

# LEADERSHIP GAP The Future of Transit



**O**ver the next decade, many top executives in the transit industry will be retiring or taking their experience and skills into other fields such as teaching or consulting.

Their departures will leave a leadership gap at transit properties the likes of which we have not seen in more than a generation. There will be a critical need for leaders who can tackle the broadening challenges facing the industry.

These leaders not only need the technical skills to lead transit properties but also the ability to guide their organizations into a future with an ever-changing landscape.

With ridership surging, transit systems are poised to expand their influence in the larger transportation scheme. However, demographics suggest that many top executives will be retiring in the next 10 years. Will their replacements be ready for the challenge?

**By Steve Hirano, Editor**

Let's take a look at the age demographics of transit leaders and how this could impact the industry in the next decade.

According to last year's General Manager Survey (see Sept/Oct 2006, pgs. 35-44), the average age of a transit general manager is 51.3 years. Nearly two-fifths (37.9%) of the survey respondents reported their age as 56 or older.

On the other end of the age ruler, only 22.4% of the respondents reported their age as 45 or younger.

More to the point, these older and more experienced transit executives are part of the post-World War II baby boom generation (usually defined as those born between 1946 and 1964), the oldest of which

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- Does your transit system have a succession plan in place?
- If you were to retire in two weeks, would your system be prepared to fill your spot without a significant drop-off?
- Has the transit industry done enough to attract top-flight managerial candidates to help fill the ranks of the retired?

## Retirements on the rise

Although we can only speculate about the retirement rate of top transit executives over the next five to 10 years, the consensus is that we will be seeing higher numbers of leaders leaving the industry.

"Yes, that is true and I will be one of them," says **Jeff O'Keefe**, transit manager for the **City of Santa Clarita**, Calif. He cited the aging generation of baby boomers and a projected labor shortage over the next five to 20 years.

"The impact on the government workforce will be significant," O'Keefe says, explaining that half of the country's 20.6 million government workers are 45 or older, compared with only 31% of private-sector employees. "Government jobs tend to require more training and skills than private-sector jobs," he adds.

**Steve Cunningham**, general manager of **Culver CityBus** in suburban Los Angeles, agrees that the industry is facing a potential landslide of re-

tirements. "There is certainly a large number of people in the industry within reach of retirement," he says. "It seems as if many of us are close in age — baby boomers — and that there will be a generational shift within a few years."

**John Hubbell**, general manager of transportation for the **City of Calgary**, Alberta, says his agency is already seeing this trend. "We are experiencing greater numbers of retirements now," he says, "and this is projected to continue over the next five to eight years."

**Mark Pangborn**, general manager of **Lane Transit District** in Eugene, Ore., says several of his top managers are baby boomers and will be retiring in the next decade. "We are developing programs to accelerate training and mentoring to have some people in place to take over when retirements occur," he says. "But we are a long ways from having something that we know meets our needs."

"The bulge in the number of retirements is coming," warns **Jeanne Krieg**, CEO of **Eastern Contra Costa County Transit Authority** (Tri Delta Transit) in Antioch, Calif.

Meanwhile, **Lynne Griffith**, CEO of **Pierce Transit** in Lakewood, Wash., frames her answer slightly differently, but still with the same effect. "There will be a tremendous loss of institutional knowledge in the next five to 10 years," she says.

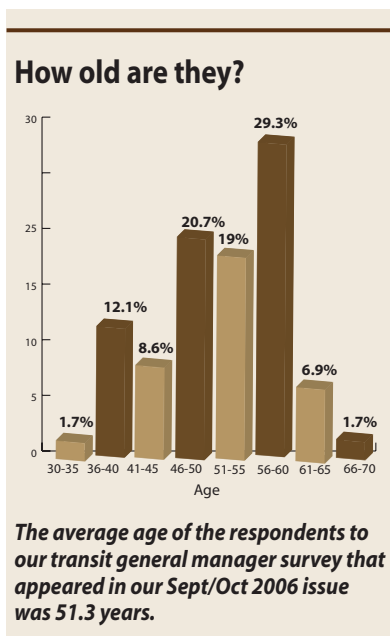
turned 60 last year and is already leading that generation into retirement.

According to the U.S. Census Bureau, the baby boomers represent about one-quarter of the overall population, with 78.2 million in their ranks. Their retirement in the coming years is going to make a huge dent in the workforce, and transit will be no exception.

To get a better perspective of this impending leadership gap, we interviewed general managers from transit systems in North America and asked for their insights on this issue.

They were asked four questions:

- Do you believe that the transit industry is facing an acceleration of retirements in the next five to 10 years?



## Succession plans in place?

General agreement about the loss of experienced transit directors doesn't help solve the problem, however. It's clear that transit systems that have already implemented a succession plan will be better prepared for the departure of top executives. But that doesn't mean all of them have such plans.

Griffith says Pierce Transit does not yet have a succession plan, but has been keeping tabs on the development of succession plan approaches in the industry and the region.

**Peter Varga**, CEO of **The Rapid** in Grand Rapids, Mich., finds himself in a similar situation. "We are developing [a succession plan] and would like to have access to other plans," he says.

Hubbell says Calgary's transit system not only has a succession plan installed but has identified potential candidates for critical positions. In fact, Hubbell recently was promoted from transit director to general manager, and one of the identified succession candidates was promoted into the position he vacated. "Good planning seems to have worked in this case," he says.

Krieg says Tri Delta Transit also has a succession plan in place that addresses retirements and resignations, as well as unplanned temporary vacancies due to illness or injury.

### An immediate drop-off?

Should the chief executive decide to leave the organization, transit agencies that have a succession plan in place will likely not suffer as many ill effects as those that don't. But few transit executives believe that their departure would result in a steep drop-off. That may be a result of their modesty more than anything else.

