

Upper Management Succession Planning

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As the pool of qualified upper management candidates shrink, and the demand grows, is your organization ready for what's ahead?

A discussion on succession planning, recruitment and retention.

Agenda

- Current Issues
- Strategies
- Retention
- Succession Planning
- Recruitment
- Update of Labour Law and Human Resources

Current Issues

Current Issues

- A recent survey of municipal CAOs across Ontario showed that nearly 47% of participants were over the age of 55, and only about 10% under the age of 45
- The OMERS pension plan average retirement age is 58 years old
- The vast majority of CAOs surveyed remained in their positions for less than 10 years

- Since there is only one CAO position in each municipality – career progress often requires relocation
- Vacancies in senior/key positions are occurring simultaneously and demographics indicate there are statistically fewer people available to fill them

- By 2031, Canada is expected to have a shortage of nearly two million workers
- Another factor facing rural municipalities is the depopulation of many communities, with population either stagnate or shrinking.
- Small municipalities will not only be competing with larger municipalities for staff, but also the private and other public sectors within their own community.

Strategies

Strategies

In order for municipalities to address the challenges they may face in attracting and retaining staff they must implement strategic recommendations including:

- An examination of compensation practices
- Work environment strategies including life/work balance

- Branding and highlighting the benefits of working for small rural municipalities
- Recruiting opportunities
- Succession planning

Retention

Keeping the Best

- Establish yourself as an employer of choice to create an advantage over the competition.
 - Compensation practices
 - Work environment strategies including life/work balance
 - Branding and highlighting the benefits of working for small rural municipalities
 - Strategic Plan

Compensation Practices

- Small rural municipalities must create a total compensation package that is relevant to large centers and competitive with similar sized municipalities in order to attract and retain staff.
- Pay for performance or performance management systems that create true accountability in the corporation can lead to a stronger team, a better corporate output and a natural mentoring process.

Work Environment Strategies

- While compensation is important, a recently conducted survey of characteristics that made organizations employers of choice revealed the following:
 - 56% of respondents said flexible benefits were a major factor
 - 80% said the work environment was the biggest factor

Work Environment Strategies

- Develop and financially support training programs for staff that show interest in expanding their knowledge
- Promoting work/life balance by permitting such programs as employee flex-time and pre-pay leaves
- Develop and support formal and informal recognition programs

Municipal Branding

- Need for Council to develop its value/mission statement and communicate same with employees
- Make potential and current employees aware of the benefits of working for your municipality
- Communicate an attractive picture of your municipality, promoting your corporate culture and career opportunities

Municipal Branding

- In addition to promoting the culture, smaller municipalities need to highlight an employee's ability to have an impact on decision making and influence on the direction of the municipality
- Small communities can also be marketed to present a picturesque setting offering an affordable, safe lifestyle, making it an ideal location to raise a family.

Developing a Strategic Plan

- A strategic plan can be a valuable process that builds employee and community ownership and cohesiveness.
- Allows employees to see and understand how they fit in to the corporate vision.
- Provides a document to help guide all departments in future operations and decision making.

Succession Planning

What is Succession Planning?

The process of identifying and developing internal candidates with the potential to fill key leadership positions in the organization.

Questions to Ask

- How many employees are over 45, 50, 55 and 60?
- How many of those employees are in frontline supervisory, management positions?
- Do the supervisory positions get filled from the frontline ranks?

Questions to Ask

- Do management positions get filled from the supervisory ranks?
- How long does it take to train a new employee to the point of competence at each of these levels?
- What has been the average retirement age in your organization over the last 10 years at each of these levels?

Questions to Ask

- Who are you in competition with for your workforce? Is your competition facing a similar challenge?
- What are the implications of running key departments understaffed for significant periods?
- Are there alternatives to hiring?

“Best Practices” in Establishing a Succession Plan

1. Determine who will oversee the program.

Ensure that person understands the succession planning process and has the proper authority to oversee the process. Be realistic in terms of who has the time required to lead and direct a program of this nature.

