

CLASSIFICATION



State Auditor's Office

Workforce Planning Guide

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Overview

Workforce Planning Survey Results

The State Auditor's Office's State Classification Team surveyed state agencies in June 2017 to ask how workforce planning has benefited their agencies. The top five benefits are listed below:

- Prepares for the increasing number of retirements.
- Identifies gaps between current job skills and job skills needed to perform work in the future.
- Helps maintain or recruit a diversified workforce.
- Identifies key agency current initiatives and/or future initiatives.
- Identifies training needs.

Workforce planning is an organized process for identifying, analyzing, and forecasting the number of employees and the types of employee skill sets required to meet agency goals and strategic objectives.

State agencies have been developing workforce plans since 2002; those plans are required under Texas Government Code, Section 2056.0021. Specifically, in accordance with that statute, each state agency is required to conduct a strategic staffing analysis and develop a workforce plan according to guidelines developed by the State Auditor. Higher education institutions, university systems, and agencies within the judicial or legislative branches are not subject to that requirement.

In addition to statutory requirements, there are many good reasons to develop workforce plans. Current demographics suggest an aging, more diverse workforce in an ever-tightening labor market, and it is possible that workers' values and expectations may be changing. Additionally, budget cuts at state agencies are sometimes absorbed through downsizing of staff, including hiring freezes and layoffs. Workforce planning may help to ensure better development of existing talent, provide realistic staffing

projections for budgets, and help maintain or improve a diverse workforce.

This Workforce Planning Guide is a reference document designed to assist agencies with their workforce planning processes and in developing and revising their workforce plans. The processes and workforce planning model described in this guide are derived from considerable research on workforce planning in other states and thorough review of available literature.

Agencies are not required to include in their workforce plans all the steps in this guide. The steps in this guide describe what is included in most basic workforce plans.

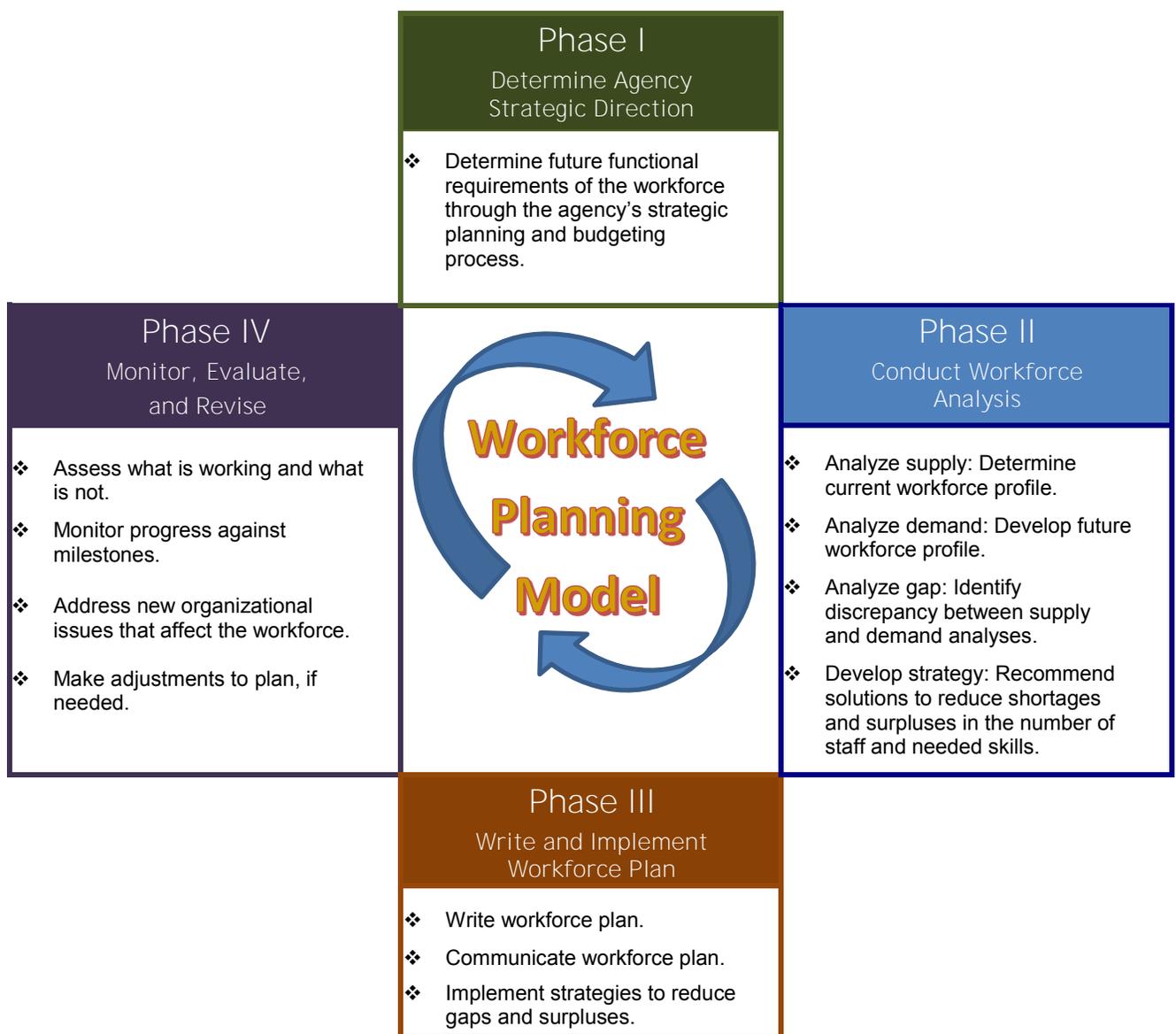
Once they complete their workforce plans, agencies are required to submit their most current workforce plans **to the State Auditor's Office**, according to Texas Government Code, Section 2056.002.

