
Internal Audit Report

Succession Planning

Report No. SC-19-02
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I. EXECUTIVE SUMMARY

Audit and Management Advisory Services has completed a review of the effectiveness and efficiency of strategic succession planning in terms of knowledge transfer, talent mentoring, capturing important information, and the campus's ability to provide guidance and career opportunities especially for employees with specialized knowledge and expertise.

Our review mainly consisted of a survey of campus management and discussions with Staff Human Resources.

Generally, most of the survey respondents were concerned about the aging workforce retirements, general turnover, and challenges of filling positions with competent employees. Consequently, they provided elements of a succession planning program, such as identifying competencies, developing talent pools to fill critical positions, and setting up conditions to ensure critical knowledge is transferred before an employee leaves.

However, these efforts lacked a systematic program provided to the whole campus. Instead, their succession planning was silo-managed and patchy. This leaves a residual risk of unfilled critical positions, especially with the current recruitment challenges. In our opinion, a centrally managed, systematic succession planning program would help further mitigate this risk.

The following observation requiring management corrective action is identified below:

A. Succession Planning Program

The survey and SHR identified the lack of a systematic succession planning program for the campus.

Agreement was reached with management on the recommended action to address the risk identified in this area. The observation and the related management corrective action are described in greater detail in section III.

II. INTRODUCTION

Purpose

The purpose of this review was to evaluate the effectiveness and efficiency of strategic succession planning in terms of knowledge transfer, talent mentoring, capturing important information, and the campus' ability to provide guidance and career opportunities. Through this, we hoped to address the strategic succession planning for employees with specialized knowledge and expertise.

Background

Succession planning is a strategic process to ensure that necessary talent and skills will be available when needed and that essential knowledge and abilities will be maintained when employees in critical positions leave. Succession planning expands the availability of experienced and competent employees that are prepared to assume those roles as they become vacant. Planning and managing succession is considered a key component of the broader area of human resources management.

The importance of succession planning has become more significant due to changing workforce demographics. The considerable size of the baby boom generation means that the population of retirement age employees is increasing every year. More employees at or near retirement age presents the risk of loss of experience-based knowledge. According to the 2017 University of California Staff Workforce Profile, in fiscal year 2017, nearly twenty percent (19.8%) of career staff separations were because of retirement. The report goes on to add that UC has an aging workforce, with one-third of career staff already at or reaching retirement age within the next decade.

Scope

The audit focused on succession planning efforts campus wide. We reviewed standards, such as the International Organization for Standardization standard ISO 9000 "Quality Management Principles"; reviewed the UC Personnel Policy PPSM-20 "Recruitment and Promotion", and researched succession planning methods and processes systemwide and in external organizations.

The audit team met with senior management of Staff Human Resources, including the associate vice chancellor, and the manager of Learning & Development, to discuss the current succession planning effort at UCSC and to learn about strategies for potential future initiatives.

We developed an approach to survey campus senior management on their current succession planning processes, and asked for their feedback on various aspects of the process. We prepared a survey questionnaire related to unit succession planning. We distributed the survey to 53 senior managers, including the vice chancellors, their direct reports, the deans, assistant deans, and associate deans. We received responses from 29 of those individuals surveyed for a response rate of fifty five percent.

III. Observation for Management Corrective Action

A. Succession Planning Program									
The survey and SHR identified the lack of a systematic succession planning program for the campus.									
Risk Statement/Effect									
Without a systematic succession planning program for the campus, a management strategy to ensure that key positions are filled with competent people is incomplete.									
Agreement									
A.1	<table border="1"> <tr> <td>The EVC will request VC-BAS for a proposal for a systematic succession planning program for the campus.</td> <td>Implementation Date</td> </tr> <tr> <td></td> <td>August 30, 2019</td> </tr> <tr> <td></td> <td>Responsible Manager</td> </tr> <tr> <td></td> <td>EVC/Campus Provost</td> </tr> </table>	The EVC will request VC-BAS for a proposal for a systematic succession planning program for the campus.	Implementation Date		August 30, 2019		Responsible Manager		EVC/Campus Provost
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A. Awareness of Sensitive Information – Detailed Discussion

Survey Conclusions	
Planning	There is no centrally provided succession planning program
Management	Succession planning is managed in a distributed manner
Implementation	Implementation is patchy even though there is value of succession planning. A centrally managed, systematic succession planning program would help mitigate the risks of unfilled critical positions.
Learn as you go	Units are doing what they can to implement elements of a plan without central guidance
Financial Constraints	There is a risk of unfilled critical positions unmitigated, especially with the current recruitment challenges.

