

Workforce Planning Guide

**Compiled by Minnesota Department of Employee Relations
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Definition of Workforce Planning

Although there are many ways to define workforce planning, the following definition addresses key aspects of planning for the public sector HR professional:

Workforce planning is the strategic alignment of an organization's human capital with its business direction. It is a methodical process of analyzing the current workforce, determining future workforce needs, identifying the gap between the present and future, and implementing solutions so the organization can accomplish its mission, goals, and objectives.

As a process, workforce planning includes elements such as strategic planning (by both the organization and its partners), workload projections, legislative forecasts, turnover analyses, and budget projections. Workforce planning forecasts the numbers of people and types of skills needed to achieve success by comparing the available workforce with future needs to determine needs that may be unmet (gaps). Workforce planning is a management tool that affects the full life cycle and range of human resources activities including recruitment/selection, classification and compensation, training and development, performance management, and retention.

Many public and private organizations have developed their own workforce planning models. However, aside from variations in terminology, the processes are very much alike. All models rely on:

- Analyzing the current workforce
- Identifying the workforce needed for the future
- Comparing the present workforce to future needs to identify gaps
- Preparing plans to eliminate these gaps and build the workforce needed in the future
- Evaluating the process and results to ensure that the workforce planning model remains valid, and organizational objectives are being met

Workforce planning should be flexible, ongoing, and linked to organizational strategies that are influenced by economic conditions. As a leader, business partner, and change agent, the HR professional is responsible for engineering the process.

Background

This section discusses the importance of workforce planning by presenting workplace trends, discussing their impact on workforce planning, and addressing the need for your organization to consider these trends and their impact on your organization as well as any unique situations relevant to your own workforce planning efforts.

A. Why Workforce Planning is Important

Changes in demographics paint a compelling picture for workforce planning because there are 70 million baby boomers and only 40 million Generations X-ers behind them. Clearly, a major talent and successor crisis looms. Therefore, the basic question all employers should be asking is, "Who will do our work?"

Although the national workforce as a whole is aging, the public sector workforce has a higher average age than the overall civilian labor force because of reductions-in-force and freezes on hiring over the past two decades. This means government will feel the impact of the workforce crisis first, as retirements accelerate.

Your organization needs to ensure it has adequate human capital to accomplish your mission. It is essential to have the right people in the right places with the right skills at the right times. Because all employers compete for employees from the same labor pool, workforce planning may be critical to the government for attracting and retaining the talent needed to serve the public.

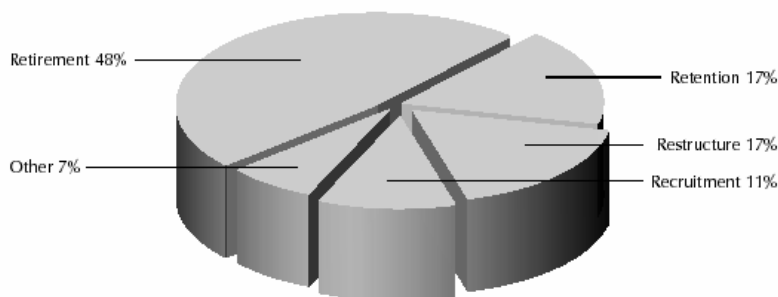
In a workshop at the 2001 IPMA Training Conference, we had the opportunity to ask more than 100 HR professionals a series of questions about workforce planning in their organizations. Because of their timely and relevant input, we were able to use some of their answers throughout this *Guide*.

First, we asked the group of HR professionals if workforce planning had become more important to their organization over the last few years. We also asked them to explain why or why not.

The overwhelming answer was YES. Retirement (48 percent) was by far the greatest reason, followed equally by retention and restructuring (17 percent). (See **Figure 1**.)

Figure 1. Why WFP Has Become Important

Figure 1. Why WFP Has Become Important



As you examine the demographics and trends in the changing workplace, you can determine how much of an impact these changes have had on your own organization and recognize the need to be prepared—through workforce planning—to ensure you have the necessary human capital to achieve your mission.

B. Trends

Changes in economic systems, demographics, the economy, and the workplace clearly and compellingly make the case for workforce planning.

The set of assumptions organizations use to make decisions about the size and makeup of their workforces is radically different today than it was even a decade ago. Because economic systems are constantly changing, human capital needs associated with those economic systems are also changing. Therefore, approaches to workforce planning must be flexible enough to keep pace with emerging trends. Forces such as technology, globalization, deregulation, stakeholder power, and the movement toward free agency have combined to change the social contract between the employee and the organization. These forces shape workforce allocation, the flow of people, and work efficiency.

Some visible trends that illustrate the importance of workforce planning include:

- Baby boomers are getting older and the overall population is aging.
- These baby boomers are completely redefining the idea of what retirement is.
- Technology is being harnessed to change the HR function; save money; and improve hiring, retention, and other elements of workforce management.
- Rules and regulations are proliferating yet new legislation often competes and collides with other legislation, such as the Family and Medical Leave Act (FMLA) and the Americans with Disabilities Act (ADA).
- The available labor pool is shrinking, requiring us to understand different cultures, languages, and global business practices and integrating these differences into the organization's culture
- Certain trends will be with us for the long term, and your organization will need to plan for those trends in order to remain effective as the economic and social issues involved affect your organization's ability to fulfill its mission. Such trends include:
- Labor flow will be opened up further for optimum allocation through globalization and telecommuting.
- Major technological changes may soon make keyboards and language barriers obsolete as voice recognition programs and automatic language translators eliminate barriers to understanding different languages.
- Retirement at age 65 in the U.S. is disappearing. Organizations are creating work arrangements that allow seniors to work past age 70 or 80. Part-time, contingency, and consulting work arrangements allow seniors to rebalance work/personal life needs
- The sheer number of people with advanced educational degrees is advancing human knowledge at an unprecedented rate
- Organizations will need to utilize their most experienced workers, placing high value on experience, organization memory, and know-how. These are traits older people are most likely to have, and organizations are responding by hiring older workers in record numbers.
- These and other trends provide valuable information to the HR professional. They demonstrate how the nature of work is changing, how the workforce needed for tomorrow is very different than what we need today, and how workers themselves

will be different. From a workforce planning perspective, this is exactly the kind of information HR professionals need to plan for future workforce requirements. In essence, workforce planning is a proactive strategy HR professionals will use to project workforce requirements for the future and plan how their organizations will meet their own unique needs.

Today's economic systems that provide labor have changed from the past, as seen in **Figure 2**.

Figure 2. Changing Economic Systems and Relationships

Figure 2. Changing Economic Systems and Relationships	
Then	Now
Lifetime employment	Contingent workforce
Individual identity tied to the organization	Individual identity tied to profession
Loyalty to the organization	Looking out for #1
Entry-level hiring	Hiring as competency is needed
The "Organization Man"	Work/life balance
Unions were a major force	Union influence declining—14 percent in private sector and 37 percent in government
Focus on domestic labor markets	Global labor supply

Workforce changes—as seen in **Figure 3** on the next pages—illustrate just some of the changing economic conditions for the periods 1995-2000 and 2001-2008.

Figure 3. Comparative Workforce Information for 1995-2000 and 2001-2008

<p>The country experienced unprecedented prosperity, which produced a growing national labor crisis that involved changing demographics, education, technology, and an increasing skills imbalance.</p>	<p>A recession and the war on terrorism have imposed a new set of challenges on the U.S. economy and its workforce. Growing unemployment has been to the demographics, education, technology, and skills imbalances that still impact the workforce.</p>
<p>Unemployment</p> <ul style="list-style-type: none"> • Unemployment rate was at an all-time low of 3.9 percent overall and even lower in specific regions of the country. • Low unemployment caused a staffing drought that forced U.S. businesses to fiercely compete for labor. 	<p>Unemployment</p> <ul style="list-style-type: none"> • The unemployment rate was at 5.7 percent (November 2001) and rising. The last time this country faced recession and mass layoffs were in the early 1990s. During the last downturn in the economy, today's talent crisis didn't exist.
<p>Economics and the Workforce</p> <ul style="list-style-type: none"> • No recession, low unemployment, economic growth. Only 1.6 percent of all firms reported downsizing due to an actual or anticipated downturn in business—the number one reason for layoffs in the past. • During the 1980s, workforce growth stood at 2.5 percent annually as compared to early 2000, when that figure declined to about 1.2 percent 	<p>Economics and the Workforce</p> <ul style="list-style-type: none"> • Economic downturn is forcing the elimination of jobs and layoffs, slowing economic growth. • The number of available workers is declining because of an aging workforce and a significant drop in the birth rate. • According to the Bureau of Labor Statistics (BLS), employment in the United States is expected to grow by 20 million jobs—or 14 percent—from 1998 and 2008. The women's labor force will grow more rapidly than the men's. As a result, the women's share of the labor force will increase from 46 percent in 1998 to 48 percent in 2008.
<p>Employment Arrangement</p> <ul style="list-style-type: none"> • Not an employer's job market. Skilled workers could pick and choose for whom they worked. 	<p>Employment Arrangement</p> <ul style="list-style-type: none"> • The remaining workforce is a "new breed of versatile, autonomous, and highly skilled workers." Employers hoping to effectively manage these workers must create on-the-job solutions, new management and support systems, and team dynamics.
<p>Technology</p> <ul style="list-style-type: none"> • Technology created plenty of new jobs, but it also decimated an array of existing positions resulting in people not having appropriate skill sets for the technology. This caused huge skills mismatches (and low-skill layoffs) as we moved from an Industrial Age economy to an Information Age economy. 	<p>Technology</p> <ul style="list-style-type: none"> • Technology will continue to cause huge skills mismatches. Employers will increase training and development expenditures to keep employee skills current.