Note: All submitted agency workforce plans are located on the State Auditor's **State Classification** Web site. Agencies wishing to view their workforce plans or benchmark against other agencies can go to:

<http://www.hr.sao.texas.gov/WorkforceAnalysis/WorkforcePlans>

Workforce Planning Model

The State Auditor's Office developed the State of Texas Workforce Planning Model as an example for state agencies to follow (see figure below). This model was derived from other models used in a variety of organizations and has remained relatively the same as when it was first published in 2002. The model provides a general framework to help assist agencies with their workforce planning activities. Each state agency has a unique operating culture and business needs and will have varying resources available; therefore, this model and its associated considerations and strategies can be modified to address unique needs. However, all workforce plans should address an agency's critical staffing and training needs, including the need for experienced employees to impart knowledge to their potential successors pursuant to Texas Government Code, Section 2056.0021. The four phases shown below in the workforce planning model may be done in order or simultaneously, depending on an agency's time line and what works best for the agency.



Workforce Planning Model

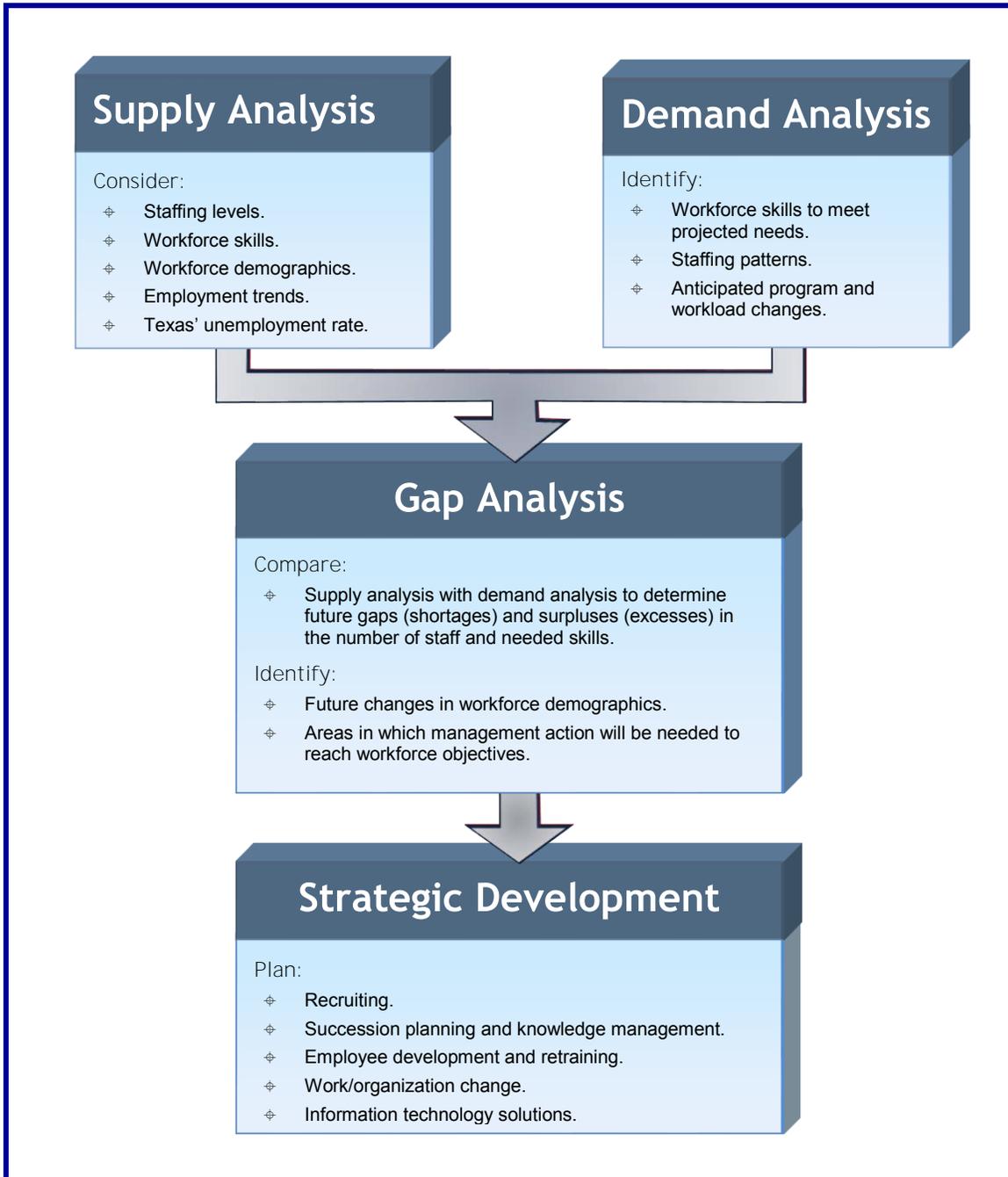
Phase I - Determine Agency Strategic Direction

