Success Through Succession: Implementing Succession Planning at the Texas Department of Insurance

By

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Abstract

While turnover is an inevitable factor that all agencies face, succession planning provides a method of ensuring that turnover does not prove detrimental to the organization. According to Human Resource reports at the Texas Department of Insurance, fifteen to eighteen percent of employees in Texas state agencies are slated to retire within the next three years, many of whom serve in management and key strategic positions for their respective agencies. These employees retain a wealth of knowledge gained through years of experience. Succession planning is a method of grooming less tenured staff to ensure the "availability of a supply of capable staff who are ready to assume key or critical positions" (Podger, 2003, iii).

The purpose of this research is threefold. First, based on the Applied Research Project of Sharon Ley (2002), as well as literature pertaining to the subject,

it describes the critical components of an ideal succession plan. Second, utilizing the practical ideal type characteristics, it assesses strategies for implementing succession planning at the Texas Department of Insurance (TDI). Finally, based on the assessment, recommendations have been made to TDI on the most effective method for implementing succession planning.

Succession planning at TDI was assessed using document analysis and focused interviews. The study found that while succession planning is being practiced at TDI, there is not a cohesive plan that has been implemented on an agency-wide level. By applying the practical ideal model for succession planning, as developed by Sharon Ley and tailored to the needs of state agencies through this research, TDI can modify their current practices and implement a comprehensive, successful succession plan at the agency.

About the Author:

Melissa Whitmore graduated from Georgetown High School in 1998 and received a Bachelor of Arts degree from Texas State University with majors in English and History in 2002 and a Master of Arts degree in Public Administration in 2006. She is currently employed at the Texas Department of Insurance as a Program Specialist for the Business Planning and Redesign division and can be contacted at melissawhitmore@gmail.com.

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Chapter 1:

<u>Introduction</u>

According to the Texas State Auditor's Office (SAO), "the purpose of succession planning is to prepare an agency for risks associated with the planned or unplanned loss of knowledge that is critical to the success of the agency." To accomplish this, a successful succession planning model develops "employees to ensure that the agency has highly qualified employees who are capable of filling critical positions" (SAO 2006, 13). Succession planning is a key element to both workforce planning and strategic planning in state agencies. During the FY 2007-2009 strategic planning process at the Texas Department of Insurance (TDI), Human Resources determined that the agency needed to reevaluate its current succession planning model to ensure that it is applied appropriately at all levels of the agency. In her 2002 Applied Research Project, Sharon Ley created a succession planning model based on the needs of the Texas State Bar, a quasi-private state agency, which is not subject to the strict restrictions on employment practices that govern most state agencies. This research project expands on the practical ideal model developed by Ley to include elements of succession planning that must be applied to state agencies, based on employment regulation and applies it to the succession planning process at the TDI. While TDI currently utilizes some of the aspects of an ideal succession plan in the agency's Strategic Plan, the agency does not have a cohesive succession plan that is applied throughout all levels of the organization.

Purpose

The purpose of this research is threefold. First, based on the Applied Research Project of Sharon Ley (2002), as well as literature pertaining to the subject, it describes the critical components of an ideal succession plan. Second, utilizing the practical ideal type characteristics, it assesses current strategies for implementing succession planning at the Texas Department of Insurance. Finally, based on the assessment, recommendations that should improve succession planning at TDI are presented.

Conceptual Framework

This research expands on the practical ideal type conceptual framework for succession planning developed by Sharon Ley (2002). According to Patricia Shields, "practical ideal types provide benchmarks with which to understand (and improve) reality" (1998, 215). In this case, the practical ideal type outlines the ideal elements with which all succession planning models should be based.[1] This research compares the current succession planning practices utilized at the Texas Department of Insurance to those of the practical ideal type in order to make recommendations for improvement.

Background

While turnover is an inevitable factor that all agencies face, succession planning provides a method of ensuring that turnover does not prove detrimental to

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[1] For an extensive discussion on practical ideal type frameworks see Shields (2005).

the organization. According to Human Resource reports at the Texas Department of

Insurance, fifteen to eighteen percent of employees in Texas state agencies are slated

to retire within the next three years, many of whom serve in management and key

strategic positions for their respective agencies. These employees retain a wealth of

knowledge gained through years of experience. "Clearly, this poses a potential threat

to the continuity of corporate knowledge, experience and innovation in agencies"

(Department of the Premier and Cabinet Government of Western Australia, 2001, 1).

Succession planning is a method of grooming less tenured staff to ensure the

"availability of a supply of capable staff who are ready to assume key or critical

positions" (Podger, 2003, iii).

Chapter 2:

<u>Elements of an Ideal Succession Plan</u>

The purpose of this research paper is to review the literature pertaining to succession planning in state government in order to create an ideal succession planning model for state agencies in Texas, specifically the Texas Department of Insurance. This paper discusses the background and definition of succession planning, along with the benefits and risks of implementing succession planning in state agencies. The conceptual framework of this research is based on Sharon Ley's "An Assessment of Succession Planning at the State Bar of Texas," an Applied Research Project (ARP) at Texas State University. Whereas Ley's research focused on succession planning in a quasi-public sector, privately funded state agency, this research focuses on succession planning in state funded public organizations, which are subject to strict regulations on hiring and promotions.

Conceptual Framework of Succession Planning Programs

Based on a review of the existing literature and the elements of successful succession plan as identified by Sharon Ley (2002), the conceptual framework of this paper consists of the following categories:

- Top management support
- Needs driven assessment
- Provide formal professional development opportunities
- Focused on individual attention
- Dedicated responsibility

- Extends to all levels of organization

- Part of strategic plan

- Unique Public Sector Issues

All elements of the framework identified above are covered in Ley's (2002) ARP with the exception of the last. Ley did not look specifically at the issues associated with succession planning in publicly funded agencies, as her study focused on private or quasi-public, yet privately funded, agencies. In looking at applying succession planning to state agencies, it is essential to examine regulations on hiring and promotions in order to ensure that the model complies. The remainder of this paper provides an examination and justification of the elements of a successful succession plan using the scholarly literature.

Top management participation & support

Before succession planning can be implemented in any agency, it must obtain the full support of the agency's executive and management staff. "A commitment by the city or county manager and alignment with organizational strategy" is a necessary element to any succession plan (Ibarra 2005, 24). Without this support, even if a succession plan is identified, the plan will never take flight within the culture of the agency. As Ley found in her study, "a lack of senior management support… hindered open access to the organization's leaders," and thus limited interest in succession planning at the agency in her study (Ley, 2006, 48). Executives and "managers are uniquely positioned to assess how their business will be carried out and to identify the human capital capabilities needed to do so effectively" (Emmerichs, 2003, xiv). It is

the responsibility of agency leaders to set the standard for implementation of the program by leading through example, thus instilling the importance of the plan. The Commissioner and executive staff within an agency are "the connecting link between direction and management" of a succession plan and are responsible for "translat[ing] direction and general policies into more specific policies and programs" (Person 1940, 66). An agency's management can ensure the "organizations buy-in and support" of succession planning (Washington State Department of Personnel 2006, 11).

