Creating value in government through human capital management—Integrating workforce-planning approaches

An organization’s people define its culture, drive its performance and embody its knowledge base. People are the ultimate drivers of success in any organization—and yet, current government workforce-planning approaches are often lacking. Recruitment practices attend to exigent needs and do not align with training strategies. Career management programs are not effective. Employee retention often focuses more on compensation issues than education and flexible work arrangements. Departing employees take with them valuable knowledge. And lessons learned are not regularly captured or integrated into decision-making. This workforce-planning environment produces fragmented practices that hinder the ability for governments to achieve optimal outcomes. A new workforce-planning approach is needed—an approach that strives to ensure that employees have the right information at the right time to make the right decisions.

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Human capital challenges
First time investors are entering the market at a staggering rate. Employee stock purchase plans, tax deferred plans, education funds and concerns over social security, combined with the bull market of the early nineties, made the stock market a preferred choice for employee savings. The increasingly global market, rapid pace of technological innovation, new participants and new financial products have transformed business. Online trading empowers individual investors, who now have the information at their fingertips to make decisions. However, with the events of September 11th, major bankruptcies in industries ranging from airlines to telecommunications, and indictments of once well-respected firms and CEOs, have shattered market confidence. Investors are looking to the government to address fraud and renew the trust customers once had in capital markets.

The following scenario is modeled after issues recently reported in the United States Security and Exchange Commission’s concerns with management’s lack of attention to human capital management. The government commission on security exchange is facing high attrition. Turnover rates average 15 percent. Approximately 300 positions have remained unfilled since 2001. The agency is now concerned that it is not adequately staffed to monitor private-sector companies. Attraction and retention strategies offer pay and advancement opportunities that are significantly lower than employees with similar skills can garner in the private sector. Education opportunities are nonexistent. There are strong concerns that top performers – those with the greatest institutional knowledge on capital markets – will leave for positions in the private sector. In response, human capital management (HCM) goals have been added to the business plan. HCM defines people as assets and seeks to optimize the productivity of those assets through proactive approaches to attracting, developing, retaining and leveraging the knowledge of the workforce. However, the approach does not include an integrated, strategic plan of action to attract, develop and retain people and knowledge. In light of these circumstances, average tenure at the agency continues to decrease – as low as 1.9 years for some positions. Unfortunately, to date, the agency has no real plans to elevate the HCM process to decision-making discussions held by senior management. As a result, the agency is dealing with day-to-day issues and mission-critical events using modest staff and limited resources.
As this example illustrates, poor government recruitment, weak employee-development programs, pervasive loss of knowledge and high attrition rates erode the ability for agencies to perform their missions economically, efficiently and effectively. These problems are not new. Current HCM efforts have begun to address these issues through a variety of programs. Department leaders are beginning to ask their employees what they need—not assuming their needs for them. Performance evaluations better align employee goals and organizational results. Joint processes for hiring and bringing onboard employees present a smoother transition to employment. Communities of interests help employees share methods and success stories. Targeted training programs and information-sharing tools support knowledge creation. And, in an effort to retain good people, governments are instituting retention bonuses and other incentives.

“The inability, or limited ability, to gather relevant data/information, to draw conclusions and act on those conclusions, and to expand the heretofore detrimental narrow analytical perspective is leading to a less-than-satisfactory deliverable…. Like terrorism, we've known of the potential problem, and we’ve taken certain, limited steps to address it. However, until the problem becomes the problem, it doesn’t have the level of importance on the organization’s agenda to merit full attention at the highest level.” —Federal Government HR Manager.

These practices, however, provide only limited benefits. The limitations occur because the current approaches fail to resolve three pressing issues:

- Failure to link human capital management and overall business strategies
- Unclear demonstration of the business benefits
- Fragmented strategies to attract, develop and retain people and knowledge.

The IBM Institute for Business Value recommends an approach that addresses these challenges simultaneously. The foundation begins with human capital strategies that enable employees and managers to have the right information, at the right time, to make the right decisions. Before detailing specific value-creation strategies, let's examine the current workforce-planning environment.
Workforce planning: the key to addressing human capital management?

As with any investment, an organization’s goal is to optimize the value to customers and other stakeholders, while managing the related costs and risks. Like the private sector, governments are recognizing that managing their human capital provides the linchpin to successfully implement and use investments.

