

# Virginia Housing Development Authority Succession Management Program

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*VHDA management is widely respected for its expertise in the affordable housing industry. The VHDA Board of Commissioners strongly supports its innovative approach to succession management and development of talent.  
Yvonne Allmond, Senior Vice President of Towne Bank and VHDA Board Member*

## **Brief Description**

Approximately 80 associates meet VHDA's retiree healthcare minimum standard, including half of the executive team, making them eligible for retirement. Coupled with over 50% of associates aged 50 or older, VHDA anticipates a steady stream of retirements starting in approximately two years and spanning the next decade. To mitigate any negative effects of retirements on the authority's ability to conduct business, VHDA developed an innovative Succession Management Program focused on long-term talent development. The authority continually analyzes current and future staffing needs and conducts a gap analysis to develop action plans to address issues. VHDA's goal is to create the largest qualified and diverse pool of possible candidates for each position.

## **Why/When It was Undertaken**

Several years ago, senior management recognized the importance of focusing on position replacements, whether near-term or down the road. VHDA developed a policy (attached) outlining the framework for succession management and keeps the Board of Commissioners abreast of the authority's succession management efforts. Historically, VHDA had taken a case-by-case approach to replacement of positions, based on current and projected business needs. After carefully monitoring demographic data, the authority began to focus more on workforce planning to include preparing for impending retirements based on age and years of service. The Executive Director set the tone early on by making succession management an organizational priority in our strategic plan and leading the dialogue at the executive level.

## **What it has accomplished**

The Succession Management Program has six components that make it work well for VHDA:

### Creation of Organizational Development and Learning Division (OD&L)

An initial step was a new division focusing on professional development, succession management, change management and employee engagement. The division was created as an outgrowth from the Human Resources Division and the units work together to address VHDA's current and future workforce needs. Both division leaders are part of the authority's executive team.

### A Succession Planning Model

VHDA's philosophy to succession management includes replacement planning. The HR and OD&L Division leaders proactively met with key individuals to identify short-term and long-term replacement needs, and to determine plans for capturing institutional knowledge. This work has resulted in a comprehensive approach to professional development. On-the-job training and blended learning (on-line classes, classroom instruction, lunch-n-learn workshops, networking groups, action learning opportunities and customized mentoring and coaching) have been developed to provide learning opportunities for future VHDA management and leadership. VHDA's succession management toolkit provides tips, FAQ's, and guidance on succession planning.

### Advance Notification Retirement Program

Within the past year, VHDA added a new component to its Succession Management Program. Associates who meet certain job level and tenure criteria are incented to provide advance notice of retirement within stated guidelines. This component provides for financial incentives to associates submitting notification of retirement up to 12 months ahead of their intended retirement dates. The program allows a one-time change prior to six months of the departure date. This enables the authority to have ample time to assess work performed and plan for future staffing needs, as well as captures the associate's institutional knowledge that would be lost with a limited notification window.

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## Leadership Development Program

The Leadership Development Program offers professional developmental opportunities which focus on four key areas: leadership, management, technology and business acumen. A “class” of associates is chosen by application and management recommendation and must commit to the 9 month program. The program is geared to develop a pool of associates who can readily compete for positions that are vacated over the next few years. Attendees receive an in-depth view of VHDA and affordable housing issues, attend workshops, participate in case studies and complete project work. Participants are also expected to help with VHDA-sponsored volunteer efforts and interact with the Board and various Advisory Groups.

## Change Management

Succession management also incorporates change management principles to ensure a focus on communication, learning and rewards. Teams have access to group and individual assessments, discussion tools, exercises, and internal consultants to facilitate managing change. By providing associates with information and tools to manage change, the authority can plan for and handle change rather than just react to it, resulting in greater success. Formal change management workshops have been provided across the organization to managers and associates. Workshop discussions include current and future issues facing VHDA and exploration on how the authority can address them as management and leadership changes.

## Career Essentials Program

VHDA’s internship program provides an opportunity for area college students to apply their academic learnings in a work environment. Interns learn about the affordable housing field while assisting with special projects that align with their area of study. The program supports succession management as numerous interns have been hired into entry-level positions after completing the program. This builds VHDA’s bench strength for the future.