Management is responsible for determining the criteria of an agency's succession plan. "A good succession planning program allows existing senior executives to observe people over time… and train them to be of use to the company, its needs, and its culture" (Diamond 2006, 36). Furthermore, "executives must communicate with current employees to ensure that" fear or insecurity of loosing their positions "sabotage the plan" (Diamond 2006, 37).

In addition to specifying the conditions under which a succession planning program will be initiated, **executive and management staff are responsible for ensuring that the plan is carried out once in place**. Succession planning should be incorporated into employee performance evaluations, and it is the responsibility of management to see to it that employees are aware of the concepts and processes involved. Managers in the public sector "must learn to consider not only what can be, but what will be, and how what is achieved can be sustained" (Schall 1997, 5).

Needs Driven Assessment

In order to create an effective succession planning model, "an assessment of current employees' skills and interests must be completed" (Waymon 2005, 18). Through a needs driven assessment, an agency can identify what positions are mission critical and what skill sets are necessary for performing the duties required of those positions. Mission critical, or key positions in an agency, are those "that have a significant impact on the work that needs to be performed" (SAO 2006, 13). Ley explains that it is necessary to perform a needs assessment, as it is essential to identify critical skill sets in order to determine how to most effectively implement all succession planning criteria, such as training requirements (Ley, 2002, 14).

One way to determine which positions are key or critical is to perform an **assessment of the competency levels of current employees**. This will help in determining "the number of those available and capable of fulfilling future functional requirements," as well as "what recruitment, training, and other strategies need to be deployed to address workforce gaps and surpluses." An effective way to conduct this assessment is through a checklist including ratings of competency levels "such as: advanced, intermediate, beginning or none." Ideally, "each manager and employee [should] conduct the assessment, and then collaborate on the results" (Washington State Department of Personnel 2006, 13). Another method of conducting the assessment is through "capability templates," which can be used "as a basis for benchmarking the skills required for critical roles and guiding learning and

development for those individuals identified as having potential" (Australian Public Service Commission 2003, 9).

In assessing the needs of an organization, it is often also appropriate to perform **external benchmarking** through "referenc[ing] external recruitment markets." Through assessing what positions are in high demand for other agencies, programs can better understand their potential or risk of retaining critical positions in the future. In this assessment, the agency can "draw on a demographic analysis flowing from the broader workforce planning framework," and "analyze the gap between current capability for key roles and future requirements to identify strategies for closing the gap" (Australian Public Service Commission 2003, 3 - 17).

"Succession planning done well involves preparing the agency for a change in leadership, but it also includes assessing what has been valuable and how that can be preserved" in the future (Schall 1997, 5). Once key positions have been determined through the needs driven assessment, a successful succession plan should include "building a job profile for each key position; communicating key knowledge, skills, abilities and attributes required for key jobs; developing an inventory of key candidates; designing a plan for each candidate; and providing development opportunities" (SAO 2006, 13).

Provide Formal Professional Development Opportunities

Beyond identifying what skill sets and knowledge bases are required for key positions, it is crucial that a succession plan provide a method or plan for providing

employees the opportunity for professional development, as it has been determined that a "a background characteristic of top managers which has attracted attention in the strategic leadership literature is functional track experience" (Datta, 1994, 571). In other words, since experience and job knowledge are highly valued for succession, it is necessary that organizations provide employees with the opportunity to develop and advance these skills. These **opportunities** "can be accomplished through job assignments, training, or job rotation, and it is one of the best ways for employees to gain additional knowledge and skills." **Other opportunities for professional development can include** "training, conducting 'lessons learned' meetings, developing job aids, allowing employees to work closely with key staff members, allowing employees to 'shadow' other employees who are leaving," and establishing a formal mentoring program (SAO 2006, 14-15). When providing these development opportunities, it is important to develop "clear timeframes and periodic evaluation" to monitor the effectiveness of the program. (Australian Public Service Commission 2003, 8).

Successful succession planning models should include planned **career paths** for employees. Career paths provide employees a map from their current position to the position they aspire to reach. Specifically, career paths should provide information on what skill sets and knowledge bases an employee will need for positions in the future, and offer suggestion on what training and development opportunities will provide those skills.

Cross training or job rotation is among the most effective means of developing an employee's understanding of specific agency functions. Disseminating

responsibility for job functions among multiple employees is critical for succession planning because, "in order to avoid knowledge voids, several employees must be the owners of the knowledge in an organization" (Waymon 2005, 19). While formalized training can be useful for developing an employee's knowledge and skill base, "organizational knowledge… is gained primarily through experience" (Waymon 2005, 19). Cross training and job rotation provides employees exposure to a range of agency functions, thus allowing them to gain the experience needed to fill any gaps in institutional knowledge created by attrition.

Focused on Individual Attention

In a "performance based selection system… individual" employees "can be put in a leadership track by being given a special assignment that allows him or her the opportunity to grow" (Larson 2005, 16). Often, leadership tracks are guided by career paths, which provide employees with a road map or stepping stones allowing them to move from their current position to their desired promotion. In providing employees with career paths and **listening to their career goals and desires**, an agency places a personal responsibility on the employee to ensure that their career goals are achieved (Diamond 2006, 38). Ultimately, "individuals are responsible for their career and accountable for meeting developmental objectives and gaining and demonstrating new capabilities;" therefore, employees should be enabled to **choose training** that suits their career goals (Australian Public Service Commission 2003, 18-19). In order to make employees accountable for this developmental responsibility, advancements in the career path should be explicitly outlined in the

employee performance evaluation (SAO 2006, 14). In the performance evaluation, employees can be credited for their individual competencies, which are those competencies "that each employee brings to his or her function" (Washington State Department of Personnel 2006, 11). During the performance evaluation, "individuals and managers should discuss performance, potential and development and contribute constructively to the implementation of development plans" (Australian Public Service Commission 2003, 8) "Dovetailing the career development plan with the succession plan provides exponential value to the company as well as to its employees" (Diamond 2006, 39).

Dedicated Responsibility

As with any program, a succession plan should have a project planner assigned to oversee it and **ensure that the plan stays current**. Without an employee dedicated to ensuring that the program is being utilized, there will be no accountability for the plans success. As Ley found in her study, " without a designated program coordinator and known training needs, tracking of the participants" in succession planning "was difficult and poorly performed" (Ley, 2006, 55). "The planner must be temperamentally interested in details, and have capacity for analysis and synthesis" (Person 1940, 67), as well as "have both the management and employee perspectives in mind" **in order to track future succession planning needs of the agency** (Diamond 2006, 38). Succession planning is an on-going activity that must be monitored once in place; it is something that "forms a subset of broader agency approaches to workforce planning which seek to ensure in general

that the right people are in the right place at the right time to achieve successful business outcomes" (Australian Public Service Commission 2003, 3). Having a single staff in place to monitor succession planning fosters a **systematic approach** in which the agency can implement the process.