“Best Practices” in Establishing a Succession Plan

- 2.** Set realistic goals, timelines and establish measurements, milestones and evaluation methods to review, analyze and address issues during the process.
- 3.** Communication is essential.

Develop a communications plan – the more transparent the better.

“Best Practices” in Establishing a Succession Plan

4. Identify Position Requirements.

In conjunction with current incumbents, develop a clear description of the roles (jobs), now and in the future, including the demands of the jobs and the qualifications and characteristics required of the individual in order to be a successful replacement.

“Best Practices” in Establishing a Succession Plan

5. Consider Internal Talent Pool.

Survey the internal pool to determine the level of interest and potential.

“Best Practices” in Establishing a Succession Plan

6. Conduct a Gap Analysis.

Compare the qualifications and characteristics required of the subject jobs against those of the candidates interested or identified as having potential in filling said jobs.

“Best Practices” in Establishing a Succession Plan

7. Know your budget.

Make sure your budget reflects training needs, recruiting costs and other expenses necessary to fill gaps.

8. Determine Optimal Source of Talent.

Using the results of the gap analysis to form a career action plan for the candidates.

“Best Practices” in Establishing a Succession Plan

9. Develop a Training Plan.

Ask: who, what, where, when, why, how.

10. Re-Assess.

Conduct regular follow up to ensure plan remains on track and adjust as necessary when changes occur in goals, qualifications, staff and/or organizational structure.

Key Features in Succession Planning

- Specific rather than general (i.e., identification of skill requirements for the next level position); more accurate determination of when candidates will be ready
- Measurable (e.g., extent of grooming has been established by assessing number and type of skill gaps; timing of candidates' readiness can be more specific)

Key Features in Succession Planning

- Requirement to meet or nearly meet all of the skill requirements of current position before being considered for advancement
- Performance based (e.g., addition of requirement for meeting or exceeding current performance objectives/expectations) – a major component of “Performance Management”

Key Features in Succession Planning

- Use of tailored grooming/development plans to address the individual candidate's development needs
- Process fully documented to facilitate annual review by the CAO and Council.

Key Features in Succession Planning

- Individual responsibility/accountability for development (i.e., municipality provides definition of requirements and opportunity for development; each candidate is personally responsible for a successful completion of his/her development plan)

Key Features in Succession Planning

- Not all positions in a municipality require replacement planning, only key management, professional, technical/operational and administrative support positions

Key Features in Succession Planning

- Succession Planning is essential to ensure the leadership continuity for the CAO and senior management team of a municipality. This represents part of the role Council should carry out in regard to sound corporate governance

Successful Succession Planning

- Secure support from senior management and Council – shows how important succession planning is to the organization
- Review and update your succession plan regularly

Successful Succession Planning

- Develop job descriptions/procedures and update as required
- Allow adequate time to prepare successors
- Understand that your succession plan will be a unique reflection of your organization

Potential Candidates' Profile

“Ready now”

If a vacancy occurs, there is an internal candidate willing and able to succeed as a CAO, Commissioner or Director.

Potential Candidates' Profile

“Ready within 2 years or less”

The candidate is assessed as nearly possessing the required skills and experience to advance, but would need an additional short term period of grooming to qualify for appointment to the next level position.

Potential Candidates' Profile

“Ready within 2-5 years”

The candidate is judged to have the potential to advance to the next level provided that he/she successfully completes an extended period of grooming (i.e., 2 to 5 years).

Potential Candidates' Profile

- likely be some senior management positions where no internal candidate is identified as having the potential to advance to the next level.

In this instance, the municipality must rely on recruitment of external candidates.

Potential Candidates' Profile

- After internal candidates identified, create and implement a grooming/development plan as required to prepare the candidates for advancement to the next level - may be formal and specific or, more typically, informal and general. Eg. designating a candidate to act as a replacement when the current incumbent of the next level position is absent.

Potential Candidates' Profile

- Once a year, the CAO and Council would review the status of succession planning for each senior management position, evaluate the actions taken since the last review and determine what can and should be done over the next 12 months.

Potential Candidates' Profile

- Important to convey that a promotion is not automatic.
- Unless “ready now”, the internal candidate needs to successfully acquire additional skills and experience.