Figure 3. Comparative Workforce Information for 1995-2000 and 2001-2008 (continued)

Workforce Information 1995–2000	Workforce Information 2001–2008
<p>Education/Skill Shortages</p> <ul style="list-style-type: none"> • Although the U.S. Department of Education found that college enrollment in two-year and four-year schools rose 17 percent between 1984 and 1995 young people were learning skilled trades. • According to the National Association of Manufacturers, 48 percent of organizations believed the workforce lacked the ability to read and translate drawings, diagrams and flowcharts. 	<p>Education/Skill Shortages</p> <ul style="list-style-type: none"> • Organizations will continue to have considerable difficulty finding qualified workers for certain positions. Government, education, and business are working to close the skills gap.
<p>Legal</p> <ul style="list-style-type: none"> • Filing of new private civil-rights lawsuits reached a plateau at the beginning of 1997 and declined in 1998 and 1999. 	<p>Legal</p> <ul style="list-style-type: none"> • If there is an economic downturn, the areas that are going to be especially litigious are age and sex discrimination.

Just as major economic trends have created the need for workforce planning, these changes have also affected the role of the HR professional.

C. Changing Role in Workforce Planning for Human Resource Professionals

With rules of the game in the workplace changing, the HR professional’s role must change as well. Many people and organizations are still caught up in nostalgia for the old, safer ways of doing business, but these are no longer effective. Today’s economy operates differently, and HR must adapt to the differences. It is no wonder the term “personnel” gave way in the 1990s to “human resources,” which is now evolving to “human capital.”

HR’s changing role in organizations will require you to develop a new set of competencies and approaches that will translate into the strategic HR skills and abilities you will need for workforce planning. These skills and abilities overlap with the *IPMA Competency Model*, which focuses on three key HR roles:

1. **Leader**—having the same opportunity, responsibility and accountability, and influence as any other member of the leadership team. Being a strategic leader means you can show evidence that you have influenced the direction of the business
2. **Change Agent**—addressing and initiating improvements that will meet the challenges that make a difference for the organization
3. **Business Partner**—taking a leadership position on issues that truly influence the strategic direction of the business

IPMA has identified a set of 22 competencies you should possess to excel in these roles. These competencies and the roles they support are listed and described in **Appendix C**.

D. Changing Models for Human Resource Service Delivery

As the workforce changes and the roles of HR change, the way human resource services are provided is also changing. Some of those changes are outlined below.

“Distributed HR.” Distributed HR is a new term to describe a trend in which the HR services are designed and delivered through multiple channels. The goal is to deliver HR through channels that provide the greatest return (cost/benefit and quality) and/or have the most direct accountability for HR results.

Outsourcing all administrative activities, removing them entirely from the internal HR organization and shifting them to an outside vendor who can take advantage of greater economies of scale. This provides greater opportunity to invest in new technologies and focus more resources on best practices. This approach has the advantages of reducing cost and allowing the internal HR function to move away from its transactional focus. On the other hand, disadvantages include less internal control and the danger of locking the organization into a long-term commitment to one vendor.

Sharing HR services for administrative and transactional functions to create efficiencies and save money. This reduces the redundancies of decentralized structures and allows the organization to focus on operational excellence.

Developing Centers of Excellence (COE), which are centralized units responsible for developing programs and consulting with businesses in highly specialized areas (compensation, organization development (OD), benefits planning, etc.). This approach leads to creation of critical mass in specialized areas and attracts better qualified people to HR. The challenge is to ensure the COE doesn't become disconnected from business realities.

Decentralizing HR business partners by transforming the personnel specialist into a strategic partner who understands business issues and, as a member of a business management team, can identify the HR implications of business decisions. HR business partners can also coordinate help from the appropriate COE(s) or outside vendors to deal with those implications. This new role, when played properly, enhances the strategic value of HR as well as the organization's people.

Returning key elements of people-management to the line, reducing or eliminating HR control over these functions. For example, while HR or consultants must continue to design compensation programs because these programs require special expertise, salary administration can be managed by line managers through computer technology that provides them the data and analytics they need. This reduces costs as well as empowers line managers by giving them HR responsibility.

Reducing the number of “HR business partners,” but ensuring that, freed from the administrative work they did in the past, the remaining partners are truly strategic thinkers and are regarded as such by line managers. This approach allows organizations to finally use their people as sources of competitive advantage. The challenge is to get the right HR people for these roles. Although the title “business partner” has been with us for a while, there are few HR practitioners who are true partners.

Developing small teams of specialists who function like SWAT teams to solve specialized HR problems. These teams resemble the COE described above, with two exceptions. First, the teams are smaller and in many cases contain few permanent members, but recruit the internal or external consulting resources each project requires. Second, the teams do not develop organization-wide programs, but focus more on solving business-specific needs.

Although these models are more prevalent in the private sector right now, as HR professionals you should be aware of possibilities for the future. For example, at least two states, Florida and New Jersey, are experimenting with outsourcing and shared services. Changes in the service delivery model of HR in general will most certainly affect an organization's approach to workforce planning.

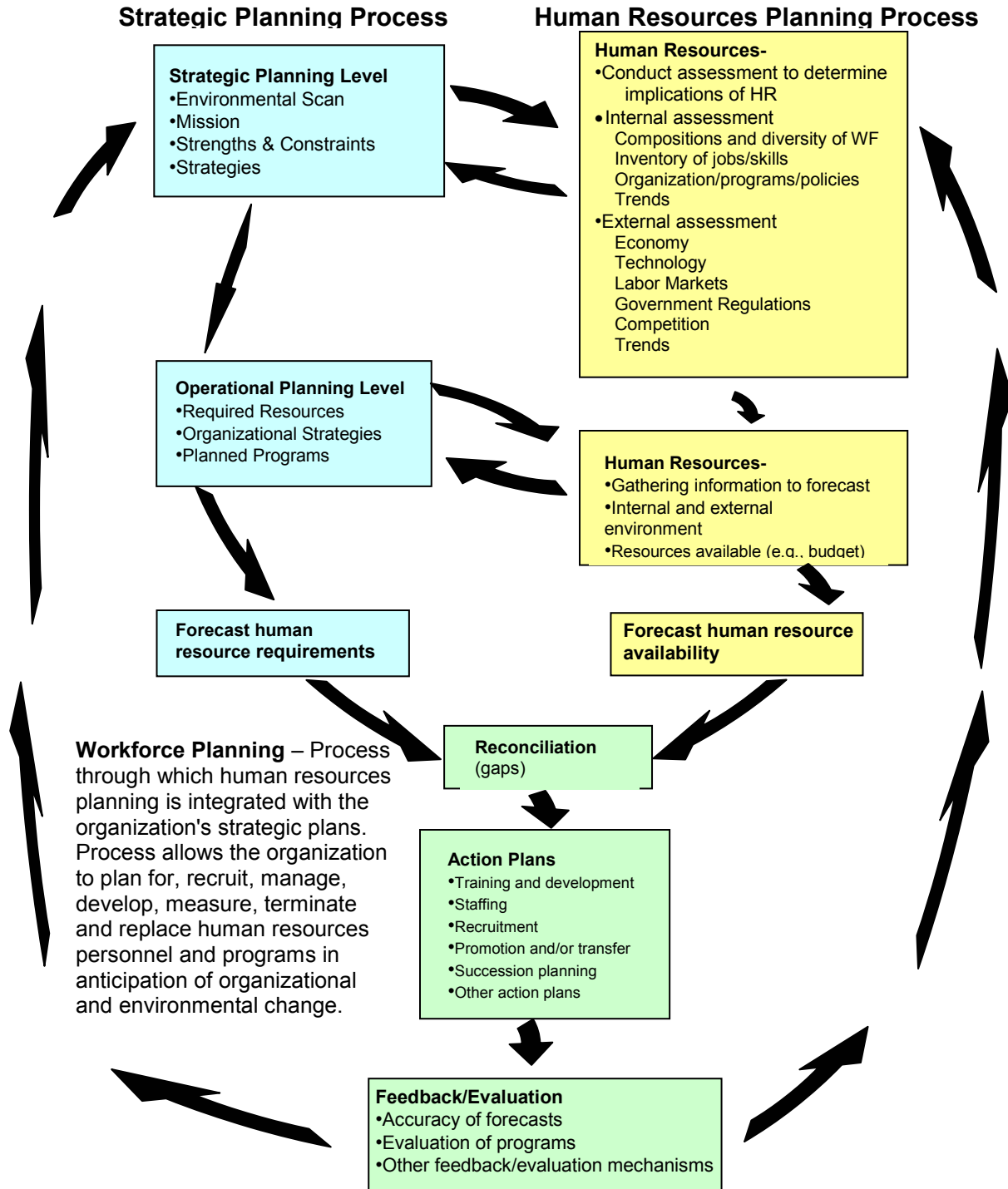
Workforce Planning Models

Several approaches and models of workforce planning have been designed. Your agency or specific situation may benefit from using one model or a combination of many, based on your specific needs. Two models are outlined in this document.

