

Question of the Month

ADVICE FOR SMALL SYSTEMS

How Do We Prepare Future Leaders to Run Tomorrow's Utility? BY BRADLEY JURKOVAC

Succession planning is a priority throughout the water sector, whether water, wastewater, or combined. Go step-by-step to do your planning so your utility can be ready for the changes rather than overwhelmed by them. Document responsibilities and focus on current needs as well as future trends and development.

Utilities are facing a workforce crisis. As with other industries, the first ripples of the "baby boomer" effect are already causing concern. Utilities in particular have many key staff members eligible to retire and fewer individuals ready to effectively succeed them. Organizations' knowledge and capabilities are more at risk than ever because of these retirements and other staff departures characteristic of today's more fluid workforce. The challenge is potentially far more acute in the water and wastewater industry because federal spending in the 1970s and 1980s, resulting from the Safe Drinking Water Act and the Clean Water Act, created many new jobs that were filled for the first time in those years.

These staff members are reaching retirement age en masse. These factors were ripples in the lead-up to and during the latest recession. Now they're becoming waves. A study commissioned by AWWA and the Water Environment Federation indicated that 35 percent of the utility industry workforce was eligible for retirement in 2013. A 2008 Water Research Foundation report noted that the departure of these long-term employees can represent as much as a 60 percent loss of knowledge when they depart.

The risks of failing to develop a succession plan include

- potential for increased regulatory compliance issues.
- inability to quickly and effectively respond to changes and emergencies.
- permanent loss of critical operational knowledge.

To prevent these potential outcomes, utilities should be considering how best

to recruit, retain, and develop their workforce. Mindful that the public sector often requires a different approach to succession planning than what's typical in the private sector, a planned approach can result in a sustainable model for the future of your organization.

STEPS TO SUCCESSFUL PLANNING

A seven-step outline for succession planning follows. These steps are the building blocks for a program that helps utilities manage their organizational knowledge and provides them with choices from within when filling critical roles.

1. Establish a participation policy (for learners and coaches/mentors) as part of a walk-through process. See details on this step under "Succession Development Tips" below.
2. Provide an excellent learn/work experience by creating an appropriate environment for participants.
3. Commit to continuity via the utility's mission statement. Succession planning should support your organization's mission, vision, values, and goals.
4. Design a leadership development program that provides future leaders with the tools they need to succeed.
5. Enable a leadership team to actively promote the program so participants realize this is the path forward for your utility.
6. Clarify a strategic business plan and link it to the succession plan to ensure precious time and dollars are being spent on the right things.
7. Clearly define the successor selection process so participants understand how future roles will be filled.

QUESTIONS FOR YOUR UTILITY

As utilities begin to consider succession planning and program development, ask the following questions about your organization:

- Do we have people who can't be replaced? Do they have critical and unique knowledge? Who are they and what are they doing to create this situation?
- Have we hired from outside because no one inside was qualified? Why did that happen and how can we change to prepare internal candidates?
- Have employees ever not been promoted because they couldn't be replaced in their current positions? Can we develop programs or processes to prevent that from happening in the future?
- Do you want to favor promoting from within or from outside? What are the advantages and disadvantages of both approaches?

SUCCESSION DEVELOPMENT TIPS

Here are a few ideas and details to keep in mind when developing and executing a succession plan:

Update job descriptions. Capture as much of what people do as practical and feasible. This is the best way to prevent important aspects of the work from slipping through the cracks.

Automate or document all processes. Make processes easier for someone new to follow. Standard operating procedures (SOPs) and workflow diagrams are excellent tools for capturing these details. Use the Pareto principle, or 80-20 rule: For many events, roughly 80 percent of the effects come from 20 percent of the causes. Use this to determine which processes to capture first.

Ensure interested staff can "walk through" processes. Have staff members who want to learn or move up cover during

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absences or busy times. Keep in mind that people learn new skills in different ways. Reading an SOP, observing a task, doing the work solo, training under an expert, and attending formal classroom sessions are all viable ways to learn.

