



Smart Management for  
Small Water Systems

# Succession Planning

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This program is made possible under a  
cooperative agreement with EPA.



[www.efcnetwork.org](http://www.efcnetwork.org)

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Toggle between full screen/window screen view

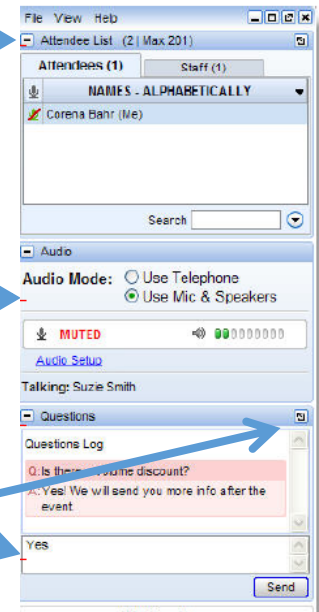


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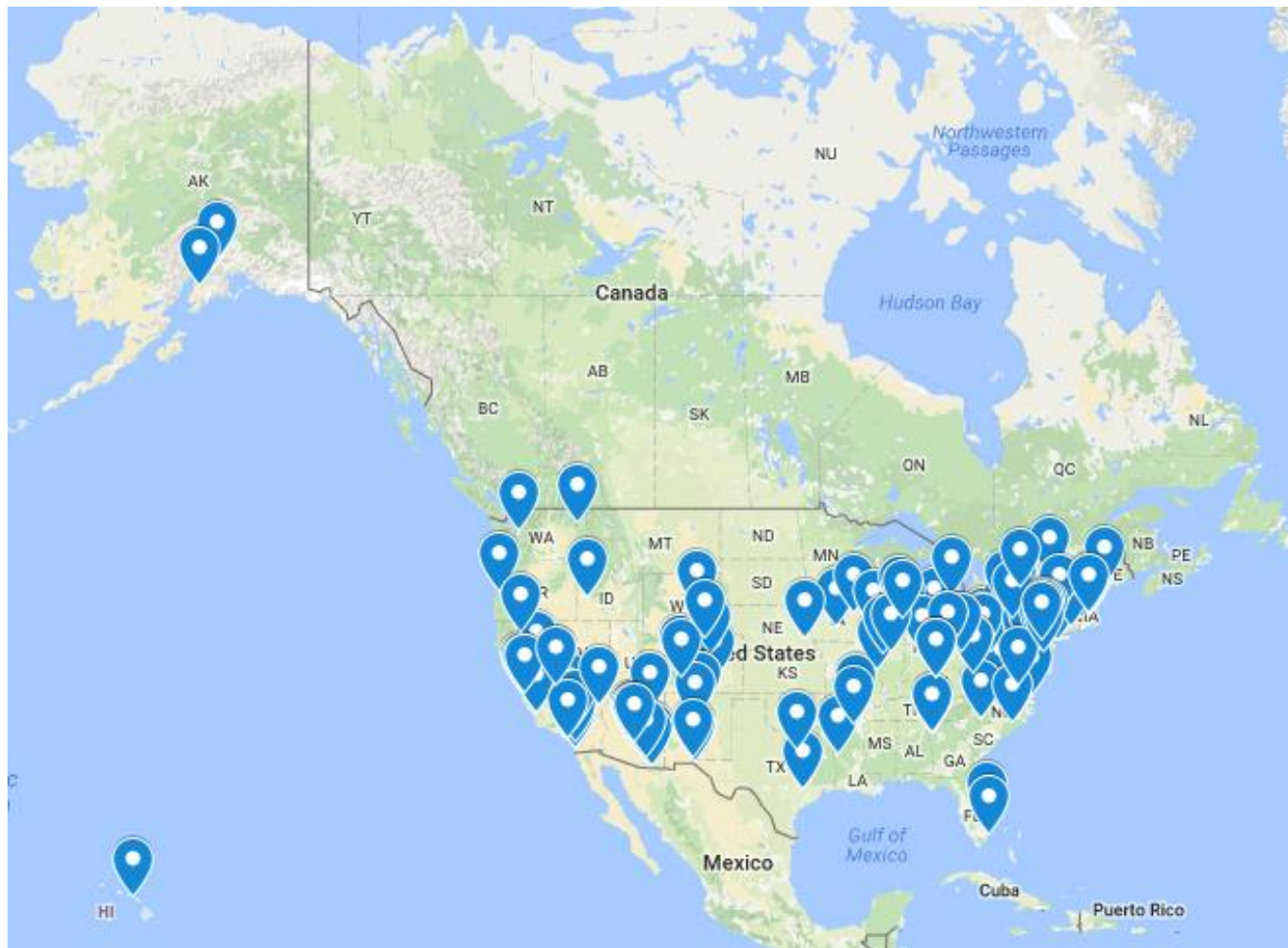
Audio: please choose between speakers and telephone. If you do not hear audio right now, please check your speaker volume or enter #[audio pin]# if using phone.