Human Resource Directors Partnership Model and Process

Please review the HRDP model on the next page. The explanation of the model and process is described on the subsequent pages.

HRDP Workforce Planning Process Model



An Explanation of the Model

The basic model for workforce planning provides a representation of how the human resources planning process is integrated with an organization's strategic plan. As with all models, this is an example to provide guidance in thinking about and implementing workforce planning. At the basis of the workforce planning model, certain critical features must be retained to successfully use the model. These features include: 1) the principal of supply and demand, 2) integration, 3) a cyclical process, and 4) five major stages that link the strategic and human resources processes together.

Supply and Demand

At its most basic level, the workforce planning model is based on the principle of supply and demand. The strategic and operational plans represent demand by determining what resources (e.g., human resources) are going to be required. The human resources planning process represents supply by identifying what resources are currently available within the organization. The process of reconciling-identifying the gaps between demand and supply-establishes the action plans human resources need to develop to ensure the right people are present at the right time and place with the right skills.

Integration

The integration of strategic and human resources planning are aspects important in the workforce planning model. For example, the strategic plan and human resources planning should drive each other; one is not determined without the consideration of the other. Therefore, workforce planning requires cooperation and participation from all parts of an organization and the collection of data from sources normally not considered human resource concerns. This type of integration ensures decisions are made within the overall framework of an organization's goals and objectives.

Cyclical Process

Workforce planning is a cyclical process. It's constantly evolving and readjusting to changes occurring in the internal and external environments, information received through feedback and evaluation mechanisms, shifts in organizational objectives, and other factors that influence an organization. An organization never "arrives" at workforce planning. Rather, it always readjusts to the planning process.

Five Major Stages

Five major stages in workforce planning link the strategic and human resources planning processes. (Note: Some organizations use different terminology, but the basic characteristics remain.) These stages are:

- I. Collecting data and information**
- II. Forecasting**
- III. Reconciliation**
- IV. Action plans**
- V. Feedback and evaluation mechanisms**

I. Collecting Data and Information

At the strategic planning level, an organization conducts a number of assessments to determine its long-range objectives, usually for up to five years. At this level, the human resources planning process assesses such issues as strategic plan implications, factors external to an organization, and the internal supply of employees over the long-run.

Human resources collects data and information to analyze and assess these types of issues, but does not make detailed projections. Data and information are collected through scanning internal and external environments of an organization.

Internal Scanning

Internal scanning explains and documents the makeup of the current supply of the workforce and the human resources activities within an organization. It looks at the composition and diversity of the workforce, including what type of skills and jobs are available, what type of human resources policies and programs already exist, what is the culture and structure of the organization, and what are the trends in regard to tenure, turnover rates, etc. In addition, consideration should be given to such issues as prevailing personnel problems, managerial attitudes concerning human resources, etc.

External Scanning

External scanning tracks trends and developments in the external environment, documenting their implications for human resources management and ensuring they receive attention in the human resources planning process. This assessment looks at: 1) how the economy is performing both locally and nationally, 2) how technology is expected to change and how these changes will influence the type and number of jobs available and the skills and education needed for these jobs, 3) what the current and future labor market looks like regarding the availability of certain occupations and the people necessary to fill them, 4) the requirements are for current or future government regulations, such as affirmative action and equal employment opportunity or regulations which influence agency-specific programs, 5) identifying the sources for competition in terms of attracting people (salary, benefit packages, etc.), and 6) what overall trends can be identified that could influence an organization such as the movement towards decentralization and restructuring.

II. Forecasting

The strategic plan eventually breaks down into operational plans that state specific objectives an organization wants to accomplish over the next six months to one year. This will, in turn, forecast future human resource needs. The focus for human resources becomes forecasting the number of currently available employees with the appropriate skills and educational levels to meet operational plans. This information is drawn from internal and external assessments, but is further refined for these plans. The forecasting process highlights the supply and demand principle of the model. Strategic and operational plans determine the necessary human resource requirements (demand) needed, while the human resources planning process forecasts the availability (supply) of human resources.

III. Reconciliation

Reconciliation identifies those gaps that occur between supply and demand. This process focuses an organization on specific human resource issues that need to be addressed. This allows an organization to move forward with its operational plans. The process of reconciliation helps identify what the major gaps or "sources of pain" are in managing human resources. In addition, through reconciling an organization is able to develop a sense of urgency and build commitment to action regarding its "sources of pain."

V. Action Plans

Action plans represent programs and policies needed to address the gaps identified in the reconciliation process. To be successful and ensure accountability, action plans must outline specific responsibilities, timelines, staff, and financial resources necessary to address those gaps.

Evaluation

In implementing evaluation mechanisms, it is important to first determine what is to be measured. Normally, human resources strategies are measured in terms of implementation or completion of actual programs. But to provide more meaningful information, measures have to be designed to determine the effect the action plans have had on the defined issues. Therefore, it is important to identify specific measures and target levels to be achieved and what the end results should be.

Feedback and Evaluation

Feedback and evaluation are critical to the success and effectiveness of the workforce planning process. These two mechanisms are ways to retrieve information to evaluate and make adjustments to the process.

Feedback

Feedback mechanisms should be designed to retrieve information so programs and policies can be evaluated to determine how well the process works. This provides input to update strategic or organizational plans. Inadequate feedback mechanisms or plans can cause small problems to grow into large problems that impede the overall process.

IPMA Model

Approaches to Workforce Planning

In general, organizations can take one of three approaches to workforce planning or use a combination of the three:

“Workforce approach” examines the current workforce and occupations and projects the number and characteristics of jobs and the number of employees needed to fill them at a specific point in the future.

“Workload approach” focuses on the amount and type of work the organization anticipates handling at a specific point in the future, and uses this information to project the number of resources (people and skills) needed to perform that work.

“Competency approach” identifies sets of competencies aligned with the organization’s mission, vision, and strategic goals. This approach assumes the organization has already considered workforce and workload and can focus not only on the number of people, but the competencies employees must master for organizational success.

1. Workforce Approach—profile people and occupations, and conduct workforce forecasts.

With this approach, your goal is to analyze the following:

1. the jobs that will need to be done,
2. the type of occupations needed to do these jobs,
3. the number of people needed to achieve organization strategies.

The current workforce profile is a starting point to assess the workforce your organization will need in the future. Supply analysis provides the data needed for your current workforce profile. A traditional job audit also may help you get needed information. Specifically, you will need to evaluate:

- What jobs now exist?
- How many people are performing each job?
- What are the reporting relationships of these jobs?
- How essential is each job?
- What are the characteristics of anticipated jobs?

The next step is to project the current employee population into the future as if there were no new hires. Make projections at whatever level the organization desires, estimating the employee population over the next three to five years as if nothing were done to replace employees lost through attrition. The result will show your demand for new workers if you institute no appreciable changes in work or workload.

The Employment and Training Administration of the U.S. Department of Labor has funded research and development of valuable resource to help you make projections by occupation. The data is accessible through this web site, hosted by the State of Utah: <http://www.projectionscentral.com/>

2. Workload Approach—assess critical work, determine processes that drive work, and forecast future workload.

This approach starts with your organization’s strategic planning cycle, which will identify critical work (type and amount) the workforce must complete to achieve strategies. You will need to capture workload data such as cycle time, volume, cost, and performance measures when feasible. Your organization also may want to create flow charts for those key processes that will “drive the work” to aid in looking at efficiency and effectiveness. Your organization may decide workflow re-engineering is necessary to reduce redundancies or inefficiency, and this review will likely include considering further automation.

Workflow engineering may affect the strategies your organization uses during the planning period to project workload. You will want to consider all relevant metrics (time, speed, cost, and volume) and translate the amount of work and the time it takes to complete that work into the number of people and critical competencies needed to perform the work.

3. Competency Approach

Competencies are sets of behaviors (encompassing skills, knowledge, abilities, and personal attributes) that, taken together, are critical to accomplishing successful work and achieving an organization’s strategy. Competencies represent the most critical knowledge, skills, and commitments that underlie superior performance for your organization and/or within a specific job. The competency approach to workforce planning is futuristic and focuses on the “ideal” workforce. Competencies may be defined at several levels:

1. **Organizational:** core competencies identified during strategic planning
2. **Leadership:** the behaviors your organization expects all leaders to demonstrate or to develop
3. **Functional:** competencies that cascade from the core competencies and are associated with specific work functions or business units
4. **Occupational:** competencies that cascade from the core and functional competencies and then are anchored directly to the needs of a specific occupation
5. **Individual:** what each employee brings to his or her function
6. **Team:** what members of a team, in the aggregate, bring to their work

Your organization will need to determine the competency definition levels essential to ensuring critical work gets performed. Strategic planning usually provides the means to pinpoint the most critical, or core, organizational competencies for success.