Many agencies have chosen to address HCM issues through workforce planning. Workforce planning provides the roadmap for agencies to resolve people management issues in conjunction with the mission of the organization. Workforce planning consists of three processes: (1) creating the plan, (2) implementing the plan and (3) evaluating the plan.

The need for such plans is crucial. While pressing needs exist, governments have been slow to implement plans. Only 46 percent of U.S. states are developing a formal workforce plan—and 30 percent have no workforce plan.

“We are an agency of about 200 when we are fully staffed. We have run a vacancy rate of 8-10 percent. If we can find folks who are interested in working for us then we have to compete with other organizations. We have [a significant number of] people with us that are going to retire. What they are taking with them is priceless…. Helping our folks identify resource needs in connection with what our vision is has been very difficult. The administrator provides the vision to support the [planning process], but he does not help connect that vision with the plan of action. He is very strategic and not very hands on. So, this is blue-sky stuff to employees and working through the strategic planning process is difficult”. —Personnel manager, U.S. state.

The current workforce-planning environment is quite fragmented. Employee needs are not known or integrated along the lifecycle of their employment. Overlapping groups perform similar activities. A disjointed cycle continues because human capital issues are not often raised to executive levels. Research by the U.S. Government Accounting Office (GAO) on the Securities Exchange Commission found that human capital management strategies were not discussed by executive decision makers. Therefore, critical issues and strategies associated with attracting, developing and retaining people and knowledge are not discussed and planned in conjunction with business strategies. The plan should be created, implemented and then evaluated.
Creating the plan
Creating the plan involves defining recruitment, development, and people- and knowledge-retention strategies. Despite its criticality, many governments are reluctant to develop a workforce plan. Research conducted by the Institute for Business Value has identified prevailing explanations for low participation in workforce planning:

- **Need for instant gratification**—Workforce planning often focuses on long-term objectives that are considered hard to quantify. In these times of tight operational budgets, government officials need to know: “…[H]ow long would it take to get the benefit back, the ROI?”

- **Budgetary constraints**—Many government officials perceive workforce planning as a proactive measure they cannot afford. The assumption is that the risks are too costly: “We have to ask what about the dollars we are losing and how we are going to reallocate our resources?”

- **Individual negative results**—Aspects of workforce planning, such as succession planning, are difficult to do. Exit dates are often treated as confidential. Many top managers refuse to divulge such information for fear that “…you will be out of the [information] loop” or will “receive negative performance ratings.”

- **Lacking leadership support**—Creating the plan often does not receive strong support because it “doesn’t have the level of importance on the organization’s agenda to merit full attention at the highest level.” Management commitment, accountability and responsibility are absent.

These problems are evident among government departments. The U.S. Department of Housing and Urban Development has struggled for decades to provide satisfactory services to its customers. Research by the GAO found that shortages and skill gaps are exacerbated by uncertainties about what work should be done and the best mix of staff knowledge, skills and abilities to do it. It is expected that the skill gaps will worsen over the next several years because of retirement and loss of institutional knowledge. This example represents a common problem. Managing human capital by function, as opposed to business processes and services, may create unnecessary competition for resources, lead to missed opportunities to enhance customer services and result in services that miss the mark because planning did not adequately incorporate business and individual competencies across the enterprise.
Implementing the plan
Implementing the plan process consists of four areas: attraction and hiring, development of resources, retention of skilled resources, and retention of knowledge. Problems arise when initiatives are implemented independently. Further, if little attention is paid to organizational and business alignment in creating the plan, the implementation of each activity may have little impact on business benefits.

Attraction and hiring – It is no secret that governments struggle to attract and hire skilled, talented workers. Hiring difficulties have transformed the employee landscape. Approximately seven percent of government employees are between the ages 20 - 24. The private sector has more than double that percentage. Low pay is the most frequently cited reason for poor recruitment and hiring. This reason has merit. Governments often lose out in the war for talent to the private sector because of salary differences, which can average about 15 percent higher for information technology (IT) managers in the private sector. However, potential employees may decide not to work in government positions for other important reasons, such as:

In search of a challenge – Individual goals and government positions are often mismatched. Employees are looking to make a real impact on the business with highly visible career-development opportunities.

Restrictive regulations – Government positions are often classified narrowly, which limits exposure to new areas. Because governments do not organize services and business processes across the enterprise, they do not collaborate to sell the diverse opportunities across government departments. This approach limits employment options and creates roadblocks to serving customers. In addition, regulations that enable departments to hold open positions to preserve their budgets require examination. Full-time jobs should not serve as budget placeholders.