Extends to all Levels of Organization

Most often, when creating a succession plan, agencies focus on upper level management positions, but in actuality, there are many positions throughout an agency that are critical to its success, thus in implementing a succession plan, agencies should **identify talent at all levels**. In addition to management positions, other positions that are often chosen for succession planning are "information technology specialists, statistical analysts, and front-line processors" (Australian Public Service Commission 2003, 6). These are all positions that require an intimate knowledge of an agency that often an outside candidate would not possess. "A succession culture should be developed at all levels, not just at the top, with shared responsibility for succession management across the organization" (Australian Public Service Commission 2003, 5). An agency should take into account "the career aspirations, values and preferences of [all] employees, who are given the opportunity to express interest in pursuing leadership roles" (Australian Public Service Commission 2003, 8). In doing this, an agency will build "a supply of capable staff" who will provide the agency "with an opportunity to incorporate diversity objectives into leadership development strategies by encouraging interest, within specified

patterns from a wide range of employees for accelerated development" (Australian

Public Service Commission 2003, 5).

Succession planning should be **openly communicated throughout an**

agency, as management trends are increasingly focusing on "sharing knowledge,

helping others learn, and building commitment and motivation," (Hale 1996, 424)

with an emphasis on "identifying competencies" that are "most critical for

organizational success" (Australian Public Service Commission 2003, 5). These core

competencies are those that are embodied across the organization and between job

types." Individual competencies should be examined when determining what

competencies are most important at the organizational levels. "If the individual

competencies in the workforce are not in accord with those needed by the

organization, workforce planning will pinpoint out these gaps" (Washington State

Department of Personnel 2006, 11). Communication plans for succession planning

should be created to "encompass key messages, methods for gathering feedback and

appropriate uses of various technologies" (Christie 2005, 30).

Part of Strategic and Workforce Plan

"In the ongoing rush of activities, competing demands for attention, and the

press of day-to-day decisions, focusing on a viable and responsive strategic agenda as

the central source of direction, initiatives, and priorities is of fundamental

importance," (Poister, 1999, 309) and succession planning is a key component to the

overall Strategic Plan for an agency. The Strategic Plan, which also includes the

Workforce Plan, provides a description and analysis of where the agency is, and

where it will be in the future. "Strategic planning sets organizational direction and **measurable program objectives**," and the workforce provides a mean through which the objectives of the strategic plan will be achieved   (Washington State Department of Personnel 2006, 5). "Workforce planning is a comprehensive look at the demographics of [an agency's] work force in order to anticipate vacancies and layoffs, conduct succession planning efforts, and coordinate personnel actions," thus the workforce plan, as a subset of the **strategic plan, determines which positions should be included in succession planning** (Kwiecinski 1984, 163). The workforce and strategic plans pinpoint gaps and surpluses in positions throughout the agency, as well as identify what positions are most critical. Succession planning is included in workforce and strategic plans as a means of addressing staffing gaps and setting **measurable goals** and timeframes for accomplishing this. Through workforce planning, "human resources" ensures "that the organization has the necessary workforce capacity to meet its strategic goals" (Christie 2005, 30), by defining "the current chain of command; the chain of command anticipated in one or two years; and the chain of command that will be necessary in five years" (Diamond 2006, 38).

Unique Public Sector Issues

Recent statistics indicate that "80 percent of senior and middle managers in the federal government are eligible for retirement" (Ibarra 2005, 18). The baby boomer generation as a whole is reaching retirement age, a trend that is affecting the public sector disproportionately from the private sector. While 31.2 percent of the private sector is comprised of employees over age 45, "46.3 percent of government workers are aged 45 or older" (Ibarra 2005, 18). Although the need for succession

planning is greater in the public sector than the private sector, it is not practiced as frequently. While "many private employers utilize succession planning based on the company strategic plan, few governmental agencies have committed themselves to a formalized structure" (Kwlecinski 1984, 164). Public sector employers are subject to outside market factors which make it difficult to retain qualified employees, such as the **inability to offer compensation comparable to the private industry, thus amplifying the need for succession planning,** but because they are subject to strict regulation regarding hiring and promotions within their agencies, often, they are unsure how to implement the program (Washington State Department of Personnel, 2006). Because of this, public agency hiring procedures are often a "short-run approach to filling vacancies, where positions are filled to meet immediate needs rather than long-term needs," which hinders "long-range succession planning efforts" (Kwlecinski 1984, 164).

One obstacle facing public agency succession planning programs in Texas is the Texas Open Records Act. While the succession planning process should be "communicated openly to employees," (Australian Public Service Commission 2003, 8) managers should keep in mind that all communication with employees is subject to the Texas Public Information Act, meaning that the public can view the information. This could prove problematic if a job was posted publicly, but was already promised in writing to an internal employee; through an open records request, an applicant for that position could obtain this information and file a suit against the agency citing a violation of the equal employment opportunity act, under the rationale that they never had an opportunity to be hired for the job.

State agencies are subject to equal employment opportunity regulation, which prohibits them from guaranteeing employees that they will be placed in a management, or higher level positions the future. Therefore, "while participation in the [succession planning] initiative could enhance promotional opportunities, agencies will select the best qualified candidate for a leadership position. This person may or may not be a current employee" (The State of Georgia and The Georgia Merit System 2006, 1). For this reason, succession planning for state agencies should "focus on preparing staff for assuming a higher leadership level" or **career path, rather than on preparing staff for a specific position** (The State of Georgia and The Georgia Merit System 2006, 1), or "feature the use of capability templates, rather than developing people for specific, current job requirements" (Australian Public Service Commission 2003, 8). Succession planning should include an "openness of process in place of mystery, and pools of potential leaders instead of identifying individuals for particular positions" (Department of the Premier and Cabinet Government of Western Australia 2001, 1).

Conceptual Framework

Based on the literature discussed above, and the conceptual framework of Sharon Ley (2002), Table 2.1 lists the elements of a successful succession planning model and links the categories to supporting literature.

Table 2.1: Conceptual Framework of Succession Planning

Practical Ideal Type Categories	Source
Top management participation & support ▪ Management is responsible for determining criteria of succession plan ▪ Management is responsible for ensuring succession plan is followed once implemented	Emmerichs 2003, Ley 2002, Person 1940, Schall 1997, Washington State Department of Personnel 2006, Diamond 2006, Ibarra 2005
Needs Driven Assessment ▪ External benchmarking ▪ Assessment of core competencies to determine gaps, needed skills, and what positions need succession planning	Australian Public Service Commission 2003, Ley 2002, SAO 2006, Washington State Department of Personnel 2006, Waymon 2005
Provide Formal Professional Development Opportunities ▪ Types of opportunities ▪ Career paths	Australian Public Service Commission 2003, Ley 2002, SAO 2006, Datta 1994, Waymon 2005
Focused on Individual Attention ▪ Listen to employee's goals/desires ▪ Individuals make training choices ▪ Include in performance evaluation	Australian Public Service Commission 2003, Ley 2002, SAO 2006, Washington State Department of Personnel 2006, Larson 2005, Diamond 2006
Dedicated Responsibility ▪ Coordinator that keeps plan current ▪ Systematic approach ▪ Keeps track of future needs	Australian Public Service Commission 2003, Ley 2002, Person 1940, Diamond 2006
Extends to all Levels of Organization ▪ Identify talent at all levels ▪ Open communication and knowledge of plan	Australian Public Service Commission 2003, Ley 2002, Washington State Department of Personnel 2006, Hale 1996, Christie 2005, Diamond 2006
Part of Strategic and Workforce Plans ▪ Strategic plan determines which positions will be in succession plan ▪ Have written purpose statement and measurable goals	Ley 2002, Kwlecinski 1984, Washington State Department of Personnel 2006, Poister 1999, Christie 2005, Diamond 2006
Unique Public Sector Issues ▪ Compensation – need to create incentives for employees to stay ▪ Must focus on career path, rather than on specific postion	Australian Public Service Commission 2003, Ley 2002, The State of Georgia and The Georgia Merit System 2006, Washington State Department of Personnel 2006, Ibarra 2006

