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# HUMAN CAPITAL

## Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives



G A O

Accountability \* Integrity \* Reliability



Highlights of [GAO-03-914](#), a report to congressional requesters

## Why GAO Did This Study

Leading public organizations here and abroad recognize that a more strategic approach to human capital management is essential for change initiatives that are intended to transform their cultures. To that end, organizations are looking for ways to identify and develop the leaders, managers, and workforce necessary to face the array of challenges that will confront government in the 21<sup>st</sup> century. GAO conducted this study to identify how agencies in four countries—Australia, Canada, New Zealand, and the United Kingdom—are adopting a more strategic approach to managing the succession of senior executives and other public sector employees with critical skills. These agencies' experiences may provide insights to executive branch agencies as they undertake their own succession planning and management initiatives.

GAO identified the examples described in this report through discussions with officials from central human capital agencies, national audit offices, and agencies in Australia, Canada, New Zealand, and the United Kingdom, and a screening survey sent to senior human capital officials at selected agencies.

[www.gao.gov/cgi-bin/getrpt?GAO-03-914](http://www.gao.gov/cgi-bin/getrpt?GAO-03-914).

To view the full product, including the scope and methodology, click on the link above. For more information, contact J. Christopher Mihm at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov).

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# Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives

## What GAO Found

Leading organizations engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future organizational capacity. As part of this approach, these organizations identify, develop, and select their human capital to ensure that successors are the right people, with the right skills, at the right time for leadership and other key positions. To this end, agencies in Australia, Canada, New Zealand, and the United Kingdom are implementing succession planning and management initiatives that are designed to protect and enhance organizational capacity. Collectively, these agencies' initiatives demonstrated the practices shown below.

### Selected Practices Used by Agencies in Other Countries to Manage Succession

- **Receive active support of top leadership.** Top leadership actively participates in, regularly uses, and ensures the needed financial and staff resources for key succession planning and management initiatives. For example, New Zealand's State Services Commissioner developed, with the assistance of a group of six agency chief executives who met regularly over a period of 2 years, a new governmentwide senior leadership and management development strategy.
- **Link to strategic planning.** To focus on both current and future needs and to provide leaders with a broader perspective, the Royal Canadian Mounted Police's succession planning and management initiative figures prominently in the agency's multiyear human capital plan and provides top leaders with an agencywide perspective when making decisions.
- **Identify talent from multiple organizational levels, early in careers, or with critical skills.** For example, the United Kingdom's Fast Stream program specifically targets high-potential individuals early in their civil service careers as well as those recently graduated from college with the aim of providing them with experiences and training linked to strengthening specific competencies required for admission to the Senior Civil Service.
- **Emphasize developmental assignments in addition to formal training.** Initiatives emphasize developmental assignments in addition to formal training to strengthen high-potential employees' skills and broaden their experience. For example, Canada's Accelerated Executive Development Program temporarily assigns executives to work in unfamiliar roles or subject areas, and in different agencies.
- **Address specific human capital challenges, such as diversity, leadership capacity, and retention.** For example, the United Kingdom created a centralized program that targets minorities with the potential to join the Senior Civil Service. To help retain high-potential employees, Canada's Office of the Auditor General provides comprehensive developmental opportunities.
- **Facilitate broader transformation efforts.** To find individuals to champion recent changes in how it delivers services and interacts with stakeholders, the Family Court of Australia identifies and prepares future leaders who will have the skills and experiences to help the organization successfully adapt to agency transformation.

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## Abbreviations

AEXDP	Accelerated Executive Development Program (Canada)
FCA	Family Court of Australia
OAG	Office of the Auditor General (Canada)
OPM	Office of Personnel Management
OPS	Ontario Public Service
RCMP	Royal Canadian Mounted Police
SES	Senior Executive Service

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United States General Accounting Office  
Washington, D.C. 20548

September 15, 2003

The Honorable Jo Ann Davis  
Chairwoman  
Subcommittee on Civil Service and Agency Organization  
Committee on Government Reform  
House of Representatives

The Honorable George V. Voinovich  
Chairman  
Subcommittee on Oversight of Government Management, the Federal  
Workforce, and the District of Columbia  
Committee on Governmental Affairs  
United States Senate

Leading public organizations here and abroad recognize that a more strategic approach to managing human capital should be the centerpiece of any serious change management initiative to transform the cultures of government agencies. Such organizations recognize that they need both senior leaders who are drivers of continuous improvement and who stimulate and support efforts to integrate human capital approaches with organizational goals, as well as a dynamic, results-oriented workforce with the requisite talents, knowledge, and skills to ensure that they are equipped to achieve organizational missions.<sup>1</sup> Leading organizations are looking for ways to identify and develop the leaders, managers, and workforce necessary to face the array of challenges that will confront government in the 21<sup>st</sup> century.

We are seeing increased attention to strategic human capital management and a real and growing momentum for change. The Congress required agencies in the federal government to establish a chief human capital officer in legislation creating the Department of Homeland Security enacted in November 2002.<sup>2</sup> One of the officer's functions is to align the agency's human capital policies and programs with organizational mission, strategic goals, and performance outcomes. We have reported that some U.S. agencies have begun to take steps to more closely integrate their

<sup>1</sup>U.S. General Accounting Office, *High-Risk Series: Strategic Human Capital Management*, GAO-03-120 (Washington, D.C.: January 2003).

<sup>2</sup>Title XIII of Pub. L. 107-296, Nov. 25, 2002, Chief Human Capital Officers Act of 2002.