“Attracting and hiring is a major challenge. The first challenge is breaking out of posting a position without recruiting. We create a posting when someone needs a position filled without doing recruiting, figuring out their needs, reasons for job posting and what they are really looking for”. Director, State Department of Transportation.
Looking for quick processes and effective integration into the organization—Potential employees can currently expect recruitment processes that may be as long as some individuals’ tenure in government. Recruiting and on-board processes should be quick and efficient. Further, the orientation process must facilitate the employee’s ability to do the job and work with the community involved in a particular government service. New employees must feel that they are a part of a team.

Development of resources—Organizational effectiveness depends on employee development. However, many organizations do not proactively provide long-term skill development opportunities. Existing efforts focus on basic computer and administrative skills. Very little development is strategically aligned to services and business processes.

Soft skills—Intangible capabilities such as communications, quality management and customer service are now viewed as mission-critical. Development of soft skills is the first to be eliminated when budgets require tightening. The result is a poor perception by management of the ability of their staff to carry out their missions. To date, only a little more than half of managers feel that their staffs possess the knowledge and skills to carry out their departments’ mission. The goal has been to increase this perception to 70 percent. The struggle continues.

Retention of skilled resources—The challenge for retaining people is tying retention strategies to employee needs. As Figure 1 illustrates, many different strategies are used but, often, not the most effective ones.

“Training less to save money is like stopping the clock to save time”. — Human Resources Consultant.
Figure 1 shows that of the top 10 retention strategies used, only five are among the top 10 that are most effective. And, the top two effectiveness strategies, technical training and employability training, are used by only 55 percent and 35 percent of organizations, respectively. It is important to note that while more innovative forms of compensation practices are helpful, employees are also looking for skills that help them stay relevant in the marketplace. Thus, providing development opportunities that enhance labor-market value and technical expertise leads to better people retention.

While a number of retention strategies are used ... the strategies are not always based on effectiveness

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Percent of Organizations</th>
<th>Effectiveness Ranking</th>
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<tbody>
<tr>
<td>External conferences and seminars</td>
<td>78%</td>
<td>1st</td>
</tr>
<tr>
<td>Tuition reimbursement</td>
<td>67%</td>
<td>2nd</td>
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<tr>
<td>Managerial training</td>
<td>67%</td>
<td>3rd</td>
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<tr>
<td>Support for acquiring college degree</td>
<td>62%</td>
<td>4th</td>
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<tr>
<td>Pay for performance</td>
<td>59%</td>
<td>5th</td>
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<tr>
<td>Flexible work arrangements</td>
<td>57%</td>
<td>6th</td>
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<tr>
<td>Interpersonal skill training</td>
<td>57%</td>
<td>7th</td>
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<tr>
<td>Technical training</td>
<td>55%</td>
<td>8th (tie)</td>
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<tr>
<td>Employee empowerment</td>
<td>46%</td>
<td>8th (tie)</td>
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<tr>
<td>Employability training</td>
<td>35%</td>
<td>10th</td>
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Figure 1: Government retention strategies most often used are also the most ineffective.


Retention of knowledge—With increased focus on analyzing and interpreting data, knowledge retention is a critical government process that needs improvement. Three primary factors justify the need for knowledge-retention strategies:

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Retirement—The potential loss of resources heightens the need to develop processes to establish more efficient and effective institutional knowledge capture, development and distribution processes.² Fifty percent of the U.S. Federal workforce could retire in the next five years. This includes more than half of the government's 62 000-person technology workforce.³ With services such as security, economic development, and health and human services already short-staffed, the future shortage due to retirement alone could have an enormous impact.
Limited intellectual capital systems—Government agencies recognize that knowledge retention is a key issue, but have not developed specific strategies to address the problem. The result is more time spent recreating products and services from scratch. Challenges to developing and managing knowledge retention strategies include:

- Getting people to look for best practices
- Motivating people to share knowledge
- Knowing what type of information to capture
- Making knowledge accessible
- Making information usable
- Keeping relevant technology up-to-date
- Determining how to use what’s been captured
- Finding the right people to manage the process.

“We have not come up with a short-term and long-term plan...a lot of times, when we sit down I feel like we are regrouping...”—HR Director, State Department of Agriculture.

