
Real Estate Commission	9	44.4	Treasury Department	22	31.8
Postsecondary Education Commission	7	42.9	HHS: Transitional Assistance	342	31.0
Department of Labor	82	42.7	Department of Justice	137	29.9
HHS: Elderly & Adult Services	129	41.9	HHS: Juvenile Justice Services	322	29.8
Pari-Mutuel Commission	24	41.7	HHS: Glencliff Home For Elderly	184	27.2
Regional Community Technical College	707	41.2	Department of Safety	691	26.2
Insurance	73	41.1	Department of Revenue Administration	191	24.6
Office of Information Technology	393	40.7	Banking Department	49	24.5
Joint Board Of Licensure & Certification	5	40.0	NH Veterans Home	334	23.7
HHS: Commissioner	639	39.9	Christa McAuliffe Planetarium	13	23.1
Department of Employment Security	313	39.3	HHS: Children, Youth, and Families	360	20.8
NH Lottery Commission	46	39.1	Public Employee Labor Relations Board	5	20.0
Department of Resources & Economic Development	177	38.4			

Source: LBA analysis of GHRS data.

Key Employees and Positions

Our survey of State agency managers requested they identify employees or positions fitting the definition of a "key employee or position." The respondents identified 453 individuals. After managers identified their key employees, we analyzed GHRS data to identify demographics of the incumbents in those positions. Table 3 compares the percent of full-time employees statewide eligible for retirement to the percent of key employees eligible for retirement.

The table illustrates a significantly higher proportion of key employees are eligible for retirement than the total statewide workforce. For example, at December 31, 2007, 35.1 percent of full-time retirement Group I Executive Branch employees were eligible for either early or full retirement while 52.3 percent of employees identified as key employees by agency managers were eligible for retirement. By 2011, the proportion of key employees eligible for retirement will increase to 72.9 percent, while 54.0 percent of the statewide workforce will be eligible for retirement. This represents an increased risk to the agency's operations.

Table 3

Statewide Workforce And Key Employee Retirement Eligibility Comparison

Group I Employees

At December 31,	Statewide Workforce			Key Employees		
	Early Retirement Eligible	Full Retirement Eligible	Total Retirement Eligible	Early Retirement Eligible	Full Retirement Eligible	Total Retirement Eligible
2007	24.6%	10.5%	35.1%	37.5%	14.9%	52.4%
2008	25.7	13.6	39.3	37.5	18.2	55.7
2009	27.6	16.9	44.5	36.6	24.4	61.0
2010	29.1	19.9	49.0	37.5	29.0	66.5
2011	30.5	23.5	54.0	39.0	33.9	72.9

Group II Employees

At December 31,	Statewide Workforce			Key Employees		
	Early Retirement Eligible	Full Retirement Eligible	Total Retirement Eligible	Early Retirement Eligible	Full Retirement Eligible	Total Retirement Eligible
2007	6.7%	3.0%	9.7%	42.9%	21.4%	64.3%
2008	8.4	3.7	12.1	42.9	21.4	64.3
2009	10.6	4.8	15.3	35.7	35.7	71.4
2010	14.2	6.2	20.4	35.7	35.7	71.4
2011	16.7	7.4	24.1	21.4	57.1	78.6

Note: Assumes no change from year to year in the State's workforce.
Percentages may not add to 100% due to rounding.
Source: LBA analysis of GHRS data.

Since age and years of service are key determinants of retirement eligibility, it is useful to compare these two statistics for key employees and Statewide workforce groups. The average age for retirement Group I key employees is 51.8 years of age while the average age for the Group I statewide workforce is 47.3 years of age. The average years of service are also greater for the key employees. The average years of service for retirement Group I key employees is 15.4 years of service while the average years of service for the retirement Group I statewide workforce is 11.9 years of service.

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OBSERVATIONS AND RECOMMENDATIONS

This section presents our observations and recommendations for improving the status of succession planning within the New Hampshire State Executive Branch. The section begins with a pair of observations addressing succession planning best practices and concludes with observations addressing legislation and administrative rules.

Best Practices

According to the U.S. Government Accountability Office (GAO), best management practices refer to the processes, practices, and systems identified in public and private organizations that perform exceptionally well and are widely recognized as improving an organization's performance and efficiency in specific areas. Successfully identifying and applying best practices can reduce business expenses and improve organizational efficiency. We identified best practices in the succession planning field by reviewing books, articles, and other documents from academic and business sectors, as well as federal and state levels of government.

Government agencies often must operate under many statutory requirements that do not exist in the private sector. Likewise, the public sector operates under merit principles designed to ensure fairness and competency in recruiting, promotion, and disciplinary practices. The National Association of State Personnel Executives recommends succession plans address the following points to adhere to merit principles:
- Communicate job opportunities and competencies needed for any vacant position.
- Give all employees an opportunity to participate in succession planning activities. Employees may choose to participate in voluntary training and career development opportunities.
- Make clear to all employees participation in succession planning programs does not guarantee career advancement to minimize the chances employees believe individuals have been pre-selected for specific positions. Rather, participation may increase an individual's chances of promotion by enhancing their knowledge, skills, and abilities.
- Identify competencies and proficiencies necessary for individual employees to prepare them for their desired positions to guide training and developmental opportunities.
- Use competition to fill vacant positions based on minimum job requirements and competencies in order to select the best qualified individual for the position.

While such regulations and principles do not always prevent the use of best management practices, they may require some adaptation to operate effectively.

Planning, in general, is a management responsibility. Management is responsible for ensuring documentation exists for all relevant activities. Developing a written plan ensures a mutual understanding of the goals and objectives of a program and allows management to build consensus around the organizational goals and objectives.