Survey Results Summary	
Concerns	<ul style="list-style-type: none"> • Concern of imminent retirements and high turnover rates • Competition for a skilled labor force • Budget constraints • Low salary scales, high cost of living, and higher pay in the private sector • Limited pipeline or development pathway for promoting from within adds to the challenge of filling vacant positions • High-pressure jobs, heavy workloads • Job-hopping among younger workers

Requirements	<ul style="list-style-type: none"> • Succession planning is applicable for units with sufficient bench strength • Time, resources, and expertise to implement a successful succession planning program • Campus senior management buy-in to provide leadership and invest in cultivating a workforce that is able and willing to respond to opportunities for promotion • A unified effort to provide guidance in succession planning including best practices, professional development, training, and hiring policies with appropriate flexibility
Willing	<ul style="list-style-type: none"> • The majority of survey respondents were engaged in some form of succession planning to fill critical positions, although generally not systematic • Efforts included elements of succession planning as they understood it • Unit efforts depended on their ability to satisfy the requirements of time, resources, bench strength, and expertise
Identifying Competencies	<ul style="list-style-type: none"> • Respondents were engaged in various activities to identify competencies • Competency activities included reviewing job descriptions for accuracy and address essential skills needed now and in the future • Skills identification is taking place in the context of organizational planning that may include a revisioning of the organization
Talent Pool/Bench Strength	<ul style="list-style-type: none"> • When workload and resources allow it, respondents develop talent to fill critical positions, but without a uniform guiding strategy including: <ul style="list-style-type: none"> • identifying talent and potential • providing training and development, including campus programs • establishing a career ladder • encouraging participation in campus committees, informal leadership opportunities, and filling interim positions paid for with stipends • mentoring staff by sharing in decision making, meetings, shadowing, etc. • campus units may be only taking small steps for this effort with the hope of developing into a more mature career track
Transfer Knowledge	<ul style="list-style-type: none"> • Some units are dependent on receiving timely notice of retirement before initiating cross training. • There are units that attempt to hire replacements early so there is an overlap between incoming and outgoing personnel to allow for some training. • Other units apply methods as part of their ongoing business continuity planning, such as documented practices and manuals, cross training, mentoring, teamwork, shadowing, group discussions, etc. • There may be resource constraints that hinder such efforts.

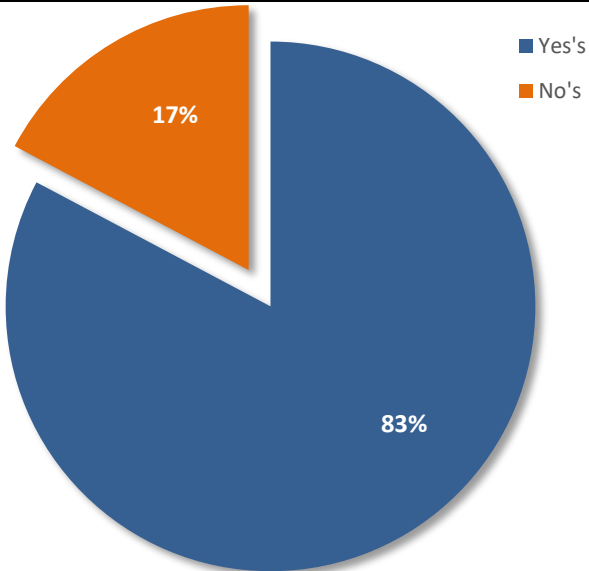
STAFF HUMAN RESOURCES

We met with Staff Human Resources (SHR) management to discuss succession planning. We learned the following:

- SHR does not have any formal succession planning for the campus; there is no strategy as of yet. While talent review, i.e. an inventory of talent among employees, which is a component of succession planning, is something with known relevance to human resource management, it is not happening systematically at UCSC.

- Workforce planning and talent management, which includes succession planning, are prominent topics systemwide.
- The responsibility for succession planning rests with SHR and unit management.
- Filling positions internally is 1/6 the cost of external recruitment.
- A recent study revealed that UC spent \$10M in one year for recruiters to help fill vacant positions, in which they filled those positions with UC employees from other campuses within the system.
- UC Recruitment and Promotion Policy allows for internal promotion and internal recruitment.