“There are many situations where knowledge is really in one or two people’s heads. If they walk out the door the agency is [in trouble]…there are so many factors that you have to account for to be able to predict with accuracy who is most likely to stay. So develop processes to capture this knowledge”.—Public Sector Consultant
Lack of a defined process—Traditional HCM practices are often based on unchanging, superfluous rules. Unfortunately, a simple, defined process to capture and retain knowledge does not exist. This has negative consequences. For example, the lack of government resources with know-how to quickly and effectively respond to security threats or anticipate those threats results in actions that are late and may be detrimental to citizens. In addition, resources are used inefficiently; greater focus is given to oversaturated competencies, which may not be beneficial or needed. Oversaturation in a few less beneficial competencies leads to the perception that government is incapable of addressing customer needs. Customers then lose confidence in the information received by employees and their ability to get the job done.

Evaluating the plan
Evaluating the workforce plan means managing timeliness, resources and capital aggressively —while reducing risks. Plan evaluation assesses strengths, weaknesses, opportunities and lessons learned. Based on this analysis, the plan is revised continuously. However, if action plans are implemented in isolation, there is little opportunity for comprehensive understanding of lessons learned and improvements that consider the many aspects of workforce planning.

Recommendations from the GAO suggest that agencies constantly reevaluate their human capital approaches as customer services change. Further, the approach should be results-oriented and data-driven including “information on the appropriate number and location of employees and their key competencies and skills.” Poor government performance ratings are often a result of a need to develop an evaluation system and implement a performance-based culture. Neglecting the evaluation process often results in unmet objectives, unmotivated employees, underdeveloped core competencies and underutilized lessons learned.
Creating value: Strategies for workforce planning

A review of the current workforce-planning environment reveals three primary issues:
1. Lack of focus by government executives
2. Unclear demonstration of business benefits from workforce-planning initiatives
3. Fragmented strategies to attract, develop and retain people and knowledge.

The IBM Institute for Business Value recommends a new approach to resolving these issues simultaneously. It begins by developing strategies across three value-creation areas: right information, right time and right decision (see figure 2).

![Diagram showing value creation and levers](image)

Figure 2 Each value-creation area has levers (or actions) that leaders can pull to create value.

Source: IBM Institute for Business Value analysis.
Figure 3 indicates that government leaders face difficulty in having the right information at the right time. This produces inaccurate, obsolete and incomplete data sets—and provides a weak foundation on which to base decisions. The findings also show that greater challenges exist in making the right decision. These challenges stem in part from the gaps in effectively identifying, capturing and storing data (that is, right-information issues) as well as from the limited tools and resources available for employees to analyze, act and learn during workforce-planning activities. Such difficulties lead to redundant and costly training programs, missed opportunities to learn from experiences, vacant positions, employee skill-sets that do not reflect the current and growing demands, and loss of highly-valued employees.

To raise workforce planning to a strategic area of importance, executives must recognize the value they receive from focusing on employee programs. This value-creation approach links workforce-planning initiatives to strategic goals, clearly demonstrates business benefits and supports the movement to collaborative government by integrating fragmented initiatives to attract, develop and retain people and knowledge. These value creation strategies focus on the enabling actions that are needed to attract, develop and retain people and knowledge.
Based on research by the IBM Institute for Business Value, we recommend four “right-information” strategies that are designed to establish the foundation for managing human capital.

1. **Align roles and responsibilities for centralized and decentralized human resource entities.** In many jurisdictions, both centralized and department-specific groups perform HR functions. Also in many jurisdictions, considerable redundancies and poor working relationships exist among these groups. To present a unified front to business executives, human resource organizations need to align the roles and responsibilities. While the specific roles will vary for each jurisdiction, coordination among HR entities has the potential to effectively raise human capital management to the level of overall business planning. For instance, the State of Michigan addressed this problem by developing an integrated HR plan that included statewide goals and objectives, an integrated leadership team, and defined roles and responsibilities for HR processes among central and agency HR personnel.