Our survey of New Hampshire's agency managers found 98 percent of respondents answering the question reported succession planning was moderately or very important when compared with other management priorities. Thirty-five respondents (39 percent) reported having a succession plan to replace departing employees. However, only 11 respondents (32 percent)

reported having *written* succession plans. We followed up with agencies reporting having a written succession plan but only *one* agency was able to provide us with a written plan.

Several agencies reported the "chain of command" or the incident command system[2] as their succession plan. Replacement planning more accurately describes the processes related to the incident command system or chain of command as it is focused primarily on mitigating the effects of catastrophe by identifying replacements for job incumbents in the event of their sudden and unplanned loss. The incident command system or chain of command does not assess long-term skills needed and does not actively cultivate and prepare individuals to take on greater roles. In contrast, succession planning seeks to cultivate the best available talent, not simply talent that is adequate and available in the event of disaster. Succession planning is forward looking rather than reactive, which is the focus of the chain of command or incident command system. As a result of these differing purposes, we do not consider these viable for succession planning purposes. Likewise, we do not consider training or procedure manuals as an effective substitute for a succession plan.

Observation No. 1

State Agencies Should Adopt Best Practices To Improve Succession Planning Efforts

Survey results indicate some succession planning best practices are reportedly in use by New Hampshire State agencies, but several others are not. Many of those not in widespread use have been explicitly recommended by the GAO, the U.S. Office of Personnel Management (OPM), and states that are leaders in the succession planning field.

Following is a list of best practices and, based on our survey results, the extent to which they are reported in use among State agencies.[3] Although numerous practices appear to be widely used based on the survey results, we were nonetheless able to obtain only *one* written plan. Therefore, even though some agencies may have undertaken these practices informally, we strongly suspect each practice is used less widely than reported.

- **Best Practice #1: Agencies should incorporate succession planning into their overall planning process.**

  Planning is crucial for identifying long-term goals and priorities. To ensure agencies possess key personnel who are able to achieve these goals and priorities, succession plans should be incorporated into the overall planning process. The plans should be used to identify anticipated knowledge, skills, and abilities needed to achieve the organization's goals.

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[2] The Incident Command System is a standard incident management system to assist in managing all major incidents. The Incident Command System also prescribes interoperable communications systems and preparedness before an incident happens, including planning, training, and exercises. The Incident Command System was developed in the 1970s following a series of catastrophic fires. Researchers determined that response problems were more likely to result from inadequate management rather than from any other reason. The Incident Command System was designed so that responders from different jurisdictions and disciplines could work together better to respond to natural disasters and emergencies, including acts of terrorism.
[3] No meaning should be ascribed to the numbering sequence, i.e. Practice #1 is not inherently more important than Practice #2.

Our survey of State Executive Branch agency managers found 12 of 26 respondents (46 percent) answering the question reported making succession planning a part of their agency's overall planning process.

- **Best Practice #2: Senior leadership should sponsor and actively support succession planning.**

  Senior agency leadership should demonstrate the importance of succession planning by actively supporting succession planning efforts within the agency. Leadership should ensure succession planning occurs, and financial and staff resources are available to implement initiatives.

  Twenty-eight of 30 respondents (93 percent) answering the question reported their agency's succession plan required active involvement and sponsorship of their agency's senior leadership.

- **Best Practice #3: Agencies should identify future skills needed to meet their long-term missions.**

  Agencies should make projections about the skills needed – and the quantities in which they will be needed – to carry out their mission in the future. This will allow each agency to build its workforce based on what it needs to achieve in the future, in contrast to simply filling vacant positions as they arise.

  Twenty-four of 29 respondents (83 percent) answering the question reported their agency's succession plan identified needed skills.

- **Best Practice #4: Agencies should analyze employee demographics and identify disparities between needed skills and available skills.**

  Agencies should continually track workforce demographics and skills possessed by their key employees, and use this information to predict when needed skills may be lost due to retirement. The agencies can then profile needed skills and compare the profile with the skills currently possessed and those likely to be needed in the future.

  Fourteen of 30 respondents (47 percent) answering the question indicated their department conducts workforce analysis as part of its succession planning efforts.

- **Best Practice #5: Succession Plans Should Contain Certain Minimum Attributes.**

  Succession plans should contain each of the following desirable attributes:

  - Identify key positions or key individuals (90 percent of respondents answering the question reported their plan contains this attribute).
  - Identify personal attributes needed for key positions (79 percent).
  - Address challenges such as diversity, recruitment, and retention (64 percent).

- Encourage a statewide perspective in developing employees (i.e., the benefits of developing an individual may go to another internal organization if high potential individuals move to a different unit within the same organization) (41 percent).
- Identify succession planning responsibilities of the DoP and the agency (38 percent).
- Contain written goals to indicate desired program results (23 percent) (Only one written plan was provided).
- Contain a written purpose statement (18 percent) (Only one written plan was provided).

- **Best Practice #6: Agencies should use shadow assignments, job rotation, and mentoring to develop high potential employees.**

Shadow assignments are assignments in which key employees are followed and observed during critical tasks by others who may some day take over the responsibilities of the key employee. Job rotation is the practice of exposing an employee to various positions within the organization to provide them with broader experience and understanding of the organization as a whole. Mentoring is a process in which a mentor and protégé collaborate to their mutual advantage and to the advantage of the organization. Each of these practices can be helpful in ensuring high potential employees are able to replace key employees in the key employees' absence.