Submit questions in the Questions box at any time, and press [Send]. To undock and increase the size of the box, click on top right corner icon.





## Registrants of this webinar





The Environmental Finance Center Network (EFCN) is a university-based organization creating innovative solutions to the difficult how-to-pay issues of environmental protection and improvement. The EFCN works with the public and private sectors to promote sustainable environmental solutions while bolstering efforts to manage costs.

## The Smart Management for Small Water Systems Program

This program is offered free of charge to all who are interested. The Project Team will conduct activities in every state, territory, and the Navajo Nation. All small drinking water systems are eligible to receive free training and technical assistance.

### What We Offer

Individualized technical assistance, workshops, small group support, webinars, eLearning, online tools & resources, blogs





## The EFCN Project Team

- Environmental Finance Center at The University of North Carolina at Chapel Hill
- EFC West
- Environmental Finance Center at Wichita State University
- Great Lakes Environmental Finance Center
- New England Environmental Finance Center at University of Southern Maine
- Southwest Environmental Finance Center
- Syracuse University Environmental Finance Center
- University of Louisville Environmental Finance Center





## Areas of Expertise


- Asset Management
- Energy Management Planning
- Financial Management
- Leadership Through Decision-making and Communication
- Managing Drought
- Water Loss Reduction
- Collaborating with Neighboring Communities
- Multi-funding
- Water Conservation
- Management and Finance 101
- Climate Resiliency
- Workforce Development

## Small Systems Blog

Learn more about water finance and management through our Small Systems Blog! Blog posts feature lessons learned from our training and technical assistance, descriptions of available tools, and small systems “success stories.”

### Common Blog Topic Areas

- Asset Management
- Energy Management
- Enhancing Regulatory Compliance
- Fiscal Planning & Rate Setting
- Funding Coordination
- Managerial & Financial Leadership
- Water Loss Reduction
- Water System Collaboration




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### Blog




**Magdalena, New Mexico: A Success Story from the Smart Management for Small Water Systems Program**

Written by: Allison Perch Allison Perch is a Program Coordinator with the Environmental Finance Center at the University of New Mexico. The financial health of its water system is at risk? This is the question that Stephanie Finch, the town clerk and...