2. **Integrate needs across the employee lifecycle.** Fundamental to having the right information is a comprehensive understanding of what employees want and need. While needs vary by job function and department focus, common concerns, which often depend on the stage of their employment, do exist among employees. When recruiting employees, questions about benefits, career opportunities, and compensation packages arise. Organizational efficiency and effectiveness increasingly emerge as concerns as employees grow in their positions. Adopting a perspective that addresses current and future needs provides more accurate and timely workforce initiatives. The State of Utah has implemented innovative retention strategies by understanding employee needs. For example, it has 100 percent retention among employees whose children are in state-run day care. Additionally, the city of Phoenix offers employee-development opportunities based on business initiatives to all employees every 18 months.
3. **Integrate capabilities to electronically capture key questions, opportunities and leading practices.** Current and potential employees must stay abreast of emerging opportunities, changing policies, new customer concerns and leading operational practices. Integrated access channels that regularly capture leading practices and customer needs are vital for providing this information. Such channels reduce the inefficiency of having employees engage in random searches for information. Oftentimes a knowledge broker supports access to the information by structuring the data capture and update processes for selected core competency areas. Electronically capturing these requests dramatically reduces the recruitment time and provides a repository for future attraction efforts. USAJOBS provides job vacancy information (primarily federal job opportunities) that is updated each day from a database of more than 17,000, worldwide, job opportunities. Individuals can apply for positions or submit a resume online. The portal serves as a central location for free employment information.

4. **Leverage enterprise resource-planning packages to improve employee collaboration.** Eliminating disparate systems supports the “right information” goal. Enterprise resource planning (ERP) packages, built on open enterprise architectures, enable integrated storage of payroll, benefits and human resources information. For example, the State of Ohio has established the Ohio Administrative Knowledge System (OAKS) to integrate data from five, major, statewide, business functions: capital improvements, financials, fixed assets, human resources and procurement. The HR data source provides an enterprise approach to manage recruiting, testing, hiring, training, and administering payroll and benefits. Leveraging ERP packages to enhance operational efficiencies is important, but more is needed. Across governments, departments are at various stages of transformation initiatives. The common data definitions and standards imposed under ERP implementations create collaboration opportunities in key transformation areas. Integrated storage of leading practices for organizational design, customer service and response, business process redesign, governance models and private-sector partnership models can mitigate disruptions from transformation. Providing this clearinghouse function for acquiring and storing knowledge helps institutionalize collaboration.
Realizing business benefits through right-information strategies

Right-information strategies help ensure that comprehensive, accurate and nonredundant data exists. When applied to workforce planning, these strategies build the foundation for governments to attract, develop and retain critical people and knowledge. Significant business benefits result, including:

- Customer service can be improved by enabling collaboration among government agencies, as employees seamlessly capture, update and store customer information.
- Employees are perceived as credible, trustworthy, and helpful advisers, as they develop a more comprehensive understanding of customer needs.
- Operational costs are reduced by eliminating unnecessary HR information capture and storage activities.
- Customer support improves as critical institutional knowledge is identified, captured and stored.
- Employees are placed in the right jobs due to an effective alignment of skills to customer requirements.
- Governments can present a unified face to customers through greater linkage of business and human capital strategies by stakeholders.

Right-time strategies — Enabling value creation

“Right-time” workforce-planning strategies build on the foundation of right information by providing the right employees with the information that they need when they need it.

1. Empower people to make decisions by removing institutional and cultural roadblocks.

Institutional rules and regulations that limit employees’ access and receipt of information need examination. Government leaders need to decide whether it is more important to provide a timely answer to a customer question or to protect data. While restrictions will remain for data deemed private, providing frontline employees with instant access to customer profiles has the potential to increase satisfaction and reduce redundant, inefficient and costly customer contacts. The U.S. Bureau of the Census has implemented an electronic hiring system that provides managers with desktop, Web-based access to an electronic applicant-tracking feature. This system allows managers to see images of applicant resumes and transcripts within 24 hours of receipt. The system has helped the Census Bureau reduce the time required to fill computer specialist, statistician, and mathematical statistician positions from six months to as little as three days. Since September 1998, the agency has filled 1000 vacancies using this process.

“[N]o one has time to evaluate which threats are serious and legitimate because we are overworked and understaffed … WHY? It sounds like we are too busy to think—and to meet our needs.” State Senator — NAPA Speech, June 21, 2002.
2. **Enable ad hoc and standard report-generation.** Timely access to information includes having information in formats that are relevant for employees. Two key elements are providing user-friendly tools that regularly facilitate the development of both standard and ad hoc reports and standardizing terms and data sets based on a common language (for example, XML). These elements promote easier data manipulation and ease the burden of pulling data from disparate systems. The Connecticut Department of Labor (CTDOL) used the Occupational Information Network (O*NET), an industry standard tool, to respond to the Workforce Investment Act (WIA) requirements for assessing current and future job opportunities in the state, the skills necessary to obtain those jobs and the skills necessary to meet the economic development needs of the state.27