**Larry Salci**, president and CEO of the **Bi-State Development Agency** in St. Louis, says two senior managers are being groomed for his position as part of a five-year succession plan installed

in 2003, but still require a few more years of seasoning. "One of the two potential future candidates might be able to step in and manage the agency today," he says, "but not without a lot of support from the Board of Commissioners and a recognition of additional time to develop strengths in areas of inexperience."

Likewise, O'Keefe believes that the City of Santa Clarita would fare adequately after he leaves. "However, the wealth of knowledge and skills that current transit leaders have is remarkable and, in many respects, will be irreplaceable," he says.

Cunningham is confident his eventual departure will not cause any transit tumult in Culver City. "We have a highly talented team in place," he says. "My role is to get out of their way and let them do their jobs. In that manner, I hope to give them the tools to be confident and able to make decisions. If I left tomorrow, they would be ready to keep everything moving forward."

### Infusing new blood

**Larry Jackson**, president and CEO of **Long Beach Transit** in California, has been with the agency for more than 30 years and has seen many talented managers leave his agency for top positions at other agencies — which he finds satisfying. That's because he believes in creating a corporate culture that encourages the development of "rising stars."

"Our organization allows risk and lets people make mistakes," Jackson says. "We look for people who want to take on new challenges and opportunities."

Jackson believes this culture encourages the development of the best and brightest prospects. He also provides his supervisors with management training through a consulting firm that he's been working with for more than 20 years. This consistency in training has helped to align the organization and help managers understand their leadership styles and improve their management strategies.

In Santa Clarita, a mentoring program implemented by the city in 2002 has provided employees with growth

## APTA programs help fill the leadership gap

**A**PTA has nurtured the development of transit leaders through its Leadership APTA program and its Transit Hall of Fame Scholarship Awards Program, sponsored by the **American Public Transportation Foundation** (APTF).

The Leadership APTA program was developed 10 years ago by **Les White**, general manager of **Santa Cruz** (Calif.) **Metropolitan Transit District** and past APTA chair. He recognized that the transit industry would face a crisis in leadership at some point.

"This program has done a great deal to develop the next generation of transit leaders," says **Jeff O'Keefe**, transit manager for the City of Santa Clarita, Calif. He participated in the inaugural Leadership APTA class.

For the past decade, 25 individuals have been selected annually to go through the year-long program. They participate in specialized workshops, class leadership projects, teleconferences, online events and APTA conferences.

The goal is for participants, who go through a rigorous screening process, to develop and refine the skills they need to become the next generation of industry leaders, both on the public agency and supplier side.

The class of 2006 presented its leadership projects last October during APTA's annual meeting in San Jose, Calif. Team members spent about six months working on their respective projects, which included interviews with transit leaders from across the U.S.

The topics they covered included "Leading Transit Systems Into the Future," "Leading Through Disasters and Recovery," "Leading in Both Good Times and Bad Times," "Leading When Facing a Local Transit Ballot Initiative" and "Leadership From a Global Perspective."

For more information about the program, contact APTA's **Joseph Niegowski** at (202) 496-4870 or [jniegoski@apta.com](mailto:jniegoski@apta.com).

While Leadership APTA grooms professionals already working in the transit field, the APTF scholarship program provides college students in public transportation industry-related fields of study with tuition assistance as well as an internship in the transit field or a supplemental education program.

Each spring, seven students are chosen to receive scholarships of at least \$2,500, depending on the availability of funding.

For more information about this scholarship program, visit [www.apta.com](http://www.apta.com) and click on "Services & Programs" and then on "Human Resources."

and leadership development opportunities. "The city recognized how important it is to prepare the next generation of leaders," O'Keefe says. "The positive impact it has had on staff has been tremendous." He says the mentoring program has garnered awards and served as a model for other cities in California.

Varga also believes that mentoring programs could help prepare people to step into leadership roles. He says the industry already has a "wealth of top-flight candidates moving up," but agrees that more should be done. "I think APTA should look into creating a national portable pension plan to encourage others to look for leadership," he says. "It has been my experience that most jobs have a dearth of good candidates."

Krieg believes the industry has been effective in developing new leaders through Leadership APTA [see sidebar on pg. 30] and programs offered by the **National Transit Institute**. "The

current method of cannibalizing from other agencies will continue to work as long as training and development continues at the entry-level managerial level," she says.

Krieg warned, however, that bringing non-transit professionals into top managerial positions will be difficult "because of the disparity in pay and benefits packages between private and public industry."

### **Transit as a career choice**

Many transit leaders say more still needs to be done to attract talented young people into the industry.

"I think people fall into this industry; they don't choose it as a career," says Griffith of Pierce Transit. "We need to find ways to elevate the profile of transit as a career choice at job fairs and in college environments."

Cunningham agrees. He says Culver CityBus has benefited from programs such as Leadership APTA, the APTF scholarships and an internship pro-

gram with UCLA, but "we may need to do more to make transportation 'sexy' or attractive to some of the creative young minds out there."

Beyond the image problem, Salci of the Bi-State Development Agency believes the transit industry has been hurt in its recruiting of top college graduates by the financial instability of many properties, as well as the executive pay structures, "although that has greatly improved over the past decade," he says.

O'Keefe adds that a greater effort needs to be made to retain current leaders. "I'm not exactly sure what has caused the exodus of many highly skilled and dedicated transit professionals, but there does appear to have been a large exodus of these leaders to the private sector or other industries," he says. "A healthy dialogue on those things that push leaders away from the industry should begin so that fundamental change can take place to address why folks leave." **M**