APPENDIX A – Survey Responses

<p>Question 1</p> <p>Is retention and recruitment a pressing issue for you, such as due to reorganization, an aging/retiring workforce, or other reasons?</p>	 <p>A pie chart illustrating the survey results for Question 1. The chart is divided into two segments: a large blue segment representing 'Yes's' at 83%, and a smaller orange segment representing 'No's' at 17%. A legend in the top right corner identifies the colors: a blue square for 'Yes's' and an orange square for 'No's'.</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes's</td> <td>83%</td> </tr> <tr> <td>No's</td> <td>17%</td> </tr> </tbody> </table>	Response	Percentage	Yes's	83%	No's	17%
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Please explain

Almost no faculty even care about administration

We recently lost an excellent staff member who decided to move to a more affordable part of the country. A retention offer was made, but he did not accept because it could not make up for the much higher cost of housing in our area.

Concern for staff leaving due to salary or job satisfaction issues. Concern for positions that go vacant for long periods of time; recruiting has become more difficult as the job market has picked up.

Hard to retain qualified and skilled staff due to retirement age and/or salary scales; hard to attract skills to management level positions due to salary scales and regional competitors (especially in highly technical functions).

I am a new VC and discovered a significantly talented but aging population getting ready to retire.

There are serious inefficiencies in the current staffing structure - a reorg might be too traumatic and politically costly, but in a vacuum, it's the best way to deal with the allocation of staff resources within the division. There is the combined issue of retirements and part time FTE that make it difficult to hire optimally. Salary and upward mobility is an issue for the standouts in the division. There are very few opportunities for their skills to be recognized, as there is a shortage of senior positions.

Many key unit staff members in managerial and leadership positions are expected to retire within the next few years.

All of those things are factors as well as considerable turnover due to the nature of our work and availability of jobs in our fields.

Still trying to fill a position that has been open for over a year. Going through the third recruitment process. In addition, one position has an aging incumbent and I am re-organizing to bring fresh talent into the function alongside the incumbent to help evolve and grow the function and eventually provide for continuity.

I am particularly concerned about a pipeline for our department managers. We do not have a development pathway for these positions; even though we rely heavily on them to help our departments succeed. I also have a director level employee planning to retire in the next 4 years and we have no succession plan for her.

An aging workforce, lack of skilled labor force, better pay in private industry... we have several hypercritical business continuity positions which have been difficult to fill.

Retiring faculty and staff is a constant concern, as is retaining staff.

This is an on-going concern, especially given the impact of the housing community and our inability to fill with external candidates who do not live locally.

Yes, retention and recruitment are both issues. The high cost of living here and the current salaries make it difficult for both recruitment and retention.

We are using employees due to cost of living, workload, and retirement.

Salaries and cost of living require creativity in recruiting.

Too much turnover among younger workers.

Retention and recruitment are an issue due to cost of living in Santa Cruz and we are a field that is well paid due to high demand.

In my unit, we are deadline driven, which is high pressure. People leave within 1 - 3 years. The unit work is highly specialized, and the pool of trained staff in our unit is very limited on campus. Our salaries are not competitive, so it's difficult to attract talent.

The job market for our unit staff is hot. Most members of my team could make 30-50% more if they are willing to relocate or even drive over the hill. Cost of housing and lower salaries is a major barrier to recruiting. Two great candidates just declined a key job on my team due to those factors. The search is back to square one.

Retention and recruitment are concerns for us. Attracting high caliber staff, with the budgetary constraints that we are under, is always a challenge. Retention, especially from within campus, is also an issue, but more so with our entry-level positions.

We are in need of staff with higher skill levels -- from IT to strategic planning -- who can respond nimbly to the developing needs of the division.

We do have some critical positions subject to the uncertainties of medium-term retirement.

Question 2	
<p>Succession planning is one strategy to address this issue. What would you need to implement succession planning?</p>	<p>No Chart</p>

More time.

Better leadership and faculty who cared

The campus does not encourage promotion from within because of affirmative action reasons. This makes it more difficult to have a serious succession plan that would include internal development.

Possibly an official mentoring program to provide funds needed for staffing overlap and other extra salary costs.

Tools for tracking, mentoring, training on how to initiate conversations with staff (that are legal and sensitive) about when they plan to retire, are planning to leave the organization, etc.

Better mechanisms to promote people rather than requiring us to hold open recruitments.

A working group of all academic divisions so we are moving in a similar direction and not exacerbate the divides. There does need to be some allocation for training and staff development, as well as retention incentives that fall outside of the traditional compensation methods.

Better funding to pay higher salaries to hire and retain promising individuals with leadership skills. Our unit has lost many promising staff members due to the inability to provide compensation commensurate with competing employers. Current salary levels are not sufficient to attract highly promising, high quality employees capable of serving as leaders over a relatively lengthy period.

More leadership and professional development training options as well as training for managers.

Some funding flexibility to allow for some element of redundancy, even if partial. Running with an organization that has only one member for each distinct function, with overloaded work schedule, does not allow for cross training in some cases and requires additional resources.