3. **Simplify rules and remove barriers to reallocate employees across departments.** Enhancing employee productivity through enriched jobs and opportunities for job rotation often requires eliminating complex, time-consuming, expensive, cumbersome and intensely frustrating job classification systems. Increased use of broadband categories, where several occupations are grouped together into job families or career paths, provides one useful option. The number of job classifications and pay ranges is cut sharply. This approach enables: (1) training and development programs to support cross functionality, (2) career development plans that include proactive measures for new challenges and facilitate advancement, (3) recruitment activities that sell opportunities across government jurisdictions and (4) communities of practice to form around core competencies and cross-functional departments. The U.S. Mint is developing a Single Agency Qualifications Standard to collapse 13 occupations into one occupation to provide management and employees with the flexibility to move from one job to another.28

4. **Expand the range of information sharing.** The “silo” government era is over. Collaborative environments require employees to know their peers in other departments and frequently interact to address common customer needs. Integrated training programs based on common core competencies, process of bringing employees onboard for an entire jurisdiction and participation in industry conferences all support improvements in cross-functional collaboration. Forming communities of practice during transformation initiatives can institutionalize the practice of sharing information. The goals of these efforts are to expand the range of information available to employees. Leading-edge ERP packages can help. Emerging packages align employee tasks with organizational objectives by integrating business intelligence, customer relationship management, financial management and human resource tools with portals. Such packages facilitate access to comprehensive information and increase the ability to quickly find the resource with the necessary skills. Distribution of these integrated data points can occur using virtual team rooms, calendaring and instant messaging.29
5. **Continue to invest in employee self-service programs.** Employee self-service is saving organizations money and time, while creating a workforce that is better informed and able to access their own records. Removing the time-consuming burden of processing HR forms enables employees to move from clerical gatekeepers to value-added service providers. Other potential improvements to self-service programs include intent-based searches and mobile query and distribution capabilities. Enhancing government-to-employee relationships, where employees have options for completing work, eases many operational difficulties.

**Realizing business benefits through right-time strategies**

Right-time strategies improve the efficiency and productivity of an organization by helping the right people readily have the information that they need to perform their tasks. Improvements include:

- Frustration levels decline and customer service improves as employees use intent-based queries and mobile information access of integrated, intellectual-capital databases.
- Time and costs are saved because time-consuming data mining shifts to targeted, meaningful searches.
- Shorter, decision-making, time frames for recruiting and hiring employees result as managers have quicker access to a wider set of candidates.
- Assistance in locating the resources with the necessary skills and knowledge occurs as effective query and distribution techniques make finding and using information easier.
- The “no wrong door” concept becomes real as integrated queries make finding information easier—no matter which department is contacted.
- The number of customers using services increases due to enhanced access and distribution.
- Internally, efficiency improves as resources are quickly allocated across departments.
- Compliance increases because supporting information can be shared electronically and through communities of practice now that expectations, roles and responsibilities are understood.
- Services are provided based on customer needs, thanks to employee cross-functional training and information sharing.
Right-decision strategies – Delivering value

“Right-decision” strategies provide managers and employees with the tools and skills to conduct appropriate analyses, to act effectively, and to learn from their actions.

1. Prioritize workforce-planning initiatives with strategic business cases. Prior to allocating funds, workforce-planning initiatives must be prioritized using defined business-case methods. Initiatives to attract, develop and retain people and knowledge stem from strategic business goals and contain sound data analysis of costs, benefits and risks of projects. Decisions not supported by data disappear. Key inputs into business cases include current performance and cost data, leading practices and benchmarks, customer needs, environmental trends, and anticipated tangible and intangible benefits. Strategic business cases enable sound justification for such recommendations as hiring new employees versus training existing staff. The U.S. Office of Management and Budget requires that fund allocation for projects support collaborative efforts across government agencies and gives priority to multi-agency IT investments. Each joint business case has a lead agency that submits the final budget request, but partner agencies are expected to reference their contributions in their budget documents. As of August 26, 2002, 14 agencies have provided joint business cases, including enterprise resource planning.

