STRATEGIC WORKFORCE PRACTICES IN PUBLIC SECTOR

September 2016

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TODAY'S PRESENTERS – NORTH HIGHLAND CONSULTING

DAVE POTTS

Principal & Human Capital Strategist

ANNA DANNEGER

Vice President

- Global talent management and human resource leader with over 20 years' experience in helping domestic, global, private, and public sector organizations achieve success through the implementation of strategic human capital programs

- Professional experience includes leading talent, development, and learning functions for several Fortune 100 companies including Verizon and Tech Data; thus allowing for some of the largest technical organizations in the world to establish critical solutions in the development of their respective workforces and business lines

- Within public sector organizations, Mr. Potts led workforce planning and talent management efforts within the World Bank, USMC, USAF, Navy Reserve, USDA, DOJ, FBI, ICE, HUD, GSA, and select US Intelligence Agencies

- A noted speaker and expert on human capital strategy, the future of talent management, and cyber/IT workforce strategy

- Published numerous white papers and points of view, most recently; "The Future of Rewards and Compensation Strategy", "Integrated Talent Management for the Federal Government", "Accomplish your Mission with Talent Management", "Talent Management, Creating Organizational Success", "Leveraging Multi-generational Capabilities within the Federal Government", "22nd Century Talent Management", and "Failing to Plan is Planning to Fail, Federal Workforce Planning Strategies for Mission Success"

- Oversees public sector work in one of North Highland's three national regions

- Responsible for leading major organizational improvement projects with state and local governments and for supporting information technology planning and acquisition efforts

- Demonstrated the ability to lead the development and implementation of complex management reforms that transform organizations by, for instance, implementing innovative technological solutions, focusing organizational structures and responsibilities on well-defined core services, and utilizing effective performance management systems

- Supported public sector entities – as a consultant, as a political appointee, and as an employee of a non-profit organization – for over 20 years

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PUBLIC SECTOR STRATEGIC WORKFORCE STATUS AND PRACTICES

The Bottom Line Up Front

- States are facing complex workforce challenges; Virginia's challenges and constraints are consistent with other states

  ○ Virginia statistics align with national data

  ○ The demographics of the workforce are changing as 'boomers' exit and 'millennials' enter

  ○ States are at different maturity levels in addressing these challenges

- Trends in workforce issues across states have been consistent over time

- Increasingly, the philosophy around dealing with workforce issues is to do more with less and increase employee productivity (similar to private sector) – there also has been a push over a number of decades to 'right size' the workforce

- There isn't a single best practice – there are many leading practices and ideas on how to address important workforce issues; states must be innovative and focused on tailoring their approach

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FOCUS ON VIRGINIA

Virginia statistics align with National data

	Virginia	National Trends
Average Age	47 years	45-50 years
Eligible to Retire	11.6%	10-30%
Eligible to Retire in 5 Years	24.7%	25-40%
Retirement Rate	2.8%	2-5%
Turnover Rate	13.8%	18.7%
Turnover < 5 Years	59.1% (of 13.8%)	See Notes

Source: Center for State & Local Government Excellence (SLGE), National Association of State Personnel Executives (NASPE), Pew Research Center, U.S. Bureau of Labor Statistics (BLS)

Notes:

• Several states report large percentage of attrition in early and mid-career personnel

• Pew estimates that 51% of millennials will stay in public sector position 5-8 years before leaving

• Turnover in the <8 year category places pressure on talent and leadership development

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WORKFORCE CHALLENGES AND OPPORTUNITIES

Virginia identified its need for workforce reform well over a decade ago, but continues to have challenges implementing programs

Virginia Compensation Reform (2000)

- Reform Needed
  - Attract qualified employees
  - Retain qualified employees
  - Reward sustained high performance
  - Support line management in accomplishment of organizational objectives
- Constraints
  - Salary compressions
  - Classification and Compensation system
  - Performance management system
  - Market competitiveness
  - Career progression