The purpose of the workforce planning process is to ensure that the agency has the necessary resources to meet its mission requirements. To achieve that, the agency must understand its strategic direction in order to anticipate its future workforce needs.

Strategy	Actions to Consider
<p>Document and Analyze Organizational Direction</p>	<p>Strategic focus of the agency</p> <ul style="list-style-type: none"> ❖ Review the strategies for the agency in the General Appropriations Act. ❖ Review and analyze the agency's strategic plan, budget forecast, performance plans, and Legislative Workforce Summary. ❖ Estimate increases or decreases in services, programs, products, or business areas. ❖ Anticipate potential changes to the strategies or business processes of the agency during the next five years. <p>Budget/financial forecasts</p> <ul style="list-style-type: none"> ❖ Analyze budget estimates. ❖ Determine whether budget issues will affect the current or future workforce. <p>Changes in technology</p> <ul style="list-style-type: none"> ❖ Determine whether changes in technology will change the way the agency performs work. ❖ Identify jobs that may be affected by changes in technology. <p>Legislative</p> <ul style="list-style-type: none"> ❖ Determine whether current, new, or anticipated legislation will affect the agency. ❖ Determine whether the agency will outsource any work in the future. ❖ Determine whether regulatory changes will affect the agency.
<p>Determine Scope</p>	<p>Scope</p> <ul style="list-style-type: none"> ❖ Determine whether the workforce plan will cover the entire workforce or a more limited scope, such as one or a combination of the following: <ul style="list-style-type: none"> ○ Focusing only on mission-critical occupations. ○ Focusing only on occupations that are difficult to recruit or retain. ○ Focusing only on a particular strategy outlined in the strategic plan.

Phase II - Conduct Workforce Analysis

Analysis of workforce data is the key element in the workforce planning process. Workforce analysis frequently considers information such as occupations, skills, experience, retirement eligibility, diversity, turnover rates, education, and trend data. Key steps in workforce analysis are illustrated below.



SUPPLY AND DEMAND ANALYSIS

Supply analysis focuses on understanding the **agency's existing** workforce and comparing that to how it may look over time due to various factors, including retirements and the economy.

Demand analysis identifies the future workforce necessary to carry out an **agency's** mission. This step should focus on the work the agency must perform and on the staff necessary to perform that work.

The following steps may help you perform a supply and demand analysis.

Create an Existing Profile

This step involves creating a current workforce profile. This includes gathering **information on the age, gender, ethnicity, length of service, and skills of the agency's** employees.

Create a Future Profile

Reviewing trend data will help an agency project future workforce supply. It will also help an agency apply assumptions about how various factors will influence the future workforce. Trend information, combined with the current workforce profile, is an essential building block for forecasting workforce supply.

To gather that information, some agencies have found it beneficial to delegate workforce planning to each division or satellite office. That gives managers the flexibility to address local issues, outcomes, and strategies. If an agency takes that approach, the local or divisional workforce plans should be centrally coordinated and **encompassed in the agency's overall workforce plan.**

Strategy	Actions to Consider
Determine the Internal Supply Factors	<p>Determine the workforce profile</p> <ul style="list-style-type: none"> ❖ Identify employees' ages, gender, ethnicity, education levels, and lengths of service. ❖ Determine the skill profile. ❖ Identify workforce management issues that could impact employee turnover. ❖ Identify the number of employees in the workforce (headcount and/or full-time equivalent (FTE) employees). <p>Consultation</p> <ul style="list-style-type: none"> ❖ Meet with or survey managers to identify segments of the workforce that are currently or potentially vulnerable.
Determine Future Supply and Demand Factors	<p>Projection</p> <ul style="list-style-type: none"> ❖ Review retention, turnover, retirement, and promotion patterns and projections. ❖ Determine whether the agency's turnover rate affects its ability to conduct its work. ❖ Consider whether current job classifications will meet future needs. ❖ Project what the skill and experience level of the current workforce will be in the future. ❖ Consider how retirements, hiring freezes, or layoffs have affected the agency. ❖ Identify challenges that might affect the agency's ability to recruit and retain employees. ❖ Determine who is or will be competing for the agency's workforce.