More time to develop the plan and then implement incrementally. Provide options to grow career incrementally. Increase resources available for professional development and training. We need to invest in our workforce in a very targeted and planned way.

More authority within my department.

A training pathway.

Deeper staff trees -- most of my units are so small that there is not someone internal who could be groomed for succession.

We are already doing it.

Support and investment in finding ways to eliminate duplication of efforts and overly burdensome administrative processes that could be eliminated or automated.

Well defined pool of candidates that are centrally managed.

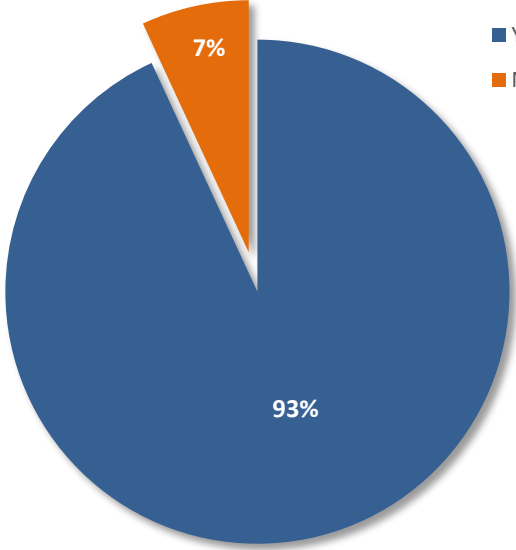
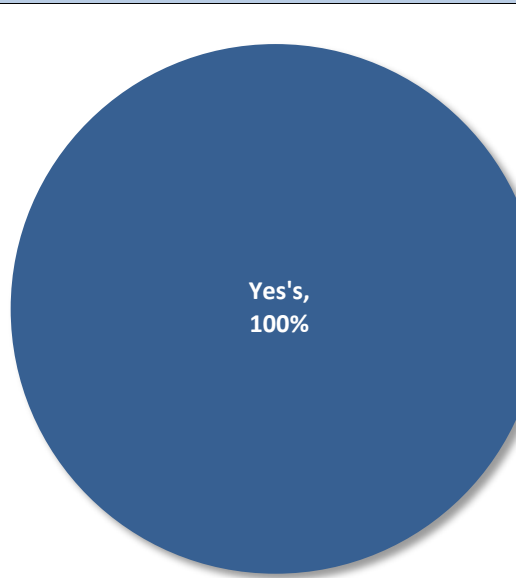
Additional staff resources to create space for employees to explore work and training outside of their current positions.

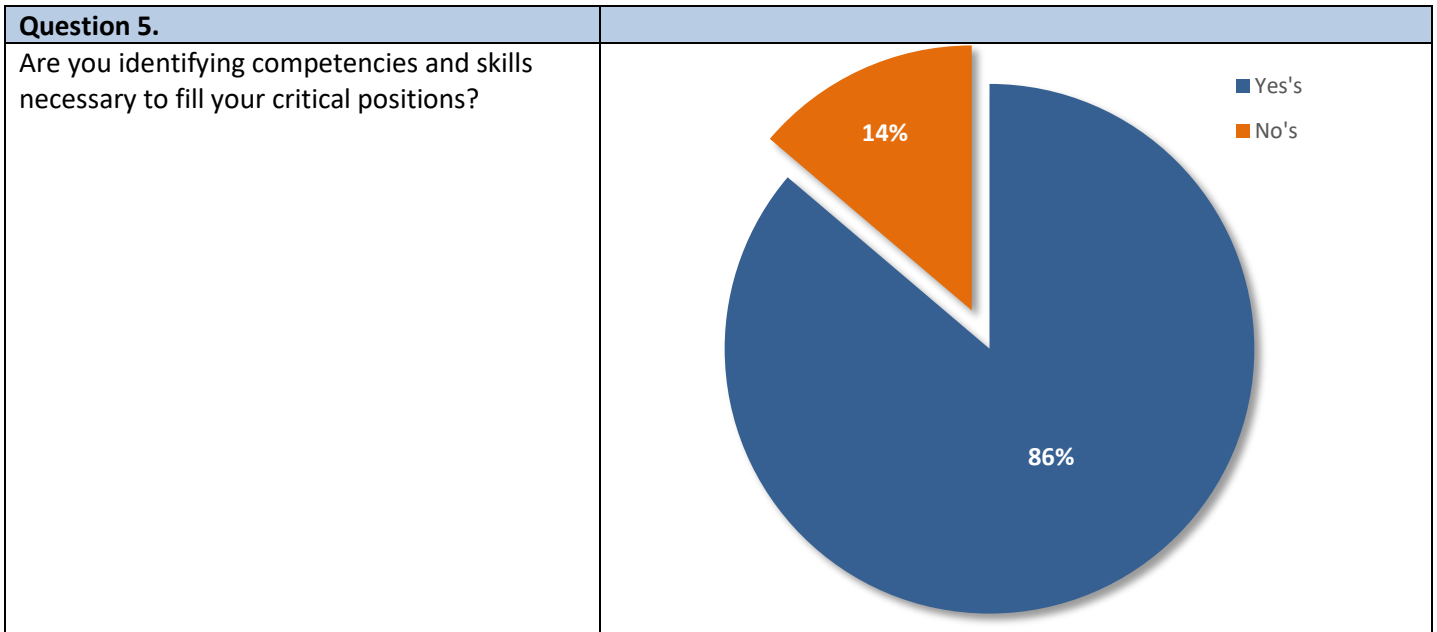
More time and more resources for training and development. Another issue is that when we are filling a #2 role, we rarely have the salary to fill it with a realistic successor. It is usually someone junior, because that is who we can afford.