Examining the Workforce’s Competency Requirements

To use the competency-based planning approach, your organization will need to examine its workforce for current and future competency requirements. During strategic planning, managers will develop core competencies at the organization level. Leadership/management, functional, and occupational competencies should flow from

the core competencies and align with operational and functional work activities. Individual and team competencies are also critical components of organizational competencies. If individual competencies do not match organizational needs, your workforce planning effort will point out these gaps. You can assess current worker competencies through several ways:

- Performance management tools already in place
- 360-degree evaluation instruments the organization can develop or purchase
- Assessment processes designed to specifically determine employees' current competencies, usually involving interviews with employees and supervisors
- A combination of the above

What is a Competency Model?

One way to assess competencies is with a “competency model,” which is a map to display a set of competencies that are aligned with your organization’s mission, vision, and strategic goals. These models are simple, visual representations of the most critical knowledge, skills, and behaviors that underlie and drive superior performance in an organization and/or a specific job. The competency model is future-oriented and describes an ideal workforce. The competencies that make up the model serve as the basis for HR practices in the organization since they play a key role in decisions on recruiting, employee development, personal development, and performance management.

A competency model helps an organization bridge the gap between where it is now and where it wants to be. This occurs in two ways. First, because it is based on the competencies that support the mission, vision, and goals of the organization, the competency model serves as a guide for management decisions. Second, the competency model serves as a map to guide employees toward achieving the mission of their organization and their functional areas. The result is that management and staff have a common understanding of the set of competencies important to the organization. A well-developed and documented competency model will serve as the basis for organizational training and development activities as well as recruiting new employees with critical competencies.

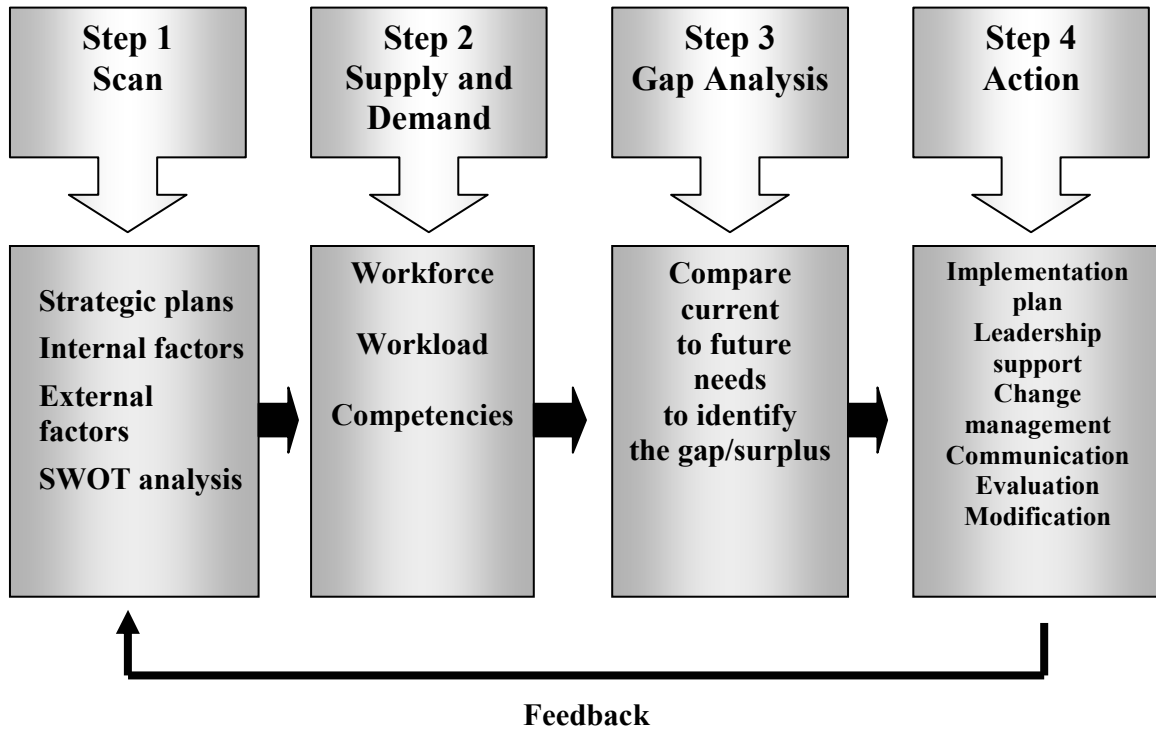
The Generic Workforce Planning Model

The generic model shown in **Figure 4** integrates the concepts described above—workload, workforce, and competency assessment. To develop this model, we researched and evaluated many models in use by federal, state, and local government as well as the private sector.

The generic model assumes your organization has conducted strategic planning and has documented its direction, including short-term and long-term goals. One of the strengths of workforce planning is its ability to adapt to agency or departmental strategic and operational planning processes. Aligning the workforce plan with your organization’s strategies will connect your HR program to the operational needs of your organization and provide the visibility and organizational support needed for overall HR program success.

Information from the U.S. Office of Personnel Management's Workforce Planning site on Setting a Strategic Direction is described in **Appendix A**.

Figure 4. IPMA Generic Workforce Planning Model



IPMA's Steps in Conducting Workforce Planning

Management leadership and support are essential at all phases of workforce planning. Assuming this support is in place, there are four major steps to conduct workforce planning using the generic workforce model. An overview of the four steps is presented first, followed by an in-depth explanation of the activities associated with each of the steps.

A. Overview of the Steps

Step 1—Scan of the Environment (SWOT)

As you scan the environment in which your organization functions, you will collect information needed for workforce planning. Later, you will apply this information to your planning efforts. Environmental scanning examines internal and external **Strengths, Weaknesses, Opportunities, and Threats** (SWOT analysis). Of course, budget must also be a major factor in this review.

Step 2—Supply and Demand Analysis

The supply and demand analysis is based on the scan of your environment (SWOT analysis), strategies, and operational direction. You can conduct this analysis whether you use the workforce, workload, or competency approach to workforce planning. IPMA recommends focusing on competencies, but you will have to select the approach best suited for your unique organizational needs.

The supply and demand analysis will allow you to assess whether there is balance in the organization, or whether imbalances among the workload, workforce, and competencies exist now or may exist in the future.

Step 3—Gap Analysis

Gap analysis compares information from the supply and demand analysis to identify the differences between the current and the future organizational workload, workforce, and competencies. This analysis must use comparable workload and workforce elements and the competency sets you developed in Step 2, the supply and demand analysis.

Step 4—Action Plan

Action plans should be developed to address the most critical gaps facing your organization so *human capital can support organizational strategy*. Each organization should determine its own action plan based on the relationships between strategy and the gaps identified. Depending on the gaps, the action plan may address some or all aspects for HR, including recruitment, selection, compensation, training, performance management, succession planning, diversity, quality of work life, retention, etc.

B. Activities Within the Steps

Step 1—Scan of the Environment (SWOT)

Environmental scanning is conducted to help your organization shape its workforce plan in response to rapid workplace changes. Such scanning enables you to review and analyze internal and external **S**trengths, **W**eaknesses, **O**pportunities and **T**hreats—the SWOT analysis. Environmental scanning addresses external and internal factors that will affect short-term and long-term goals.

a. External Environment

Opportunities and threats created by key external forces that affect your entire organization should be examined, such as demographics, economics, technology, and political/legal and social/cultural factors (relative to employees, customers and competitors). For example, environmental scanning will help you, as an HR manager, understand recruitment/retention approaches and strategies competitors currently use to attract hard-to-find specialists.

Examples of the external data that can be used for the SWOT analysis include:

1. General information such as:
 - Demand for and supply of workers in key occupational fields
 - Emerging occupations and competencies
 - Net migration patterns
 - Retirement
 - Desirability of key geographic areas
 - Competitors in key geographic areas
 - Policies of major competitors
 - Labor force diversity
 - Colleges' and educational institutions' enrollments and specialties
 - New government laws and policies affecting the workforce
 - General economic conditions

2. Changing composition of the workforce and shifting work patterns including demographics, diversity, outsourcing, work patterns, and work shifts such as:
 - Civilian labor force age
 - Civilian labor force ethnicity
 - Growing occupations/ethnicity in the civilian labor force
 - Vanishing occupations/ethnicity in the civilian labor force
 - Emerging competencies/ethnicity in the civilian labor force
 - Civilian labor force education levels/ethnicity
 - Civilian labor force secondary and post secondary school enrollments/ethnicity
 - Civilian labor force high school graduations/ethnicity
 - New social programs (e.g., school to work)
 - Terminated social programs
 - Current trends in staffing patterns (such as part-time or job sharing)
 - Technology shifts

3. Government influences—policies, laws, and regulations affecting the workforce such as:
 - New employment laws
 - Revisions in current employment laws
 - Trends in lawsuits
 - Changes in rules and regulations (e.g., by the Environmental Protection Agency) that affect the work being studied

4. Economic conditions that affect available and qualified labor pools such as:
 - Unemployment rates—general
 - Unemployment rates in the specific geographic area of the organization
 - Interest rates
 - Inflation rates
 - Interest rates in the specific geographic area of the organization
 - Inflation rates in the specific geographic area of the organization
 - Gross National Product trends

5. Geographic and competitive conditions such as:
 - Turnover data—general
 - Turnover data—industry and occupation specific
 - Secondary and post-secondary school enrollments
 - Enrollments in curricula needed to support organizational strategies
 - Net migration into the geographic area

b. Internal Factors

While it is important to identify threats and attractive opportunities in the external environment, it is even more critical to ensure the people and competencies are in place to meet those threats and take advantage of those opportunities. Your organization needs to evaluate periodically its internal strengths and weaknesses. After you examine external forces, you will want to do an internal assessment of what the organization can do before you reach a decision on what it should do. You will need to identify internal strengths and weaknesses in light of the philosophy and culture of the organization. Information you will gather relates to capabilities, including current workforce skills, retirement patterns, and demographic profiles of current employees.

c. SWOT Analysis

A SWOT analysis brings together the external and internal information to develop strategies and objectives. The SWOT analysis develops strategies that align organization strengths with external opportunities, identifies internal weaknesses, and acknowledges threats that could affect organization success. Of course, as with all analysis, budget considerations must be a major component of this review. See **Figure 5** to view a SWOT matrix.