Potential Candidates' Profile

- In a “perfect” situation, there would be more than one internal candidate being groomed.
- If not, the internal candidate could be competing (ideally) with external candidates to demonstrate he/she is the best choice to fill the position when it is vacant.

Recruitment

Review

- Why is the position vacant?
- What were the strengths and weaknesses of the previous incumbent?
- What are the needs of the organization?
- What can the organization offer as incentive to future recruits (compensation, location, etc.)

Review Job Information

- Does the job description, organization description, mission statement, adequately represent the organization's requirements and needs?
- What are the key or core competencies and skills required?

Involvement

- Who will be involved in the recruitment process?
- If the position is other than that of a CAO does Council need to be involved?
- Identify individual roles in the recruitment process.

External Expertise

Using experience recruitment specialist can assist in the recruitment process by:

- Providing an objective, unbiased, fair and transparent recruitment process
- Having thorough knowledge of the marketplace

External Expertise

- Reducing the time consuming efforts of senior staff and Council
- Conducting background checks and drafting employment contracts

“The height of insanity is to always do what you’ve always done and expect different results.”

Introduction

- Focus on techniques & methods to effectively select and retain employees
- To meet and adapt to changing business demands
- Integration of selection and performance management methodologies promotes consistency and fairness

Introduction

- Competency-based selection and evaluation methods provide more meaningful outcomes
 - candidate/employee focused
 - Within context of job responsibilities
 - Directly linked to organizational goals and objectives
 - Measurable and actionable

Search & Recruitment

- Evaluate the **current and future requirements** for the position, paying attention to the context of the environment within which it will operate
- Outline the **responsibilities and performance standards** for the position - state in behavioural terms

Search & Recruitment

- Define the **educational and experiential criteria** for the position based on the **specified** responsibilities and performance standards – mandatory and wish list

Internal Recruitment

- Provides career advancement opportunities for existing staff
- Internal resources already possess knowledge of the business and its clients/customers – less start-up time required

External Recruitment

- Identify the target search markets and the most effective means for penetrating and promoting to those markets

Candidate Recruiting and Evaluation Methodology (REM)

*Why use Competency-Based
evaluation techniques?*

Why use Competency-Based Evaluation Techniques?

- 3 to 12 months will elapse before the individual has reached an acceptable level of competence and productivity within the position
- Essential that appropriate emphasis and effort is placed on selecting an individual who has the greatest likelihood of ongoing success and achievement in the target position

Why use Competency-Based Evaluation Techniques?

- Use of an appropriate candidate selection method is central to the success of the recruiting effort
- Assess both the theoretical knowledge and individual's demonstrated ability to apply that knowledge
- Determine the degree to which the skills and knowledge are transferable

Why use Competency-Based Evaluation Techniques?

- Evaluate candidate's skills and abilities to fulfill the duties of the target position, not necessarily what has been their experience in prior positions
- Competency-based evaluation method focuses on observable and measurable skills and behaviours displayed by the candidate
 - provides a weighted approach to each of the key criteria

Why use Competency-Based Evaluation Techniques?

- REM structure ensures that applicants are evaluated in a highly objective, equitable and quantifiable manner
- Promotes consistency throughout all phases of the recruiting effort
- Reduces opportunities for evaluator subjectivity

Why use Competency-Based Evaluation Techniques?

- Helps to ensure hiring decisions are readily justified and defensible to challenge

Core Competency Analysis

The central premise of *REM* lies in the degree to which the **candidate displays and/or espouses skills and behaviours** that are consistent with those associated **within each of the Core Competency areas** selected for the target position

Core Competency Analysis

Leadership and Change Management
Planning and Risk Assessment and Management
Management and Supervision
Subject Matter Expertise
Project Management

Core Competency Analysis

Team Co-ordination and Leadership

Situational Analysis

Communications

Interpersonal

Organization and Coordination

Leadership & Change Management

- Translates organizational vision into achievable incremental phases
- Uses Personal (vs. Positional) power to influence others
- Innovates and challenges the status quo
- Serves as a positive role model to others – Internally and externally