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human capital and strategic planning processes and hold both human capital professionals and operational managers accountable for accomplishing organizational missions and program goals.<sup>3</sup> More recently, the Office of Management and Budget revised Circular A-11 to require that federal agencies' fiscal year 2005 budget submissions as well as their annual performance plans prepared under the Government Performance and Results Act identify specific activities such as training, development, and staffing that agencies plan to take to ensure leadership continuity. In addition, as part of the Administration's efforts to implement the President's Management Agenda, the Office of Personnel Management (OPM) set the goal that continuity of leadership and knowledge is assured through succession planning and professional development programs in 25 percent of all federal agencies by July 2004. OPM also identified the need for agencies to reduce any current or future skill gaps in mission critical occupations and leadership positions.

We previously reported that other countries have faced challenges in managing their human capital and, in particular, managing individual performance.<sup>4</sup> In addition, other countries face a variety of succession-related challenges. For example, Canada faces a public service workforce with about 80 percent of both its executives and executive feeder groups eligible to retire by the end of the decade. The United Kingdom faces the challenge of increasing the representation of ethnic minorities among its senior executives and has established a goal of doubling the percentage of minority representation from 1.6 percent in 1998 to 3.2 percent by 2005. New Zealand found that past arrangements for the governmentwide development of its senior leaders have not worked, resulting in a shortage of fully prepared candidates for public service leadership positions. To address this shortage, the government has recently launched a new strategic senior leadership and management development initiative. Finally, Australia's central federal human capital agency recently reported on the changing career expectations among employees and the possible attrition of experienced high-potential employees as two succession-related challenges to government performance in the future.

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<sup>3</sup>U.S. General Accounting Office, *Human Capital: Selected Agency Actions to Integrate Human Capital Approaches to Attain Mission Results*, [GAO-03-446](#) (Washington, D.C.: Apr. 11, 2003).

<sup>4</sup>U.S. General Accounting Office, *Results-Oriented Cultures: Insights for U.S. Agencies from Other Countries' Performance Management Initiatives*, [GAO-02-862](#) (Washington, D.C.: Aug. 2, 2002).

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At your request, this report identifies how agencies in four countries—Australia, Canada, New Zealand, and the United Kingdom—and the Canadian Province of Ontario are adopting a more strategic approach to managing the succession of senior executives and other public sector employees with critical skills. To identify these practices, we reviewed the literature associated with succession planning and management; found examples illustrating these practices through the results of a screening survey; analyzed written documentation; and interviewed cognizant officials about the identified examples. See appendix I for additional information on our objective, scope, and methodology.

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## Results in Brief

Leading organizations engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future organizational capacity. As part of this approach, these organizations identify, develop, and select their human capital to ensure an ongoing supply of successors who are the right people, with the right skills, at the right time for leadership and other key positions. Agencies in Australia, Canada, New Zealand, and the United Kingdom are implementing succession planning and management initiatives that reflect this broader focus on building organizational capacity.

While each initiative reflects its specific organizational structure, culture, and priorities, collectively we found that agencies in these countries use the succession planning and management practices to protect and enhance the organization's capacity. Their experiences may provide insights to U.S. executive branch agencies as they undertake their own initiatives in this area.

### **Succession planning and management initiatives**

- receive active support of top leadership;
- link to strategic planning;
- identify talent from multiple organizational levels, early in careers, or with critical skills;
- emphasize developmental assignments in addition to formal training;
- address specific human capital challenges, such as diversity, leadership capacity, and retention; and
- facilitate broader transformation efforts.

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First, to show their support for succession planning and management, agencies' top leadership actively participate in, regularly use, and ensure the needed financial and staff resources for these initiatives. For example, New Zealand's State Services Commissioner developed, with the assistance of a group of six agency chief executives who met regularly over a period of 2 years, a new governmentwide senior leadership and management development strategy. In the Ontario Public Service, the government's top civil servant and the heads of every ministry meet for an annual 2-day retreat to discuss anticipated leadership needs across the government as well as the high-potential executives who may be able to meet those needs over the next year or two.

Second, agencies link succession planning and management with their strategic plans to focus on both current and future needs and provide leaders with a broader perspective. For the Royal Canadian Mounted Police, succession planning and management not only figures prominently in the agency's multiyear human capital plan, but it also provides top agency leaders with an agencywide perspective when making decisions. To this end, the agency uses a specially designated "succession room" to provide a visual representation of the agency's diverse and widely dispersed operational functions, which assists top leadership in placing and tracking executives and managers across organizational structures.

Third, agencies use their succession planning and management initiatives to identify talent at multiple organizational levels, early in their careers, or with critical skills. For example, the Royal Canadian Mounted Police has three separate programs to identify and develop high-potential employees at several organizational levels reaching as far down as the front-line constable. The United Kingdom's Fast Stream program targets high-potential individuals early in their careers. Other agencies use their succession management initiatives to identify and develop successors for employees with critical knowledge and skills. Transport Canada anticipated that the retirements of key regulatory inspectors would severely affect the agency's ability to carry out its mandate. The agency encouraged the use of human capital flexibilities, such as preretirement transitional leave, to help ensure a smooth transition of knowledge from incumbents to successors.