2. Demonstrate the need for including human-capital discussions during business strategy sessions. To gain, and keep, a seat at the business strategy table requires human resource managers to demonstrate the business benefits of workforce-planning initiatives. Projects to attract, develop and retain people and knowledge must demonstrate realistic time frames and costs for implementation. While leading-practice assessments help, demonstrating how poor organizational performance and low customer satisfaction stem from disjointed employee strategies enhances the discussion. The New Zealand Department of Child, Youth and Family Services (CYF) and its primary union, the Public Service Association, demonstrate this process by using direct feedback from employees to determine specific measures of performance to assess organizational and individual effectiveness. Employee experiences, combined with management expectations, are used to define appropriate methods for executing government services.

3. Position workforce planning as an activity that enables government collaboration. The drive for collaborative government exists at all levels. Departments everywhere struggle to deliver seamless, integrated services and reduce internal costs. Workforce planning provides the bridge. As governments assess their needs for staff, training and retention, they can serve as change agents for collaboration.
By developing workforce plans across departments, cultural barriers diminish as employees view their organization as the jurisdiction, not the department, and their customer as the citizen, not their manager. This integrated planning, implementation and evaluation approach brings together different sets of users. Communities of practice form across departments and levels. Cross-functional teams identify problems and recommend improvements. Managers meet and develop relationships with employees across departments. And employees can see the diverse opportunities available to them throughout the jurisdiction.

4. **Adopt performance-management systems that support business strategies.** Leading-edge organizations use performance measurement to gain insight into, and make judgments about, the effectiveness and efficiency of their programs, processes and people. IBM Institute for Business Value research shows that leading-edge organizations are increasingly considering performance systems based on: contributions to business success and customer satisfaction; heightened transparency in performance appraisal process; joint performance-planning between manager and employee; and multiple inputs and peer reviews. Success comes from establishing a management team and process to regularly evaluate all components of workforce plans. The State of Virginia demonstrates this integration by linking four major components of its evaluation process: strategic planning, performance measurement, program evaluation and performance budgeting. Agencies are required to submit performance measurement and strategic planning information on all budget requests.

Rewarding organizational and individual performance based on cross-department effectiveness is another key step. The Ontario Public Service (OPS) uses this approach by aligning performance agreements of agency leadership to strategies and deadlines across all organizational levels and employees. These performance agreements link performance commitments to key provincial priorities and help direct skill development, hiring needs and knowledge-capture toward identified strategies and objectives.

5. **Promote win-win, or interest-based, approaches.** Improved data consolidation and distribution, provided by “right information” and “right time” strategies, offer a wealth of data to employees. However, having the information does not, in itself, provide any value. Knowing how to act on the information infuses value into the equation. In their interactions with employees, governments need to promote a win-win, or interest-based approach. Adversarial relationships must end. Shared goals are developed instead. Suggestions on training programs are supported by such phrases as, “we have evidence that successful employees have the following skills.” Detailed knowledge about individuals is used in a problem-solving manner versus a dictatorial style. Coaching and suggestions lead employees to the answer; answers are not thrust at them. And cooperation exists to find solutions that meet the interests of both the employee and the organization.
6. **Adopt a project management approach to executing HR strategies.** Many IT projects fail, come in over budget or run past original deadlines. Research indicates that failure of these projects is due in large part to the failure to adopt a project management approach. Project management is critical for large IT-based projects, but it is also paramount for smaller projects, like workforce planning. Project management promotes right decisions by organizing the diverse activities involved in workforce-planning activities. This organization entails using meetings, collaboration tools, status reports and milestone reviews to manage resources and workforce-planning activities. Execution uses a project management approach that delivers integrated plans for attracting, hiring and developing employees, retaining knowledge and employees on schedule and within budget. Workforce plans must be executed using a unified set of project management tools, processes, and practices designed to leverage technical, management and collaborative skills, and to understand and implement the defined vision.