Our survey yielded the following results: 20 of 29 (69 percent) respondents answering the question indicated their agency uses shadow assignments to provide greater experience for high-potential employees; 15 of 29 (52 percent) respondents answering the question reported using job rotation to provide more experience to high potential employees; and 26 of 29 (90 percent) respondents answering the question reported their agency uses mentoring to develop high potential employees.

- **Best Practice #7: Agencies should link succession planning to performance evaluations and employees career plans.**

Agencies should utilize their employee performance evaluation process to advance succession planning efforts. Performance evaluations can assist in identifying employee talents and interests, and can be used to identify training opportunities for each employee consistent with needed skills identified in the succession plan.

Twenty-five of the 30 respondents (83 percent) answering the question reported their succession plans used the performance evaluation process to assist in individual employee careers plans. Twenty of the 29 respondents (69 percent) answering another question reported their succession plans were linked to employee career plans.

- **Best Practice #8: Agencies should encourage employees to develop knowledge, skills, and abilities.**

Agencies should encourage employees to develop knowledge, skills, and abilities in a variety of ways. Tuition reimbursements, in-house and externally-provided training,

progressively responsible assignments, and exposure to senior management-level are all strategies agencies can use to create a more skilled and knowledgeable workforce.

Twenty-seven of 30 respondents (90 percent) answering the question reported encouraging employees to enhance their knowledge, skills, and abilities, while 25 of 29 respondents (86 percent) answering a different question reported their succession plans identified specific training programs to improve employee knowledge, skills, and abilities. Additionally, 23 of 28 respondents (82 percent) answering the question indicated their agency exposes high potential employees to strategic issues and senior management meetings as part of its succession planning efforts.

Recommendation:

Agency management, using tools and guidance from the DAS, DoP, should develop written succession plans containing each of the best practices described. Agency management should evaluate the extent to which each best practice has been implemented within their agency. Practices not currently in use should be adopted to ensure an adequate supply of talented personnel is available to fill key positions.

Auditee Response:

We concur.

It is clear the performance audit documents a comprehensive and thorough analysis of current statewide practices and knowledge of succession planning. Not surprisingly, although some agencies believe they are prepared to face future staffing shortages, little to no agencies have actual written succession planning plans. We unequivocally concur and support all of the best practice recommendations.

The Division of Personnel philosophy and phrases of choice for this initiative are Workforce Development or Workforce Planning. Succession Planning, as a label, tends to invoke the thought that agency management will "pick" or identify certain personnel for key open positions. The State of New Hampshire has a large amount of work to accomplish in this area, specifically due to a lack of centralized coordination of Workforce Planning efforts over the past years. Compared to private industry and some other state government entities, the State of New Hampshire is years behind in preparedness efforts in educating agency staff. The State of New Hampshire operates in a collective bargaining environment and is governed by both State Personnel Rules and Collective Bargaining Agreements. It also operates under a merit system, the definition of which is, "the process of promoting and hiring government employees based on their ability to perform a job, rather than on their political connections." Using the title of either Workforce Planning or Workforce Development clearly identifies the initiative as preparing the collective workforce for changes.

Observation No. 2

Create And Distribute A Succession Planning "Tool Kit"

A succession planning "tool kit" is a comprehensive collection of materials designed to educate and enable agency management to develop their own succession plan, based on standard definitions and processes. A tool kit may contain standard definitions of key terms, an overview of the succession planning process, a standard methodology for workforce analysis, standard forms and criteria to be used, forecasting tools to identify and analyze skill gaps, identify training opportunities, and present strategies such as recruitment and retention to develop the workforce. A tool kit can increase the likelihood of a formal approach to succession planning, ensuring standardization across the organization while minimizing the use of informal approaches that may result in ad hoc or incomplete plans.

Our survey of Executive Branch agency managers confirmed their need for such a tool kit. When agency managers were asked what they felt was the appropriate role for the DoP, 68 of 96 (71 percent) respondents answering the question agreed with the statement "DoP should provide technical assistance (tools and guidance) regarding succession planning but my agency should be responsible for developing the plan."

We asked survey respondents whether there were any obstacles or impediments to succession planning. Twenty-seven respondents reported "personnel rules," which was the most frequent response to this open-ended question. The next four most frequent responses to this question were "Low salaries" (20), "Lack of skills" (13), "Specialized job duties" (12), and "Lack of an existing process" (11).

There is concern among agency managers that succession planning is not possible due to labor unions and public sector merit principles. Our research indicates labor union interests and succession planning can coexist as long as merit principles are upheld. Representatives of the State Employees Association reported they are concerned with succession planning but any measures need to be fair, objective, based on qualifications, and, above all, transparent. Agency personnel may be operating under incorrect or out-of-date information. A succession planning tool kit that describes, in part, the current law and administrative rules can be used to correct this misunderstanding.

<u>Recommendation:</u>

The DoP should create a comprehensive succession planning "tool kit" for State agencies and post it on their website to help guide development of effective succession plans and overcome misconceptions held by agency personnel.

Auditee Response:

We concur.

In January 2008 the Division of Personnel hired its first employee dedicated to the Workforce Development effort. Over the course of the past five months the Workforce Planning and Development Coordinator has worked in collaboration with a Workforce Development

Committee made up of a variety of state employees from many agencies. It is the expectation that the Coordinator, through their own efforts and those in collaboration with the Committee, will develop a multi-stage and resource approach designed to provide the tools necessary to state agencies to help prepare them for their individual Workforce Development efforts.