Fourth, agencies' succession planning and management initiatives emphasize developmental assignments in addition to formal training to strengthen high-potential employees' skills and broaden their experience. For example, Canada's Accelerated Executive Development Program

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temporarily assigns executives who have the potential to become assistant deputy ministers to work in unfamiliar roles or subject areas and in different agencies. One challenge sometimes encountered with developmental assignments in general is that agencies resist letting their high-potential staff leave their current positions to move to another organization. The Accelerated Executive Development Program has addressed this challenge by having a central government agency pay participants' salaries, which makes executives more willing to allow talented staff to leave for developmental assignments. New Zealand has responded to this challenge by appropriating funds to help defray the costs to backfill positions for individuals on developmental assignments.

Fifth, agencies use their succession planning and management initiatives to address specific human capital challenges such as achieving a more diverse workforce, maintaining leadership capacity, and increasing the retention of high-potential employees. For example, the United Kingdom created and has actively marketed a centralized program that targets minorities with the potential to join the Senior Civil Service. To help maintain leadership capacity despite the fact that three quarters of Canada's assistant deputy ministers will be retirement eligible by 2008, the Canadian government uses the Accelerated Executive Development Program to identify and develop executives with the potential to effectively fill these positions in the future. To better retain talented employees with the potential to become future leaders, Canada's Office of the Auditor General provides comprehensive developmental opportunities as part of its succession planning and management initiative.

Finally, agencies use succession planning and management to facilitate broader transformation efforts by selecting and developing leaders and managers who support and champion change. For example, the Family Court of Australia is using its succession planning and management initiative to identify and prepare future leaders who will be able to help the organization successfully adapt to recent changes in how it delivers its services, and then champion those changes throughout the Court. In the United Kingdom, an official told us that the National Health Service uses its succession planning and management initiative to select and place executives who will champion broader organizational reform efforts.

We provided drafts of the relevant sections of this report to officials from the central agencies responsible for human capital issues, the individual agencies, and the national audit offices for each of the countries we reviewed, as well as subject matter experts in the United States. They

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generally agreed with the contents of this report. We made technical clarifications where appropriate. We also provided a draft of this report to the Director of OPM for her information.

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## Background

Many federal agencies have yet to adopt succession planning and management initiatives. In 1997, the National Academy of Public Administration reported that of the 27 agencies responding to its survey, 2 agencies had a succession planning program or process in place; 2 agencies were planning to have one in the coming year; and 4 agencies were planning one in the next 2 years.<sup>5</sup> In 1999, a joint OPM and Senior Executive Association survey reported that more than 50 percent of all career members of the Senior Executive Service (SES) said that their agencies did not have a formal succession planning program for the SES, and almost 75 percent said that their agencies did not have such a program for managers.<sup>6</sup> Of those who reported that their agencies did have succession planning programs for either executives or managers, 54 percent of the career senior executives said that they had not participated in the executive-level programs and 65 percent said they had not participated at the manager level. On the basis of this survey and anecdotal evidence, OPM officials told us in 2000 that they found that most agencies would not likely have a formal, comprehensive succession plan.<sup>7</sup>

Further, we have reported that a lack of succession planning has contributed to two specific human capital challenges currently facing the federal government. The first challenge is the large percentage of career senior executives who will reach regular retirement eligibility over the next several years. In 2000, we reported that 71 percent of the SES members employed as of October 1998 would reach regular retirement eligibility by

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<sup>5</sup>National Academy of Public Administration, *Managing Succession and Developing Leadership: Growing the Next Generation of Public Service Leaders* (Washington, D.C.: August 1997).

<sup>6</sup>1999 OPM/Senior Executive Association Survey of the Senior Executive Service. Complete results of the survey, along with additional background and methodological information, are available on OPM's Web site at [www.opm.gov/ses/survey.html](http://www.opm.gov/ses/survey.html).

<sup>7</sup>U.S. General Accounting Office, *Senior Executive Service: Retirement Trends Underscore the Importance of Succession Planning*, GAO/GGD-00-113BR (Washington, D.C.: May 12, 2000).

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the end of fiscal year 2005.<sup>8</sup> More recently, we estimated that more than half of the SES members in federal service as of October 2000 will have left the government by October 2007.<sup>9</sup> We concluded that without careful planning, these separations pose the threat of an eventual loss in institutional knowledge, expertise, and leadership continuity.

The second challenge facing federal agencies impacted by a lack of succession planning is the amount of diversity in their executive and managerial ranks. As the demographics of the public served by the federal government change, a diverse executive corps can provide agencies with an increasingly important organizational advantage that can help them to achieve results. We have reported that, as of 2000, minority men and women made up about 14 percent of the career SES. If current promotion and hiring trends continue, the proportions of minority men and women among senior executives will likely remain virtually unchanged over the next 4 years.<sup>10</sup>

The literature shows that public and private sector organizations use a range of approaches when planning for, and managing, succession-related challenges. These approaches span a continuum from the “replacement” approach, which focuses on identifying particular individuals as possible successors for specific top ranking positions, to the “integrated” succession planning and management approach. Under the integrated approach, succession planning and management is a strategic, systematic effort that works to ensure a suitable supply of potential successors for a variety of leadership and other key positions. These two approaches essentially reflect a shift in emphasis of succession planning from a risk management tool, focused on the near-term, operational need to ensure backup people are identified in case a top position becomes vacant, to a strategic planning tool, which identifies and develops high-potential individuals with the aim of filling leadership and other key roles in the future.

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<sup>8</sup>[GAO/GGD-00-113BR](#).

<sup>9</sup>U.S. General Accounting Office, *Senior Executive Service: Enhanced Agency Efforts Needed to Improve Diversity as the Senior Corps Turns Over*, [GAO-03-34](#) (Washington, D.C.: Jan. 17, 2003).