## **Why It is Meritorious and Meets NCSHA Award Judging Criteria**

### Innovative

VHDA used a hybrid approach to succession management by integrating replacement forecasting, advance notification of retirement, professional development and retirement planning. Replacement forecasting focuses on key roles and anticipated future needs, while advance notification of retirement provides an opportunity for recruitment and transfer of institutional knowledge. Professional development is offered by OD&L through targeted training as well as open enrollment for associates with professional development goals. In addition, the authority regularly holds workshops on financial and retirement planning, and VHDA’s policies and practices, to assist associates in making the best decisions for themselves and their families. Interns are exposed to VHDA and have an opportunity to determine if the affordable housing field is right for them.

### Replicable

Data was collected from a series of interviews with senior leadership and their direct reports who were nearing retirement ages. VHDA quickly learned that one size does not fit all, and began to continually customize its approach to succession management based on best practices, business needs and available resources. Through data collection and the wealth of information readily available through the Internet, books and association sites (e.g., Society for Human Resource Management) any HFA can create a succession management plan that works for them.

### Responds to a management challenge or opportunity

With more than half of VHDA associates aged 50 or older, a strong and well-managed focus on how to plan for the replacement of positions and long-term development of staff is paramount. VHDA’s Succession Management Program enables us to be better prepared to identify areas of concern, provide interventions and plan for smooth

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transitions. Program development also provides an opportunity for understanding VHDA's bench strength for filling current and upcoming vacancies, as well as responding to fast changing industry needs.

### Achieves measurable improvements in agency operations

Because talent has already been identified and is prepared for increased responsibility, workflow and job disruptions are minimized, resulting in less time and expense to fill vacancies. Also, VHDA is able to counterbalance future loss of talent by retooling an anticipated third of the authority through the Leadership Development Program. Professional development is aligned with VHDA's strategic objectives and the authority is prepared to deal with sudden, catastrophic losses of talent in key and critical positions. Change management is integrated into business practices to facilitate transitions and minimize productivity loss.

### Provides benefits that outweigh costs

Other than the cost for some of the professional development activities (e.g., external training classes for targeted associates), expenses have been minimal and are absorbed by internal staff.

### Demonstrates effective use of resources

Internal resources already in place were used to develop the business case, roadmap, FAQs and other tools. Decision making is made at the executive level with input from associates. Associate data is gathered bi-annually through interviews and other means. Prior to making the program operational, an executive-level team (representing HR, OD&L and business unit leaders) identified key, critical positions and general areas of focus. An Organizational Change Management (OCM) team, made up of a cross-section of associates from the organization with various roles and responsibilities, was created to focus on change management needs across the authority. Charged with communication, learning and reward responsibilities, the OCM Team has been an integral part of creating and delivering targeted change-related training and communications as they relate to succession management.

### Achieves strategic objectives

This program is directly tied to an objective in the authority's strategic plan stating "VHDA will manage human resource needs by drawing on existing staff resources in a manner that balances changing needs with fiscal responsibility." Over the past few years, VHDA has leveraged existing resources by retooling associates, creating new areas of focus based on changing business needs, and redeploying staff to areas that need additional support.

## **Conclusion**

VHDA's comprehensive approach to succession management has allowed the authority to proactively assess workforce staffing and professional development for current and future needs. Offering the advance notification element of the program gives retiring associates an opportunity to prepare for retirement, as well as assists the authority in recruitment and knowledge transfer. This results in limited impacts on ongoing operations within the business. The inclusive approach enables associates with diverse knowledge, skills and abilities to move into areas of work that best suit the authority's needs and meets individual professional goals. Ongoing development opportunities prepare associates for future roles within the authority. Having hands-on involvement and support by the Executive Director and senior leadership results in a unique, cohesive Succession Management Program that works well for the Virginia Housing Development Authority.

## **Attachments**

Succession Planning Policy  
April 2011 Board Presentation



## Personnel Policies and Procedures **215: Succession Planning**

Effective Date: 7/1/2007

Revised: 10/22/09

### **Introduction**

This policy is to provide an overview of the succession planning program at VHDA. The purpose of the succession planning program is to ensure a ready supply of internal candidates to supplement the recruitment of key, critical positions. VHDA is fully committed to equal employment opportunity for all candidates as outlined in Human Resources Personnel Policies and Procedures.