Planning/Risk Assessment & Management

- Develops, implements and integrates appropriate business planning models:

Operational (short term)

Tactical (medium term)

Strategic (longer term - directional)

Planning/Risk Assessment & Management

- Conducts organizational reviews and evaluations and identifies
 - areas of risk to the organization and/or its operational units
 - areas of strength and weakness of the human, financial and technological resources of the organization

Planning/Risk Assessment & Management

- Assesses risk – short term vs. long term and appropriately balances the trade-offs of each
- Formulates risk management plan addressing organization-wide and divisional issues

Management and Supervision

- Comprised of the more traditional behaviours and skills commonly linked to getting work done through the active support of others
- Planning, delegating, reviewing, motivating, assessing, taking disciplinary action
- Organization and assignment of work, reviews and follow-up

Subject Matter Expertise

- Represents the position-specific knowledge and skills required of the job – technical aspects and their application
- Important to determine not only if the knowledge is present, but also if the candidate has the ability to appropriately apply that knowledge and expertise within the target work environment
- Interprets technical and/or legislative directives on behalf of the organization

Project Management

- Ability to differentiate between project and traditional management and the unique challenges that are present in a project environment
- Projects are time-bound and have a defined deliverable for completion

Project Management

- Often the human resources allocated are part-time, and have no direct reporting relationship to the project manager – conflicting priorities arise
- Emphasis is on effectively planning, monitoring and controlling project resources and milestone deliverables

Team Co-ordination & Leadership

- Demonstration of particular behaviours that promote a sense of team and unity within the group
- Focuses the group on the common objective

Team Co-ordination & Leadership

- Facilitates individual team member's understanding of the value of their contribution to the overall goal
- Identifies linkages and interdependencies between team members and the respective impacts of their activities on others

Situational Analysis

- Demonstration of ability to apply Critical Thinking and Analysis techniques to resolve problems and implement new methods and practices
- Defines the issue/situation, analyzes, develops alternatives with associated outcomes and determines the best option given the organizational environment and resources
- Evaluates the recommended course of action and develops a decisive implementation plan

Communications

- Demonstrates abilities to embody clarity, value and precision in written and verbal exchanges
- Identifies and applies the appropriate communication strategy for the target recipient(s)
- Tailors the content to meet the needs of the target audience
- Checks for understanding

Interpersonal

- Knowledge and application of techniques and methods which promote positive interrelations and strengthen relationships with others in a variety of situations
- Is sensitive and responds to the unique qualities and needs of others

Interpersonal

- Demonstrates consistency, fairness and objectivity in dealings with others
- Seeks and draws upon the strengths of others

Organization and Co-ordination

- Demonstration of the ability to effectively manage and complete one's personal work assignments – Personal Time Management
- Evaluates the work effort and assigns priorities
- Sets achievable personal goals and objectives

Organization and Co-ordination

- Is proactive in the resolution of conflicting priorities through the development of alternatives
- Seeks out and recommends opportunities to improve service delivery in area

Administration

- Demonstration of the ability to get the “paper work” done in a timely and accurate fashion
- Internal and external correspondence, budget creation and monitoring, data files creation and maintenance, timely generation and distribution of meaningful reports (periodic and one-off), completion of required documentation to ensure adequate paper trail

Candidate Assessment Components

Evaluation of Applications

Preliminary Interview

Written Assignment/Oral Presentation

Candidate Assessment Components

Comprehensive Interview/Compilation &
Analysis of Evaluation Scoring

Practical Assignment/Skills Assessment

Reference Checking

Candidate Assessment Components

Supplementary Specialized Testing

Consolidation of Results &
Presentation of Job Offer

Importance of Employment Contracts

- An employment contract protects both the organization and the individual.
- Can reduce a costly termination process should the incumbent not work out.
- Outlines the expectations and responsibilities of the individual and the organization.

Update on Labour Law and Human Resources

What's new in 2015 and moving forward?