Figure 5. SWOT Matrix

Strengths	Weaknesses	Opportunities	Threats
Existence of previous strategic Human Resources planning efforts offers several innovative solutions	Failure to communicate formally and informally, both cross-functionally and within departments	“Personnel” is allowing for more creative and flexible options (e.g., for compensation and staffing)	Full-time employees (FTE) and budget constraints imposed by legislature
Tools to improve human resources activities are available (e.g., interview guide and training manual)	No continual evaluation and updating of human resources practices and policies	Advanced technologies are available to foster more effective human resources activities	Government is moving toward privatization increasing the competition for services
Experienced workforce dedicated to mission. Employees feel “part of the team.”	Lack of accountability of managers and employees to achieve clear and measurable performance levels.	Availability of information about best practices in human resources	Other organizations may attract employees and business away from us
Etc.	Etc.	Etc.	Etc.

Step 2—Supply and Demand Analysis

The environmental scan sets the stage for Step 2—supply and demand analysis. This critical next step looks at the composition of your workforce (the supply of human capital) and the additional people and competencies you will need (the demand for human capital). Using the SWOT analysis developed in Step 1, your organization can assess supply and demand by factoring workload, workforce, and competencies.

1. Supply Analysis

Supply analysis examines the current and future composition of the workforce and workload. To perform this analysis, you will need to consider the organization’s workforce, workload, and competencies as integrated elements. You also will need to use the SWOT analysis you prepared in Step 1. The demographic data gathered in Step 1 provide “snapshots” of the current workforce for the supply analysis process. To project the future workforce supply, you can use transaction data to identify employment trends.

You can obtain necessary baseline data by reviewing changes in workforce demographics by occupation, grade level, organizational structure, race/national origin, gender, age, length of service, and retirement eligibility. Your organization can then develop valuable information on areas such as retirement eligibility or turnover for a given point in the future by projecting from current workforce demographic data. Personnel transaction data for your organization can help you identify baselines such as turnover rates. It can also provide powerful tools to forecast workforce changes in the future that may occur from actions such as resignations and retirements. While projecting demographic data can provide useful information on issues such as retirement eligibility, trend data can provide powerful predictors of how many employees will actually retire, resign, or transfer. In conjunction with demographic data, transaction data help HR professionals and other managers forecast opportunities for workforce change that can be incorporated into the action plan you develop in Step 4 of the process.

Developing an Attrition Forecast

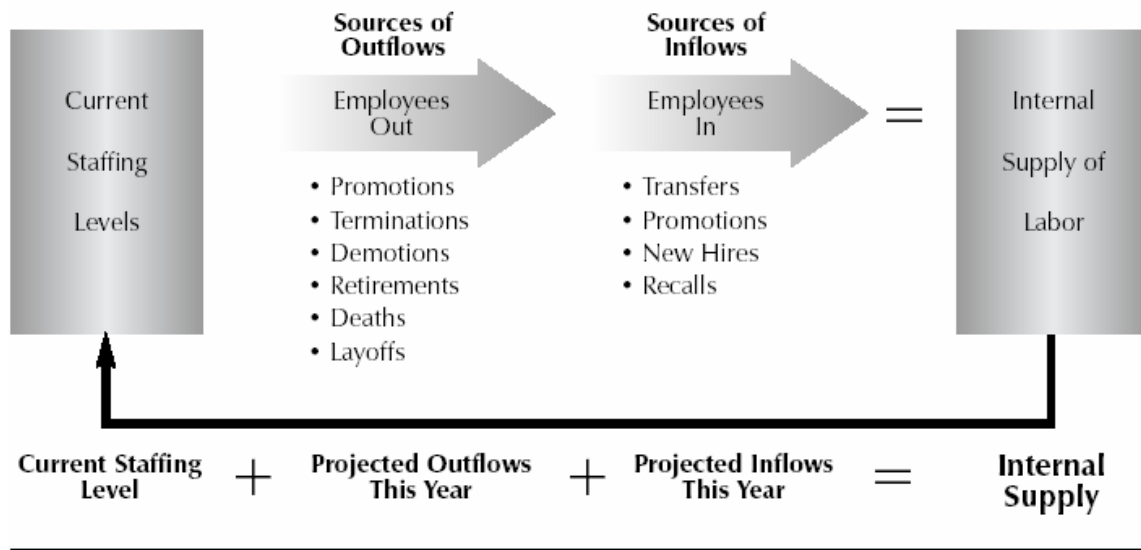
As part of your supply analysis, you will need to develop an attrition forecast that will also help you analyze your demand for new workers. Your organization will want to specify assumptions based on factors specific to your organization to forecast an attrition rate. These factors include estimates of the number of employees who will separate: resign, transfer, be dismissed, or retire.

A general attrition rate is a calculation. For example, the number of resignations + the number of transfers + the number of retirements divided by the total number of employees = the **attrition rate percentage**.

It is important to understand the components of the attrition rate so you can make adjustments. For instance, if you have a planned voluntary retirement program, it may affect the retirement and/or resignation rate, and thus increase your demand for additional workers.

The literature suggests some organizations have used an annual attrition assumption of 4.5 percent. Of course, this varies depending on the size of your organization, hiring freezes, downsizing, or economic changes. You may choose to develop your own attrition forecast. Your model may look like **Figure 6**.

Figure 6. An Attrition Forecast Model



2. Demand Analysis

Demand analysis examines future activities, workloads, and the competency sets your workforce of the future will need. In demand analysis, you will have to consider workforce shifts driven by changing work tasks, workload, and technology. Of course, even if none of those factors changes, you will still have demand for more workers because of turnover in your current workforce.

The demand analysis generates:

- Quantitative data on anticipated workload and workforce changes during the planning period
- Quantitative and qualitative data on future competency requirements

The results of demand analysis will establish requirements for your organization's future workforce and workload, and lead to an assessment of competencies. The methods you will use to examine workload and workforce needs are the same as those described in the *Approaches to Workforce Planning* section of this document, where they are discussed as if these were the only approaches your organization would take to workforce planning. If you were doing a comprehensive workforce plan, this information would be used in the demand analysis and would help you identify and define the competencies your organization will require.

The U.S. Bureau of Labor Statistics (BLS) collects a vast amount of data that can help you conduct demand analysis. Some of this information should be collected in Step 1. BLS data include employment projections, occupational outlooks, demographic profiles, and much more. Such data is available at www.bls.gov.

Identifying the Competencies Needed to Meet Demand

A key aspect of assessing the demand for human capital in your organization will be looking at the competencies your organization will need to achieve its strategic goals. Even if you are largely just using the workforce or workload approaches, you likely will consider the competencies your workforce will need.

Your organization can identify its core competencies by studying how top performers succeed because competencies focus on the attributes that separate those high performers from the rest of the workforce. You can gather information in a variety of ways: administering employee questionnaires, facilitating focus groups, and interviewing managers and employees.

Two key elements in identifying competencies are:

- **Workforce skills analysis**, which describes the skills required to carry out a function. Conducting workforce skill analysis requires the leaders of your organization anticipate how the nature of the organization's work will change and to then identify future HR requirements. (This process spans the supply analysis and demand analysis aspects of workforce planning.)
- **Job analysis**, which collects information on successful job performance. Job analysis focuses on tasks, responsibilities, knowledge, and skill requirements as well as other factors that contribute to successful job performance. The information you obtain from employees during job analysis becomes the basis for identifying competencies. Competency and skill analysis tools are available from the U.S. OPM at <http://www.opm.gov/workforceplanning/>.

These tools can be applied to jobs at all levels of government.

Step 3—Gap Analysis

Gap analysis is the process of comparing information from the supply and demand analyses to identify the differences, or “gaps,” between the supply of and demand for human capital. In this step, you will use the workload and workforce data and the competency sets your organization developed in the supply and demand analysis phases. It is important that the supply and demand data and competencies analyses are coordinated because they have to be comparable.