Chapter 3:

Methodology

A single case study design is used to assess succession planning at the Texas Department of Insurance (TDI). In <u>The Practice of Social Research</u>, Earl Babbie explains that "the limitation of attention to a particular instance of something is the essential characteristic of the case study" (Babbie 2004, 293). TDI currently utilizes some of the aspects of an ideal succession plan in the agency's Strategic Plan, but does not have a cohesive succession plan; thus, the focus of the research is limited making it ideal for the case study design. The single case study design is also appropriate, as the study is applying a previously tested ideal type model, created by Sharon Ley (2002). Yin (2003, 40) explains, "one rationale for a single case is when it represents the critical case in testing a well-formulated theory". In this study the unit of analysis is the Texas Department of Insurance, and the sources of evidence are document analysis and focused interviews. Through interviews with the Director of Human Resources and examination of a succession planning survey sent to management staff at TDI during the FY 2006 workforce planning cycle, this study identifies what elements of an ideal succession planning model are currently missing, and suggests more efficient methods of implementing these elements into the current plan.

The case study method of research has an inherent strength that pertains directly to the purpose of this research in that it provides a means for not just examining a process, but providing a way of improving the existing process (Babbie

2004, 293). After examining the literature, analyzing documents, and conducting focused interviews, this research offers suggestions for building upon current succession planning practices in the agency.

Although the case study method of research provides a seemingly ideal approach to research for this particular study, it does have inherent weaknesses. Some theorists believe that approaching a subject after examining the conclusions drawn from previous studies can result in biased research based on preconceived notions (Babbie 2004, 293). The point of this research however, is to offer opinions and suggestions to current succession planning processes; therefore, forming opinions based on the literature and applying those opinions to the conclusions drawn are an essential part of the process. A second problem with this method is that "the entire nature of the case study may shift, unbeknownst to the researcher, during the course of the study" (Yin 2003, 45). The limited scope of the research question being examined and with the subunits of the conceptual framework, a shift in the nature of the case study in this project did not occur.

In order to assess succession planning at the Texas Department of Insurance in comparison to the Practical Ideal Type constructed through a review of the literature, an Operationalization Table has been created. Table 3.1 summarizes the methodology utilized in this research and how it connects to the conceptual framework.

Table 3.1: Operationalizing the Conceptual Framework

Practical Ideal Type Categories	Focused Interviews	Document Analysis
Top management participation and support • Management is responsible for determining criteria of succession plan • Management is responsible for ensuring succession plan is followed once implemented	**Director of HR** 1. What level of succession planning is currently being done at TDI? Is it at the program level or agency level? 2. Is management currently involved in succession planning? 3. How can management ensure that the succession plan is followed once implemented?	
Needs Driven Assessment • External benchmarking • Assessment of core competencies to determine gaps, needed skills, and what positions need succession planning	**Director of HR** 1. What positions should have a succession plan in place? 2. How have other state agencies addressed succession planning? **Program Associates** 1. What positions would concern you most if they were to become vacant? 2. Do you have possible successors for these positions? 3. In your opinion, what skills are most important to your department's functions?	**SOURCE:** TDI's Strategic and Workforce Plans **EVIDENCE**: TDI's Strategic and Workforce Plans provide information on what positions have the highest turnover rates and which positions are hard to fill. These documents compare this information to that of other state agencies, as well as private companies. **SOURCE**: 2006 Workforce Plan Survey of Associates **EVIDENCE**: In the surveys, program executives provided detailed information on which positions were most essential to the programs functions, and what skills and abilities were needed to fill these positions.
Provide Formal Professional Development Opportunities • Types of opportunities • Career paths	**Director of HR** 1. What professional development opportunities are currently provided at TDI? 2. Are career paths communicated to employees?	**SOURCE:** CAPS program documentation EVIDENCE: CAPS is an online program, created by TDI, that allows employees to determine what skills and abilities they need to obtain in order to successfully meet their career goals. Examining this system should provide information on the career advancement opportunities currently being offered by the agency.
Focused on Individual Attention • Listen to employee's goals/desires • Individuals make training choices • Include in performance evaluation	**Director of HR** 1. How can criteria for career advancement be incorporated in an employee's performance evaluation? 2. Are employees given choices as to which trainings they would like to attend?	**SOURCE:** CAPS program documentation **EVIDENCE:** TDI's CAPS program is assessed to determine what career opportunities are currently offered, and how these opportunities can be tailored to meet individual needs. **SOURCE:** TDI's performance evaluation standards **EVIDENCE:** Procedures for completing employee performance evaluations are examined to determine if they include criteria that pertains to career advancement and succession planning.

Table 3.1: Operationalizing the Conceptual Framework, continued

Practical Ideal Type Categories	Focused Interviews	Document Analysis
Dedicated Responsibility ▪ Coordinator that keeps plan current ▪ Create computerized model (such as CAPS) for determining career paths ▪ Systematic approach ▪ Keeps track of future needs	**Director of HR** 1. Is there someone who is currently in charge of coordinating succession planning at TDI? 2. If not, who would potentially fill this role? 3. Who is responsible for maintaining the CAPS information? 4. Please explain CAPS.	
Extends to all Levels of Organization ▪ Identify talent at all levels ▪ Open communication and knowledge of plan	**Director of HR** 1. Is succession planning currently being done at all levels of the organization? 2. How is succession planning communicated to employees?	**SOURCE:** TDI's Strategic and Workforce Plans **EVIDENCE:** Examining the Strategic and Workforce Plans provide information on which positions are most essential to the agency's strategic direction. These positions should be at all levels of the organization, not just top management positions. **SOURCE:** 2006 Workforce Plan Survey of Associates **EVIDENCE:** The surveys provide information on any succession planning being done at the program level, if any.
Part of Strategic and Workforce Plans ▪ Strategic plan determines which positions will be in succession plan ▪ Have written purpose statement and measurable goals		**SOURCE:** TDI's Strategic and Workforce Plans **EVIDENCE:** The Strategic and Workforce Plans will be examined to determine if succession planning is included as an agency strategy for addressing future workforce needs.
Unique Public Sector Issues ▪ Compensation – need to create incentives for employees to stay ▪ Must focus on career path, rather than on specific position	**Director of HR** 1. What are the problems associated with implementing succession planning at a state agency? 2. How is succession planning affected by open records requests? 3. What are possible methods for mitigating retention problems associated with low compensation?	

Document Analysis

Document analysis was selected as the first source of evidence, because it provides information on the current status of succession planning at the Texas Department of Insurance. Documents that were reviewed include: meeting minutes, notes, the agency's Strategic and Workforce Plans, and program Business Plans. Document analysis can be problematic if the documents present biased information, if the documents are outdated, or if the documents are not accessible (Babbie 2004, 336). Furthermore, most documents, even official transcripts are often not an accurate or "verbatim" record of information, (Yin 2003, 87). Gaining access to all relevant documentation will not be problematic as all state documents are public record. All documents being used are updated on an annual or biannual basis. Furthermore, since the documentation is simply outlining a process, there is no concern that they present biased or inaccurate information.