	<p>Demographic</p> <ul style="list-style-type: none">❖ Identify significant external demographic issues that are likely to influence the demands placed on the agency, such as the aging population.❖ Determine whether the agency's workforce is projected to increase or decrease. <p>Technological</p> <ul style="list-style-type: none">❖ Investigate how technology can and will be used to enhance services.❖ Identify jobs that will be affected by technological enhancements.❖ Determine whether changes in technology will affect the type of skills needed. <p>Economic</p> <ul style="list-style-type: none">❖ Identify economic considerations that have particular relevance to the agency and its provision of programs and services. <p>Labor market</p> <ul style="list-style-type: none">❖ Identify labor trends. <p>Summary</p> <ul style="list-style-type: none">❖ Will the way the work is being done need to change?❖ Will new programs be added or deleted?❖ Will current employees have the necessary skills to do the work in the future?❖ Will the workload change?❖ Will more or fewer employees be needed?
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GAP ANALYSIS

Gap analysis involves comparing the workforce supply projection to the workforce demand forecast and attempting to answer the following questions:

- What skills will the agency need to accomplish its goals and objectives?
- **Does the agency’s workforce currently have the anticipated needed skills?**
- What job functions or skills may no longer be required?
- Are there certain types of jobs that may be hard to fill?

The agency may establish workforce strategies based on the results of this analysis. Analysis results may show one of the following:

- A gap (when projected supply is less than forecasted demand), which indicates a future shortage of needed workers or skills. It is important to know what critical jobs will have gaps so the necessary training or recruiting can be anticipated.
- A surplus (when projected supply is greater than forecasted demand), which indicates a future excess in some categories of workers and may require action. The surplus data may represent occupations or skills that will not be needed in the future or at least will not be needed to the same extent.

Strategy	Actions to Consider
Determine if Gaps Exists	<p>Anticipated Work Changes</p> <ul style="list-style-type: none"> ❖ What gaps were found between the current workforce and the projected staffing needs? ❖ Will any jobs be outsourced? ❖ Has any legislation changed the requirements of certain positions, requiring the need to recruit for positions externally or train the current staff to be in compliance with those new requirements? <p>Consultation</p> <ul style="list-style-type: none"> ❖ Meet with management to determine what priorities may need to be set in order to fill gaps. <p>Summary</p> <ul style="list-style-type: none"> ❖ Identify areas within the agency where workforce supply may exceed workforce demand. ❖ Identify areas within the agency that may require future needs that exceed the current or future resources available. ❖ Prioritize gaps that are significant or that may be small but are in mission-critical areas.

STRATEGIC DEVELOPMENT

The final step in the workforce analysis phase involves the development of strategies to address future gaps and surpluses. Strategies include the programs, policies, and practices that assist an agency in recruiting, developing, and retaining the critical staff needed to achieve its mission and strategic goals and in dealing with workers or skills no longer needed.

Strategies can fall into the broad categories of:

- Position classification actions, including adding new job classifications, reallocating job classifications or job classification series, and rewriting job descriptions to better reflect future functional requirements. If those are needed, **please contact the State Auditor's Office.**
- Salary actions, including equity adjustments, promotions, and merit increases that may be needed.
- Staff development strategies to prepare employees for specific positions.
- Recruitment/selection strategies to find and hire recent school graduates or qualified candidates from other agencies or the private sector.
- Retention strategies to encourage employees to stay at the agency.
- Organizational interventions such as redeployment of staff or reorganization.
- Succession planning strategies to ensure that there are highly qualified people capable of filling critical positions. See Appendix C for additional information.
- Knowledge transfer strategies to capture the knowledge of experienced employees before they leave the agency. See Appendix C for additional information.
- Information technology strategies to facilitate the achievement of agency goals.

Strategies should be kept to a manageable number so they can be achievable, and they should be prioritized to allow an agency to focus its resources on the most important strategies first.

In addition, several factors influence which strategy or, more likely, which combination of strategies should be used. Some of these factors include, but are not limited to, the following:

Time - Is there enough time to develop staff internally for anticipated vacancies or new skill needs, or is special, fast-paced recruitment the best approach?

Resources - What resources (for example, technology, Web sites, structured templates, and sample plans) are currently available to provide assistance, or must resources be developed?

Internal depth - Does existing staff demonstrate the potential or interest to develop new skills and assume new or modified positions, or is external recruitment needed?

Writing the Workforce Plan

Agencies are required to formally document their workforce plans and submit them as part of their strategic plans. Agencies can use the questionnaire in this guide to ensure that they develop basic workforce plans. Agencies are free to include more or less than what is in this guide.

In addition to submitting their workforce plans as part of their strategic plans, agencies should also submit their workforce plans **to the State Auditor's Office. Only the** workforce plans should be submitted (and not the entire strategic plan).

Workforce plans can be submitted to the State Auditor's Office in either Microsoft Word or PDF format.

Implementation

An agency may need a separate action plan to address the implementation of each strategy in its workforce plan. Before implementing its workforce plan, the agency should consider:

- Ensuring that there is executive support for the workforce strategies.
- Allocating necessary resources to carry out identified workforce strategies.
- Clarifying roles and responsibilities in implementing strategies.
- Establishing time lines.
- Defining performance measures and milestones and expected deliverables.
- Communicating the workforce plan.