**The Virtuous Cycle: Internal Energy Revolving Funds for Small Water Systems**

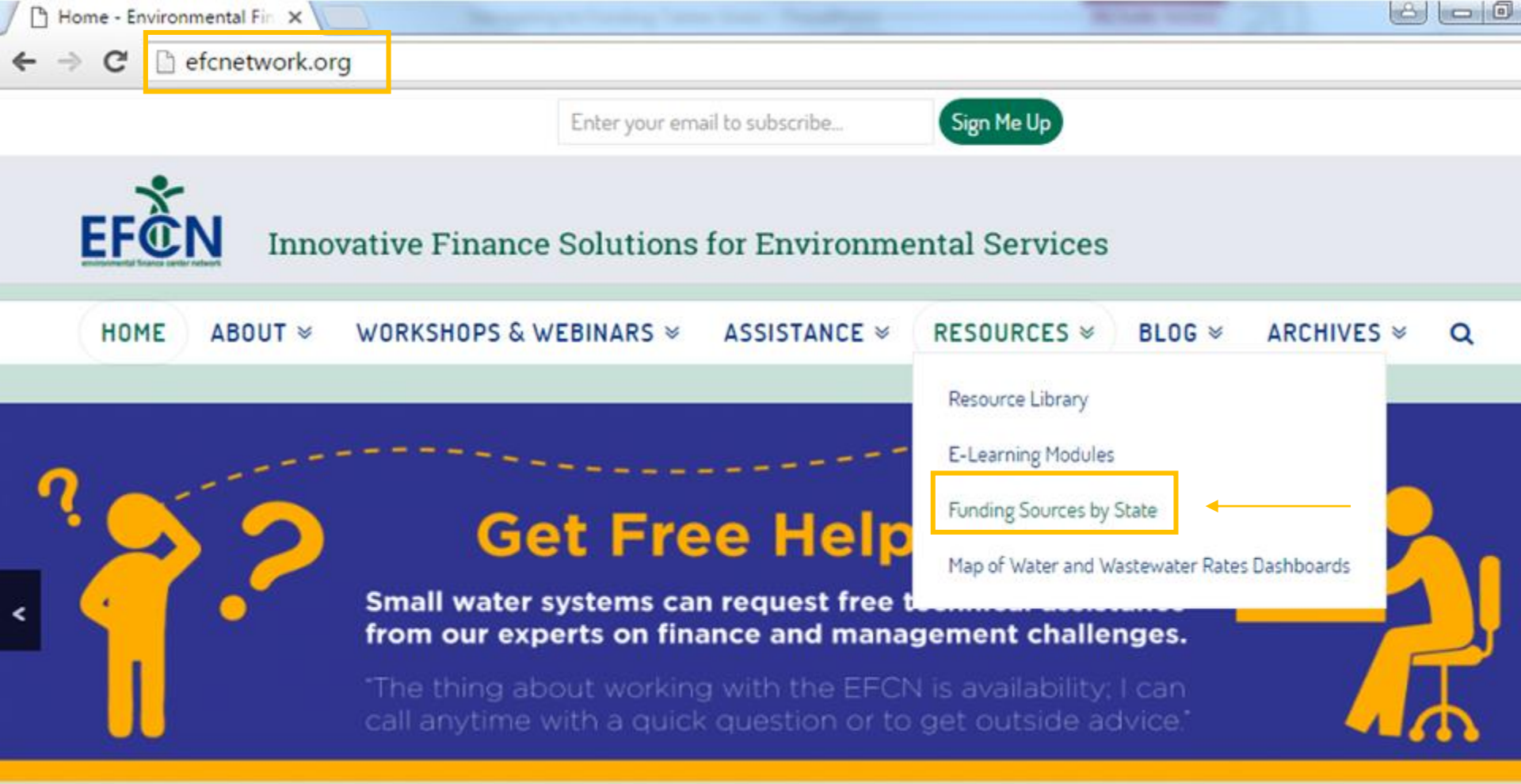
Written by: David Tucker David Tucker is a Project Director with the Environmental Finance Center at the University of New Mexico. pay for energy efficiency and renewable energy, helping cut utility costs? As energy is often the largest v...



**Smart Management for Small Water Systems Program Newsletter | Fall 2015**

View Full Issue The Environmental Finance Center Network has published the third issue in a series of q...