Bill 21 – Leaves to Help Families

Amendments to the *Employment
Standards Act*

Bill 21 – Leaves to Help Families

- The bill, which came into force October 29, 2014, amended the *Employment Standards Act, 2000* to create three new job-protected leaves:
 - Family Caregiver Leave
 - Critically ill Child Care Leave
 - Crime-Related Child Death or Disappearance Leave

Family Caregiver Leave

- Up to 8 weeks of unpaid, job-protected leave for employees to provide care or support to a family member with a serious medical condition.
- Care includes, but not limited to:
 - Providing psychological or emotional support
 - Arranging for care by a third-party provider
 - Directly providing or participating in the care of the family member

Family Caregiver Leave

- “Family Member” includes:
 - Employees spouse (including same-sex spouse)
 - Parent, step-parent or foster parent of the employee or employee’s spouse
 - Child, step-child or foster child of the employee or employee’s spouse

Family Caregiver Leave

- Grand parent or step-grandparent of the employee or employee's spouse
- Spouse of a child of the employee
- Brother or sister of the employee
- A relative of the employee who is dependant on the employee for care or assistance

Family Caregiver Leave

- All employees, whether full time, part time or term contract who are covered by the *ESA* may be entitled to family caregiver leave.
- Differs from Family Medical Leave in that the employee may be eligible even if the family member does not have a significant risk of death occurring within a period of 26 weeks.

Critically ill Child Leave

- Up to 37 weeks of unpaid, job-protected leave to provide care to a critically ill child.
- “critically ill child” means a child whose baseline state of health has significantly changed and whose life is at risk as a result of an illness or injury. It does not include chronic conditions.

Critically ill Child Leave

- “child” means a child, step-child, foster child or child who is under the legal guardianship, and who is under the age of 18.
- All employees who have been employed by their employer for **at least six consecutive months** and who are covered by the *ESA* may be entitled to leave, whether they are full time, part time permanent or term contract.

Crime-Related Child Death or Disappearance Leave

- Provides up to 104 weeks of unpaid, job-protected leave of absence with respect to the crime-related death of a child and up to 52 weeks leave with respect to the crime-related disappearance of a child.
- “child” means a child, step-child or foster child who is under 18 years of age.

Crime-Related Child Death or Disappearance Leave

- All employees who have been employed by their employer for **at least six consecutive months** and who are covered by the *ESA* may be entitled to leave, whether they are full time, part time permanent or term contract.
- An employee is not entitled to this leave if the employee is charged with the crime or if it is probable, considering the circumstances, that the child was a party to the crime.

Update to the *Occupational Health & Safety Act*

Update to the *OHSA*

- Until just recently, if an unpaid student or intern was injured in the workplace, the Ministry of Labour could not charge the employer for failing to protect the student from injury under the *ESA* – because they were not “workers”

- Effective November 20, 2014 the *OHSA* updates the definition of “worker” as any of the following:
 1. A person who performs work or supplies for monetary compensation.
 2. A secondary school student who performs work or supplies for no monetary compensation under a work experience program authorized by the school board that operates the school in which the student is enrolled.

3. A person who performs work or supplies for no monetary compensation under a program approved by a college of applied arts and technology, university or other post-secondary institution.

4. Any unpaid trainees who are not employees for the purposes of the *Employment Standards Act*, because they meet certain conditions.

5. Such other persons as may be prescribed (by a regulation made under the *OHSA*) who perform work or supply services to an employer for no monetary compensation.
- **Note:** the Ministry of Labour indicates that volunteers are not covered by this new definition of worker. Section 5 above leaves open the possibility that the Ministry may, in the future, provide regulation prescribing other types of unpaid work.

*Phanlouvang v. Northfield Metal
Products (1994) Ltd. and John Bailey*

Wrongful Dismissal

- Plaintiff Phanlouvong and Defendant Bailey were labour/assemblers at Northfield's manufacturing facility in Waterloo.
- Long standing tension between the Plaintiff and Defendant
- During a physical altercation between the two men, Phanlouvong punched the Defendant in the face

- Phanlouvong was sent home and told to call his manager in the afternoon. When he called later in the day, he told his side of the story, including that the Defendant had elbowed him first and that he was scared and needed to defend himself.