**Realizing business benefits through right-decision strategies**

“Right-decision” strategies provide the skills and tools for employees to analyze, act and learn. Business benefits can include:

- Higher confidence in decisions made because the time and tools exist to conduct due-diligence analysis during standard operating procedures and mission-critical situations.
- Operational costs decline as ineffective training and development programs are eliminated.
- Employee retention improves as merit and performance replace perceived entitlement as the foundation for advancement decisions.
- Productivity improvements can be made through workforce analysis, as managers collaborate and analyze the same data in their interactions with customers.
- Quicker response time to customers occurs by enabling highly qualified, empowered, government employees to act on their analyses as opposed to waiting for approval for services.
- Economic and community development is enhanced thanks to reduced administrative burdens, as businesses and citizens seek out jurisdictions that ease the burden of interaction.
- Collaborative government is enabled by extending know-how and cross-functional skills beyond traditional department borders.
- Future decision-making can be enhanced by applying lessons learned that help eliminate inefficient activities and unnecessary duplication of efforts.
- Problems are quickly identified and actions are taken when human capital management shifts to a proactive process.
Creating value in workforce planning: U.S. Department of Defense addresses HCM through information, time, and decisions

During the 1990s, the U.S. Department of Defense (DOD) downsized its acquisition workforce by half. Today, it faces a serious imbalance in the skills and experience of its remaining workforce and the potential loss of highly specialized knowledge if many of its acquisition specialists retire. The DOD needed to create a workforce plan to replenish its personnel losses. The Under Secretary of Defense for Acquisition, Technology, and Logistics created the Acquisition 2005 Taskforce in April 2000 to identify specific needs. The team captured information on workforce needs and identified new, innovative initiatives as well as existing DOD programs for recruiting, developing and retaining its future acquisition workforce. The taskforce analyzed the environmental system and the impact that the mission requirements, client demands, technologies and other environmental influences have on the agency. The DOD used this information to identify the challenges that must be addressed in developing a workforce plan of action. Acts designed to address these challenges include: establishing a clear set of intents (mission, vision, core values, goals and strategies) and integrating HCM strategies to support these strategic and pragmatic goals. Currently, the DOD is establishing a workforce data-management strategy to improve the capture and storage of personnel data. The intent is to identify new data requirements and information needs for strategic planning. The taskforce has identified 31 new initiatives, eight ongoing initiatives and seven innovative programs that it is implementing to support its acquisition strategy.

Getting started

By addressing workforce planning using a right-information, right-time, right-decision format, governments can bridge the gaps in the workforce-planning process and enable integration across functional areas and government entities. The first step in a unified approach to workforce planning is defining the challenges to getting the right information at the right time to make the right decisions. By defining the challenges from this integrated perspective, challenges across all HR functional areas can be tackled using a comprehensive perspective. Answering key questions associated with each area can help define pain points. After these pain points are defined, strategic approaches and enabling actions, such as those discussed earlier, can be developed. Research from the Institute of Business Value has identified questions to address each value-creation area.
Human capital management

Right information
- Do we have the necessary HR information to contribute to business strategies?
- Do we know employee needs across the life cycle?
- Are business initiatives used to define HR strategies?
- Have we regularly captured and updated leading practices?
- Is all employee data accurate?

Right time
- Do we have viable recruitment and selection strategies to hire the best and the brightest?
- Are human resources effectively used and allocated according to their skills?
- Are cross-functional issues resolved with readily deployed staff?
- Are the leading practices and knowledgeable people easily accessible?
- Are communities of practice and benchmarking techniques being used?
- Is decision-making regarding hiring, training needs, retention strategies and knowledge capture timely and effective?
- Are deadlines defined and met?

Right decision
- Are developed workforce plans comprehensive, feasible and used?
- What are the benefits from workforce plans? Are they being realized?
- Are customer expectations being met?
- Are standardized metrics used to determine employee productivity?
- What are the risks of conducting (and not conducting) workforce-planning activities? Do risk mitigation strategies exist?
- Are employee performance improvement measures in place?
- Are the costs associated with workforce planning known?
Conclusion
In the modern government arena, agencies confront many issues in their efforts to excel. It seems “business as usual” no longer exists in the 21st-century government environment. Governments must provide services that center on customer needs rather than administrative ease. Providing virtually seamless customer-centric services across government departments often requires a significant transition. The status quo is unacceptable. Governments recognize that the foundation for customer-centric and collaborative government is effective human-capital management. Workforce-planning tactics have been unsuccessful thus far because of the disconnected approach and limited demonstration of the business benefits to executives. Greater success from workforce planning and thus, human capital management, can be derived from an integrated approach where value creation is based on having the right information at the right time to make the right decisions.

IBM welcomes the opportunity to help you realize true value from your workforce plan by obtaining the right information at the right time to make the right decisions. Contact us at bva@us.ibm.com if you would like help in developing and implementing workforce-planning strategies that support customer satisfaction with your services. To browse additional resources for business executives, we invite you to visit our Web site at:

ibm.com/services/strategy

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