A clear and simple guide to best practices that we can stylize for our needs, as well as long term budgeting (and allocations) to implement.

Not sure right now.

Appropriate training and mentoring opportunities.

<p>Question 3.</p>							
<p>Are you engaged in some form of succession planning to fill critical positions in your unit?</p>	 <p>A pie chart with a legend. The legend shows a blue square for 'Yes's' and an orange square for 'No's'. The chart shows a large blue slice representing 93% and a smaller orange slice representing 7%.</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes's</td> <td>93%</td> </tr> <tr> <td>No's</td> <td>7%</td> </tr> </tbody> </table>	Response	Percentage	Yes's	93%	No's	7%
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No's	7%						
<p>Please explain</p>							
<p>Succession planning is a continual, ongoing effort within our unit</p> <p>With a recent change at the VP/D level for this unit, we have not had time to succession plan.</p> <p>Competing priorities do not allow for time.</p>							
<p>Question 4.</p>							
<p>Are you identifying critical positions in your unit that will be needed to support organizational continuity?</p>	 <p>A pie chart that is entirely blue, representing 100% of the responses. The text 'Yes's, 100%' is written in the center of the chart.</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes's</td> <td>100%</td> </tr> </tbody> </table>	Response	Percentage	Yes's	100%		
Response	Percentage						
Yes's	100%						



Please explain

There are so few people who are interested

Conversations with people currently in the position, reviewing and updating job descriptions before people leave and/or retire.

conducting on-going organizational planning, ensuring training and development opportunities for mid-level staff and managers, setting expectations for managers to develop business continuity plans (UC Ready).

We are creating process documents and training materials for all the critical positions in our office. All of these are in Google Drive. We update them each time we work on specific projects and review them as a group twice a year.

I am reviewing job descriptions with input from the team.

The necessary competencies and skills for any Unit position are clearly identified in the pertinent job description

It hasn't been systematic; more related to professional development that staff will need to assume higher level responsibilities.

Review of incumbent's performance in light of business objectives and planning for growth and evolution of the function and the people.

I discuss future retirements with my direct reports and talk about what might be needed in the future to fill those positions. We talk about the current workload and expected future workload and think through the skillsets that would fulfill our needs now and in the future.

we are just getting this underway so am prioritizing identifying positions at this time.

Through my academic oversight of key programs, I become well aware of essential roles of staff and faculty in those programs.

We use the job description for the positions to identify the competencies and skills required.

Through the Career Tracks implementation and the increasing turnover we have experienced, we are looking at the skills that are crucial to the role and emphasizing those over others. We are paring down job descriptions to succinctly advertise the critical competencies and skills that are needed in our ever-changing environment.

Starting new initiative this fall with my Team Leaders.

Some positions are technical in nature and those competencies are more obvious.

I am currently reviewing the organizational structure to better align with a refreshed organizational vision. In creating that new vision is the necessary work to identify the current skills of the team and that gaps that will need bridged.

I am identifying competencies and skills by thinking about the position descriptions and related skills and by evaluating whether changes can/should be made in either skills or duties.

Reviewing job descriptions, making decisions about critical vs. nice to have.