## Navigating to Funding Tables

Step 1: efcnetwork.org

Step 2: Select “Funding Sources by State” under the Resources Tab

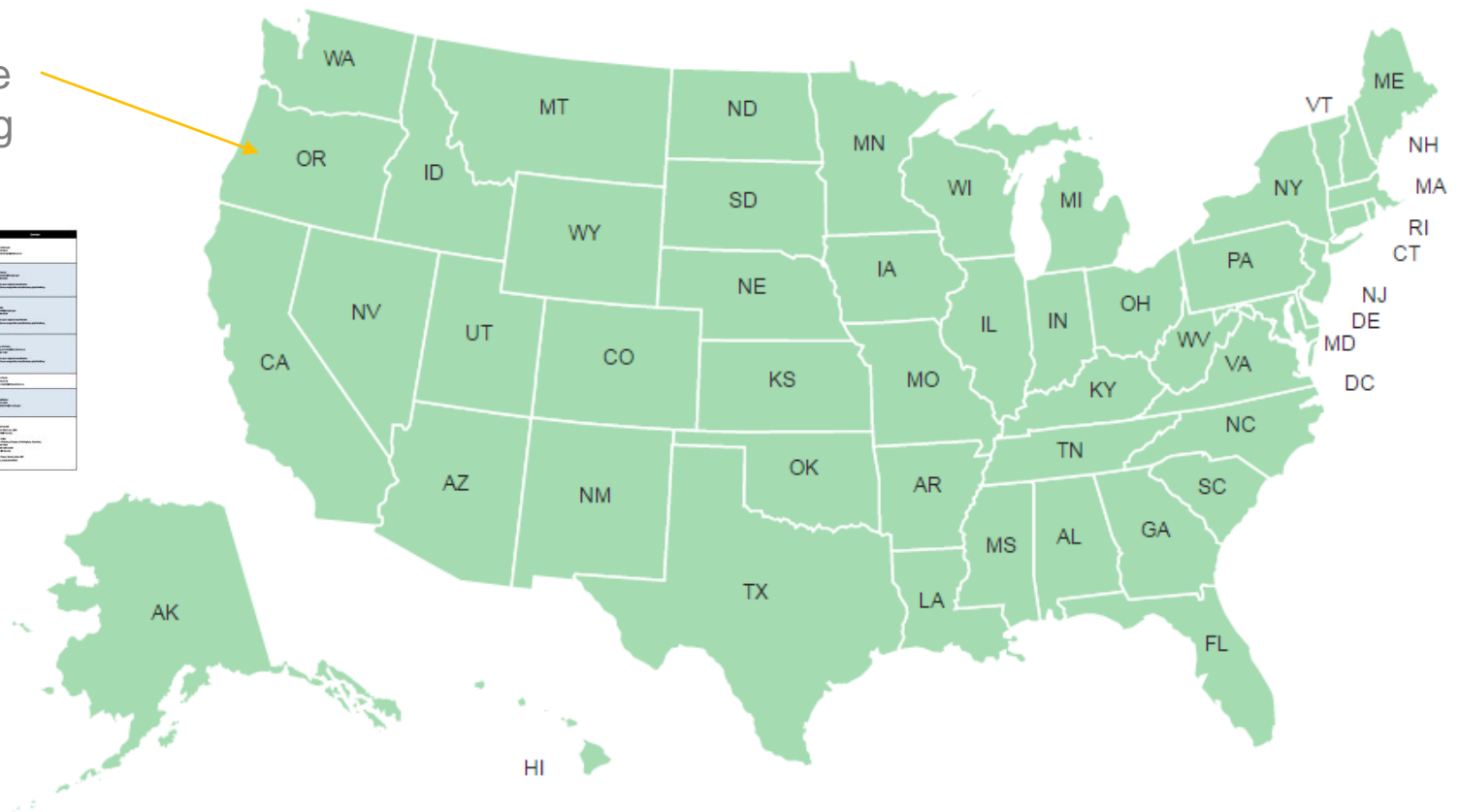


## Funding Sources by State

*Note: Some states may have additional resources listed below the map.*

Click on the map below to view funding sources for each state:

Click on an individual state to view funding table.



Requirement	Product	Source of the product	Customer Size	Market	Notes
Small business	Small business	Small business	Small business	Small business	Small business
	Small business	Small business	Small business	Small business	Small business
	Small business	Small business	Small business	Small business	Small business
Medium business	Medium business	Medium business	Medium business	Medium business	Medium business
	Medium business	Medium business	Medium business	Medium business	Medium business
	Medium business	Medium business	Medium business	Medium business	Medium business
Large business	Large business	Large business	Large business	Large business	Large business
	Large business	Large business	Large business	Large business	Large business
	Large business	Large business	Large business	Large business	Large business
Government	Government	Government	Government	Government	Government
	Government	Government	Government	Government	Government
	Government	Government	Government	Government	Government



# Succession Planning



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# Identify Who is Leaving

Which jobs are likely to experience retirements in the next five years?

What is the impact?



# And When!

I'm quitting to pursue my  
dream of not working  
here.



someecards  
user card



Employees  
Leave.

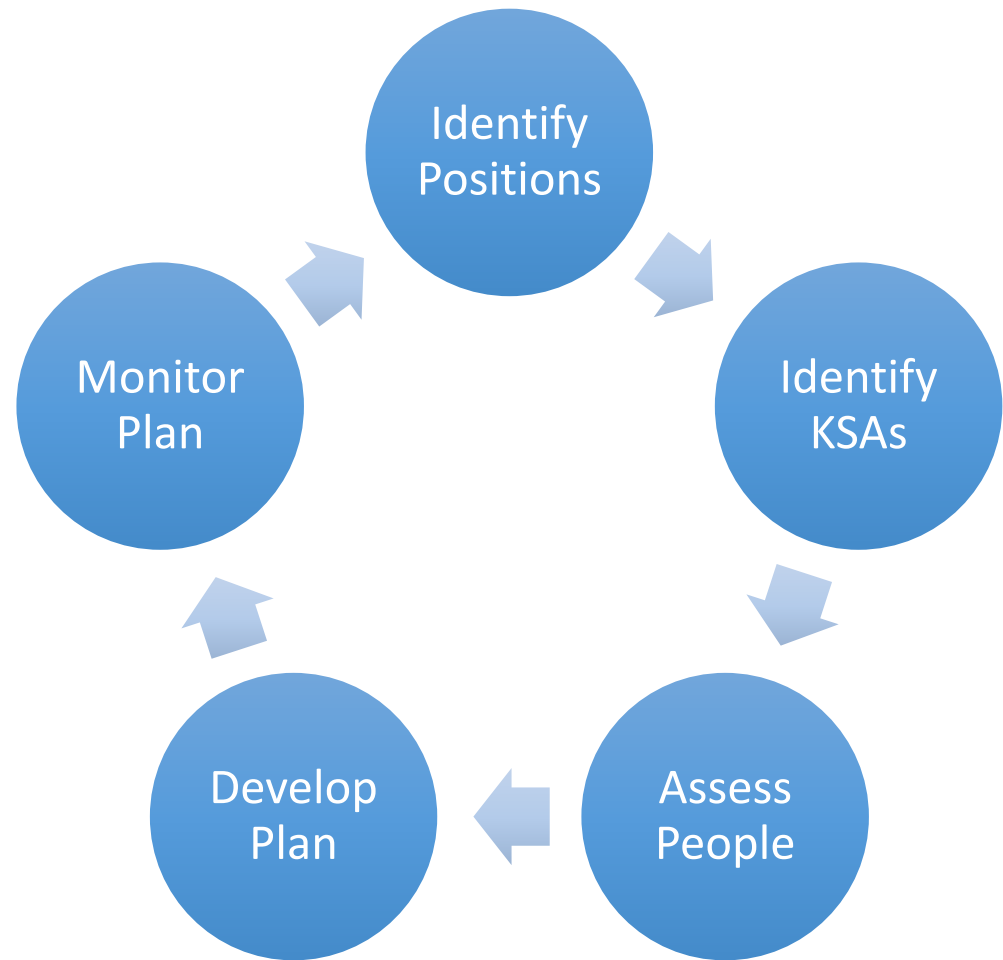
They always do.