Observation No. 3

Clarify Administrative Rules And Consider Amending RSA 99:4 And RSA 9:17-C To Allow Payment Of Salary And Benefits To Transitional Key Employees

Twenty-seven survey respondents identified "personnel rules" as an obstacle or impediment to succession planning. The following comment illustrates recurring themes of respondents throughout the survey:

> When we know a valuable employee is 1-2 y[ea]rs from retirement, we try to find someone with the ability and interest to informally job shadow the individual and to learn their job. Of course the shadower still has to do their job at the same time. State gov[ernment] doesn't have the flexibility to allow us to hire someone (like an apprentice position) for the job 6-9 months prior to the person's retirement date.

This comment and survey results identify two issues that appear to prevent a departing key employee from working directly with a successor employee.

PER ADMINISTRATIVE RULES:

Administrative Rule Per 102.65 defines "vacancy" as an unfilled position. Use of the word "vacancy" or "vacant" throughout the DoP's administrative rules could lead one to believe recruiting a successor cannot occur until the position is vacant. For example:

- Per 402.01 requires posting the position in-house for a period of 5 working days "to allow in-house employees to apply for a ***vacant*** position.
- Per 404.01 (a) states, "When an appointing authority determines that a ***vacant*** position shall be filled and the appointing authority has complied with the requirements of Per 402 and Per 403, the appointing authority may request that the director authorize external recruitment for the ***vacant*** position."
- Per 602.03 states, "…within the agency in which the ***vacancy*** exists, the appointing authority shall notify the director of its intent to commence external recruitment pursuant to Per 404."
- Per 901.09 (d) states, "When filling the ***vacant*** position on a permanent basis, the appointing authority shall comply with all requirements under Per 402 for posting a ***vacant*** position, even though an employee has been temporarily promoted to the position."

According to Per 102.38, "Outside recruitment" means the process of filling a ***vacant*** position by recruiting potential employees outside the agency in which the vacancy is located [Emphasis Added]. Six survey respondents specifically identified the inability to fill positions in advance of an employee's departure as a barrier to succession planning. All of these respondents were agency managers, with no human resources personnel identifying

this as a problem. This suggests that while human resources personnel may recognize that positions can be filled before an employee has physically departed, there is some confusion on the part of other agency managers.

APPOINTMENT TYPES AND FUNDING:

The method for budgeting salaries and benefits and the type of appointment can prevent a successor employee from working alongside a key incumbent, even for a short period of time. Administrative Rule Per 600 identifies seven appointment types within the State's classified personnel system:

- Temporary Appointment (Per 601.01)
- Emergency Appointment (Per 601.02)
- Seasonal Appointment (Per 601.03)
- Exceptional Appointment (Per 601.04)

- Temporary Fill-In Appointment (Per 601.05)
- Permanent Full-Time Appointment (Per 601.06)
- Probationary Appointment (Per 601.07)

Salaries for full-time classified employees, including anticipated salary increments, are budgeted in the Personal Services – Permanent Classified line item while temporary employees are budgeted using other line items, such as Personal Services – Temporary Full Time, among others. A new full-time permanent position for the successor cannot be created and funded outside of the biennial budget process because the Personal Services – Permanent Classified budget is carefully projected using only the positions existing at the time the budget is prepared. Therefore, no funds would be available for an extra position.

Although agencies could recruit and hire successor employees by creating a temporary position of limited duration, it is unlikely salary and benefits would be budgeted for this particular full-time temporary position unless management anticipated the key employee's departure when the budget was prepared.

RSA 99:4 creates a salary adjustment fund and requires the quarterly transfer of unexpended appropriations resulting from turnover in personnel and vacant positions into this special account. The salary adjustment fund is available for transfer to departments and institutions necessary to cover the salaries of persons employed as a result of vacancies in permanent positions due to death, illness or annual leave. The funds, however, are not currently available for temporary or new positions. Unspent money in the salary adjustment fund at the end of State fiscal years 2006 and 2007, which was subsequently lapsed to the State's general fund, was $2.65 million and $2.96 million, respectively. RSA 9:17-c creates a similar fund, for employee benefits, named the employee benefit adjustment account.

Recommendation:

The DAS should work with the Legislature to consider amending RSA 99:4 and RSA 9:17-c to broaden allowable uses to finance temporary full-time positions for the purpose of training an incoming key employee while the incumbent key employee is still working. We

also recommend the DoP clarify its administrative rules to clarify when agencies may begin recruiting for an anticipated vacancy as well as develop and distribute procedures for filling key positions temporarily for the purpose of allowing an incumbent employee departing State service to train an incoming employee.

Auditee Response:

We concur.

We agree that the word 'vacant' appears throughout all of the noted Personnel Rule references. We agree with the suggestion of clarifying the administrative rules and believe that amending the definition of the word "Vacant" in the Personnel Rule definition section may help with any confusion of when an agency can begin the recruitment process. In addition, through the Workforce Development efforts, we will provide clearer process instruction about the recruitment process. Through daily interaction with key agency human resource staff, however, it does not appear that the HR community is unaware when they have the ability to begin the recruitment process for either a vacant or soon-to-be vacant position.

We concur regarding the need to amend RSA 99:4 and RSA 9:17-c. We are very willing to work with the Legislature to draft legislation to allow for the flexibility of state agencies to (1) first use their own available appropriation to fill critical positions in their agency as identified in a workforce development plan, and only in the event that funding has been exhausted to allow (2) the use of available funds in the Salary and Benefit Adjustment Accounts, which would require the modification of RSA 99:4 and RSA 9:17-c. The use of these funds would have to be managed very carefully and judiciously since the state is reliant on them for adjustments needed in the normal course of business.

