

HENRICO COUNTY, VIRGINIA SUCCESSION MANAGEMENT

According to the U.S. Department of Labor, the number of people between the ages of 16 and 34 will decline over the next decade, while the 55 and over age group will dramatically increase. Henrico County's Human Resources Department forecast in 2000 that 29 percent of upper managers would be eligible for full retirement by 2005. A review of this data in 2003 revealed a trend: 44 percent of upper managers would be eligible for full retirement within five years! The 55-and-older segment of the U.S. workforce will have a growth rate by 2012 that is four times the rate of the overall labor force. In Henrico County, the average employee age has risen from 43 in FY 2004-2005 to 45 in FY 2007-2008.

It is because of these and other statistics that Henrico County researched and implemented a *Succession Management Program*. This initiative addressed two concerns: 1) the loss of intellectual capital in key positions as upper managers become eligible to retire in record numbers, and 2) the decreasing number of younger adults in the workforce available to develop the skills necessary to move into higher-level positions. The initial program consisted of two phases. Phase One taught supervisors how to guide employees through a professional development process using Individualized Learning Plans. Phase Two provided information to upper managers on strategies for helping them develop subordinate managers for the purpose of planning for succession. Subsequent phases included training for middle managers in employee development and succession planning, and an expanded emphasis on knowledge management and knowledge transfer throughout the organization.

Five steps for an effective succession management program were described to upper managers. They were: 1) Identifying Key Positions for Succession; 2) Identifying Competencies of Key Positions; 3) Developing Employees; 4) Assessing Results of Development; and 5) Evaluating the Program. They also were given tools for employee development that addressed the unique learning needs of upper managers.

It was critical to the success of Henrico County that important knowledge and skills not be lost as key managers retire. This initiative was aimed at promoting a culture of learning and development throughout the County; to communicate the need for a structured developmental process for upper managers; and to provide practical tools to employees as they implemented learning plans. Using a developmental approach, a learning culture emerged with dramatic evidence that managers were effectively supervising the developmental activities of their employees, and that the managers themselves were involved in activities critical to the possession of the skills necessary to take over higher levels of responsibility. The results have been spectacular. In the two years leading up to the implementation of the succession management initiative, only 29% of upper manager positions were filled with internal candidates. During the first two years of this initiative, internal candidates filled all eight upper management position vacancies. This trend continues, with over 80% of upper manager appointments going to internal candidates since the initiative was introduced. In addition, two of five external appointments were filled by former employees.

The two initial components of this program -- *using individualized learning plans to prepare for upper management succession and promoting a culture of learning and development throughout the county* -- both represent an innovative way to prepare any organization for the challenges it faces on a daily basis and for the future challenges it will face. The term "learning organization" is heard often but rarely implemented with specific, measurable objectives as a key component. Providing learning opportunities for all employees in a structured, creative manner while planning for its upper management succession is quite an achievement for any organization. Providing these same opportunities in a way that is fair to individual employees, yet meets the needs of the greater organization, is considered exceptional and unique.

That is why the County of Henrico's Human Resources (HR) Department recently earned national and local recognition for its outstanding and innovative *Succession Management Program*. The National Association of Counties (NACo) honored Henrico with an Achievement Award—just one of 46 innovation awards that the County's HR Department has earned from NACo during the past 25 consecutive years. The Richmond Human Resources Management Association and Workforce One also presented the County with an *All Star Award*. This latter award recognized a single employer who best demonstrated a commitment to lifelong learning and employee development. Organizations across the United States and Canada have contacted Henrico County in an effort to learn from their phenomenal success. Numerous magazine and newspaper articles, and white papers have been written featuring the County's unique "develop then select" approach to succession management.