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IMPORTANT WORKFORCE ISSUES

Recruitment and retention, succession planning, and staff development are identified as the most "Important workforce issues"
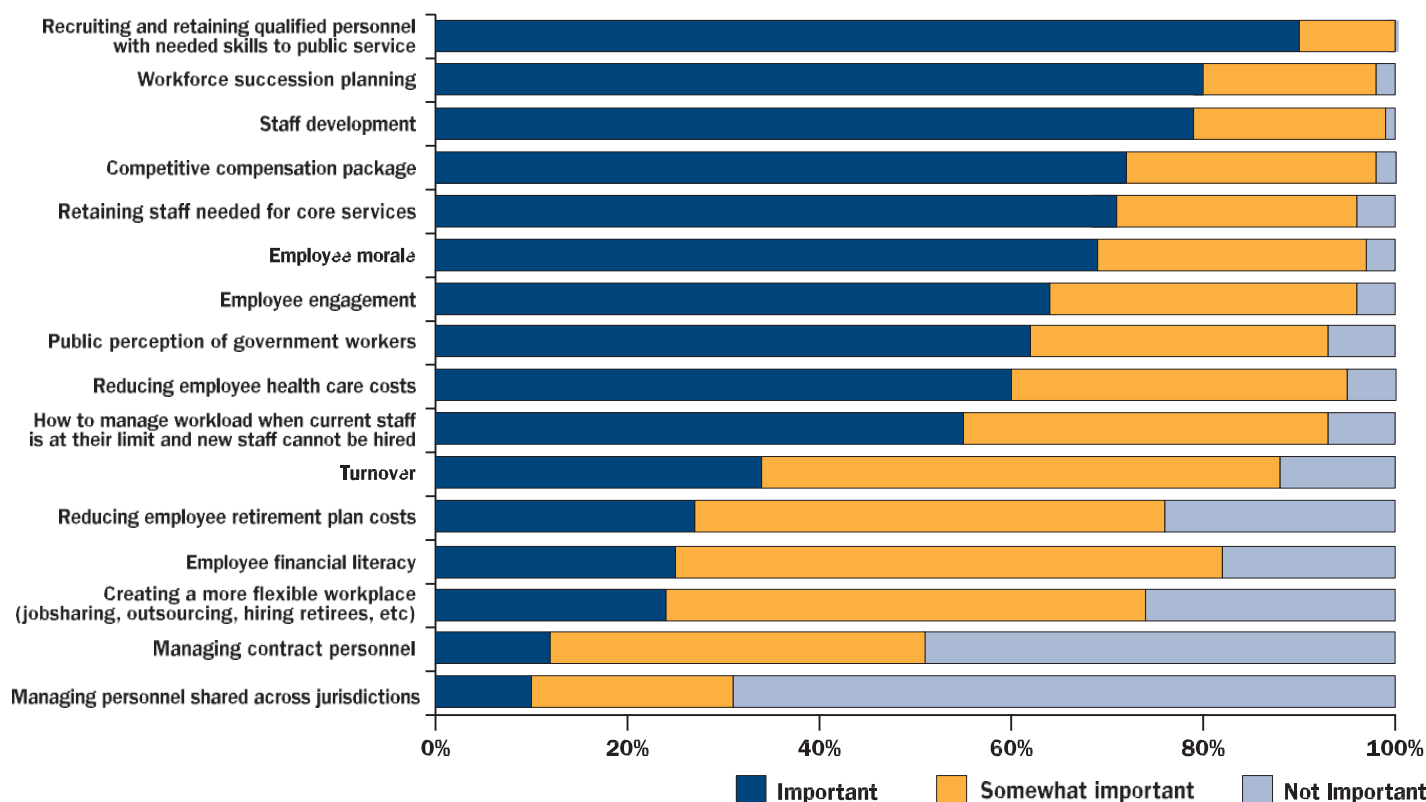
Source: Center for State and Local Government Excellence, 2016 Survey of Government Workforce Trends, sent to 3958 International Public Management Association for Human Resource (IMPA-HR) members and 120 National Association of State Personnel Executive (NASPE) members, with 331 respondents.

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LEADING PRACTICES TO CONSIDER
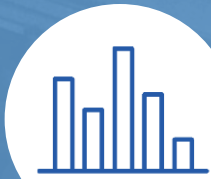
ESTABLISH A CLEAR BASELINE

DEFINE AND MARKET YOUR EMPLOYEE EXPERIENCE

SEEK ROBUST TOTAL REWARDS STRATEGIES

INTEGRATE STRATEGIC WORKFORCE PLANNING

ESTABLISH A CLEAR BASELINE

It is critical to have a reoccurring full picture of the workforce to measure employee sentiment and focus on areas for improvement

LEADING ORGANIZATIONS CONDUCT EMPLOYEE VIEWPOINT SURVEYS

- Gaining views into employee satisfaction is critical

- Results provide valuable insight into the challenges and opportunities government leaders face with managing an effective workforce