Preparation for that  
day is Succession  
Planning



# Succession Plan

Systematic approach to building replacement workers to ensure continuity, by identifying potential successors in ***critical*** work processes



# Critical Components

## Recruitment

Having a qualified, dependable and “ready” candidate pool.

## Retention

Ensuring that good employees stay. This is important considering what the utility assumes in resource investments for training and development, including sponsoring certifications and continuing education.

## Knowledge Sharing and Capture

To ensure no loss of best practices, a formal process needs to be established to share knowledge and experience across all positions and employees lost through attrition.

## Leadership Development

Establishing a formal process to identify, select and develop employees to fill roles in leadership, management and supervision.

# Barriers to Meeting Staffing Requirements

- Candidate pool issues
- Perception of the industry
- Civil service requirements
- Collective bargaining
- Residency requirements
- Politics interfering with hiring best candidates
- Compensation
- Complacent culture/institution
- Education and training
- Meaningful advancement for varied backgrounds and skill sets
- Training issues
- Lack of outreach/recruitment workforce/succession/planning
- Absence of recruitment plans/strategies
- Lack of institutional knowledge transfer programs
- Lack of performance management process
- Human Resource metrics/ effectiveness measurements
- Lack of pathways for leadership and management



# Costs/Benefits

**Costs** – highly variable and hard to quantify  
Consultants, in-house time, lost production

## Employer Benefits

- Stabilize performance
- Ensure continuity of leadership
- Develop pool of skilled workers
- Minimizes disruption during change
- Enhances knowledge transfer
- Makes you “employer of choice”
- Employee Loyalty/Commitment
- Increased organizational resiliency/capacity

## Employee Benefits

- Improves communication and morale
- Improved effectiveness
- Improve working relationships
- Personal/Professional growth

## Customer Benefits

- Improved customer service
- More efficient service
- Increased staff responsiveness
- Better run organization

# Succession Planning... the Challenge

Utilities are experiencing problems created by the departure of large numbers of veteran employees. The loss has created voids in leadership, skills and technical experience.

## **Pressing Problems:**

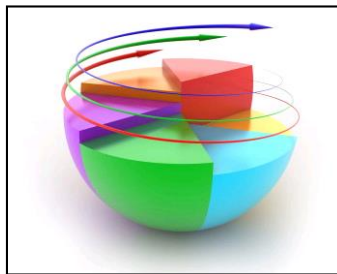
- Issues of employee retention, such as compensation and lack of advancement.
- Heavy reliance on on-the-job training (OJT) rather than on formal training and development.
- Weak or non-existent leadership development programs.
- Loss of institutional knowledge.
- Complications in bargaining agreements.

# Common Pitfalls



- Keeping it a secret
- Underestimating talent within
- Narrow minded thinking – too old/young, rough, different
- Focusing exclusively on hard skills (value soft skills)
- Not offering training/development opportunities
- Expecting employees to self-identify; help them see what they can be.
- Not holding managers accountable for succession planning.
- Considering only upward succession. Lateral?
- One size fits all program.
- Producing too many candidates for too few spots.