<sup>10</sup>[GAO-03-34](#).

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GAO, similar to other federal agencies, faces an array of succession planning challenges. The succession planning and management approach we are using to respond to our internal challenges is consistent with the practices we identified in other countries.

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## Other Countries' Selected Practices to Manage Succession

To manage the succession of their executives and other key employees, agencies in Australia, Canada, New Zealand, and the United Kingdom are implementing succession planning and management practices that work to protect and enhance organizational capacity. Collectively, these agencies' succession planning and management initiatives

- receive active support of top leadership;
- link to strategic planning;
- identify talent from multiple organizational levels, early in careers, or with critical skills;
- emphasize developmental assignments in addition to formal training;
- address specific human capital challenges, such as diversity, leadership capacity, and retention; and
- facilitate broader transformation efforts.

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## Receive Active Support of Top Leadership

Effective succession planning and management programs have the support and commitment of their organizations' top leadership. Our past work has shown that the demonstrated commitment of top leaders is perhaps the single most important element of successful management.<sup>11</sup> In other governments and agencies, to demonstrate its support of succession planning and management, top leadership (1) actively participates in the initiatives, (2) regularly uses these programs to develop, place, and promote individuals, and (3) ensures that these programs receive sufficient financial and staff resources, and are maintained over time.

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<sup>11</sup>U.S. General Accounting Office, *Management Reform: Elements of Successful Improvement Initiatives*, [GAO/T-GGD-00-26](#) (Washington, D.C.: Oct. 15, 1999).

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For example, each year, the Secretary of the Cabinet, Ontario Public Service's (OPS) top civil servant, convenes and actively participates in an annual 2-day succession planning and management retreat with the heads of every government ministry. At this retreat, they discuss the anticipated leadership needs across the government as well as the individual status of about 200 high-potential executives who may be able to meet those needs over the next year or two. Similarly, in New Zealand, the State Services Commissioner—an official whose wide-ranging human capital responsibilities include the appointment and review of public service chief executives—developed, with the assistance of a group of six agency chief executives who met regularly over a period of 2 years, a new governmentwide senior leadership and management development initiative. This effort culminated in the July 2003 roll out of the Executive Leadership Programme and the creation of a new central Leadership Development Centre.

The Royal Canadian Mounted Police's (RCMP) senior executive committee regularly uses the agency's succession planning and management programs when making decisions to develop, place, and promote its top 500-600 employees, both officers and civilians. RCMP's executive committee, consisting of the agency's chief executive, the chief human capital officer, and six other top officials, meets quarterly to discuss the organization's succession needs and to make the specific decisions concerning individual staff necessary to address those needs. In 2001-2002, this process resulted in 72 promotions and 220 lateral transfers.

Top leaders also demonstrate support by ensuring that their agency's or government's succession planning and management initiatives receive sufficient funding and staff resources necessary to operate effectively and are maintained over time. Such commitment is critical since these initiatives can be expensive because of the emphasis they place on participant development. For example, a senior human capital manager told us that the Chief Executive of the Family Court of Australia (FCA) pledged to earmark funds when he established a multiyear succession planning and management program in 2002 despite predictions of possible budget cuts facing FCA. Although human capital training and development programs are sometimes among the first programs to be cut back during periods of retrenchment, FCA's Chief Executive has repeatedly stated to both internal and external stakeholders that this will not happen.

Similarly, at Statistics Canada—the Canadian federal government's central statistics agency—the Chief Statistician of Canada has set aside a

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percentage, in this case over 3 percent, of the total agency budget to training and development, thus making resources available for the operation of the agency's four leadership and management development programs. According to a human capital official, this strong support has enabled the level of funding to remain fairly consistent over the past 10 years. Finally, the government of New Zealand has committed NZ\$19.6 million (about U.S.\$11.2 million in July 2003) over four years, representing both central government and agency contributions, for the implementation of its new governmentwide senior leadership and management development strategy.

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## Link to Strategic Planning

Leading organizations use succession planning and management as a strategic planning tool that focuses on current and future needs and develops pools of high-potential staff in order to meet the organization's mission over the long term. That is, succession planning and management is used to help the organization become what it needs to be, rather than simply to recreate the existing organization. We have previously reported on the importance of linking succession planning and management with the forward-looking process of strategic and program planning.<sup>12</sup> In Canada, succession planning and management initiatives focus on long-term goals, are closely integrated with their strategic plans, and provide a broader perspective.

For example, at Statistics Canada, committees composed of line and senior managers and human capital specialists consider the human capital required to achieve its strategic goals and objectives. During the 2001 strategic planning process, the agency's planning committees received projections showing that a majority of the senior executives then in place would retire by 2010, and the number of qualified assistant directors in the executive development pool was insufficient to replace them. In response, the agency increased the size of the pool and introduced a development program of training, rotation, and mentoring to expedite the development of those already in the pool. According to a Statistics Canada human capital official, these actions, linked with the agency's strategic planning process, have helped to ensure that an adequate number of assistant directors will be sufficiently prepared to succeed departing senior executives.

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<sup>12</sup>U.S. General Accounting Office, *Human Capital: A Self-Assessment Checklist for Agency Leaders*, GAO/OCG-00-14G (Washington, D.C.: September 2000).