Focused Interviews

Focused interviews were utilized both to clarify information gathered through document analysis, and to gain perspective on the goals and strategic direction of the agency. Specifically, interviews with the Director of Human Resources provided insight as to the current priority level of succession planning in the agency, and how the practices of TDI compare to those of other state agencies. Focused interviews typically consist of open-ended questions, which allow for the interviewee to present

his or her own opinions or solutions to the problem being studied, (Yin 2003, 90).

While interviews can be more useful than surveys, in that they allow for greater

clarification and expansion of issues and have a higher response rate, they are subject

to some of the same weaknesses (Babbie 2004, 262). Interviews can provide

inaccurate information if the interview questions are poorly worded, or if respondents

are questioned about issues of which they have little recollection (Babbie 2004, 262).

Since succession planning is an issue that is of current focus for TDI, interview

respondents were able to provide accurate information on the subject. To ensure that

interview questions were properly focused, they were based on the elements outlined

in the practical ideal type.

Sampling

This research is focused specifically on the Texas Department of Insurance;

therefore, documents analyzed and the interviews conducted were internal.

Documents used for this research include: the FY 2005-2009 and the FY 2007-2011

Strategic and Workforce Plans, TDI CAPS (a program listing all career advancement

opportunities at TDI), documentation on TDI's performance evaluation procedures,

and the 2006 Workforce Planning Interviews of Program Associates. This list of

documents is inclusive of all existing documentation relating to succession planning

at TDI. There are no meeting minutes pertaining to succession planning at TDI.

While gaining access to these documents was not problematic, the amount of

information available was limited. Documentation only provided information as to

what positions need succession planning, what career advancement opportunities are currently available at the agency, and what programs are currently participating in succession planning. There was no documentation on what succession planning procedures were currently being followed. This information was gathered through focused interviews with the Director of Human Resources. The Director of HR provided information on an agency-wide approach to succession planning. One weakness identified with this study is that only one subject was interviewed. While the survey examined through document analysis captures input from TDI management on succession planning, the study would have been stronger if each management staff who participated in the survey had been interviewed.[2]

Human Subjects

Since one unit of analysis for this study is focused interviews, the impact on the human subjects involved must be analyzed. There are no reasonably foreseeable risks or discomforts to the subjects, as the subjects have voluntarily requested to participate in the interviews. Furthermore, the interviews do not pertain to sensitive, confidential, or personal information. The Director of Human Resources and Program Associates at TDI serve as the interviewees in this study and all benefit from

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[2] The Director of HR for TDI has extensive knowledge of both the organizational culture of the agency as well as the dilemmas of implementing succession planning in a state agency; therefore, interviewing only one subject provided sufficient information for conducting the study.

the successful implementation of succession planning at TDI. All subjects have

identified a need for succession planning, and have requested the opportunity to

provide input on the subject. Although the information provided through the

interviews is not of a confidential nature, subjects are not identified in this report by

name, only by position title. Participation in this study was strictly voluntary. Any

questions or concerns pertaining to the focused interviews should be directed to

Melissa Whitmore, Program Specialist for Business Planning and Redesign at TDI.

She can be contacted by phone at (512) 305-7237 or by email at

melissa.whitmore@tdi.state.tx.us. Additionally, this study received a formal exemption

from full or expedited review by the Texas State Institutional Review Board.

The following chapters will assess the information gathered through the

focused interview and document analysis and provide recommendations based on this

information.

Chapter 4:

Results

A case study design is used to assess current succession planning practices at the Texas Department of Insurance based on the practical ideal type developed from a review of the literature. Through document analysis and focused interviews, this assessment reveals which elements of the ideal succession planning model TDI is currently utilizing, and which elements need to be implemented or improved in order for the agency to have a cohesive plan.

Top Management Support

All succession plans should involve top down management participation and support. Before succession planning can be implemented in any agency, it must obtain the full support of the agency's executive and management staff. An organization's management is responsible for identifying the agency's direction and seeing that policies are carried out, as well as determining the criteria of the agency's succession plan (Person 1940, 66). Without the support of management, programs will not have the necessary incentive to ensure participation in succession planning, thus it is management's responsibility to ensure that the succession plan is followed once it is implemented.

Focused Interviews

The Director of Human Resources for TDI explained that the Commissioner
of Insurance has identified succession planning as a priority for the agency.
Additionally, the Commissioner has set some initial criteria for the plan by
recommending methods of training employees to ensure that they have the needed
knowledge and skills to fulfill the requirements of critical positions within the
agency, including a 35/5 workweek, in which employees spend 35 hours each week
performing their primary job functions and five hours per week cross training to learn
the functions and responsibilities of other positions within their program. While
some programs within the agency are currently practicing succession planning, there
is no cohesive agency plan, thus management cannot follow through with the process.
Gaining the support of the Commissioner is the first step in implementing a
succession plan throughout the agency.

Table 4.1: Top Management Support – Results

Top Management Support			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
Management is responsible for determining criteria of succession plan	Yes	N/A	The Commissioner of Insurance has identified some specific elements that should be incorporated into TDI's succession plan such as the 35/5 cross-training schedule.
Management is responsible for ensuring succession plan is followed once implemented	No	N/A	While there is support for succession planning at TDI from the Commissioner, it has not yet been implemented at all levels of the agency.

Needs Driven Assessment

A needs driven assessment is a critical component to succession planning because it helps to identify which positions in the agency are mission critical and therefore need to be included in succession planning procedures. Successful succession planning "includes assessing what has been valuable," to the agency in the past, "and how that can be preserved" in the future, a process which can be done through an agency assessment or external benchmarking (Shall 1997, 5).

Focused Interviews

The Director of Human Resources suggested that not all positions within TDI need to have a succession plan in place. Mission critical or hard-to-fill positions are those which are in need of a succession plan, and include upper management and technical positions. TDI identified mission critical and hard-to-fill positions in their workforce plan. Additionally, the workforce plan utilized external benchmarking to determine which positions are in the highest demand for other agencies and private companies in the state and analyzed external factors that contributed to TDI's turnover.

Document Analysis

In the FY 2006 Workforce Plan Survey, program executives at TDI were asked to identify positions that would be of most concern to them if they were vacant. Positions that were identified as being most critical to TDI functions include upper

management positions such as Directors, Associate Commissioners, Managers, Chiefs, and Team Leads, as well as positions in highly specified fields such as Medical, Investigation, Law, and Regulation. These positions all require extensive experience, specialized certifications, and an intimate knowledge of the agency's functions, missions, rules, and regulations. The majority of critical positions identified have possible successors to serve in the position should the incumbent employee vacate, thus ensuring business continuity should resignations occur.