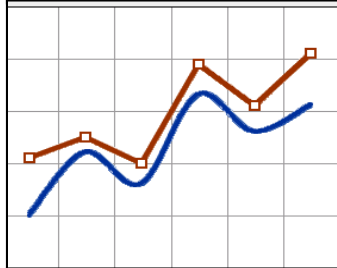
# Steps



1. Stakeholder support



2. Assess needs



3. Develop succession plan model



4. Implement succession plan



5. Measure, evaluate, and adapt



# Step 1: Institutionalize the process and capture stakeholder support

## **Gain commitment from decision makers**

- Demonstrate why it's needed and benefits

## **Gather resources**

- Senior leadership
- HR/Civil Service
- Union representative
- Employees groups

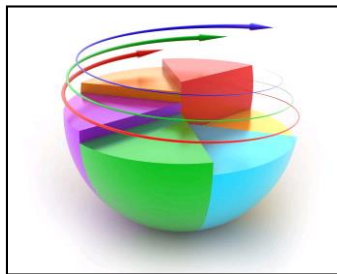
## **Identify the strategic vision and goals of the organization**

- Make succession planning a priority
- Strategic plan will determine # future employees and skills needed
- What will succession program look like? What will it do for utility?

## **Incorporate succession planning into your utility's values**

## **Clearly define the objectives for the program**

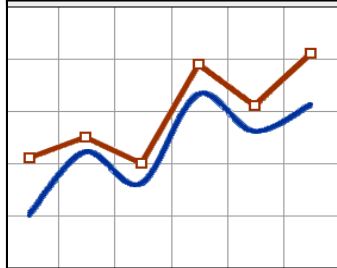
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# Step 2 – Assess Utility's Needs

## 3 Parts

A) As is

B) To Be

C) Gap Analysis



# Step 2A – “As Is” Assessment

## **Collect and analyze organization and demographic data**

- Retirements?
- New leaders being developed?
- Are you identifying new leaders?
- What is average age and tenure of current employees?
- What are attrition and vacancy rates?

## **Identity and prioritize key work processes/positions**

- Which are most critical?
- Which have the least amount of resource depth?
- Which processes are documented?
- Are future candidates prepared?

## **Identify condition and availability of resources and systems**

- What items are needed to do work? Maps, policies/procedures, training guides?
- Are they accessible and up to date?
- What technology systems are currently in use?



# Review Your Workforce

Demographics (of workforce and community)

## Employee Profile

- Age and years of service
- Competencies and skills
- Knowledge

## Workforce Breakdown

- Managers
- Lab staff
- Operators
- Maintenance



# Human Capital Criticality



# Environmental Scanning

Completing a thorough scan provides information to determine high workforce risk areas.

Data sources for an environmental scan:

- The organization's strategic plan.
- External trends that may affect the work of the organization and the workforce.
- Internal workforce factors.
- The demand for maintaining and improving the workforce

# Environmental Scanning

## Regarding Organizational Strategy

- What are the key strategies the organization is implementing?
- What new initiatives are underway? What skills are needed to accomplish these initiatives?

## Regarding the External Environment

- How will the labor market impact the availability of talent needed?
- Are there any state policies or legislative mandates that will impact the organization?

## Regarding the Organization's Workforce

- Are there needs and opportunities for skill and talent development?
- Are there skill needs beyond what is found at the organization?
- Is there high potential staff willing to move into leadership positions?
- How is knowledge captured and transferred within the organization?