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In Ontario, succession planning and management has been a required component of the government's human capital planning framework since 1997. OPS requires that the head of each ministry develop a succession plan that (1) anticipates the ministry's needs over the next couple of years, (2) establishes a process to identify a pool of high-potential senior managers, and (3) links the selection of possible successors to both ministry and governmentwide opportunities and business plans. These plans, which are updated annually at the deputy ministers retreat, form the basis for Ontario's governmentwide succession planning and management process. While OPS has not conducted a formal evaluation of the impact of this process, a senior human capital official told us that succession planning and management has received a much greater level of attention from top leadership and now plays a critical role in OPS' broader planning and staffing efforts.

For RCMP, succession planning and management is an integral part of the agency's multiyear human capital plan and directly supports its strategic needs, and it also uses this process to provide top leadership with an agencywide perspective. RCMP is responsible for a wide range of police functions on the federal, provincial, and local levels, such as illegal drug and border enforcement, international peacekeeping services, and road and highway safety. In addition, RCMP provides services in 10 provinces and three territories covering an area larger than the United States. Its succession planning and management system provides the RCMP Commissioner and his executive committee with an organizationwide picture of current and developing leadership capacity across the organization's many functional and geographic lines.

To achieve this, RCMP constructed a "succession room"—a dedicated room with a graphic representation of current and potential job positions for the organization's top 500-600 employees covering its walls—where the Commissioner and his top executives meet at least four times a year to discuss succession planning and management for the entire organization. For each of RCMP's executive and senior manager-level positions in headquarters and the regions, the incumbent and one or more potential successors are depicted on individual movable cards that display relevant background information (see fig. 1). An electronic database provides access to more detailed information for each incumbent and potential successors, including skills, training, and past job experience that the executive committee considers when deciding on assignments and transfers. In addition, high-potential individuals as well as employees currently on developmental assignments outside RCMP are displayed.

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According to a senior human capital official, because the succession room actually surrounds the RCMP's top leadership with an accessible depiction of their complex and wide-ranging organization, it provides a powerful tool to help them take a broader, organizationwide approach to staffing and management decisions.

**Figure 1: Section of the Royal Canadian Mounted Police's "Succession Room"**



Source: RCMP.

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## Identify Talent from Multiple Organizational Levels, Early in Careers, or with Critical Skills

Effective succession planning and management initiatives identify high-performing employees from multiple levels in the organization and still early in their careers. In addition, leading organizations use succession planning and management to identify and develop knowledge and skills that are critical in the workplace.

RCMP has three separate development programs that identify and develop high-potential employees at several organizational levels. For example, beginning at entry level, the Full Potential Program reaches as far down as the front-line constable and identifies and develops individuals, both civilians and officers, who demonstrate the potential to take on a future management role. For more experienced staff, RCMP's Officer Candidate Development Program identifies and prepares individuals for increased leadership and managerial responsibilities and to successfully compete for admission to the officer candidate pool. Finally, RCMP's Senior Executive Development Process helps to identify successors for the organization's senior executive corps by selecting and developing promising officers for potential promotion to the senior executive levels.

The United Kingdom's Fast Stream program targets high-potential individuals early in their civil service careers as well as recent college graduates. The program places participants in a series of jobs designed to provide experiences such as developing policy, supporting ministers, and managing people and projects—each of which is linked to strengthening specific competencies required for admission to the Senior Civil Service. According to a senior program official, program participants are typically promoted quickly, attaining mid-level management in an average of 3.5 years, and the Senior Civil Service in about 7 years after that.

Other agencies use their succession planning and management initiatives to identify and develop successors for employees with critical knowledge and skills. For example, Transport Canada estimated that 69 percent of its safety and security regulatory employees, including inspectors, are eligible for retirement by 2008. Faced with the urgent need to capture and pass on the inspectors' expertise, judgment, and insights before they retire, the agency embarked on a major knowledge management initiative in 1999 as part of its succession planning and management activities. To identify the inspectors whose leaving would most severely affect the agency's ability to carry out its mandate, Transport Canada used criteria that assessed whether the inspectors (1) possessed highly specialized knowledge, skills, or expertise, (2) held one-of-a-kind positions, (3) were regarded as the "go-to" people in critical situations, and/or (4) held vital corporate memory.

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Next, inspectors were asked to pass on their knowledge through mentoring, coaching, and on-the-job training. To assist this knowledge transfer effort, Transport Canada encouraged these inspectors to use human capital flexibilities including preretirement transitional leave, which allows employees to substantially reduce their workweek without reducing pension and benefits payments. The Treasury Board of Canada Secretariat, a federal central management agency, found that besides providing easy access to highly specialized knowledge, this initiative ensures a smooth transition of knowledge from incumbents to successors.

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### Emphasize Developmental Assignments in Addition to Formal Training

Leading succession planning and management initiatives emphasize developmental or “stretch” assignments for high-potential employees in addition to formal training. These developmental assignments place staff in new roles or unfamiliar job environments in order to strengthen skills and competencies and broaden their experience. In the United States, training and development opportunities—including developmental assignments—must be offered fairly, consistent with merit system principles. However, according to a 1999 survey of career SES in the United States, 67 percent reported that they had never changed jobs by going to a different component within their agency or department. Moreover, 91 percent said that they never served in more than one department or agency during their entire executive careers.<sup>13</sup> Agencies in other countries use developmental assignments, accompanied by more formal training components and other support mechanisms, to help ensure that individuals are capable of performing when promoted.