The workforce plan should be implemented in connection with the requirements of the agency's strategic plan. If the strategic plan changes due to unanticipated customer, leadership, or legislative changes, adjustments to the workforce plan may be necessary.

Phase IV - Monitor, Evaluate, and Revise

Ongoing evaluation and adjustments are important in workforce planning and are key to continuous improvement.

Agencies should review their workforce plans annually. If an agency does not regularly review its workforce planning efforts, it risks failing to respond to unanticipated changes.

Consequently, agencies should establish a process that allows for a regular review of their workforce plans to:

- Review performance measurement information.
- Assess what is working and what is not working.
- Adjust the workforce plan and strategies as necessary.
- Address new workforce and organizational issues that occur.

Agencies should ask the following questions to determine whether their workforce plans need revision:

- Have agency strategies changed?
- Are the assumptions used in both the supply and demand models still valid?
- Have there been changes that would cause the strategies to need revision?

Workforce Planning Tools and Resources

State Auditor's Office Resources

The State Auditor's Office has several online systems that can assist agencies in developing their workforce plans.

Electronic Classification Analysis System (E-Class)

A Web-based application that includes information on employee headcounts, terminations, and turnover rates, as well as demographic data and salary information for state agencies. Data is pulled from the Uniform Statewide Payroll/Personnel System (USPS), the Standardized Payroll/Personnel Reporting System (SPRS), and the Human Resources Information System (HRIS). The system is located online at [http://www.sao.texas.gov/apps/eclass/\(S\(2o5aferyxgdwkq55m3xvulmf\)\)/default.aspx](http://www.sao.texas.gov/apps/eclass/(S(2o5aferyxgdwkq55m3xvulmf))/default.aspx)

Full-time Equivalent (FTE) System

Contains data on full-time equivalent (FTE) employees, FTE limitations, management-to-staff ratios, and contract workforce. The system is located online at <https://www.sao.texas.gov/apps/ftesystem> and includes data on both state agencies and higher education institutions.

Employee Exit Survey System

Contains online quarterly reports that provide a summary of exit survey results. Those reports can be analyzed and used to address identified issues.

Workforce Plans

State workforce plans are available online. Agencies may want to **benchmark against other agencies' workforce plans**. Those plans are located online at: <http://www.hr.sao.texas.gov/WorkforceAnalysis/WorkforcePlans>

Legislative Workforce Summaries

Legislative workforce summaries contain various workforce information including trends in employee turnover, FTEs, salary information, and workforce demographics. They also contain general workforce-related observations. Those are located online at <http://www.hr.sao.texas.gov/WorkforceAnalysis/Summaries>

Reports (Market Averages, Turnover, and Benefits)

Several reports may be useful to agencies to assist with market analysis and workforce planning. Those include: *A Biennial Report on the State's Position Classification Plan*, *A Biennial Report on the State's Law Enforcement Salary Schedule*, *A Classification Study on Exempt Positions*, *An Annual Report on Classified Employee Turnover*, *A Summary Report on Full-time Equivalent State Employees*, and *A Report on State Employee Benefits as a Percentage of Total Compensation*. Those are located online at <http://www.hr.sao.texas.gov/Reports/>

External Resources

Below are additional resources that agencies may find helpful in conducting a workforce analysis and developing their workforce plans.

Labor and Population Statistics		
U.S. Bureau of Labor Statistics	The U.S. Bureau of Labor Statistics provides data in areas such as unemployment, employment projections, and pay and benefits.	https://www.bls.gov/data/#unemployment
Texas Labor Market Information	The Texas Workforce Commission provides statistics and analyses on the dynamics of the Texas labor market.	http://www.tracer2.com/
Texas Wages	The Texas Workforce Commission provides information on: Wages by Workforce Development Area, Wages by Metropolitan Statistical Area, and Texas Employment Projections. TexasWages.com was developed, and is maintained by, the Labor Market and Career Information Department of the Texas Workforce Commission.	http://www.texaswages.com/
Texas Demographic Center	The Texas Demographic Center functions as a focal point for the production, interpretation, and distribution of demographic information for Texas.	http://txsdc.utsa.edu/
U.S. Census Bureau	Provides state and national data that includes detailed tables.	https://www.census.gov/
Employment and Occupation Data		
Occupational Information Network (O*NET)	Maintained by the U.S. Department of Labor. It describes occupations in terms of the knowledge, skills, and abilities required, as well as how the work is performed in terms of tasks, work activities, and other descriptors.	https://www.doleta.gov/programs/onet/
The Occupational Outlook Handbook	Useful for looking up information on particular occupations. For each career, it describes work activities and environment; earnings; number of jobs and their locations; and types of education, training, and personal qualifications needed.	https://www.bls.gov/ooh/