### **Policy/Guidelines**

This policy is intended to develop internal candidates who will be qualified for promotion to key, critical positions. However, this policy should not be construed to require that vacant positions be filled by internal candidates, since the Authority may seek and hire external candidates for such positions, when appropriate.

### **Eligibility**

This policy applies to all full- and part-time associates.

### **Responsibility**

Individual associates may have more than one role based on job function. The following is an overview of roles and related responsibilities.

**Board of Commissioners** Ensure that VHDA has a succession planning program.

**Executive Director (Program Sponsor)** Ensure that there is a pipeline of developing, qualified and diverse candidates for key, critical positions. Provide program direction.

**Leadership Team** Ensure that there is a pipeline of developing, qualified and diverse candidates for key, critical positions. Accountable for adhering to program policies and procedures. Provide organizational leadership and direction in area of responsibility.

**Chief Learning Officer** Provide direction, guidance and leadership of the program by establishing the process, policies and procedures. Accountable for organizational development and learning opportunities.



Personnel Policies and Procedures  
**215: Succession Planning**

Effective Date: 7/1/2007

Revised: 10/22/09

- Human Resources Director      Ensure alignment and compliance with Human Resources Personnel Policies and Procedures, developmental objectives for each associate and provide demographic data as needed.
- Managers/Supervisors      Adhere to program policies and procedures to include full and active participation. Ensure that each staff member has developmental objective(s).
- Individual Associates      Responsibility for self development and taking advantage of organizational opportunities to build knowledge, skills and abilities.

Succession Planning is a strategic priority under Goal #3 (Strengthen VHDA’s ability to provide affordable housing). This policy is available to all associates through the Intranet. It will be reviewed bi-annually and updated as needed.

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Chief Learning Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

# VHDA's Succession Management Program

Board Retreat Discussion

April 5, 2011



Virginia Housing Development Authority

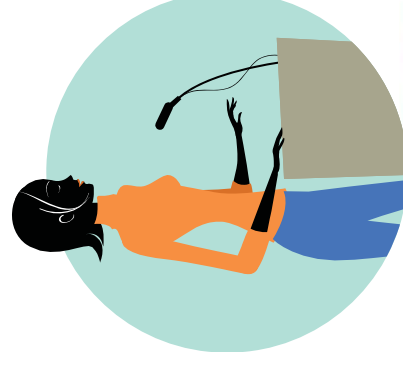


# Overview

- Today's discussion is intended to provide an overview of VHDA's approach to Succession Management (SM)
- The Leadership Team is aware of the critical nature of this issue and it is a priority
- This presentation is in a discussion format
- Due to sensitive nature of the discussion, only the Leadership Team is in attendance
- Barbara and Tammy work closely together on SM and will guide the discussion

# What is Succession Management (SM)?

- **The purpose of SM is to:**
  - Match current talent with future need
  - Meet strategic and operational goals and objectives
  - Provide a foundational tool for organizational learning



***We want to put the right associates, in the right positions, at the right time.***



# Considerations

- There are a number of issues we consider in implementing SM, such as:

- » Federal and state laws/guidelines
- » Recruitment practices
- » Diversity – Inclusion
- » VHDA’s culture and the morale of associates



# A Look Back

- Began focusing on SM in 2007
- Written policy
- Identified key, critical positions
- We handled each recruitment on a case by case basis as determined by business needs

# Data Collection

- Collect data through interviews and ongoing discussions
- Two consistent takeaways:
  1. Associates want to give advance notice and help shape their exit strategy
  2. Age, years of service and personal savings are not the only drivers determining retirement

# Current State

- For the past two years, we have been moving staff where needed and this will continue
- We presented upcoming staffing needs at the December Meeting
- Simultaneously, we are focusing on where we need future skill sets throughout VHDA

# Retirement Benefits

- Access to a Defined Contribution Plan enabling associates to save for retirement (This is not a defined benefit plan.)
- Access to a Retiree Healthcare Plan
- Educational opportunities through participation in ongoing workshops