Gap analysis identifies situations when demand exceeds supply such as when critical work demand, number of personnel, or current/future competencies will not meet future needs. It also identifies situations when future supply exceeds demand, however, such as when critical work demands, number of personnel, or competencies exceed needs. In either event, your organization must identify these differences and make plans to address them. Your HR plans will come from actions you take to eliminate the gaps. Depending upon how the supply and demand needs are determined and how specific they are, gaps can be identified by job title, series, grades, and locations. To be effective for comparison, the data and competencies in the supply and demand analysis phases need to be developed in tandem.

The “solution analysis” that will close the gaps must be strategic in nature. When doing solution analysis, your organization should be prepared to address ongoing as well as unplanned changes in the workforce. The trends identified in supply and demand analysis can help your organization anticipate these changes.

In summary, calculating gaps will enable you to identify where your human capital (people and competencies) will not meet future needs (demand will exceed supply). The gap analysis also will determine whether your human capital exceeds the needs of the future (supply will exceed demand). There may also be situations where supply will meet future demand, thus resulting in a zero difference or no gap.

The gap analysis process is outlined in **Figure 7**.

Figure 7. The Gap Analysis Process

How	What
Assess	The current supply of human capital
Factor in	Variables and assumptions
To come up with	Supply of human capital, then
Compare to	Demand
To come up with	Gaps and surpluses

Step 4—Action Plan

After you have completed the SWOT, the supply/demand analysis, and the gap analysis, and the organization has set priorities to fill gaps, you will begin to develop action plans. These plans should be developed first around the most critical gaps the organization faces so that *human capital can support strategy*.

Your organization will tailor its action plan based on your organizational strategy to eliminate gaps. Some work processes may require reengineering since competency needs may differ among occupational and work groups. **Figure 8** outlines some general approaches to action planning:

Figure 8. Approaches to Action Planning

Actions	Ask Yourself
1. Define required employee movement by identifying internal sources of workers	Can movement be implemented through career development programs?
2. Define reductions in force	Can required skills be obtained through sharing resources? Can contracting be cost-effective?
3. Define and redesign jobs	How will job redesign impact the current classification and compensation system?
4. Define recruiting needs and develop recruiting strategies by identifying recruitment sources for external sources of workers	Are there ways to maximize recruitment to minimize training needs of new employees?
5. Define training and development needs to support planned movement, redeployment	Are there ways to maximize recruitment to minimize training needs of new employees? Can we explore retraining or recruiting options for filling competency gaps?
6. Define critical job/competency needs and develop succession-planning programs such as mentoring, “stretch” assignments, job rotations, etc.	Is there a commitment and budget to grow talent with internal staff?
7. Define diversity initiatives	Is diversity balanced throughout all levels of the organization?
8. Define those special competencies your organization cannot obtain and consider contracting out	Is it cost effective and/or good business practice to contract out for special competencies?
9. Identify changes to current HR programs (such as performance management) to address gaps	Can the performance management system develop talent to close the gaps?
10. Review quality of work life issues to ensure you are an “employer of choice”	Is your organization healthy enough to retain the new talent?
11. Track organizational and operational productivity for improvements, goal attainment, and accountability	Are gaps closing? If not, why not?
12. Identify restructuring opportunities (organizational, functional, and occupational)	Is the organizational structure appropriate for conducting the required work?
13. Design a workforce plan to address skills gaps	What is the cost associated with the strategies to address competency or skill gaps?

This approach will lead you, in your roles as Business Partner and Leader for workforce planning, to develop HR strategies in key operational areas to address serious workforce shortfalls and related critical issues.

Once your action plan is designed, you are ready for implementation. There are six key steps to implementing the workforce plan:

1. Obtain management leadership and support
2. Develop change management strategy
3. Communicate
4. Monitor
5. Evaluate
6. Revise

1. Obtain Management Leadership And Support

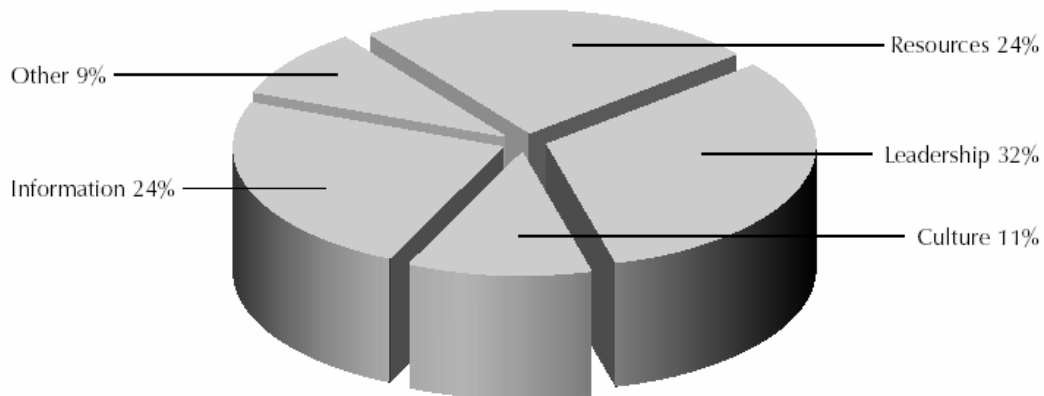
Workforce planning offers a way to systematically align organizational and program priorities with the money and human capital needed to meet those priorities. By beginning the planning process with identified strategic objectives, you can help managers in your organization to develop workforce plans that will accomplish those objectives. Since there is a clear connection between objectives and the budget and human resources needed to accomplish them, workforce plans also provide a sound basis to justify budget and staffing requests.

Successful workforce planning requires commitment from top management and leadership. Senior-level managers must lead the planning process, ensuring that workforce plans are aligned with strategic directions, and holding subordinate managers accountable for carrying out workforce planning and using the results of the planning process.

Similarly, your organization's program managers must lead the workforce planning process for their particular program areas and offices, with advice and assistance from HR. Program managers will gain the most immediate benefits of workforce planning because the competencies of their own staffs will improve as well as become better aligned with strategic goals and directions for the organization.

In fact, when HR professionals attending the IPMA Workforce Planning Workshop were asked what they would have done differently in their workforce planning efforts, 32 percent indicated "more leadership and support," as shown in **Figure 9** on the next page.

Figure 9. How HR Professionals Would Do Workforce Planning Differently



Implementing action plans requires dedication, time, and the resources needed to address the critical gaps or surpluses in workload, workforce, and competencies in your organization. This includes identifying specific actions to take—with whom, when, where and how—and targeting specific movements, managing voluntary attrition, and improving staff utilization.

2. Develop Change Management Strategy

Workforce planning requires all stakeholders in your organization to seriously consider change, and change has to be managed. Workforce planning requires a vision of what is to be accomplished and what changes are needed to achieve that vision. Participants must be able to discard personal considerations and visualize the shape of things to come. This need for an objective view of the change process, along with the amount and depth of analysis needed, has prompted some organizations to dedicate resources or hire contract support for all or part of the workforce planning process.

3. Communicate

Communication is essential to the success of the workforce plan. Part of your organization's communication strategy should include training the people accountable for workforce planning and its implementation. Employees throughout the organization should also be aware of the HR programs available to provide them opportunities for growth, development, and movement.

4. Monitor

You will want to continuously monitor program activities and any internal or external developments that may affect the action plans. Your organization should be ready to address and make essential changes to the action plan when the environment demands change.

5. Evaluate

There are many different methods to obtain feedback about how well your organization accomplishes its action plan and how effective the outcomes have been. You can obtain this information via meetings, surveys, focus groups, and reviews of accomplishment reports. There are questions you can ask to determine whether the strategies and action items are effective. These include:

- Were the actions and strategies completed, and do they fulfill the goals?
- Did the action plan accomplish what the organization needed?
- If not, have the organization's strategies on which the plan is based changed? Are other factors preventing attainment of the goals?
- Are the assumptions of the demand and supply models still valid?
- Have the conditions changed so that the strategies need to be revisited?
- Is there a need to modify the action items?

In addition to collecting information from program users, your organization should measure the results of the workforce plan, looking for examples of efficiency and effectiveness

such as:

- Do the workload and workforce gaps still exist?
- Are planning assumptions still valid?
- Are the skills of employees being developed quickly enough to become effective?
- Is there any imbalance between workload, workforce, or competencies?
- Do the new recruits possess needed competencies?
- Has the cost to hire been reduced?
- Has overall organization performance increased?
- Do adequate staffing levels exist?