Standard Occupational Classification Codes	The Texas Workforce Commission maintains the Texas AutoCoder, which is an online system that allows a user to enter any job title or job description and get the best match among the hundreds of Standard Occupational Classification (SOC) codes.	http://autocoder.lmci.state.tx.us:8080/jc/onetmatch
Center for State and Local Government Excellence	State and Local Government Workforce: 2016 Trends	http://slge.org/publications/state-and-local-government-workforce-2016-trends
Strategic Workforce Assessment Program	The Texas Workforce Commission maintains the Strategic Workforce Assessment Program. Report outputs provide information including customized cluster staffing patterns, extensive occupational characteristics data, supply and demand profiles, and skills gap analysis based on detailed work activities.	http://www.texasindustryprofiles.com/apps/swap/

Texas Economic Outlook

Texas Demographic Center	The Texas Demographic Center, in cooperation with a network of affiliates, functions as a focal point for the distribution of census information for Texas. It also disseminates population estimates and projections for Texas.	http://osd.texas.gov/Data/TPEPP/Projections/
The Institute for Demographic and Socioeconomic Research	The Institute for Demographic and Socioeconomic Research (IDSER) distributes demographic, economic, and related data. IDSER also produces population estimates for all places, counties, and the State of Texas, including annual and biennial projections of the population by age, sex, and race/ethnicity.	http://idser.utsa.edu/
Texas Economy	Maintained by the Office of the Comptroller of Public Accounts and includes Texas Economic Forecasts and helpful reports and articles.	https://comptroller.texas.gov/economy/

Succession Planning

State of Michigan	<i>Succession Planning Tool Kit</i>	http://www.michigan.gov/documents/mdcs/SuccessionPlanningCareerPipelineToolKit_213235_7.pdf
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State of California	Succession Planning Model	http://www.calhr.ca.gov/state-hr-professionals/Pages/State-of-California-Succession-Planning-Model.aspx
City of McMinnville	<i>City of McMinnville Succession Plan & A Model for Small Tennessee Municipalities</i>	http://www.mtas.tennessee.edu/Knowledgebase.nsf/0/7948D7A9D217F2688525768D004A3BEC/\$FILE/Model%20Succession%20Plan.pdf
Alberta Government	<i>Succession Planning, Retaining skills and knowledge in your workforce</i>	https://www.albertacanada.com/successionplanning.pdf
State of Washington	<i>Guide to Developing Succession Programs</i>	http://hr.ofm.wa.gov/sites/default/files/documents/Strategic%20HR/Workforce%20Planning/GuidetoDevelopingSuccessionPrograms.pdf
New York State	<i>New York State Succession Planning, A Guidebook for Local Officials</i>	http://efc.syr.edu/wp-content/uploads/2015/03/SuccessionPlanning.pdf
State of Louisiana	<i>Manager's Role in Workforce and Succession Planning</i>	http://www.civilservice.louisiana.gov/files/divisions/Training/Manuals/Succession%20Planning.pdf
State of Ohio	Sample Succession Plan	http://das.ohio.gov/Portals/0/DASDivisions/HumanResources/ORGDEV/pdf/Sample%20Succession%20Plan%202015.pdf
Office of Inspector General, United State Postal Service	<i>Corporate Succession Planning Program, Management Advisory Report</i>	https://www.uspsoig.gov/sites/default/files/document-library-files/2015/hr-ma-14-006.pdf
Association of State and Territorial Health Officials	<i>State Health Agency Succession Planning Guide</i>	http://www.astho.org/uploadedFiles/10_Programs/110_Workforce_Development/DownloadAsset.pdf

Workforce Plans and Guides Outside the State of Texas

Waverly Council	<i>Working Together, Workforce Plan 2010-2014</i>	http://www.waverley.nsw.gov.au/?a=17640
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U.S. Geological Survey	U.S. Geological Survey Bureau Workforce Plan: 2015 - 2020	https://www2.usgs.gov/humancapital/sw/workforceplanning/documents/USGSBureauWorkforcePlan15-20.pdf
Anglia Ruskin University	Gap Analysis and Implementation Action Plan	http://web.anglia.ac.uk/anet/rido/research/Gap%20Analysis%20Action%20Plan%20March%202013.pdf
Gwydir Shire Council	Workforce Plan	http://gwydirshire.com/wp-content/uploads/2015/06/Workforce-Plan-2016-adopted-at-Council-Meeting-11-February-2016.pdf
State of Arizona	Workforce Plan	https://des.az.gov/sites/default/files/Arizona-Integrated-Workforce-Plan-2012-2017.pdf
U.S. Department of Transportation, Federal Aviation Administration	<i>A Plan for the Future, 10-Year Strategy for the Air Traffic Control Workforce</i>	https://www.faa.gov/air_traffic/publications/controller_staffing/media/CWP_2015.pdf
National Aeronautics and Space Administration (NASA)	NASA Workforce Planning Desk Guide	https://searchpub.nssc.nasa.gov/servlet/sm.web.Fetch/NASA_WFP_Desk_Guide_Ver_3_12-17-08_FINAL.pdf?rhid=1000&did=778349&type=released
Federal Emergency Management Agency (FEMA)	<i>FEMA Human Capital Strategic Plan</i>	https://www.fema.gov/media-library-data/1465232797001-0884912c49ec300ced75c391a0dc81dc/HumanCap_Final_Version.pdf
United States Office of Personnel Management	<i>Migration Planning Guidance Information Documents/Workforce Planning Best Practices</i>	https://www.opm.gov/services-for-agencies/hr-line-of-business/migration-planning-guidance/workforce-planning-best-practices.pdf
United States Nuclear Regulatory Commission	<i>US Nuclear Regulatory Commission Strategic Workforce Plan</i>	https://www.nrc.gov/docs/ML1614/ML16145A376.pdf
NASA	Human Capital Plan	https://searchpub.nssc.nasa.gov/servlet/sm.web.Fetch/NASA_Human_Capital_2015_Final.pdf?rhid=1000&did=2050724&type=released
NASA	<i>NASA's Strategic Human Capital Implementation Plan</i>	https://www.hq.nasa.gov/office/hqlibrary/documents/o53003551.pdf