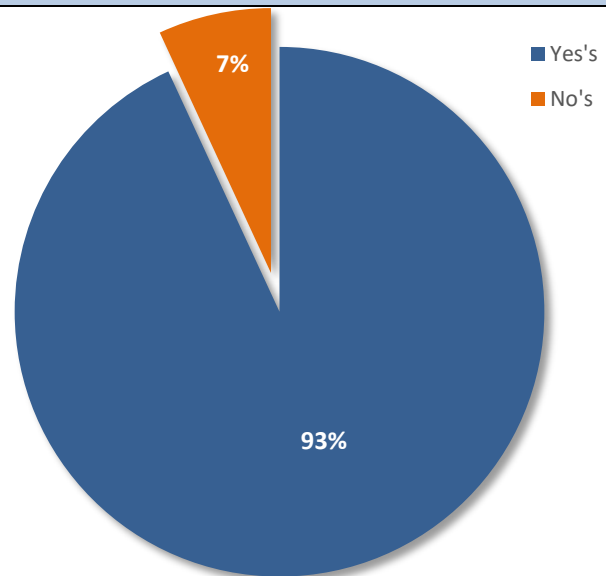
Generally we need staff with managerial, leadership and integration skills.

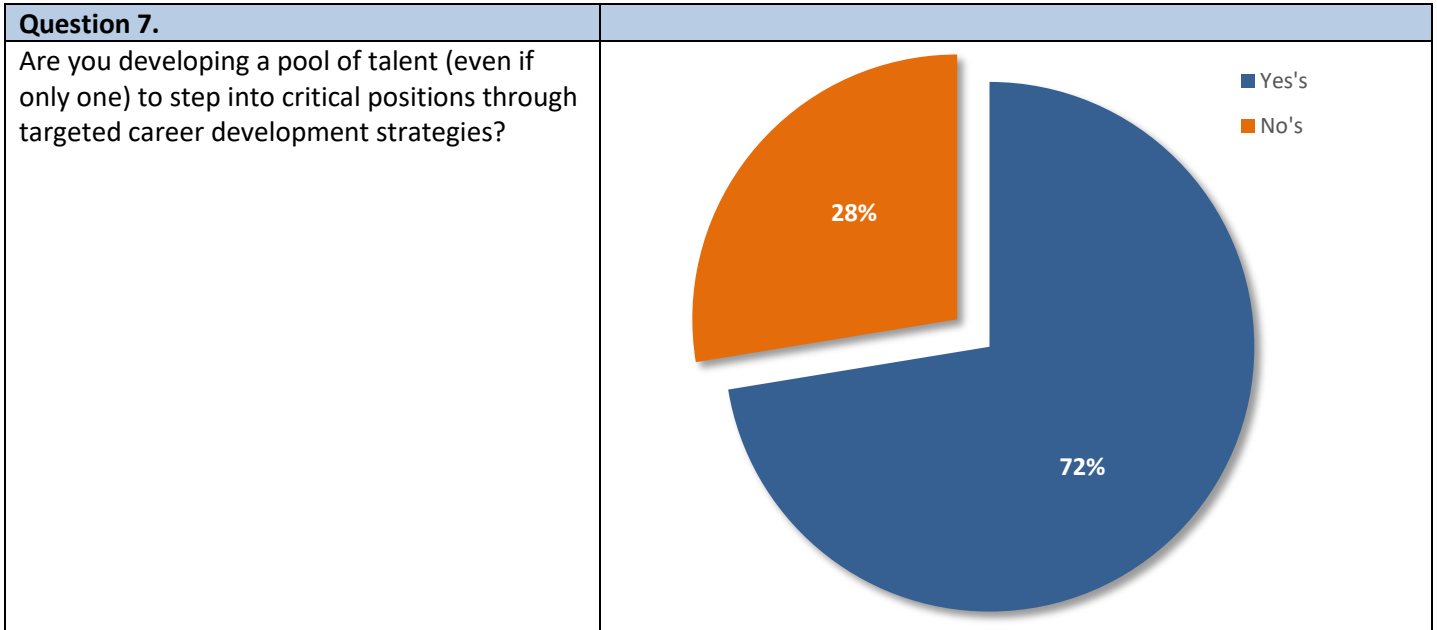
By identifying those skills / competencies presently most needed and projecting what might be needed in the future.

Updating job descriptions for existing staff and prioritizing staffing needs for expected growth over the next 5 years.

Question 6.

Are you identifying high potential employees?





How?

We are not currently able to do this with the workload that staff are managing.

Provide funding and time away for staff to take advantage of training and professional development. We notify candidates during job interviews about potential growth opportunities.

Mentoring, including staff in mission critical meetings, shared decision making, shadowing during important meetings, assigning staff to campus committees, supporting professional development and learning, assigning temporary duties and issuing stipend to cover leaves of absences, vacant positions, etc. which gives staff the opportunity to take on more responsibility.

working with managers to assist them in developing internal redundancy plans, inviting managers to send "delegates" to key meetings when they can't attend, utilizing "interim appointments" when possible.