Positions that do not have potential successors or that do not have cross trained staff include: the Assistant Medical Advisor (Compliance and Regulation), Research Specialist positions (Compliance Regulation), Prosecutors (Fraud), General Counsel (Commissioner's Administration), Senior Auditors (Internal Audit), Web Administrator (PIO), State Fire Marshal (SFMO), Director of Fire Industry License (SFMO), and Team Lead – Actuaries Team (Life/Health Division). These positions are of high importance for the agency, as they are hard to fill due to the specialized nature of the required skills and abilities, and the difficulty of recruiting qualified candidates when competing with salaries offered by private industries.

Table 4.2: Needs Driven Assessment – Results

Needs Driven Assessment			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
External benchmarking	Yes	Yes	TDI utilized external benchmarking in the agency's workforce plan to determine what positions were critical at other agencies in the private and public sectors, and how this demand affected TDI's recruitment and retention rates.
Assessment of core competencies to determine gaps, needed skills, and what positions need succession planning	Yes	Yes	TDI's workforce plan included an analysis of core competencies to determine gaps and needed skills which enabled the agency to identify which positions are most critical.

Provide Formal Professional Development Opportunities

Providing formal development opportunities is essential for succession planning in that it helps an agency retain knowledge and skill sets critical to its function and helps employees to develop and follow a career path. Through training, job rotation, and job shadowing, employees are given an opportunity to develop professionally in order to meet the qualifications of upper level management positions in the future (SAO 2006, 14-15).

Focused Interviews

According to the Director of Human Resources, TDI provides employees with formal professional development opportunities through in-house and outsourced training and job rotation. Some TDI programs have implemented a three-deep program, in which at least three employees are trained to fill each critical position, as

well as a 35/5 program, in which employees spend 35 hours a week performing job functions within their current classification, and five hours a week learning about other positions in the agency. The three-deep and 35/5 programs have proven to be the most effective means for preparing staff for future succession, and the Commissioner of Insurance has indicated that he would like to implement the programs throughout the agency; however, this may prove difficult as some positions within TDI have schedules that would prevent them from dedicating a portion of their work week to performing functions outside of their job description. Additionally, TDI has a Career Advancement Planning System (CAPS), which allows employees to map out their career paths.

Document Analysis

TDI's Human Resources office created the Career Advancement Planning System (CAPS) in order to provide employees with a guide detailing how to advance their career in accordance with their personal goals. CAPS is maintained on TDI's intranet Human Resources homepage, and provides details on the required education, experience, skills, and abilities for each position in the agency. This allows employees to assess what qualifications they currently have and what qualifications they need to obtain in order to advance to their desired job classification. A need for the CAPS system, documenting possible career paths, was identified through TDI's business planning process.

Table 4.3: Provide Professional Development Opportunities – Results

Provide Professional Development Opportunities			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
Types of opportunities	Yes	N/A	TDI offers employees both formalized training opportunities, as well as mentoring programs such as: • 3-deep program - in which there are at least three employees trained to cover each critical position in the agency • 35/5 program – in which employees spend 35 hours per week performing their primary job functions and five hours per week job shadowing or mentoring to learn about other positions in the agency.
Career paths	Yes	Yes	TDI created a Career Advancement Planning System (CAPS), which is posted on the agency's intranet and maps out career paths for positions throughout the agency.

Focused on Individual Attention

Succession plans should be focused on individual attention. Involving employees in succession planning on a personal level, through incorporating it in their performance evaluations and communicating career path opportunities, ensures accountability for and participation in the process (SAO 2006, 14). Through the performance evaluation process, employees are able to voice their goals and desires for career advancement and make choices, such as what training they need to obtain the necessary knowledge, skills, and abilities to meet the requirements for higher level positions.

Focused Interviews

The Director of Human Resources stated that succession planning at TDI should be focused on individual attention and flexible so as to effectively meet the needs for each specific position. Each position throughout the agency has different

demands on an employee's time, meaning that some positions afford employees the opportunity to participate in job rotation, while other positions are more suited to formalized training and certification. For example, TDI's Consumer Protection division utilizes the 35/5 and three-deep programs mentioned above in order to allow employees to gain experience with other positions in the agency; however, due to employee scheduling demands, TDI's Financial division does not have sufficient time to rotate employees. Instead, the Financial division encourages their employees to seek certifications that will allow the employees to advance in their respective career ladders. Additionally, employees throughout the agency are notified of training opportunities as they are available, and employees are encouraged to participate in any trainings which they feel they would benefit from.

Document Analysis

In examining TDI's employee performance appraisals, it appears that the agency does measure employee growth as part of the employee's annual evaluation process, although being a public entity, TDI is not authorized to rate an employee's performance based on criteria other than those requirements set forth in the employees specific current job description. TDI has incorporated employee growth into performance evaluations by giving the employee and their supervisor the opportunity to collaborate on three of the criterion on which the employee is evaluated. With the employee's approval and input, the three criterion measure the employee's performance on projects that fit within the employee's job description, but highlight skills of the employee that would be relevant to their career

advancement. Additionally, the CAPS program mentioned above illustrates the

agency's commitment to providing employees with information to their individual

career goals by documenting methods for them to achieve their desired job

advancement.

Table 4.4: Focused on Individual Attention – Results

Focused on Individual Attention			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
Listen to employee's goals/desires	Yes	N/A	Employees are notified of available training as it is available and encouraged to participate in training that they feel would be beneficial.
Individuals make training choices	Somewhat	N/A	Training at TDI is flexible and specific to each position within the agency. Some positions are better suited to mentoring programs, while others utilize formalized training.
Include in performance evaluation	N/A	Somewhat	While employees are only evaluated on duties that pertain to their current positions, managers seek input from employees on some criteria of the evaluation that represent the employee's career goals and measure growth toward those goals.

Dedicated Responsibility

Dedicated responsibility is another means of ensuring accountability in the

succession planning process. While the process must be supported by management

and be focused on individual employees, there must also be someone responsible for

administering and coordinating the program. The program coordinator or planner is

responsible for updating the succession planning process in order to ensure that the

plan is current, tracking future needs of the program, maintaining a systematic

approach to the program, and monitoring participation in the program. "The planner

must be temperamentally interested in details, and have capacity for analysis and

synthesis" (Person 1940, 67). Without dedicated responsibility, there is no way to

guarantee that all departments are following the required elements of the process.

Focused Interviews

According to the Director of Human Resources for TDI, there is not currently

one employee at the agency who has dedicated responsibility for ensuring that all

program areas are practicing succession planning. There are however, individuals at

the program level who are responsible for overseeing succession planning within their

area. In establishing a succession plan for the agency, one employee from the Human

Resources department will be selected as the responsible party for the plan and all

employees currently overseeing the process at the program level will become liaisons

responsible for providing status reports on a regular basis. TDI has not created a

process for tracking future succession planning needs at TDI. Future workforce

needs however, are tracked in the agency's workforce plan.

Table 4.5: Dedicated Responsibility – Results

Dedicated Responsibility			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
Coordinator that keeps plan current	No	N/A	There is no staff designated as the coordinator at TDI responsible for overseeing succession planning at the agency level.
Systematic approach	No	N/A	There is not a systematic approach to succession planning at TDI. Succession planning is done at the program level, but not coordinated at the agency level.
Keeps track of future needs	No	N/A	TDI has not created a process for tracking future succession planning needs at TDI. Future workforce needs however, are tracked in the agency's workforce plan.