Workforce Planning Questionnaire

To make the strategic workforce planning process as useful as possible to agencies, each state agency has the flexibility to create a workforce plan that best suits its individual needs. This questionnaire can be used as a baseline for each agency’s workforce plan.

By completing this questionnaire, an agency will have a basic workforce plan upon which it can build in subsequent years. Agencies that already have been performing workforce planning may decide to update their workforce plans to reflect new information available. However, each agency should re-evaluate its operating environment based on funding received and any legislative or policy changes affecting the agency. As a reminder, the agency should remove completed strategies or those that will no longer be pursued prior to turning in a revised plan.



PHASE 1

OVERVIEW (Strategic Direction)

Describe the mission, strategic goals, objectives, and business functions of the agency. Discuss what changes, if any, may take place over the next five years that could affect the agency’s mission, objectives, and strategies.

Basic Information to Include in the Workforce Plan:

- Agency mission.
- Agency strategic goals and objectives.
- Core business functions.
- Anticipated changes to the mission, strategies, and goals during the next five years.

PHASE 2

CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)

Describe the agency’s current workforce by assessing whether current employees have the knowledge, skills, and abilities needed to address critical business issues in the future.

Basic Information to Include in the Workforce Plan:

- Demographics information, including age, gender, ethnicity, and length of service.
- Percent of workforce eligible to retire and return to work retirees.
- Percent of veterans employed by the agency.
- Total agency turnover, including turnover by job classification, gender and ethnicity.
- Projected employee turnover rate during the next five years.
- Workforce skills critical to the mission and goals of the agency.
- Workforce allocation by division, job classification series, and/or occupational category.

FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)

Develop a future business and staffing outlook. Determine trends, future influences, and challenges for the agency's business functions; new and at-risk business; and workforce composition.

Basic Information to Include in the Workforce Plan:

- Expected workforce changes driven by factors such as changing missions, goals, strategies, technology, legislation, budget, type of work, workloads, and work processes.
- Future workforce skills needed.
- Anticipated increase or decrease in the number of employees needed to do the work.
- Critical functions that must be performed to achieve the strategic plan.

GAP ANALYSIS

Identify gaps (shortages) and surpluses (excesses) in staffing and skill levels needed to meet future functional requirements.

Basic Information to Include in the Workforce Plan:

- Anticipated surplus or shortage in staffing levels.
- Anticipated surplus or shortage of skills.

STRATEGIC DEVELOPMENT

Develop strategies for workforce transition.

Basic Information to Include in the Workforce Plan:

List specific goals to address workforce competency gaps or surpluses. Those may include:

- Changes in organizational structure.
- Succession planning.
- Turnover analysis.
- Retention programs.
- Recruitment plans.
- Career development programs.
- Leadership development.
- Organizational training and employee development.

Succession Planning and Knowledge Management

SUCCESSION PLANNING

The purpose of succession planning is to:

1. Prepare an agency for risks associated with the planned or unplanned loss of knowledge that is critical to the success of the agency.
2. Prepare employees for advancement.

Succession planning can assist agencies by helping to ensure that an agency has highly qualified employees who are capable of filling critical positions.

Succession planning can cross all divisions and levels within an agency, or it can focus on just a few areas. The parameters chosen will depend on the needs of the agency and the time and resources available. This guide focuses on succession planning for key positions.

Determine the Scope

Some agencies may choose to create succession plans covering all employees, while others may choose to focus on only key positions.

What Are Key Positions?

Key positions are positions that have a significant effect on the work that needs to be performed. Key positions vary by agency and are not determined based on job title alone. Criteria for key positions may include:

- Positions that require specialized job skills or expertise.
- High-level leadership positions.
- **Positions that are considered “mission-critical” to the agency.** For example, those may be engineering positions for the Department of Transportation.