6. Revise the Plan

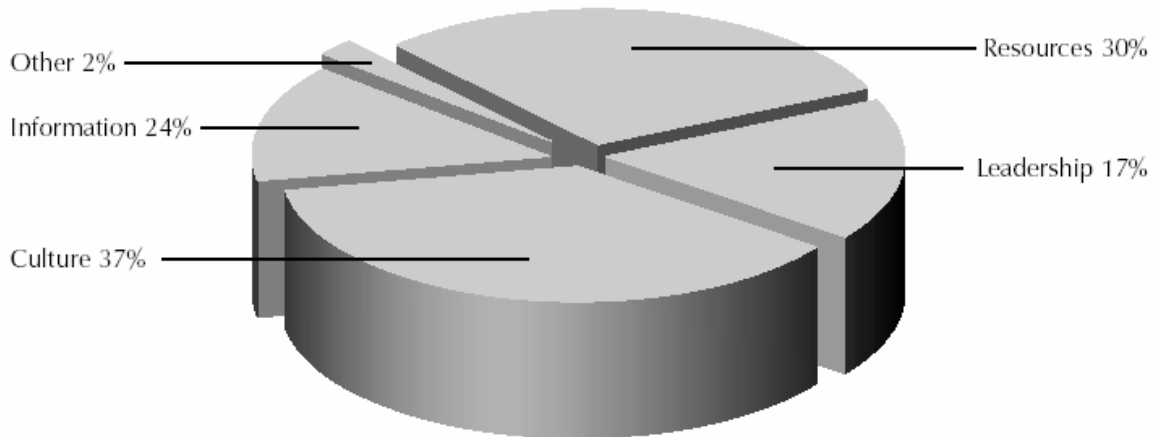
After you have evaluated workforce planning to determine progress, you will want to make necessary plan revisions. Your organization must communicate changes to action plans in a timely manner, and allow questions and clarification. Similarly, achievements should be reflected in your organization's annual accomplishments and any reports that measure progress toward attaining strategic goals. Successful workforce planning is an active, ongoing, and dynamic process that must be repeated and adjusted.

What makes workforce planning successful? Review **Appendix B** for a brief overview.

Special Issues in Workforce Planning

IPMA Workforce Planning Workshop participants were asked, “What are some of the barriers to developing workforce planning programs in your organization?” **Figure 10** shows the categories of barriers the participants identified—cultural and attitudinal factors, resource constraints, lack of leadership, and the need for more and better information/data for planning.

Figure 10. Barriers to Workforce Planning



While workforce planning affects all HR functions, it especially impacts recruitment and retention strategies, training and development, and performance management. Two special challenges in attracting workers are recruiting for occupations that are in heavy demand and for emerging occupations.

This section discusses some special issues to consider when you reach the action planning step of your workforce planning process.

A. Resources

Successful workforce planning requires resources such as funding or staffing, and these should become a part of the overall organization budget. Often, the most costly component of workforce planning is the funding needed for ongoing training and development.

One way to develop your organization’s planning budget is to ask other organizations that have conducted workforce planning what their costs are.

Effective workforce planning requires dedicated staffing to ensure the process is ongoing, and that it is properly managed and implemented. A matrix management approach can be effective, in which HR will work with other operational areas for designing, developing, and managing the planning process.

There are, however, organizations that have decided to shift resources and forgo other functions to undertake workforce planning because it is critical to the long-term success of the organization. As we know, public sector managers are some of the most creative folks around—out of necessity!

B. Recruitment Strategies

Your workforce planning effort likely will lead to changes in your organization's recruitment strategies. Employment in all categories that require education and training—that generally require an associate degree or higher—is projected to grow faster than the 14 percent average growth rate for all occupations. For example, occupations generally requiring an associate degree are projected to grow 31 percent, faster than all other education categories, over the 1998-2008 period.⁴ There will be fierce demand for these new workers.

Gone are the days when applicants flocked to government employment and the role of HR was to test and select the “best of the best.” Today, government organizations must be proactive in ensuring they have the right people at the right place at the right time to meet organizational objectives. Proactive approaches to recruitment include:

- Internet recruitment
- Employee referral programs
- Job fairs
- Professional associations and conferences
- Radio and television advertising
- Executive recruitment firms
- Campus recruitment and outreach, including internships
- Print media
- Candidate databases of interested applicants
- Hiring retirees

C. Retention Strategies

It is just as important to keep employees as it is to attract them in the first place. Although the strategies involved in keeping them are listed as retention approaches, some may actually convince potential employees to choose your organization as their “employer of choice” because of a work environment that is productive, flexible, and meaningful. Strategies to consider include:

- Flexible work schedules
- Promotion from within
- Cafeteria benefit plans
- Child care
- Organizational assessment surveys
- Employee input in decision-making
- Employee recognition
- Safe and attractive facilities
- Job-sharing
- Timely and thorough communication

D. Training and Development

As technology and other factors change the nature of some jobs, employers will need to keep staff up-to-date and prepare them for roles of increasing responsibility and leadership. Although continually hiring individuals with the requisite skills is one option for meeting the challenges of those changed jobs, it is not an option that will fulfill most organizations' needs and preserve the knowledge amassed by current employees. Strategies to create a learning organization and develop employees to their fullest potential include:

- Tuition reimbursement
- On-the-job training
- Technical and developmental training
- Mentoring
- Lateral transfers
- Job rotation
- Individual development plans
- Career counseling
- Skills/competencies databases

E. Performance Management

Performance management plays a critical role in workforce planning and is often the weakest link in the talent management strategy of an organization. Performance management comes into the workforce planning process at both the supply and demand phases. It is also a factor in recruitment and retention for employer-of-choice organizations. In other words, talented people want to work with other high performers like themselves.

In the public sector, performance management has been most successful as a development tool facilitated by supervisor-employee discussions on strengths and weaknesses with the goal of enhancing future performance. As public entities are asked to be more accountable for accomplishing organization goals and objectives and using resources well, the move to performance-based rewards is becoming more common. This trend goes hand-in-hand with the need for workforce planning.

F. Changes in Employment by Occupation

Difficulty filling positions in certain occupations is often the first indication major changes in the labor force are under way. Currently, for example, many government agencies have difficulty recruiting and retaining nurses, IT professionals, corrections officers, and other public safety employees, and these are just a few examples of hard-to-fill positions.

In looking to the future, the BLS forecasts changes in the civilian workforce that will affect recruitment and retention. The information provided here illustrates what data are available to help with forecasting, an important component of the supply and demand analysis of workforce planning. This information is often available on a region-by-region or state-by-state basis. Some examples of BLS data are shown below and in **Figures 11 and 12**.

- The five fastest-growing occupations are computer-related occupations, commonly referred to as information technology occupations.

- Professional specialty occupations are projected to increase the fastest and to add the most jobs—5.3 million from 1998 to 2008. This group also had the fastest rate of increase and the largest job growth during the 1988-1998 period. Service workers are expected to increase by 3.9 million jobs by 2008. These two groups, on opposite ends of the educational and earnings spectrum, are expected to provide 45 percent of total projected job growth for the 1998-2008 period.
- Other groups projected to grow faster than average are executive, administrative, and managerial occupations; technicians and related support occupations; and marketing and sales occupations.
- Administrative support occupations, including clerical jobs, are projected to grow more slowly than average and slightly more slowly than in the past, reflecting the impact of office automation.
- Precision production, craft, repair occupations and operators, fabricators, and laborers are projected to grow much more slowly than the average growth rate due to continuing advances in technology, changes in production methods, and the overall decline in manufacturing employment.

Figure 11. Ten Fastest Growing Occupations—1998-2008

Occupation	Employment 1998 (thousands)	Employment 2008 (thousands)	Employment Increase (thousands)	Percent Change
Computer Engineers	299	622	323	108
Computer Support Specialists	429	869	439	102
Systems Analysts	617	1,194	577	94
Database Administrators	87	155	67	77
Desktop Publishing Specialists	26	44	18	73
Paralegal and Legal Assistants	136	220	84	62
Personal Care and Home Health Aides	746	1,179	433	58
Medical Assistants	252	398	146	58
Social and Human Services Assistants	268	410	141	53
Physician Assistants	66	98	32	48

Figure 12 on the next page shows that the ten occupations adding the most jobs will account for nearly one-fifth of total employment growth.

Figure 12. Ten Occupations with the Highest Growth Rate—1998-2008

Occupation	Employment 1998 (thousands)	Employment 2008 (thousands)	Employment Increase (thousands)	Percent Change
Systems Analysts	617	1,194	577	94
Retail Salespersons	4,056	4,620	563	14
Cashiers	3,198	3,754	556	17
General Managers and Top Executives	3,362	3,913	551	16
Truck Drivers (Light and Heavy)	2,970	3,463	493	17
Office Clerks	3,021	3,484	463	15
Registered Nurses	2,079	2,530	451	22
Computer Support Specialists	429	869	439	102
Personal Care and Home Health Aides	746	1,179	433	58
Teacher Assistants	1,192	1,567	375	31

Appendix A

Setting a Strategic Direction

Introduction

Setting a strategic direction is the process of preparing a model for your organization's long term success. Before beginning, it is important to have a clear understanding of exactly what strategic planning is. Goodstein, Nolan and Pfeiffer have developed a key definition for the term and define it as: "...a continuous and systematic process where the guiding members of an organization make decisions about its future, develop the necessary procedures and operations to achieve that future, and determine how success is to be defined." Throughout this process keep in mind that Strategic Planning:

- Must be an ongoing process.
- Must be a structured and deliberate effort.
- Recognizes thinking strategically about the future and how to get there.
- Includes not only senior managers, but all employees in the effort.
- Includes the full spectrum of actions and activities from aligning the organization behind clear long-term goals to putting in place organizational and personal incentives, allocating resources, and developing the workforce to achieve the desired outcomes.
- Includes the voice of the customer, which drives the operations and charts the course for the future.
- Includes methods for measuring success in meeting the mission objectives.

An Outline for Setting Strategic Direction

Below is a brief outline of the steps needed to set a strategic direction. After the outline, definitions and instructions for the various steps are described.