Extends to all Levels of Organization

Succession planning must extend to all levels of an organization. Often succession planning is only applied to upper level management positions, when it should actually be used for all positions and at all levels of an agency that are mission critical (Australian Public Service Commission 2003, 5). Succession planning should be openly communicated throughout the agency to ensure support at all levels.

Focused Interviews

The Director of Human Resources at TDI stated that succession planning is not being done at all levels of the agency. While some program areas are participating in succession planning, the process is not being monitored at an agency level. There is no formalized method at TDI for communicating the succession planning process to all employees. TDI has however identified positions at all levels of the agency for which succession planning should be implemented.

Document Analysis

A review of the TDI FY 2006 Workforce Plan revealed that succession planning is not being practiced as a formalized process throughout the agency. In fact, succession planning was identified as a possible solution to be implemented at the agency in the future in order to mitigate the impact of turnover. The FY 2006 Workforce Plan Survey asked program executives throughout the agency to identify positions which would concern them should they be vacated. Additionally the survey asked if there were successors for these critical positions. The survey showed that

while some of these positions did have possible successors, for the most part,

succession planning was not documented, and there was no formalized method for

ensuring that current employees were trained to fill critical positions.

Table 4.6: Extends to all Levels of the Organization – Results

Extends to all Levels of the Organization			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
Identify talent at all levels	Yes	Yes	Through the FY 2006 Workforce Plan, TDI identified positions at all levels of the agency for which succession planning should be implemented.
Open communication and knowledge of the plan	No	No	There is no formalized method for succession planning at TDI; therefore, there is no open communication or knowledge of succession planning at the agency.

Part of Strategic and Workforce Plans

Succession planning should be communicated in the agency's strategic and

workforce plans, including a written purpose statement and measurable goals

(Washington State Department of Personnel 2006, 5). A strategic plan outlines the

mission of the agency, as well as its direction and focus. The workforce plan is a

component of the strategic plan which provides detailed information on the agency's

current and future workforce. In planning for the agency's future workforce, strategic

planning is a key element and is necessary for identifying which positions will be

included in the succession plan.

Document Analysis

Succession planning was identified, through a written purpose statement, in the TDI FY 2006 Workforce Plan as a process that should be implemented in the future. This purpose statement included a measurable goal of implementing a succession planning process in FY 2007. Information gathered for the Workforce Plan identified positions that are at the highest need for succession planning. In the Workforce Plan, the agency stated a commitment to implement a succession planning process by the next biennial workforce planning reporting cycle.

Table 4.7: Part of the Strategic and Workforce Plans – Results

Part of the Strategic and Workforce Plans			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
Strategic plan determines which positions will be in succession plan	N/A	Yes	TDI, through its workforce and strategic planning process, identified positions that will be included in the agency's succession plan.
Have written purpose statement and measurable goals	N/A	Yes	TDI's FY 2006 Workforce Plan included a written purpose statement indicating that the agency would implement a formalized succession plan in FY 2007.

Unique Public Sector Issues

A succession planning process for a state agency must address certain issues that are unique to public organizations. Public organizations are subject to strict regulation and scrutiny of employment practices; therefore, few governmental agencies have committed themselves to a formalized [succession planning] structure" (Kwlecinski 1984, 164). Additionally, public organizations often have difficulty

retaining qualified employees due to poor compensation levels. For this reason,

succession planning must be clearly documented and must focus on career paths in

order to ensure the agency's retention of knowledge and skills rather than specific

individuals.

Focused Interviews

TDI's Director of Human Resources identified several problems associated

with implementing succession planning in a public agency. Public agency's hiring

and recruitment processes are highly scrutinized and therefore must be carefully

documented to ensure that no acts of discrimination are committed when making

employment decisions. This required documentation is subject to open records

requests by the public, in which any individual, inside or outside of the agency, can

request to review the agency's hiring records. Promising an employee a position

through succession planning, or even implying that a specific employee is favored for

a position, would be considered discrimination; therefore, it can be difficult for the

agency to document succession planning. Furthermore, because resources (both time

and money) are limited in state agencies, it is not always possible to provide the

training and job rotation opportunities that are often offered in the private sector.

Furthermore, state agencies are not able to offer compensation that is competitive

with that offered in the private sector. Implementing succession planning provides an

incentive for employees to seek and retain employment with state agencies as the

mentoring and training opportunities offered through succession planning provide

opportunities for career advancement.

Table 4.8: Unique Public Sector Issues – Results

Unique Public Sector Issues			
Ideal Type Categories	**Interview**	**Document Analysis**	**Summary**
Compensation – need to create incentives for employees to stay	Somewhat	N/A	TDI offers mentoring and training opportunities as incentives for employees to seek and retain employment with the state; however, the agency is not able to compensate employees with salaries that match those offered in the private sector.
Must focus on specific position	No	N/A	While TDI recognizes the need to focus succession planning on specific positions rather than specific individuals, no plan has been implemented at this time.

Chapter 5:

<u>Conclusion/ Recommendations</u>

In analyzing the results from an interview with the Director of Human Resources at TDI and researching the documentation of TDI succession planning processes, it is clear that TDI is committed to implementing a succession plan at the agency level. While many preliminary elements of the plan currently exist in the agency, a cohesive plan has yet to be completed. Following are recommendations for fully implementing succession planning at TDI.

Top Management Participation and Support

Succession Planning at TDI is already being championed by the agency's Commissioner and Director of Human Resources. To successfully implement the process, plans for implementation will need to be disseminated to all program executives within the agency. With the support of all executive staff at TDI, the succession plan will have the necessary foundation to sustain itself as agency policy.

Needs Driven Assessment

TDI has completed a needs driven assessment through the FY 2006 Workforce Plan, in which positions in need of a succession plan were identified. This list of positions should be referenced and specifically addressed when implementing the agency's plan.

Provide Formal Professional Development Opportunities

TDI currently provides employees with the opportunity for professional development through training and job shadowing/rotation for some positions; however, the agency should ensure that this opportunity is implemented for all positions identified through the needs driven assessment.

TDI provides employees with means of measuring their individual career goals and how to achieve them. To further meet this succession planning criteria, TDI should enhance the CAPS system so that it is interactive and updated to include positions at TDI that were created when the agency merged with the Texas Workers' Compensation Commission (now the Division of Workers' Compensation).

Focused on Individual Attention

Employees at TDI are currently able to express their career goals with management through the employee evaluation process. Employees are also encouraged to make training choices, as current training opportunities are emailed to all employees when available. To further enhance focus on individual attention in succession planning, management should be more proactive in communicating with employees on their career goals when determining criteria for the annual employee performance evaluation process.

Dedicated Responsibility

TDI should identify a single employee who will be responsible for monitoring and evaluating succession planning at the agency. Additionally, an employee will be designated from each program area as a liaison who will monitor succession planning within their program area, and report findings on a regular basis to the agency's succession planning coordinator.

Extends to all Levels of the Organization

TDI's succession plan should be communicated throughout the agency. Currently the agency is practicing succession planning at the program level, but for the plan to truly be successful, it must be organized at an agency level, which will ensure accountability for participation.

Part of the Strategic and Workforce Plan

TDI identified a need in the FY 2006 Workforce Plan to implement succession planning at the agency. In the FY 2008 Workforce Plan, TDI should document any progress that the agency makes towards implementing the plan.