Succession Planning Process

Strategies for developing a successful succession plan may include:

- Building a job profile for each key position - This will help to determine the key success factors of the job and how proficient the job holder would need to be. This information can be obtained several ways, including performing a job analysis or gathering critical information during the performance appraisal process. The information that should be gathered includes the knowledge, skills, abilities, and attributes that the current employee in a position possesses that allow for the competent and efficient performance of the functions that employee performs.
- Communicating key knowledge, skills, abilities, and attributes required for key jobs - One way to do this is to ensure that internal job descriptions for key positions reflect the knowledge, skills, abilities, and attributes needed to successfully perform the job. Another way is to gather this information during the performance appraisal process.
- Developing an inventory of key candidates - This can involve assessing both the abilities and the career interests of employees. Candidates should demonstrate high potential or ability that will enable them to achieve success at a higher level within the organization.
- Designing a plan for each candidate - Developmental plans should be available for candidates and then incorporated into their performance management plans. Plans may include identifying career paths for high-potential candidates and others who have the interest and ability to move upward in the agency.
- Providing development opportunities - This 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.

How Do You Determine which Employees Are Candidates for Succession?

After the profiles for key positions are defined, agencies must evaluate employees on the qualifications within those profiles to identify individuals with a high potential for promotion. There are many methods to identify which employees are possible candidates for succession. These include:

- Performance of candidate's team or division.
- Evaluation feedback from peers, supervisors, and subordinates.
- Demonstrated leadership characteristics, which are defined by the agency.
- Asking other leaders, mentors, and employees who they see as leaders or potential leaders.
- Demonstrated interest.

KNOWLEDGE MANAGEMENT

All employees will leave at some point in time, and many of them will take valuable knowledge gained from experience and training with them. Agencies need to plan so that years of accumulated knowledge, both technical and historical, do not leave the agency when an employee retires or pursues other opportunities.

Transferring knowledge is a process that helps to capture knowledge, skills, and abilities between employees. It is an important part of succession planning.

How to Transfer Knowledge

There are many ways to transfer knowledge of key staff. Strategies for transferring knowledge may include:

- Developing a method to document processes - This documentation may include the reason for the processes, steps in the processes, key dates, relationship to other processes that come before and after, key players and contact information, and copies of forms and file names associated with the processes.
- Training - Often, key employees can make excellent instructors on tasks in which they specialize. This method also allows many employees to learn directly from someone who is an expert in his or her field.
- Conducting “lessons learned” meetings - This allows other employees to understand what worked well and what needs improvement so they can learn from those experiences. These meetings should be conducted immediately after an event or project, and the results should be shared quickly among those who would benefit from that knowledge.
- Developing job aids - These are tools that help people perform tasks accurately. They include checklists, flow charts, diagrams, and reference guides.
- Allowing employees to work closely with key staff members - This can take many forms, including pairing key employees on projects with other staff, internship programs, and mentoring programs.
- Allowing employees to “shadow” other employees who are leaving - This involves “double filling” a position temporarily so that the position can be filled with a new employee before the current employee leaves. It allows for a transfer of knowledge and adequate training of new employees.

While there are many ways agencies can identify, store, and transfer knowledge, certain strategies will work better in some agencies than they will in others. Agencies may need to try several strategies before finding the ones that are best suited to their needs.

Succession planning for small agencies

Even at small agencies, succession planning is important. At a minimum, the governing board of a small agency should consider a plan for a departing executive director; however, the agency should also consider key positions that are filled by employees who would be difficult to replace or that would have a significant effect on the agency if vacated.

Questions that small agencies should have answers to include:

- Does anyone really know the specifics of what a key employee is doing?
- What kind of effect will a vacancy have on the agency's capacity to deliver its services?

Solutions may include the following:

- If possible, have a person who can serve as "second in command" and who has the capacity to replace the executive director in the future or could serve as the interim executive director until the position was filled.
- Conduct annual performance reviews, which will give the agency the opportunity to discuss career and development plans.
- Consider cross-training for key positions.

Lessons Learned

The State Auditor's Office's State Classification Team surveyed state agencies in June 2017 to gain an understanding of lessons learned pertaining to workforce planning. The results were as follows:

- Workforce planning works best if it is part of the agency's culture.
- Workforce planning is only as actionable as it is practical. It is better to focus on as many strategies to remedy projected skill gaps as can be managed at one time.
- In an atmosphere of transformation (reduction and redistribution of staff), shift the focus of the workforce plan to program areas and geographical locations.
- It is important to spend more time on skill gap analysis.
- Agencies need time and resource commitment to have a meaningful workforce plan to implement and monitor.
- If preparing a workforce plan for the first time, be aware of who needs the workforce plan and when. Although the workforce plan may be due in late summer (July or August), it must be completed sooner to go along with the agency's strategic plan in late spring or early summer (June).
- Staff do not wait until they are 65 to retire. Many will do so earlier, and you need to plan for that.
- Keep expectations of skill development realistic and practical. Ask employees if they want to develop additional skillsets. If they do not, then keep that in mind as you identify key talent.

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Joe Straus III, Speaker of the House, Joint Chair

The Honorable Jane Nelson, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable John Zerwas, House Appropriations Committee

The Honorable Dennis Bonnen, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor



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