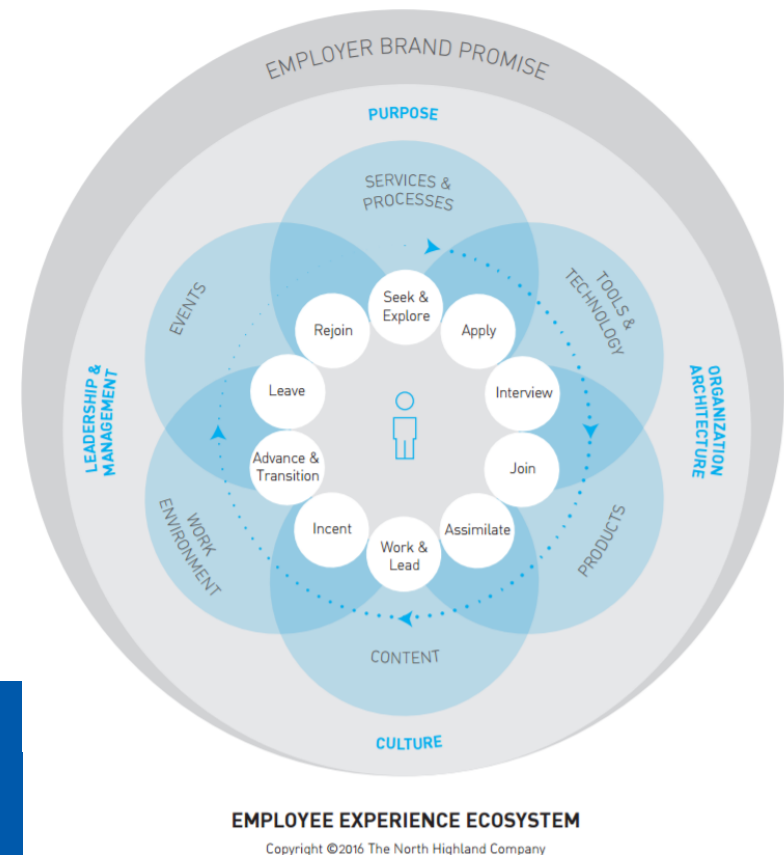- Last employee satisfaction survey in Virginia conducted prior to 2000

Examples: Federal Employee Satisfaction Survey

Index Highlights

Engagement Index	Global Satisfaction Index	New IQ Index
64%	**60%**	**57%**
(increased 1 percentage point from 2014)	(increased 1 percentage point from 2014)	(increased 1 percentage point from 2014)
Top large: FTC, NASA, OMB – **78%** Top small: USTDA – **87%**	Top large: NASA – **76%** Top small: FMCS – **86%**	Top large: NASA – **74%** Top small: USTDA – **80%**

		Percent Positive				Significant Trends		
		2012	2013	2014	2015			
My Satisfaction								
‡63.	How satisfied are you with your involvement in decisions that affect your work?	52	50	48	50	↘	↘	↗
‡64.	How satisfied are you with the information you receive from management on what's going on in your organization?	48	48	46	47	↘	↘	↗
‡65.	How satisfied are you with the recognition you receive for doing a good job?	48	45	45	47	↘	↘	↗
‡66.	How satisfied are you with the policies and practices of your senior leaders?	43	41	40	41	↘	↘	↗
‡67.	How satisfied are you with your opportunity to get a better job in your organization?	36	34	33	35	↘	↘	↗
‡68.	How satisfied are you with the training you receive for your present job?	54	50	50	52	↘	→	↗
‡69.	Considering everything, how satisfied are you with your job?	68	65	64	65	↘	↘	↗
‡70.	Considering everything, how satisfied are you with your pay?	59	54	56	57	↘	↗	↗
71.	Considering everything, how satisfied are you with your organization?	59	56	55	56	↘	↘	↗

Source: 2015 Federal Employee Viewpoint Survey Results, Government wide Management Results

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DEFINE AND MARKET YOUR EMPLOYEE EXPERIENCE

Public sector organizations have a significant differentiator

- Within a public sector organization, a complex ecosystem of interactions impact the employee experience

- An employee's work experience manifests itself in engagement levels, retention, loyalty, customer satisfaction and overall organization performance

- Strong brands need strategies marketing and branding plans – employers are no different, even public sector employers

- Public sector organizations have an opportunity to recruit and retain employees that seek public service-oriented experiences – **one of the greatest differentiators in the marketplace**

EMPLOYEE EXPERIENCE ECOSYSTEM
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Millennials are shifting the workforce

Paychecks	⟶	Purpose
Satisfaction	⟶	Development
Job	⟶	Life

Source: "How Millennials Want to Work and Live" by Gallup

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SEEK ROBUST TOTAL REWARDS STRATEGIES

There are inexpensive strategies to maximize the return on workforce investments; getting Total Rewards right is critical to attracting, engaging and retaining employees