# Step 2B – “To Be” Assessment

## Analyze future requirements for services

- Future demand
- Customer expectations
- Regulations

## What are the goals of the Strategic Plan

- Demand placed by SP
- How will SP change workforce/leadership requirements

## What are upcoming changes in the industry?

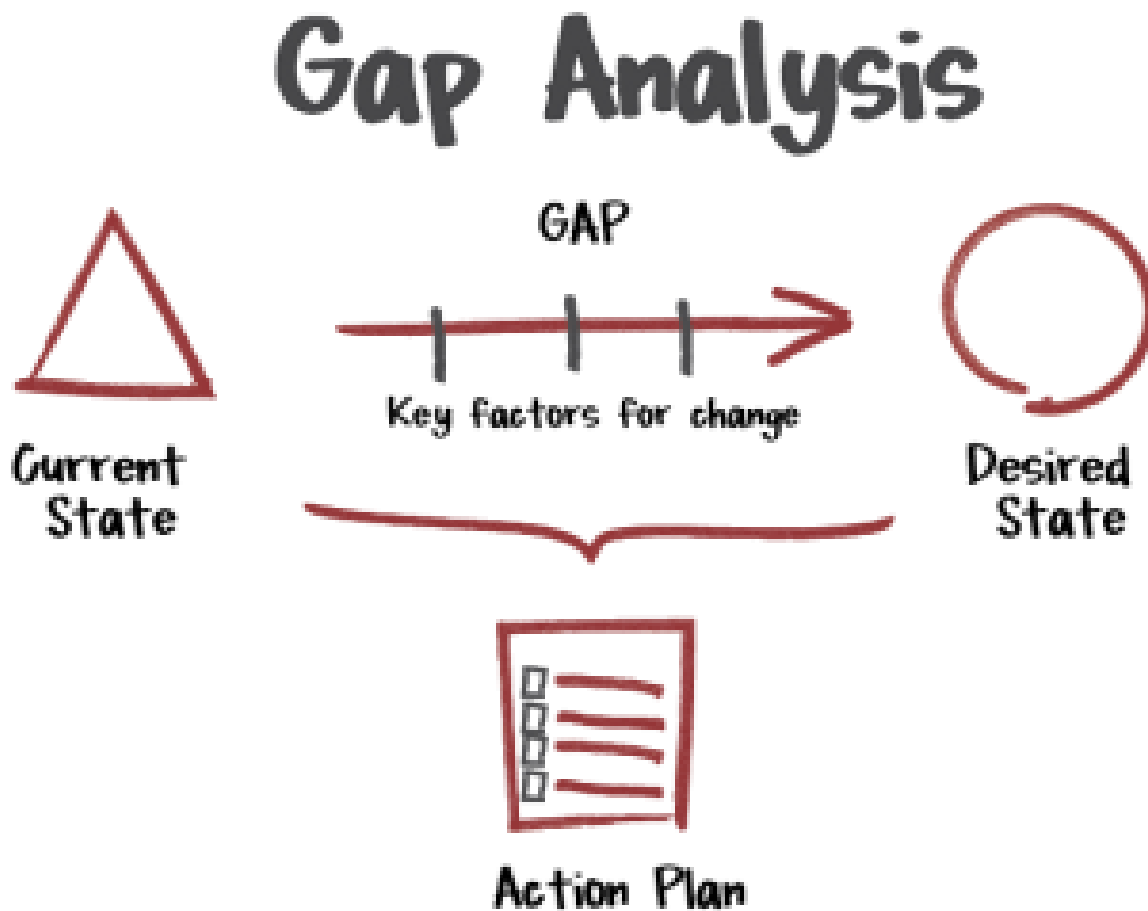
## What demands will technology place on organization?





# Step 2C – Gap Analysis

How does “as is” utility measure up against “to be”?



# Step 2C – Questions to Ponder

## Workforce

- Do current utility demographics look like the future ones?
- Are you prepared to handle shifts in demographics?
- Do you have the people skills to keep up with the change?

## Processes

- Which ones are most susceptible to changes in personnel?
- Where are we most susceptible to losing essential knowledge?

## Systems/Resources

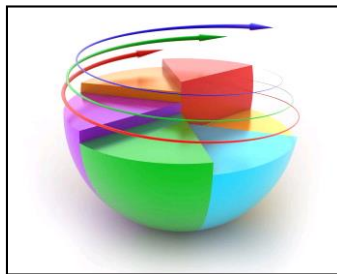
- What info will you need or not need in the future?
- What information needs to be more accessible?
- How will technology change resource needs?

## Determine the talent needs in the long run

## Identify the core leadership KSAs to bridge the gap.

- What will future leaders look like?
- What skills and behaviors will make them successful?

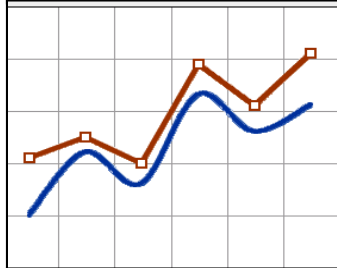
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# Step 3 - Develop the Succession Planning Model

**Determine which employees or levels of employees will be involved in program**

**Build leadership pipeline**

- Identify internal talent with critical competencies (KSAs)
- Analyze external sources of talent

**Identify training and development strategies**

- Formal professional development
- Coaching and mentoring
- Use cross training/multi-skilling
- Job shadowing
- Identify career paths