Participants in RCMP’s Full Potential Program must complete at least two 6- to 12-month developmental assignments intended to enhance specific competencies identified in their personalized development plans. These assignments provide participants with the opportunity to learn new skills and apply existing skills in different situations and experience an increased level of authority, responsibility, and accountability. For example, a civilian from technical operations and a police officer were given a 1-year assignment to create balanced scorecards that are linked to RCMP’s goals. Another program assignment involved placing a line officer, previously in charge of a single RCMP unit, in the position of acting district commander

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<sup>13</sup>1999 OPM/Senior Executive Association Survey of the Senior Executive Service. Complete results on these items as well as other survey questions concerning SES job experience and mobility are available at [www.opm.gov/ses/s30.html](http://www.opm.gov/ses/s30.html).

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responsible for the command of multiple units during a period of resource and financial constraint. To reinforce the learning that comes from the developmental assignments, participants attend a 6-week educational program provided by Canada's Centre for Management and Development that covers the personal, interpersonal, managerial, and organizational dimensions of leadership. Each participant also benefits from the support and professional expertise of a senior-level mentor. Staff who complete this program will be required to continue their formal development as RCMP officer candidates.

In Canada's Accelerated Executive Development Program (AEXDP), developmental assignments form the cornerstone of efforts to prepare senior executives for top leadership roles in the public service. Canada created AEXDP in 1997 to strategically manage the development of senior executives who have the potential to become assistant deputy ministers within 2 to 6 years. AEXDP prepares individuals for these senior leadership positions through the support of coaches and mentors, formal learning events, and placements in a series of challenging developmental assignments. These stretch assignments help enhance executive competencies by having participants perform work in areas that are unfamiliar or challenging to them in any of a large number of agencies throughout the Canadian Public Service. For example, a participant with a background in policy could develop his or her managerial competencies through an assignment to manage a direct service delivery program in a different agency. Central to the benefit of such assignments is that they provide staff with the opportunity to practice new skills in a real-time setting. Further, each assignment lasts approximately 2 years, which allows time for participants to maximize their learning experience while providing agencies with sufficient opportunity to gain a real benefit from the participants' contributions.

AEXDP reinforces the learning provided by the developmental assignments with activities such as "action learning groups" where small groups of five or six program participants meet periodically to collectively reflect on and address actual work situations or challenges facing individual participants. A senior official involved in the program told us that the developmental placements help participants obtain in-depth experience in how other organizations make decisions and solve problems, while simultaneously developing a governmentwide network of contacts that they can call on for expertise and advice in the future.

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One challenge sometimes encountered with developmental assignments in general is that executives and managers resist letting their high-potential staff leave their current positions to move to another organization. Agencies in other countries have developed several approaches to respond to this challenge. For example, once individuals are accepted into Canada's AEXDP, they are employees of, and paid by, the Public Service Commission, a central agency. Officials affiliated with AEXDP told us that not having to pay participants' salaries makes executives more willing to allow talented staff to leave for developmental assignments and it fosters a governmentwide, rather than an agency-specific, culture among the AEXDP participants.

In New Zealand, a senior official at the State Services Commission, the central agency responsible for ensuring that agencies develop public service leadership capability, told us that the Commission has recommended legislation that would require that agency chief executives work in partnership with the State Services Commissioner to find ways to release talented people for external developmental assignments. In addition, the government has appropriated NZ\$600,000 (about U.S.\$344,000 in July 2003) over the next 4 years to help the Commissioner assist agency chief executives who might like to release an individual for a developmental assignment but are inhibited from doing so because of financial constraints, including those associated with finding a replacement.

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## Address Specific Human Capital Challenges

Leading organizations stay alert to human capital challenges and respond accordingly. Government agencies around the world, including in the United States, are facing challenges in the demographic makeup and diversity of their senior executives. Agencies in other countries use succession planning and management to achieve a more diverse workforce, maintain their leadership capacity as their senior executives retire, and increase the retention of high-potential staff.

**Achieve a More Diverse Workforce.** Leading organizations recognize that diversity can be an organizational strength that contributes to achieving results. Our work has shown that U.S. federal agencies will need to enhance their efforts to improve diversity as the SES turns over.<sup>14</sup> In

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<sup>14</sup>[GAO-03-34](#).

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addition, OPM has identified an increase in workforce diversity, including in mission critical occupations and leadership roles, as one of its human capital management goals for implementing the President's Management Agenda. Both the United Kingdom and Canada use succession planning and management systems to address the challenge of increasing the diversity of their senior executive corps.

For example, the United Kingdom's Cabinet Office created Pathways, a 2-year program that identifies and develops senior managers from ethnic minorities who have the potential to reach the Senior Civil Service within 3 to 5 years. This program is intended to achieve a governmentwide goal to double the representation of ethnic minorities in the Senior Civil Service from 1.6 percent in 1998 to 3.2 percent by 2005. Pathways provides executive coaching, skills training, and the chance for participants to demonstrate their potential and talent through a variety of developmental activities such as projects and short-term work placements. A Cabinet Office official told us that the program is actively marketed through a series of nationwide informational meetings held in locations with large ethnic minority populations. In addition, program information is sent to government agency chief executives and human capital directors, and the top 600 senior executives across the civil service, and executives are encouraged to supplement the self-nominating process by nominating potential candidates. This official noted that although the first Pathways class will not graduate until November 2003, 2 out of the 20 participants have already been promoted to the Senior Civil Service.