Example: Optimized Offering

Salary

Retirement Benefits

Health Benefits

Performance Bonus

Flexible Time

Lost opportunity to create value

"Wasted" costs, undervalued offerings

Lost opportunity to create value
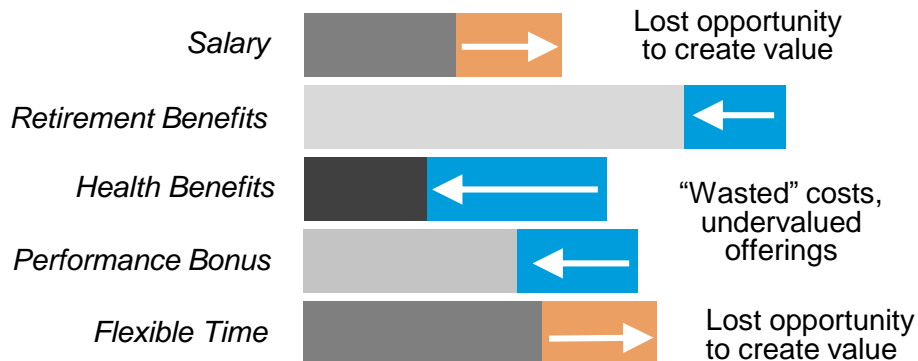
You can optimize the offering by understanding what employees value the most

+	Cost Optimization
+	Reduction or Elimination of Undervalued Features
+	Improved Cost / Demand Predictability
+	Reduced Employee Acquisition Costs / Better Retention

HARD ROI

+	Increased Perceived Value By Employee of the Company
+	Stronger Reward Differentiation
+	Improved Employee Satisfaction / Brand Equity

SOFT ROI

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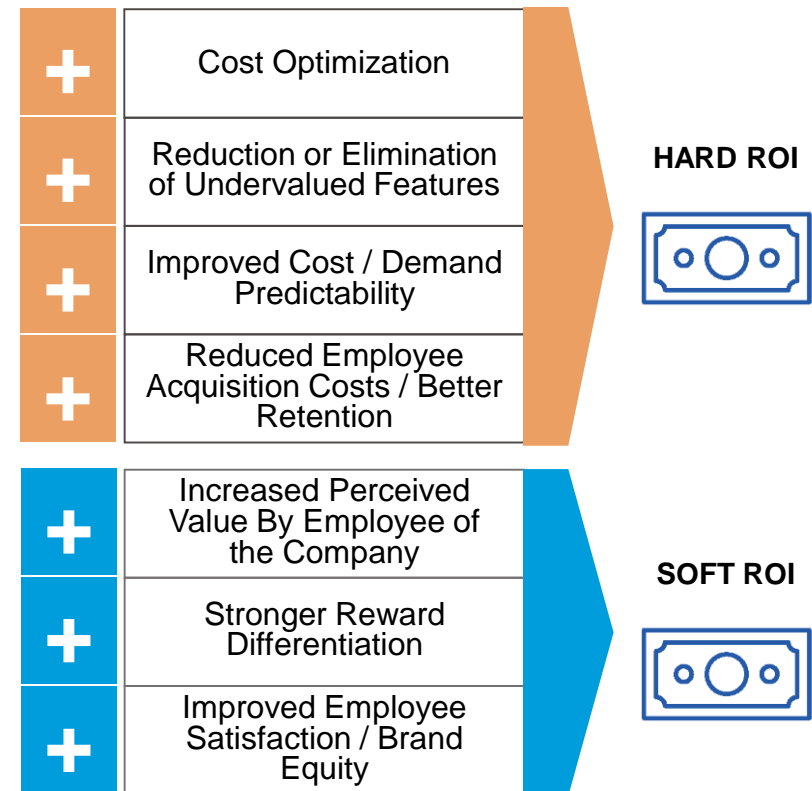
INTEGRATE STRATEGIC WORKFORCE PLANNING

A robust workforce planning process encompasses all of these talent management programs and should be a critical investment

Workforce Strategy & Workforce Planning

Talent Management System

Recruiting and Selection
- Sourcing
- Applicant Screening and Flow
- Requisitioning and Advertising
- On-boarding

Career Development
- Career Planning
- Coaching and Mentoring
- Individual Development Plans

Performance Mgmt
- Goal Setting and Mgmt
- Appraisal and Review Admin
- 360-degree Feedback

Succession Planning
- Identify Critical Roles
- Talent Pool Creation
- Manage Succession Plans

Competency Mgmt
- Competency Frameworks and Libraries
- Critical/Core skills
- Competency Assessments

Rewards and Recognition
- Compensation/ Salary Admin
- Base & Incentive Pay
- Comp and Ben Plan Design

Employee Relations
- Compliance
- Regulatory Reporting
- Labor Relations
- Health and Safety
- Diversity

Learning and Development
- Development Needs Assessment
- Training Delivery
- Training Administration

Reshaping Program
- Program Management
- Employee identification
- Workforce reshaping

Organization Design and Effectiveness
- Organization Design
- Capacity Planning
- Change Management
- Social Networks

Knowledge Mgmt
- Knowledge Capture
- Knowledge Administration

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IN SUMMARY: CREATING AN ABILITY TO ENGAGE, STRUCTURE, AND SOURCE WITH AGILITY IS CRITICAL

Questions & Answers