Observation No. 4

Consider Amending RSA 21-I:13 To Provide The Commissioner Of The Department Of Administrative Services With Authority To Direct Agencies To Prepare Succession Plans

The State's human resources function is decentralized and State agencies have received little succession planning guidance from the DAS. In our survey of State Executive Branch agencies, only 35 of 90 respondents (39 percent) reported their agency has a succession plan. Of the 35 respondents who reported having a plan, only 11 respondents (32 percent) reported having a *written* succession plan and, ultimately, we were able to obtain only *one* written plan.

It appears the Commissioner of the DAS does not currently posses explicit authority to require agencies to develop succession plans. RSA 21-I:42, I makes the DoP within the DAS responsible for managing a centralized personnel operation providing for recruitment, appointment, compensation, promotion, transfer, layoff, removal, and discipline of State classified employees. Under present law, the authority of the Commissioner to *require* peer agencies to develop succession plans in accordance with DAS policies is unclear because RSA 21-I:13 states the Commissioner of the DAS shall…"[r]eceive cooperation from all agencies in providing information which he shall request in order to carry out his statutory functions." Unless responsibility for succession planning is explicitly added to the Department's mandate, the

Commissioner's authority to require agencies to prepare and submit succession plans for key employees will remain in doubt.

Recommendation:

We recommend the Legislature consider amending RSA 21-I:13 to explicitly provide the Commissioner of the DAS authority to direct all agencies to prepare comprehensive written succession plans using tools and guidance provided by the DoP.

Auditee Response

We concur.

We agree that State agencies must be directed to prepare comprehensive written Workforce Development or Succession Plans using the tools and guidance provided by the Division of Personnel. If the decision were made to have the Commissioner of the Department of Administrative Services issue this directive, we suggest amending RSA 21-I:13 to read, "Notwithstanding 21-I:42, the Commissioner of the Department of Administrative Services directs all agency, board and commission heads to develop and implement a comprehensive Succession/Workforce Development Plan…."

Given the importance of this issue we believe this directive should not come from either the Director of Personnel or the Commissioner of Administrative Services but from the Governor of the State of New Hampshire through the issuance of an Executive Order. It is the intent of the Workforce Development Coordinator and the Workforce Development Committee to recommend to both the Director of Personnel and the Commissioner of the Department of Administrative Services that the Executive Order be specific to the agencies to create a strategic plan with goals and objectives to include Workforce Development. It is our belief that an initiative this big, which will require full agency support and commitment should come from the Governor.

CONCLUSION

This audit is the result of the Legislature's concern State operations may be negatively impacted as key employees depart State service. Our analysis of workforce demographics, in general, and analysis of key employees, in particular, demonstrated this concern is well founded. Our analyses of key employees eligible for retirement compared with the statewide workforce shows an increased risk to agency operations because of the higher proportion of key employees eligible for retirement. The State clearly has much to do, as we were able to obtain only *one* written succession plan from all Executive Branch agencies.

Early in the audit planning process, we determined the State's human resources function was decentralized and State agencies had little succession planning guidance from the DAS. Starting in 2006, the DoP within the DAS began to raise awareness of the need for succession planning. The DoP conducted a survey of New Hampshire State agencies, submitted a budget request to hire a workforce development coordinator as part of its fiscal year 2008/2009 budget, and raised awareness of succession planning among agency management.

This report identifies several best practices in the succession planning field for use by the DoP and State agencies to develop effective succession plans. In addition, our survey of agency managers sought to identify key employees. We believe identifying these key individuals, as well as the best practices we identify, provide practical starting points for the DoP and other State agencies to begin developing their plans for key personnel and positions.

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APPENDIX A

DEPARTMENT RESPONSE TO AUDIT

State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

July 9, 2008

Richard J. Mahoney, CPA
Director of Audits
Office of Legislative Budget Assistant
State House Room 102
107 North Main Street
Concord, NH 03301

Dear Mr. Mahoney:

Thank you for the opportunity to comment on the recent State of New Hampshire Succession Planning Performance Audit issued by the Office of the Legislative Budget Assistant (LBA).

I want to share my sincere thanks to both the LBA management and audit staff for their excellent work on this Performance Audit. I especially want to thank both John Clinch and Kevin Ripple for the time they dedicated to research and learn about succession planning and work force development, within the State of New Hampshire as well as national trends and programs.

As the report demonstrates, the State of New Hampshire has and will face a very high percentage of possible turn over of key long-term management staff over the next several years. I am aware, and the report demonstrates, that the state has not had a coordinated effort towards both succession planning and work force development to adequately prepare for such a shift in our work force. I am pleased that the work of the audit staff has highlighted the critical need to dedicate time, energy and resources to assisting our state agencies to prepare for key management turn over. In addition, the performance audit observations and recommendations are closely aligned with the goals and objectives of the Division of Personnel and its workforce development initiatives. I am extremely hopeful and optimistic that the work of both the audit report and the ongoing Division of Personnel initiatives will go a long way in preparing our agency staff for the work of the future.

Once again, my sincere thanks for the work of the audit staff on this critically important issue facing the State of New Hampshire. The Department of Administrative Services, Division of Personnel will use the audit recommendations in its overall workforce development efforts. If you have any questions regarding our response to the audit report, please contact me at 271-3204 or at Linda.hodgdon@nh.gov.

Sincerely,

Linda M. Hodgdon
Commissioner

FAX: 603-271-6600

TDD Access: Relay NH 1-800-735-2964

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APPENDIX B

NH Agency Head Succession Planning Survey

Office Of Legislative Budget Assistant Audit Division

<u>Summary Statistics</u>
Total Number of Respondents: 105

Introduction

Purpose: The primary purpose of this survey is to determine the status of succession planning in New Hampshire's state agencies and to collect information on various issues related to succession planning.