- The Manager then indicated he had interviewed the witnesses and discussed the findings with the management team and they had agreed to terminate employment as a result of Phanlouvong's actions. (there was no evidence that the Manager met with any other members of the management team after the witness interviews)

- Mr. Phanlouvong, a 16 year employee, was terminated as a result.
- In his wrongful dismissal case, the Court concluded the employer had failed to consider Phanlouvong's unblemished work record or whether a lesser form of discipline would be sufficient. The employer had "rushed to judgment" based on the co-worker's version of the events.

- Phanlouvong was awarded 15 months' pay in lieu of notice for the wrongful dismissal

Termination Due to Off-Duty Conduct

Termination Due to Off-Duty Conduct

- *City of Toronto (Toronto Fire Services) v. Matt Bowman*
- *City of Toronto (Toronto Fire Services) v. Lawaun Edwards*
- Hydro Ottawa & Shawn Simoes

Toronto Fire Services

- In 2012, Toronto Fire Services (TFS) detailed its plan to recruit more women and members of visible minorities.
- It was discovered that two male firefighters of the Toronto Fire Services made comments on their personal twitter accounts that were disparaging towards women.

- Bowman’s tweets included: “Reject a woman and she will never let it go. One of the many defects of their kind. Also weak arms.” and “I’d never let a woman kick my ass. If she tried I’d be like HEY! You get your bitch ass back in the kitchen and make me some pie”
- Edwards’ comments suggested giving a woman a “swat in the back of the head” to “reset the brain”, were in response to another individuals original tweet

Toronto Fire Services

- The TFS investigated the off-duty conduct of the two firefighters and found that their posts on Twitter were harmful to the TFS's reputation and in violation of city policy. As a consequence, both firefighters were dismissed.
- Both firefighters challenged their dismissal before different arbitrators with different results.

Toronto Fire Services

- In the termination of Edwards, while arbitrator Gail Misra found that Edwards had identified himself as a TFS employee, was aware of the city's policies, and that the comment was inappropriate, she viewed it as a "one time event" and not an attempt to challenge the TFS's efforts to hire more female firefighters. She substituted a 3-day suspension for the termination.

Toronto Fire Services

- In the termination of Bowman, Arbitrator Elaine Newman upheld the discharge. Along with the tweets that were disparaging to women, upon the TFS's investigation they found other tweets made by Bowman that were disparaging to the disabled and minorities. Newman found Bowman's tweets violated a number of TFS and City policies and caused actual damage to the reputation of the TFS.

Millhaven Fibres Ltd. V. Oil, Chemical & Atomic Workers Int'l Union

Seminal case addressing discipline of an employee for off-duty conduct, and establishes the following test:

- 1.** The conduct of the grievor harms the Company's reputation or product;
- 2.** The grievor's behavior renders the employee unable to perform his duties satisfactorily;

Millhaven Fibres Ltd. V. Oil, Chemical & Atomic Workers Int'l Union

3. The grievor's behaviour leads to refusal, reluctance or inability of other employees to work with him;
4. The grievor has been guilty of a serious breach of the Criminal Code and thus rendering his conduct injurious to the general reputation of the Company and its employees;

***Millhaven Fibres Ltd. V. Oil, Chemical &
Atomic Workers Int'l Union***

5. The conduct makes it difficult for the Company to properly carrying out its functions of efficiently managing its works and directing its work force.

Hydro One – Shawn Simoes

- Shawn Simoes, a Hydro One employee, was one of a number of men who were heckling a local television news reporter at the Toronto FC home opener.
- After the obscenity had been yelled at the reporter, she then interviewed several men on camera, including Simoes, who told her he thought it was “F__king hilarious”.

Hydro One – Shawn Simoes

- Simoes was not the one who yelled the phrase, nor was he representing himself to be an employee of Hydro One at the time – his link to Hydro One was first exposed on social media and news reports after the incident was broadcast.
- Hydro One terminated Simoes' employment for his off-duty conduct which they say contravenes the Employer's Code of Conduct and their Core Values.

Hydro One – Shawn Simoes

QUIZ

If Simoes challenges his termination, what do you think the outcome would be? Why?