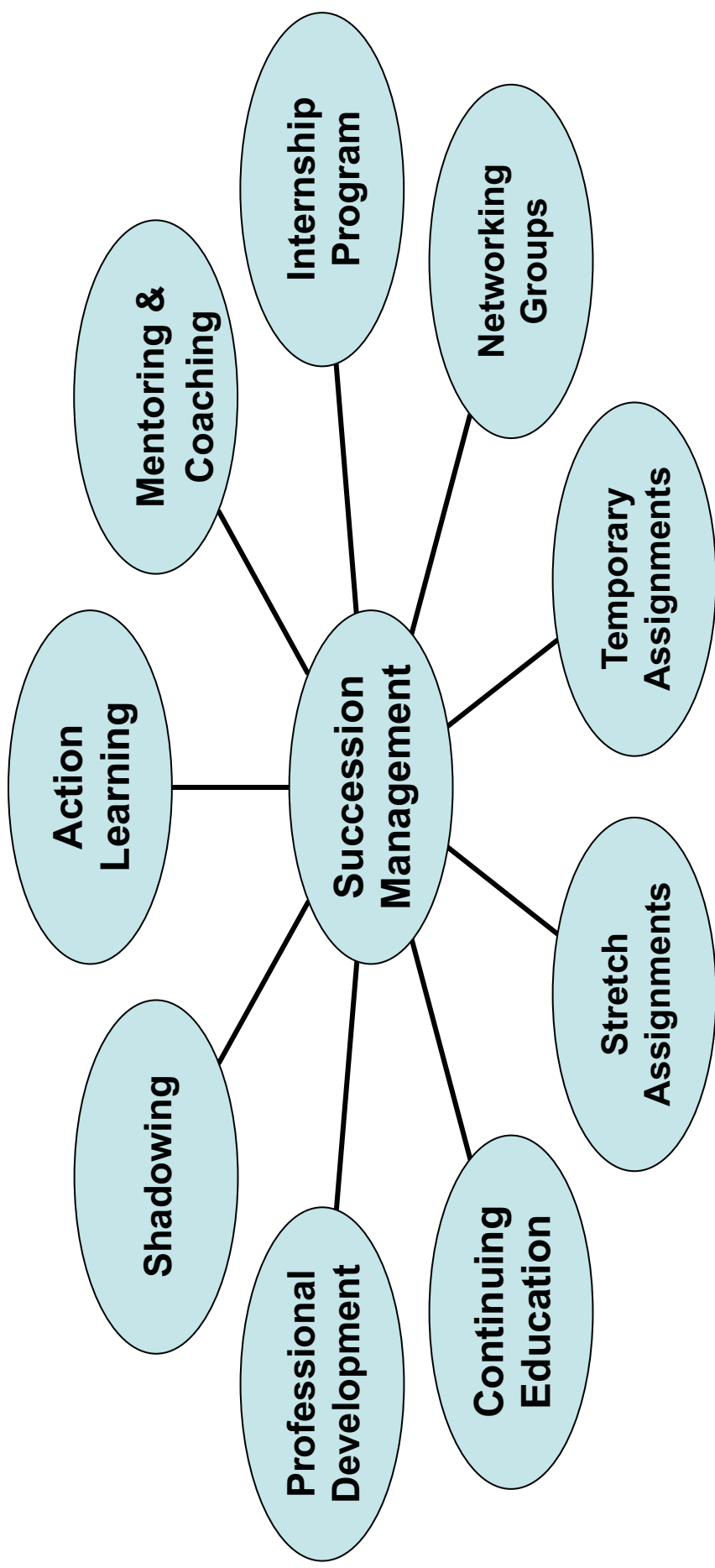
# Demographics

- We have approximately 300 associates – 50% are age 50 or older
- The average age is 49
- The average length of service is 12 years
- Overview of age breakdown
  - 17 (64+)
  - 37 (60-63)
  - 41 (55-59)
  - 59 (50-54)
- Pockets of concern [review organizational charts]

# Advance Notification Retirement Program

- Purpose - to facilitate associates providing VHDA with advance notice
- Benefit - enables VHDA to plan for retirements particularly in areas of concern and/or for key, critical positions
- Primary Condition – associates must provide one year’s advance notice and lock in 6 months in advance

# Desired State





# Summary

- We are at a point where the need for succession management is approaching a critical state
- We believe VHDA is 2-3 years out from the first wave of retirements (some of those are key, critical positions)
- Both, the professional development of hi-potential staff and replacement of retiring staff will likely impact current and future budgeting
- Following the Board Retreat, we will begin implementation of the Advance Notification Retirement Program



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