Don't look for specific protégés. Rather, raise the knowledge level and proficiency of the group so that, if plans change (the group's or the individual's), succession can continue. As a bonus, this is consistent with public-sector rules that provide for open competition for positions.

Track progress and identify training to help propel success. Change is constant. That means succession planning needs to be fluid to accommodate organizational changes. Individual development plans should be flexible to address participants' changing interests and needs.

CHARACTERISTICS OF A STRONG PLAN

A good succession plan includes the following characteristics to ensure sustainability of the program and your utility:

Customized to your organization. Take the time to build your own plan vs. shoe-horning another plan into your organization. One size does not fit all.

Driven by top management. Change in any organization requires management to demonstrate strong support for the future vision. Participants need to know that management is serious about the program.

Targeting development with shared responsibility. Development is key—coaching and mentoring require commitment from management and the employee/participant.

Addressing future strategy and culture. As business drivers change, so must the succession-planning process to ensure future needs are supported.

Involving objective, multiple assessments of participants. A comprehensive 360-degree (multi-rater) evaluation is more reliable than a single-rater evaluation to help avoid favoritism or other forms of biased perspectives.


Focused on developing cadres of expertise. Build "pools" of talent, not queues or slates, which are more common in the private sector. Talent pools will provide your utility with more options at decision time.

REACHING A SUCCESSFUL CONCLUSION

Consider a couple of final thoughts concerning succession planning and the process:

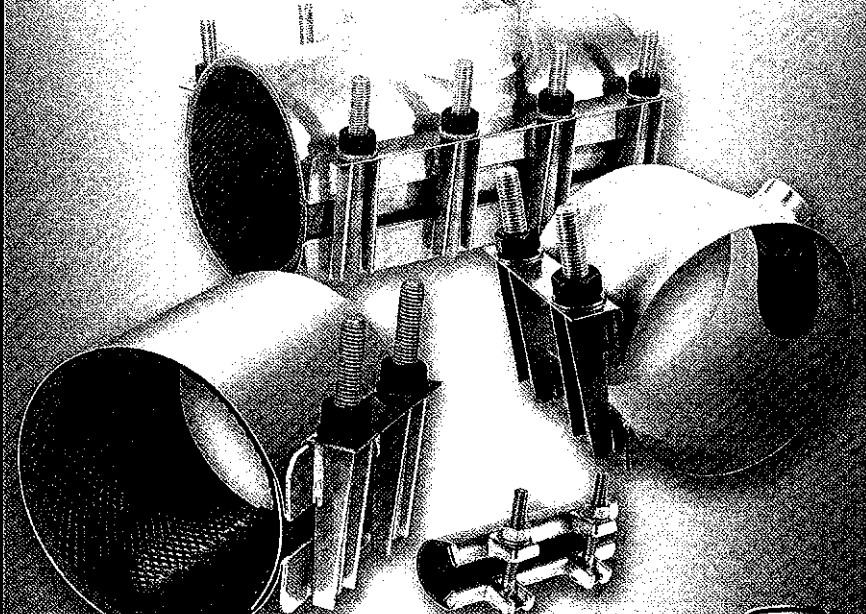
■ As utilities become leaner (especially during challenging economic times), staff reductions can eliminate any resourcing availability utilities once had. Utilities need to change their business approach to respond to this changing environment. Succession planning is, perhaps, the best tool for addressing this pressure point.


■ Human resources can help develop and deploy succession planning. However, utility management staff should lead the plan's design and implementation, because they're the ones who depend most on the program's success.

Industry surveys indicate that many utility leaders know they need a succession plan but few utilities are working on realizing such a plan for their organizations. This discrepancy is an opportunity for utilities to take a proactive approach today to meet tomorrow's challenges—though, for many utilities, the challenge is happening now. Every citizen has a stake in having a sustainable water or wastewater utility. Succession planning is key to utilities providing continued outstanding service to their communities. 

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