Question Format: The questions primarily consist of multiple choice questions with some open-ended questions. Please note that some multiple choice responses <u>may</u> allow you to skip questions. You may add additional information and comments at the end of this survey.

Answering Questions: Please answer the survey as honestly and accurately as possible based upon your direct experience. Select the best answer from the list provided. Some questions may allow you to provide multiple answers by asking you to "mark all that apply." Otherwise you may assume you only need to mark one item. You may answer "Don't Know / Not Applicable" if you do not have sufficient information to answer the question.

We desire your input primarily, but you may consult with others who are familiar with these topics, if the consultation will help provide a more accurate response. We expect that it will take you approximately 30 minutes to complete this questionnaire. If you need to pause at any point, you may close the questionnaire and return to it later. Your answers will be saved upon exiting.

Confidentiality

In order to provide follow-up messages and help as you complete this questionnaire, we will keep e-mail addresses and names associated with responses. Your responses will be compiled with others from your department and will be reported as aggregate data in our final report. Your responses are for audit purposes only. Under RSA 14:31-a, II, audit work papers, such as surveys, are not public records. However, work papers used to support our final report may be made available by a majority vote of the Fiscal Committee after a public hearing showing proper cause. Regardless, it is our policy not to name you specifically in our report. However, some information received from certain management personnel may be attributed to their positions or titles.

Navigating and Exiting the Survey

Most of the questions in this survey can be answered by checking boxes or filling in blanks. Space has been provided at the end of the survey for any additional comments. The survey should take about 30 minutes to complete.

Please <u>do not use</u> the "Enter" key on your keyboard or the browser's "Back" button to navigate through the survey.
To read to the bottom of a section: Use the scroll bar on the right hand side of the section.

To move from section to section: Use the "Next section" and "Previous section" buttons at the end of each section. Do not use the "Enter" key on your keyboard to navigate through the survey.

To exit at any time: Click on the "Exit" button at the end of each screen. Always use the "Exit" button to close the survey. If you do not, you will lose the information you entered in that section.

To restart your survey: Log on to the survey using your user name and password. The survey will restart at the point where you exited.

To change your answers: To change an answer marked with a "button" (circle), click on another answer. To "uncheck" a checked box, click on the box again (this will "uncheck" it), then check the box(es) you wish to check. To change what is in a text box, click in the box and then delete and type over.

Note: You cannot use your browser's "Back" button to backup and make changes. Use the previous section button instead. You can change your answers, even after logging off, by logging on again (see above).

To answer open-ended questions: Click anywhere inside the box and begin typing. When you reach the limit of the open space, keep typing and the box will automatically expand.

To print your responses: Click on the "Print" button at the end of each section. You cannot print the entire survey at one time.

The first set of questions pertain to succession planning in your agency.

Succession Planning in Your Agency
1. Does your department/division/bureau have a succession plan to replace departing employees?

Count	Percent	Value	Label
35	33.33	1	Yes
55	52.38	2	No
15	14.29	3	Don't Know / Not Applicable

2. What level of your agency does the succession plan address? (Select one answer for each row listed below.)

2a. Department

Count	Percent	Value Label
81	77.14	0 Not checked
11	10.48	1 Addresses
5	4.76	2 Does Not Address
8	7.62	3 Don't Know / Not Applicable

2b. Division

Count	Percent	Value Label
76	72.38	0 Not checked
24	22.86	1 Addresses
2	1.90	2 Does Not Address
3	2.86	3 Don't Know / Not Applicable

2c. Bureau

Count	Percent	Value Label
80	76.19	0 Not checked
19	18.10	1 Addresses
2	1.90	2 Does Not Address
4	3.81	3 Don't Know / Not Applicable

2d. Program(s)

Count	Percent	Value Label
81	77.14	0 Not checked
16	15.24	1 Addresses
3	2.86	2 Does Not Address
5	4.76	3 Don't Know / Not Applicable

2e. Other (describe below)

Count	Percent	Value Label
91	86.67	0 Not checked
3	2.86	1 Addresses
1	0.95	2 Does Not Address
10	9.52	3 Don't Know / Not Applicable

2f. If "Other", please specify:

Count	Response
2	Agency (not part of a department)
2	Section
1	Informal & Partial-staff identified based on strengths in specific areas

3. Is your succession plan *written*?

Count	Percent	Value Label
67	63.81	0 Not checked
11	10.48	1 Yes
23	21.90	2 No
4	3.81	3 Don't Know / Not Applicable

4. Has your agency developed a strategic plan?

Count	Percent	Value Label
65	61.90	0 Not checked
25	23.81	1 Yes
12	11.43	2 No
3	2.86	3 Don't Know / Not Applicable

5. Has your agency made *succession planning* a part of its *strategic plan*?

Count	Percent	Value Label
74	70.48	0 Not checked
12	11.43	1 Yes
14	13.33	2 No
5	4.76	3 Don't Know / Not Applicable

Plan Contents

6. Does your agency's succession plan...

require active involvement and sponsorship of your agency's senior leadership?

Count	Percent	Value Label
72	68.57	0 Not checked
28	26.67	1 Yes
2	1.90	2 No
3	2.86	3 Don't Know / Not Applicable

contain a written purpose statement?

Count	Percent	Value	Label
74	70.48	0	Not checked
5	4.76	1	Yes
23	21.90	2	No
3	2.86	3	Don't Know / Not Applicable

contain written goals to indicate desired program results?