Regularly, we evaluate skill sets and interests and work on strategic ways to cross train people for future roles within our organization.

Offering additional leadership opportunities as well as mentorship.

Our unit leaders continually engage in assessing the potential of members of each's respective staff. Promising staff members are provided with mentoring, training, professional development, and expanded job task opportunities.

I'm not sure "pool" is the right word. We are identifying potential.

On-the-job coaching and other training.

We look for development opportunities on campus for our high-performers to participate in (ex: Leadership Academy), try to include these staff on committees and assign them to projects that would expand their skill set.

I am working to emphasize professional development further in the organization but the team did not have a plan when I started... we are taking small incremental steps to get there. So, additional development will occur but targeted development will be improved over time.

We have been giving staff opportunities to expand their role when it fits.

Where we can, we are emphasizing and investing in professional development and attempting to create career ladders for employees to realize their potential and the contributions that could help UCSC.

The aforementioned initiative covers this.

By offering either ad hoc informal opportunities for skill development or by providing interim opportunities to staff when positions come open.

In my own group we are constantly evaluating staff and providing training/opportunities to high potential staff.

This is difficult with very scarce resources of time and money. We are doing this mostly through stretch assignments and exposure to new/advanced topics.

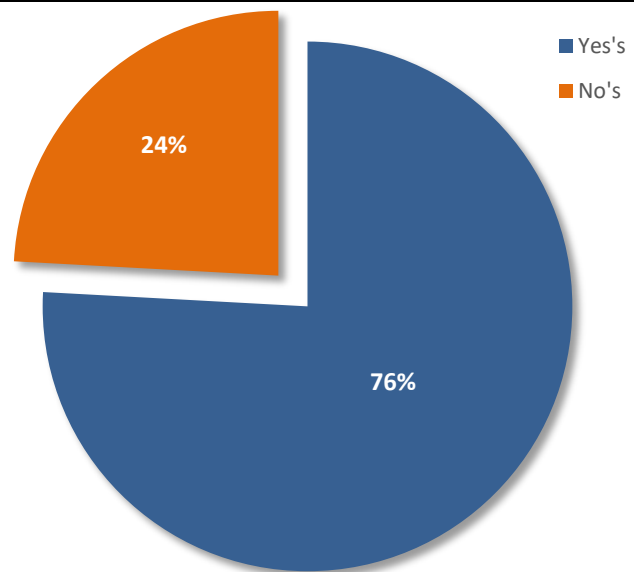
We have identified staff that we would like to develop and have encouraged them to participate in campus programs, etc.

We have identified high performing employees, but we have not yet developed targeted career development -- although it is an excellent idea.

In some cases, mainly the top line managers in the department.

Question 8.

Do you use any processes to capture and transfer knowledge between employees, such as cross training, mentoring, or other methods?



Please explain how you capture knowledge that individuals possess before departing the organization.

A recent success in this area involved a working manager who gave a year's notice before retirement. This allowed us to look at staff within the area (total of 5 employees) and have a dialog with them to see if there was interest (and ability) to cross-train. Although two staff initially expressed interest, only one followed through. We had to shift workload to provide time for the employee to be trained and work on manager level tasks. When the manager retired, we gave the employee with cross-training a stipend for a year and are now in the process of reclassifying that employee. Unfortunately, this is a rare occurrence that we have the luxury of time to cross-train. It take several months to recruit and then 6-12 months to fully train most staff. When multiple staff leave, it has a crippling affect that takes a long time from which to recover.

Cross training to ensure that more than one person is able to perform a job function; saving digital documentation to a shared server for access to appropriate individuals.

We have been developing manuals for the different positions, and I strongly favor teamwork so that multiple individuals are familiar with each activity.

Through business continuity planning, documenting operational procedures, trying to hire replacement staff and on-board early so that there is overlap for knowledge transfer.

KB articles, shadowing

Process documents, training manuals, electronic archive of essential information related to job duties and history.

I only started in July, so I would like to see this developed as the division has had significant turnover.

Documentation, including process mapping, training, and providing professional development opportunities.

In some areas.

We have intra-unit meetings that bring everyone to discuss their work and share their experience, responsibilities and plans with everyone else. The work is inter-connected anyways, so this helps with efficiency but also indirectly with knowledge sharing

Typically, for high-level employees, we try to have a 1-2 week overlap of the outgoing and incoming staff members. For lower level employees, we typically do not have any overlap or formalized knowledge transfer.