Rather than a specific program, Canada uses AEXDP, an essential component of their succession planning and management process for senior executives, as a tool to help achieve a governmentwide diversity target. For example, the government has set a goal that by 2003, certain minorities will represent 20 percent of participants in all management development programs. After conducting a survey of minorities, who showed a considerable level of interest in the program, officials from AEXDP devoted 1 year's recruitment efforts to identify and select qualified minorities. The program reported that, in the three prior AEXDP classes, such minorities represented 4.5 percent of the total number of participants; however, by March 2002, AEXDP achieved the goal of 20 percent minority participation. In addition, an independent evaluation by an outside consulting firm found that the percentage of these minorities participating in AEXDP is more than three times the percentage in the general senior executive population.

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**Maintain Leadership Capacity.** Both at home and abroad, a large percentage of senior executives will be eligible to retire over the next several years. In the United States, for example, the federal government faces an estimated loss of more than half of the career SES by October 2007.<sup>15</sup> Other countries that face the same demographic trend use succession planning and management to maintain leadership capacity in anticipation of the turnover of their senior executive corps due to expected retirements. Canada is using AEXDP to address impending retirements of assistant deputy ministers—one of the most senior executive-level positions in its civil service. As of February 2003, for example, 76 percent of this group are over 50, and approximately 75 percent are eligible to retire between now and 2008. A recent independent evaluation of AEXDP by an outside consulting firm found the program to be successful and concluded that AEXDP participants are promoted in greater numbers than, and at a significantly accelerated rate over, their nonprogram counterparts. Specifically, of the participants who joined the program at the entry level, 39 percent had been promoted one level and another 7 percent had been promoted two levels within 1 year compared to only 9 percent and 1 percent for nonparticipants during the same period. This evaluation further concluded that AEXDP is a “valuable source” of available senior executives and a “very important source of well-trained, future assistant deputy ministers.”

**Increase Retention of High-Potential Staff.** Canada’s Office of the Auditor General (OAG) uses succession planning and management to provide an incentive for high-potential employees to stay with the organization and thus preserve future leadership capacity. Specifically, OAG identified increased retention rates of talented employees as one of the goals of the succession planning and management program it established in 2000. According to a senior human capital official, OAG provided high-potential employees with comprehensive developmental opportunities in order to raise the “exit price” that a competing employer would need to offer to lure a high-potential employee away. The official told us that an individual, who might otherwise have been willing to leave OAG for a salary increase of CN\$5,000, might now require CN\$10,000 or more, in consideration of the developmental opportunities offered by the agency. Over the program’s first 18 months, annualized turnover in OAG’s high-potential pool was 6.3 percent compared to 10.5 percent officewide.

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<sup>15</sup>[GAO-03-34](#).

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This official told us that the retention of members of this high-potential pool was key to OAG's efforts to develop future leaders.

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## Facilitate Broader Transformation Efforts

Effective succession planning and management initiatives provide a potentially powerful tool for fostering broader governmentwide or agencywide transformation by selecting and developing leaders and managers who support and champion change. Our work has shown the critical importance of having top leaders and managers committed to, and personally involved in, implementing management reforms if those reforms are to succeed.<sup>16</sup> Agencies in the United Kingdom and Australia promoted the implementation of broader transformation efforts by using their succession planning and management systems to support new ways of doing business.

In 1999, the United Kingdom launched a wide-ranging reform program known as Modernising Government, which focused on improving the quality, coordination, and accessibility of the services government offered to its citizens. Beginning in 2000, the United Kingdom's Cabinet Office started on a process that continues today of restructuring the content of its leadership and management development programs to reflect this new emphasis on service delivery. For example, the Top Management Programme supports senior executives in developing behaviors and skills for effective and responsive service delivery, and provides the opportunity to discuss and receive expert guidance in topics, tools, and issues associated with the delivery and reform agenda. These programs typically focus on specific areas that have traditionally not been emphasized for executives such as partnerships with the private sector and risk assessment and management. A senior Cabinet Office official responsible for executive development told us that mastering such skills is key to an executive's ability to deliver the results intended in the government's agenda.

The United Kingdom's Department of Health has embarked on a major reform effort involving a 10-year plan to modernize the National Health

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<sup>16</sup>U.S. General Accounting Office, *Results-Oriented Cultures: Using Balanced Expectations to Manage Senior Executive Performance*, [GAO-02-966](#) (Washington, D.C.: Sept. 27, 2002); *Managing for Results: Using Strategic Human Capital to Drive Transformational Change*, [GAO-02-940T](#) (Washington, D.C.: July 15, 2002); and *A Model of Strategic Human Capital Management*, [GAO-02-373SP](#) (Washington, D.C.: Mar. 15, 2002).

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Service by, among other things, devolving power from the government to the local health services that perform well for their patients, and breaking down occupational boundaries to give staff greater flexibility to provide care. A National Health Service official told us that the service recognizes the key contribution that succession planning and management programs can have and, therefore, selects and places executives who will champion its reform and healthcare service delivery improvement efforts. For example, the Service's National Primary Care Development Team created a leadership development program specifically tailored for clinicians with the expectation that they will, in turn, champion new clinical approaches and help manage the professional and organizational change taking place within the health service.

At the FCA, preparing future leaders who could help the organization successfully adapt to recent changes in how it delivers services is one of the objectives of the agency's Leadership, Excellence, Achievement, Progression program, established in 2002. Specifically, over the last few years FCA has placed an increased emphasis on the needs of external stakeholders. This new emphasis is reflected in the leadership capabilities FCA uses when selecting and developing program participants. For example, one of these capabilities, "nurturing internal and external relationships," emphasizes the importance of taking all stakeholders into account when making decisions, in contrast to the FCA's traditional internally focused culture. In addition, according to a senior human capital manager, individuals selected to participate in the FCA's leadership development program are expected to function as "national drivers of change within the Court." To this end, the program provides participants with a combination of developmental assignments and formal training opportunities that place an emphasis on areas such as project and people management, leadership, and effective change management.