Count	Percent	Value	Label
72	68.57	0	Not checked
7	6.67	1	Yes
23	21.90	2	No
3	2.86	3	Don't Know / Not Applicable

identify succession planning responsibilities of the Division of Personnel and your agency?

Count	Percent	Value	Label
72	68.57	0	Not checked
11	10.48	1	Yes
18	17.14	2	No
4	3.81	3	Don't Know / Not Applicable

identify key positions or key individuals within your agency?

Count	Percent	Value	Label
72	68.57	0	Not checked
26	24.76	1	Yes
3	2.86	2	No
4	3.81	3	Don't Know / Not Applicable

address challenges such as diversity, recruitment, and retention?

Count	Percent	Value	Label
72	68.57	0	Not checked
18	17.14	1	Yes
10	9.52	2	No
5	4.76	3	Don't Know / Not Applicable

hold senior leaders accountable for identifying and developing future leaders?

Count	Percent	Value Label
72	68.57	0 Not checked
20	19.05	1 Yes
8	7.62	2 No
5	4.76	3 Don't Know / Not Applicable

use its employee performance evaluation mechanism to assist in individual employee career plans?

Count	Percent	Value Label
72	68.57	0 Not checked
25	23.81	1 Yes
5	4.76	2 No
3	2.86	3 Don't Know / Not Applicable

link succession planning to individual employee's career plans?

Count	Percent	Value Label
72	68.57	0 Not checked
20	19.05	1 Yes
9	8.57	2 No
4	3.81	3 Don't Know / Not Applicable

identify future skills needed to meet your agency's long term mission?

Count	Percent	Value Label
72	68.57	0 Not checked
24	22.86	1 Yes
5	4.76	2 No
4	3.81	3 Don't Know / Not Applicable

identify personal attributes (e.g. honesty, integrity, self-motivation, etc.) needed for key positions?

Count	Percent	Value Label
73	69.52	0 Not checked
22	20.95	1 Yes
6	5.71	2 No
4	3.81	3 Don't Know / Not Applicable

encourage a statewide perspective in developing employees (i.e. benefits of the program may go to another agency if high potential individuals move to another agency)?

Count	Percent	Value Label
72	68.57	0 Not checked
12	11.43	1 Yes
17	16.19	2 No
4	3.81	3 Don't Know / Not Applicable

use shadow assignments to provide more experience to high potential employees?

Count	Percent	Value Label
72	68.57	0 Not checked
20	19.05	1 Yes
9	8.57	2 No
4	3.81	3 Don't Know / Not Applicable

use job rotation to provide more experience to high potential employees?

Count	Percent	Value Label
72	68.57	0 Not checked
15	14.29	1 Yes
14	13.33	2 No
4	3.81	3 Don't Know / Not Applicable

use coaching or mentoring in developing high potential employees?

Count	Percent	Value Label
72	68.57	0 Not checked
26	24.76	1 Yes
3	2.86	2 No
4	3.81	3 Don't Know / Not Applicable

include exposure to strategic issues and senior level meetings?

Count	Percent	Value Label
73	69.52	0 Not checked
23	21.90	1 Yes
5	4.76	2 No
4	3.81	3 Don't Know / Not Applicable

encourage employees to develop their knowledge, skills, and abilities in order to fill more responsible positions within your agency in the future?

Count	Percent	Value Label
72	68.57	0 Not checked
27	25.71	1 Yes
3	2.86	2 No
3	2.86	3 Don't Know / Not Applicable

identify training programs needed to enhance employee knowledge, skills, and abilities in order to fill more responsible positions within your agency in the future?

Count	Percent	Value Label
72	68.57	0 Not checked
25	23.81	1 Yes
4	3.81	2 No
4	3.81	3 Don't Know / Not Applicable

7. Does your department/division/bureau conduct any workforce analysis for use in your agency's succession planning efforts?

Count	Percent	Value Label
70	66.67	0 Not checked
14	13.33	1 Yes
16	15.24	2 No
5	4.76	3 Don't Know

8. In the *absence* of a succession plan, how are potential successors for key individuals identified?

Count	Response
20	Standard selection process
10	Informal identification
10	Mentor/cross-train/job shadow
10	Advertise/post jobs/fill from outside
8	Hire based on skills
5	Internal training
4	No formal process
3	Don't know
3	Special projects
2	Back-ups identified
1	Education/outside training
1	Chain of command

9. Please rate your satisfaction with the practice(s) you described in the previous question for filling key positions in your agency, in the absence of a succession plan.

Count	Percent	Value Label
30	28.57	0 Not checked
6	5.71	1 Very satisfied
31	29.52	2 Satisfied

21	20.00	3 Dissatisfied
6	5.71	4 Very dissatisfied
11	10.48	5 Don't Know/ Not applicable

10. What obstacles or impediments are there in identifying successors?

Count   Response
- 27 Personnel rules
- 20 Low salaries
- 13 Lack of skills
- 12 Specialized job duties
- 11 Lack of an existing process
- 10 Costs/no funding
- 10 Lack of time/personnel
- 9 Small agency
- 9 Union doesn't support
- 9 Few promotions/career choices
- 8 None
- 8 Poor applicant pool
- 6 No desire to advance
- 3 Existing employees unable to train
- 3 Hiring freezes
- 2 Skills not compatible
- 2 Training inadequate from Bureau of Education and Training
- 2 Don't know
- 1 Restrictions on advertisement
- 1 Lack of management interest