Lunch & Learns, Collaborative Teamwork, etc.,

I encourage staff and faculty to maintain written records of key elements of their jobs.

Files kept electronically.

cross training, creating tracking and process flow documents in google

We have a lot of cross training, mentoring and group meetings.

We create manuals, have started to cross-train critical positions (i.e. front-line), and bringing on individuals to overlap with an employee that is exiting (when possible).

Varies

This is a weakness of ours right now due to resource constraints throughout the organization.

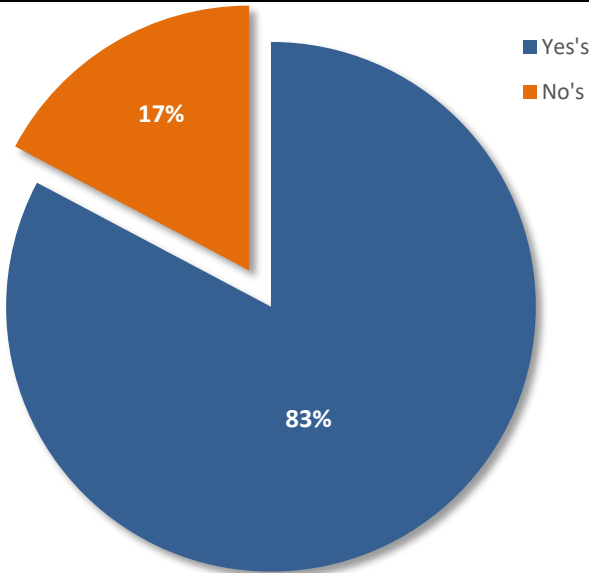
In my group we provide cross training to all staff.

Careful organization of electronic files, expectation that departing employee outlines a 6-12 month plan, overlap between new and departing staff whenever possible.

We have informal mentoring and we have been trying to create more matrixed/cross functional teams.

We are in the early stages of cross training, given our slim staff. We develop staff by allowing them to take the lead on projects, when they are ready, and providing guidance as supervisors.

Shadowing and document management systems to allow for access on critical work.

<p>Question 9.</p>							
<p>Would succession planning be a useful practice for your direct reports?</p>	 <p>A pie chart with a legend. The legend shows a blue square for 'Yes's' and an orange square for 'No's'. The chart shows a large blue slice representing 83% and a smaller orange slice representing 17%.</p> <table border="1"> <thead> <tr> <th>Response</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Yes's</td> <td>83%</td> </tr> <tr> <td>No's</td> <td>17%</td> </tr> </tbody> </table>	Response	Percentage	Yes's	83%	No's	17%
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<p>Question 10.</p>							
<p>Any other ideas you would like to express regarding succession planning?</p>	<p>No Chart</p>						
<p>I'm faculty. We do a better job with staff than faculty</p> <p>In concept, this is a good idea. In practice, it is more difficult especially with a smaller unit. Would be very interested in best practices on campus or outside that are relevant to our environment.</p> <p>I think there is a need for stronger administration support to promote staff who have participated in succession planning & training. Rather than running an open recruitment to fill that position, determining how it can be filled through a justified promotion is a more efficient use of resources.</p> <p>I suspect that managers and staff are so stretched thin that it will be challenging to develop and sustain an effective succession planning strategy throughout the campus. During the last several years of significant budget cuts, it seems that the campus eliminated any bench strength that we had in mid-manager/supervisor level positions and manager level positions have been taxed to the degree that they are barely keeping programs/services operational with no time left for higher level organizational development, including succession planning.</p> <p>Incorporate as part of performance evaluation? Meet quarterly with senior executives to discuss. Create a standardize set of best practices and reporting format for senior executives? Set goals for amount of internal candidates for senior level jobs? Expand investment in coaching for high potential managers and be purposeful in creating challenges/experiences for them.</p>							

Related to question 9, the context of it is unclear. I responded assuming that succession planning is not practiced by managerial staff reporting directly to me. This is not the case as succession planning is practiced by all my direct reports who are in leadership positions.

Note that my answer for number 9 is due to my not having direct reports. I have advisory roles in several different programs, but I am not a direct supervisor. However, succession planning, to the extent that it is possible, is clearly critical.

One of my units practices succession planning, but the others are too small or too specialized, and if we lost a key person we would just launch a recruitment

If we could do better job of retention, we would not need to do succession planning.

I feel this needs to be a campus-wide priority. It needs to come with funding. We should develop a more open discussion about peoples' plans to retire or depart. My impression is that a manager can't ask an employee when s/he plans to retire. So it ends up being a surprise.