Unique Public Sector Issues

In order to avoid the perception that succession planning at TDI is a process of ensuring that specific individuals are promoted within the agency, the plan should be focused on positions rather than people. Cross training and job shadowing are valuable means of ensuring business continuity throughout the agency, and providing

coverage during employee absence, whether the absence is permanent, such as in the case of termination or retirement, or temporary, such as in the case of employees taking leave. Additionally, disclaimers should be added to all succession planning documentation stating that the plan is not a guarantee of promotion, but simply a framework. Finally, employee names should not be listed on succession planning documentation, only position titles should be used.

Conclusion

Overall, TDI already has many elements of an ideal type succession plan in place. In order to fully implement a successful succession planning model, the agency should focus on creating a formalized and standardized approach to succession.

Table 5.1: TDI Succession Planning Recommendations Summary

Ideal Type Categories	Evidence Supports	Recommendations
Top management participation & support ▪ Management is responsible for determining criteria of succession plan ▪ Management is responsible for ensuring succession plan is followed once implemented	Yes No	▪ Disseminate plans for implementation of succession plan to all program executives within the agency.
Needs Driven Assessment ▪ External benchmarking ▪ Assessment of core competencies to determine gaps, needed skills, and what positions need succession planning	Yes Yes	▪ Reference the needs driven assessment listed in the FY 2006 Workforce Plan, in which positions in need of a succession plan were identified.
Provide Formal Professional Development Opportunities ▪ Types of opportunities ▪ Career paths	Yes Yes	▪ Ensure that formal professional development opportunities continue to be offered to all positions in the agency. ▪ Update CAPS system to include all positions in the agency. Further enhance CAPS automation.
Focused on Individual Attention ▪ Listen to employee's goals/desires ▪ Individuals make training choices ▪ Include in performance evaluation	Yes Somewhat Somewhat	▪ Encourage management to be more proactive in communicating with employees on their career goals when determining criteria for the annual employee performance evaluation process.

Table 5.1: TDI Succession Planning Recommendations Summary, continued

Ideal Type Categories	Evidence Supports	Recommendations
Dedicated Responsibility ▪ Coordinator that keeps plan current ▪ Systematic approach ▪ Keeps track of future needs	No No No	▪ Identify a single employee who will be responsible for monitoring and evaluating succession planning at TDI. ▪ Designate an employee from each program area as a liaison who will monitor succession planning within their program area, and report findings on a regular basis to the agency's succession planning coordinator.
Extends to all Levels of Organization ▪ Identify talent at all levels ▪ Open communication and knowledge of plan	Yes No	▪ Communicate the succession plan throughout the agency. ▪ Organize plan at the agency level, rather than program level, which will ensure accountability for participation.
Part of Strategic and Workforce Plans ▪ Strategic plan determines which positions will be in succession plan ▪ Have written purpose statement and measurable goals	Yes Yes	▪ Document any progress that the agency makes towards implementing succession planning in the FY 2008 Workforce Plan.
Unique Public Sector Issues ▪ Compensation – need to create incentives for employees to stay ▪ Must focus on career path, rather than on specific postion	Somewhat No	▪ Focus plan on positions rather than people. ▪ Add disclaimers to all succession planning documentation stating that the plan is not a guarantee of promotion, but simply a framework. ▪ Ensure employee names are not listed on succession planning documentation, only position titles should be used.

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Appendix A

FY 2006 Workforce Plan Survey

Identify Program: _____

1. Which job positions/titles would give you the most concern if they were to become vacant?	Skills/Abilities Needed for Position	Possible successor on staff? (Yes/No)	If so, what training is needed for Successor to be ready for position?

2. How will automation and use of the Internet/intranet affect your staffing and operations patterns?

3. Identify the customer demands that would affect staffing and operations of your program.

4. **Of the Strategic Planning issues identified in the attached document, developed from the February 2006 Executive Staff meeting, which issues do you anticipate will have the greatest impact on the workforce and staffing. Please address how your program will be affected and identify any related needs such as recruitment, training, etc.**

5. **Please identify any other issues that you foresee impacting the workforce and staffing of your program.**

1. **Affordability & Accessibility**
   All Lines
   Rates
   Uninsured
   Workers' Comp
   Demographics

2. **HB 7: Merging of Agencies**
   Transition
   Staffing

3. **Disaster Recovery/Response & Terrorism**
   Agency & Industry issues
   Solvency
   Fire Safety
   Coastal Exposure
   Risk Enterprise

4. **Health Insurance**
   Workers' Comp
   Access/Availability
   Demographics

5. **Federal Regulation**
   Legislation
   Terrorism

6. **Solvency**
   Automation
   Skill Set /Staffing
   What it means for Texas?
   Workers' Comp
   "Market-share"

7. **Anti-Fraud**
   Identity Theft
   FEMA Reimbursements
   Consumers & Industry Fraud
   Governor's Project
   Consumer & Industry Education
   Agents' Behavior

8. **Fire Safety**
   Direction of Program
   Risk Assessment

9. **Workers' Comp System Reform**
    Changes

10. **How the State Handles Exposure—"Risk"**
    Windstorm
    Coastal

11. **SB 1670-Uninsured motorist**
    Impact on rates/forms& policy issues

12. **Non-Traditional Companies**
    Solvency-Risk Retention Groups
    Other areas where they establish residency in a state and work in another
    Regulations between states are different
    Should this be an NAIC issue?

Following is the conceptual framework table developed by Sharon Ley (2002), outlining the practical ideal type categories for succession planning.

Conceptual Framework of Succession Planning Programs

Ideal Type Categories	Sources
Top management participation & support -Board, CEO and Senior Management support and participation -Open discussion of potential employees -Willingness to hire across division lines	Rothwell 2001, Schall 1997, Spoor 1993, Walker 1998, Getty 1993, Shah et al 2001, Gratton & Syrett 1990, Nowack 1994
Needs driven assessment -external benchmarking -assessment of core competencies of positions	Rothwell 2001, Holton et al, 2000, Nowack 1994
Provide formal professional development opportunities -Orient potential leaders with organizational environment -Formal Mentoring -Access to leadership development seminars	Rothwell 2001, Bard & Moore 2000, Cooper 2001, DiMattia 2000, Delahoussaye (a), 2001, Foster 2000, Barker, 1997
Focused on individual attention -listen to employee's goals/desires -individuals make training choices -emphasize growth in qualities to take employees beyond "next rung" in ladder	Rothwell 2001, Spoor 1993, Shah et al 2001, Gratton & Syrett 1990, Nowack 1994
Dedicated Responsibility -Coordinator that keeps plan current -Create computerized models -Dedicated funds/budget -Systematic approach -Keeps track of future needs	Rothwell 2001, Getty 1993, Shah et al 2001, Gratton & Syrett 1990, Nowack 1994, Peak 1996
Extends to all levels of organization -identify talent at all levels -open communication and knowledge of plan	Schall 1997, Walker 1998, Getty 1993, Sogunro 1997
Part of strategic plan -strategic plan determines which positions will be in succession plan -have written purpose statement and measurable goals	Rothwell 2001, Spoor 1993, Gratton & Syrett 1990, Foster 2000