11. Has the topic of succession planning been discussed in management meetings?

Count	Percent	Value Label
4	3.81	0 Not checked
71	67.62	1 Yes
23	21.90	2 No
7	6.67	3 Don't Know / Not Applicable

12. How do you rank succession planning among other management priorities?

Count	Percent	Value Label
5	4.76	0 Not checked
40	38.10	1 Very important
58	55.24	2 Moderately important
2	1.90	3 Unimportant

Roles and Responsibilities

13. Who do you feel should be responsible for developing succession plans for your agency?

13.1. Department of Administrative Services, Division of Personnel

Count	Percent	Value Label
76	72.38	0 Not checked
29	27.62	1 Checked

13.2. Governor's Office

Count	Percent	Value Label
96	91.43	0 Not checked
9	8.57	1 Checked

13.3. My Agency

Count	Percent	Value Label
17	16.19	0 Not checked
88	83.81	1 Checked

13.4. Other

Count	Percent	Value Label
92	87.62	0 Not checked
13	12.38	1 Checked

13.5. Don't Know / Not applicable

Count	Percent	Value Label
101	96.19	0 Not checked
4	3.81	1 Checked

If "Other", please specify:

Count	Response
6	Agency alone
3	DoP/agency collaboration
1	Governor's Office
1	Consultant

14. What do you feel should be the Department of Administrative Services, Division of Personnel's role in developing succession plans for your agency?

Count	Percent	Value	Label
4	3.81	0	Not checked
1	0.95	1	Division of Personnel should solely be responsible for developing the plan
9	8.57	2	My agency should solely be responsible for developing the plan
13	12.38	3	My agency and the Division of Personnel should be equal partners in developing a succession plan for my agency
68	64.76	4	Division of Personnel should provide technical assistance (tools and guidance) regarding succession planning but my agency should be responsible for developing the plan
5	4.76	5	Other
5	4.76	6	Don't Know

If "other," please specify:

Count	Response
1	Nothing if it involves a Business Supervisor
1	DoP should establish rules that allow "management" trainee programs and provide sufficient training opportunities as part of a holistic program for recruitment, retention and advancement.
1	Division of Personnel should provide technical assistance, as well as explore ways to minimize barriers and resource wasting processes related to hiring and promotions.
1	The [agency] is solely responsible for selecting its own Executive Director.

Training and Education

15. Has your agency utilized any of the Division of Personnel's Bureau of Education and Training programs in developing employees for future leadership roles?

Count	Percent	Value	Label
4	3.81	0	Not checked
74	70.48	1	Yes
15	14.29	2	No
12	11.43	3	Don't Know / Not Applicable

16. How well has the Division of Personnel's Bureau of Education and Training offerings met your agency's needs in training and educating employees with high potential in assuming greater responsibilities in your agency?

Count	Percent	Value Label
19	18.10	0 Not checked
5	4.76	1 Excellent
30	28.57	2 Above Average
27	25.71	3 Average
3	2.86	4 Below Average
1	0.95	5 Very Poor
20	19.05	6 Don't Know/Not Applicable

17. How could the Division of Personnel, Bureau of Training and Education improve its offerings to support your agency in developing employee skills?

Count	Response
10	Leadership training
9	Management skills
9	Programs specific to agencies
7	Survey employees/supervisors
7	Specialized courses
7	Does not know enough to say
6	More funding needed
5	Target technical skills
5	Assist/train in succession planning
3	Basic skills
3	Organization or individual training plan
3	Better marketing
2	Greater time flexibility
2	Create in-house training
2	Greater frequency of offerings
1	Distance learning
1	Greater variety
1	Target new managers
1	Update courses
1	Time away
1	Good experience

18. Has your agency identified skills needed for leadership positions (e.g. creativity, strategic thinking, entrepreneurship, business acumen, etc.)?

Count	Percent	Value Label
6	5.71	0 Not checked
53	50.48	1 Yes
34	32.38	2 No
12	11.43	3 Don't Know / Not Applicable

If "Yes", what does your agency do to encourage employees already in leadership positions to acquire/refresh these skills?

Count	Response
33	Training/continuing education
5	Attend conferences/retreats
5	Professional/peer groups
5	Special assignments
1	Evaluation process
1	Guided study

19. Does your agency have a mentoring or coaching program?

Count	Percent	Value Label
6	5.71	0 Not checked
31	29.52	1 Yes
60	57.14	2 No
8	7.62	3 Don't Know / Not Applicable

Key Positions

20. **KEY POSITIONS OR KEY INDIVIDUALS are positions or individuals essential to achieving the organization's mission and/or requiring a depth of expertise or specialized knowledge that could make the position difficult to fill from within or outside the agency.**

Please identify the key positions or key individuals that are critical to your department/division/bureau's mission and in a few words tell us why you consider them critical. Press your tab key to get to the next line. You may use the space provided in Question 21 if you need more space.

NOTE: As an alternative, you may instead e-mail or mail an organization chart with key employees or positions identified.

21. If you have any comments on this survey, Click in the box below and type them in. You will have 20 blank lines to start with. If you need more, just continue typing and the text will scroll until you are finished.

When the Survey is Complete

22*. **When you have completed this survey, please check the "Completed" box below.** Clicking "Completed" is equivalent to "mailing" your survey -- it lets us know that you are finished, and that you want us to use your answers. It also lets us know not to send you any follow-up messages reminding you to complete your survey.

Count	Percent	Value Label
105	100.00	1 Completed

Thank You

23. Click on the **Exit** button below to exit the survey, then close the browser windows associated with this survey by clicking on the small "X" in the upper right hand corner of your screen.