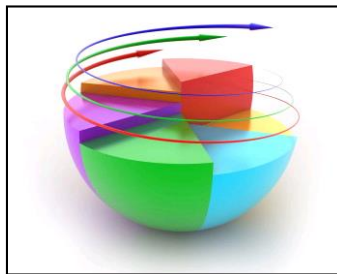
**Develop retention strategies**

**Create knowledge management and transfer strategies**

# Succession Planning Model

Succession Planning Element	Succession Planning Objective	Succession Planning Tools
Build a leadership pipeline	1. Ensure the sustainability of organisational leadership	1. Leadership competency development plan 2. Leadership talent pool development 3. Leadership mentoring
Develop critical Function Successors	2. Mitigate impact of attrition and employee mobility on the utility's critical functions	1. Recent retiree consulting 2. Mentoring 3. Apprenticeship/shadowing 4. Job function performance aids
Staff development and training	3. Develop layers of depth to perform organisational functions	1. Staff development plans 2. Cross-training and work rotation 3. Job function certification
Develop Retention Strategies	4. Increase ability to retain key staff	1. Update and modify compensation and classification system 2. Career path planning 3. Cross-training and work rotation
Knowledge Management and Transfer	5. Ensure the accessibility of critical organisational knowledge despite staff attrition	1. Update and maintain key organisational knowledge resource 2. Document and codify key processes and functions 3. Expert interviews 4. Job functions performance aids 5. Knowledge maps and inventories

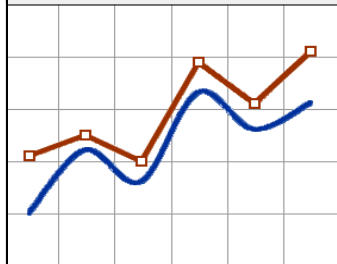
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# Step 4 - Implement Succession Planning Model

- Determine resource needs for implementation
- Identify barriers to implementation
- Update or develop job descriptions
- Prepare organization for change
- Establish communication plan
- Connect with stakeholders and get their buy in
- Identify and establish peer and leadership champions of change
- If needed, implement strategies on pilot basis
- Link succession strategies with HR
- Recognition
- Workforce planning
- Assessment strategies
- Recruitment strategies
- Train staff as necessary

# Implementation

**Develop pilot program in one department**

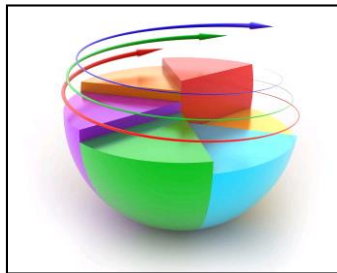
**Track and measure how it's working:**

- Turnover
- Employee survey results
- Participant satisfaction
- # individuals promoted vs. outside hires
- # “ready now” candidates
- Diversity of talent pools
- Size of talent pools

**Communicating Program**

- Share with everyone how it's going
- Use multiple methods

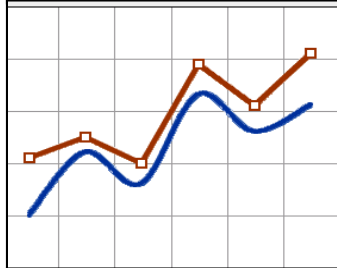
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# Step 5 - Continuous Measurement, Evaluation & Adaptation

- Define measures of success
- Determine frequency of program evaluation
- Design reporting process
- Track progress, communicate and celebrate program success
- Get stakeholder feedback on success
- Adjust or adapt programs based on evaluative results
- Ensure top management stays engaged and supportive
- Make 3 to 5 year succession plans part of strategic planning process

# What's a small system to do?

- Create organizational chart
- List age, years of service, KSAs
- Develop a staffing matrix
- When do you expect people to leave?
- Where do you expect to get replacements?
  - If they're abundant and readily available, ok.
  - If not, where will they come from?
- Need to develop in advance?
- Recruit for exam?
- Trade schools, military, minorities?

# Retooling

Are there alternative ways to get the work done...







# Reinvention

... or, should the job be done at all?



# Think About Redundancy

- Cross training
- Multi-skilling
- Retiree/Part timer
- Outside sources of talent
- Contractors



# Contracting Possibilities?

- Electrical
- Instrumentation & Control
- Payroll
- Maintenance/ Grounds

# But, also...

Identify “Mission Critical” *positions/tasks*.

- If this skill set, expertise, license, person is suddenly unavailable, we can't function or something really bad can happen.



It might be something that's not readily apparent.  
Payroll, IT, pesticide applicator's license, CDL.



In the meantime, you still need to provide back up for while they're here.

# So, to wrap up...

- Recruiting requires re-branding
- Reach new markets through new avenues
- Create the pipeline
- Retention requires reinvestment and recognition
- Plan for folks to leave





# Time for Reflection

1. What Succession Planning components are you already doing?
2. What could you begin?
3. In the next 3 months I will do \_\_\_\_\_.





# Contact Us

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