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## Concluding Observations

As governmental agencies around the world anticipate the need for leaders and other key employees with the necessary competencies to successfully meet the complex challenges of the 21<sup>st</sup> century, they are choosing succession planning and management initiatives that go beyond simply replacing individuals in order to recreate the existing organization, to initiatives that strategically position the organization for the future. Collectively, the experiences of agencies in Australia, Canada, New Zealand, and the United Kingdom demonstrate how governments are using succession planning and management initiatives that receive the active support of top leadership, link to strategic planning, identify talent

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throughout the organization, emphasize developmental assignments in addition to formal training, address specific human capital challenges, and facilitate broader transformation efforts. Taken together, these practices give agencies a potentially powerful set of tools with which to strategically manage their most important asset—their human capital.

While there is no one right way for organizations to manage the succession of their leaders and other key employees, the experiences of agencies in these four countries provide insights into how other governments are adopting succession practices that protect and enhance organizational capacity. While governments' and agencies' initiatives reflect their individual organizational structures, cultures, and priorities, these practices can guide executive branch agencies in the United States as they develop their own succession planning and management initiatives in order to ensure that federal agencies have the human capital capacity necessary to achieve their organizational goals and effectively deliver results now and in the future.

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## Agency Comments

We provided drafts of the relevant sections of this report to cognizant officials from the central agency responsible for human capital issues, individual agencies, and the national audit office for each of the countries we reviewed as well as subject matter experts in the United States. They generally agreed with the contents of this report. We made technical clarifications where appropriate. Because we did not evaluate the policies or operations of any U.S. federal agency in this report, we did not seek comments from any U.S. agency. However, because of OPM's role in providing guidance and assistance to federal agencies on succession planning and leadership development, we provided a draft of this report to the Director of OPM for her information.

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As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days from the date of this letter. At that time, we will provide copies of this report to other interested congressional committees, the directors of OPM and the Office of Management and Budget, and the foreign government officials contacted for this report. In addition, we will make copies available to others upon request and the report will be available at no charge on the GAO Web site at [www.gao.gov](http://www.gao.gov).

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If you have any questions concerning this report, please contact me or Lisa Shames on (202) 512-6806 or at [mihmj@gao.gov](mailto:mihmj@gao.gov) and [shamesl@gao.gov](mailto:shamesl@gao.gov). The major contributors to this report were Peter J. Del Toro and Rebecka L. Derr.

A handwritten signature in black ink that reads "J. Christopher Mihm". The signature is written in a cursive style with a large, stylized "J" and "M".

J. Christopher Mihm  
Director, Strategic Issues

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# Objective, Scope, and Methodology

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To meet our objective to identify how agencies in other countries are adopting a more strategic approach to managing the succession of senior executives and others with critical skills, we selected Australia, Canada, New Zealand, the United Kingdom, and the Canadian Province of Ontario based on our earlier work where we examined their implementation of results-oriented management and human capital reforms.<sup>1</sup> We reviewed the public management and human capital literature and spoke with subject matter experts to obtain additional context and analysis regarding succession planning and management. A key resource was the National Academy of Public Administration's work on the topic, including their maturity model and subsequent revisions, which describe the major succession planning process elements of initiatives that take a strategic approach to building organizational capacity.<sup>2</sup>

We identified the examples illustrating the practices through the results of over 30 responses to a questionnaire sent to senior human capital officials at selected agencies. We analyzed written documentation including reports, procedures, guidance, and other materials concerning succession planning and management programs for agencies in these countries along with government-sponsored evaluations of these programs when available. We interviewed more than 50 government officials from Australia, Canada, New Zealand, and the United Kingdom by telephone, or in person during a visit to Ottawa, Canada. To obtain a variety of perspectives, we spoke to officials from the countries' national audit offices, central management, and human capital agencies.

The scope of our work did not include independent evaluation or verification of the effectiveness of the succession planning and management initiatives used in the four countries, including any performance results that agencies attributed to specific practices or aspects of their programs. We also did not attempt to assess the prevalence of the practices or challenges we cite either within or across countries. Therefore, countries other than those cited for a particular practice may, or

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<sup>1</sup>GAO-02-862 and U.S. General Accounting Office, *Managing for Results: Experiences Abroad Suggest Insights for Federal Management Reforms*, GAO/GGD-95-120 (Washington, D.C.: May 2, 1995).

<sup>2</sup>See, National Academy of Public Administration, *Paths to Leadership: Executive Succession Planning in the Federal Government* (Washington, D.C.: December 1992), *The State of Executive Succession Planning in the Federal Government* (Washington, D.C.: December 1994), and *Managing Succession and Developing Leadership: Growing the Next Generation of Public Service Leaders* (Washington, D.C.: August 1997).

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may not, be engaged in the same practice. Because of the multiple jurisdictions covered in this report, we use the term “agency” generically to refer to entities of the central government including departments, ministries, and agencies, except when describing specific examples where we use the term appropriate to that case.

We conducted our work from January through June 2003 in Washington, D.C., and Ottawa, Canada, in accordance with generally accepted government auditing standards. We provided drafts of the relevant sections of this report to officials from the central agencies responsible for human capital issues, individual agencies, and the national audit office for each of the countries we reviewed as well as subject matter experts in the United States. We also provided a draft of this report to the Director of OPM for her information.

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