1. Organize and mobilize strategic partners: Locate and enlist key players within the organization and among customers.
2. Set vision, mission, value, and objectives: Compose vision, mission, values, and objective statements that provide a foundation for defining and implementing strategic plans.
3. Review organizational structure: Examine current workforce demographics, competencies, and workload.
4. Conduct business process reengineering: Analyze and redesign processes across the organization.

5. Set measures for organizational performance: Define how the organization will know when and if it has succeeded.

6. Position HR to be an Active Partner: Put HR leaders in the front of the strategic planning effort.

When setting a strategic direction, it is important that:

- Clear milestones are set with associated time periods for their completion in order to reach the planned future state.
- Targets are realistic, objective and attainable.
- Performance audits are taken to determine the organization's progress in meeting the strategic plan. If there is a gap between the plan and reality, additional steps are taken to ensure that the strategic plan will be implemented or the plan is revised.

1. Organize and Mobilize Strategic Partners

If the workforce planning initiative is to be successful, partnering must take place with critical organizational players personally involved in all aspects of strategic planning. Examples of the critical players that should be included are representatives from budget, human resources, senior managers and labor. If they are not involved, major problems will stem from missed components of the business process.

Conducting surveys, interviews and focus groups with these key employees will enable communication to begin the strategic planning, while ensuring all participants are staying informed of the initiative moves and changes. This communication must be a multidirectional dialogue, running top-down and bottom-up, and operating horizontally across the organization.

Communication has to flow freely inside the organization and from outside of it. All of the customers are considered important partners in this communication effort. Effective external communication from external customers and effective internal communication from internal customers and staff are the hallmarks of a successful organization.

2. Set Vision, Mission, Values, and Objectives

Having Vision, Mission, Values, and Objective statements provides direction for your strategic plan. It is important the statements are clearly conveyed to employees and external customers to keep them up to date with the organization's goals. Articulating these statements includes evaluation and strategy development at the agency level, the business unit level, and the functional level.

Vision

The vision statement is a brief declaration of where the organization wants to be in the future. The vision statement provides a mental picture of the organization as it can be. It should be ambitious and well articulated.

Mission Statement

The mission statement of an organization describes its reason for existence. The mission statement involves identifying and specifically stating what business the organization is in or plans to enter. This includes an analysis of customer needs and customer perceptions. Mission statements:

- Are broad and expected to remain in effect for an extended period of time.
- Should be fairly brief and clear.
- State the social/political needs we exist to meet, and identify what do we do to recognize, anticipate, and respond to these needs.

Values

Values are the fundamental beliefs that drive organizational behavior and decision-making. Values show key interests to be satisfied. Most values suggest how people and organizations ought to act in the world, for example, with integrity, honesty, respect, etc. Prior to formulating their values statement, organizations typically undertake a values audit, which includes an examination of the organization's current values. As part of this audit there should be an internal and external scan of customer needs, supplier requirements, and staff competencies to meet these needs. In addition, this scanning takes into consideration world events, government events, and internal agency cultures.

Objectives

Objectives set the course for the organization's operations. They are the specific measurable end results to be accomplished within specific time limits. It is the "how, when, and who" for achieving a goal. A statement of objectives includes:

- Carefully laying out how the strategic goals will be accomplished.
- Deciding who needs to do what and by when.
- Specifying how the organization will know who has done what and when.

3. Review Organizational Structure

Review of the organizational structure begins with the consideration of demographic information: occupations, grade levels, skills and experience, age, retirement eligibility, diversity, turnover rates, etc. This information is valid workforce analysis and necessary to documenting the present workforce, but you need to document more than demographics. Conduct competency assessments and compare workforce needs against available skills. Review classification and inter-organizational relations. Examining these different components will reveal if your workloads match resources. If they do not, some organizational changes need to be made.

4. Conduct Business Process Reengineering

Reengineering identifies, analyzes, and redesigns an organization's core business processes with the aim of achieving dramatic improvements in critical performance measures, such as cost, quality, service, and speed. Reengineering may include optimizing individual tasks, but should focus primarily on redesigning the process as a whole in order to achieve the greatest possible benefits to the organization and their customers.

5. Set Measures for Organizational Performance

The planners should set corporate measures for the agency in such a way that individual offices can link performance to them. This includes determining what standards for performance and methods for measuring results will be employed. Doing so helps the organization to know when, and if, it is successful.

6. Position HR to be an Active Partner

In implementing a strategic direction, human resource offices are key players in implementing workforce transition plans. Human resource staff can provide program offices and managers with the tools for developing new competencies in the workforce, training employees, recruiting staff with core competencies, performing workforce analysis, and developing succession-planning models when needed.

Workforce transition is also an important input to workload planning -- helping human resources offices plan for internal training, movement, reassignment, and recruiting. This allows human resource professionals to plan workloads and activities and to provide better service to managers. Making this partnership work requires that human resource offices develop the full range of human resources competencies among their staff, including workforce analysis and strategic planning skills.

Questions Your Strategic Plan Needs to Answer

Upon completion of your strategic plan, make sure it answers the following questions:

- Where are we today?
- How do our customers/clients see us?
- How do we see the business environment and ourselves?
- How do we see the future? What are we going to do about it?
- Where are we going?
- How do we get there?

Appendix B

Workforce Planning Elements of Success

This document provided some descriptions of the critical features of workforce planning and provided the "nuts and bolts" of several models and approaches. Yet, certain elements of success have been identified that contribute not only to the viability of the model, but also to ensure that workforce planning still achieves its ultimate goal of making sure the right people with the right skills are available at the right time.

Simplicity

Organizations successful in workforce planning keep the process simple and understandable. Overly sophisticated or complex plans and processes can be intimidating. For instance, a workforce planning process based on extensive and complicated number crunching, and completion of forms and reporting mechanisms will not only "turn off" users, but will bog down the system.

Flexibility

This goes hand-in-hand with simplicity. The simpler and more flexible the process and structure, the easier an organization can identify problem areas and develop necessary action plans. Managers cannot understand and adapt to change if the workforce planning process is so strictly structured that it does not allow managers flexibility to focus on what they believe or determine is important.

Support from All Levels of Management

For workforce planning to succeed it must have the support from all levels of management. Senior management must be the first level that sees the value in workforce planning. Without their buy-in, the planning process will never advance beyond the Once senior management recognizes its value, then it can assist all other management levels to recognize it. Line managers are particularly crucial to sustain the process. Therefore, line managers have to view workforce planning as more than just a paper-chasing exercise. Managers must recognize that workforce planning is not just another requirement, but rather a means of facilitating and improving their work, along with their planning and decision-making processes.

Credibility

In conjunction with gaining management support, workforce planning must be credible in terms of being responsive to the organization's overall needs. The demands of the organization as a whole should drive the process, not the priorities of any specific department or function. In addition, credibility is obtained when the human resources department plans, identifies and addresses the needs of an organization through data and analysis. Workforce planning does not have to be based on sophisticated statistical models, but techniques must be in place to provide solid evidence on how the organization addresses an environment of change. Techniques that provide this type of information builds commitment to human resource action plans.

Appendix C

Twenty-Two Competencies in the IPMA HR Competency Model

1. **Knows Mission**
Understands the purpose of the organization including its statutory mandate, its customers, its products and/or services, and its measures of mission effectiveness. Is able to articulate the relationship between human resources activities and successful mission accomplishment. Keeps current with factors which may have a future impact on mission.
2. **Understands Business Process and How to Change to Improve Efficiency and Effectiveness**
Approaches assigned HR program responsibilities with a broad perspective of the way business is done within the organization. Able to recognize and implement change to enhance efficiency and effectiveness.
3. **Understands Clients and Organizational Culture**
Researches unique characteristics of client organizations to ensure that assistance and consultations are appropriate to the situations. Maintains awareness of differing cultures and provides service that is tailored to the requirements of the culture.
4. **Understands Public Service Environment**
Keeps current on political and legislative activities which may affect the organization and/or the HR community. Seeks to understand the intent as well as the letter of laws, orders, and regulations which result from the political process so that implementation is consistent with the intended outcomes of legal and policy changes.
5. **Understands Team Behavior**
Applies knowledge of team behavior to help achieve organizational goals and objectives. Maintains currency with new approaches to human motivation and teamwork that may apply to the organization.
6. **Communicates Well**
Expresses ideas and exchanges information clearly and persuasively. Speaks in terms of business results and goals rather than HR technical terms. Communicates effectively with all levels of the organization.
7. **Possesses the Ability to be Innovative and Create a Risk Taking Environment**
Thinks outside of the box. Creates and presents new approaches which are outside the context of current policies when warranted by mission needs. Understands and applies techniques which are designed to encourage creativity and innovations. Creates an environment where risk taking is valued.
8. **Assesses and Balances Competing Values**
Manages competing priorities and work assignments by continuously evaluating the needs of the organization's mission against pending work. Maintains contact with senior management to ensure a clear understanding of mission priorities. Explains priorities to key customers to ensure that they understand the rationale for decisions regarding work priorities.

9. **Applies Organizational Development Principles**
Maintains knowledge of social science and human behavior strategies which can be used to improve organizational performance. Establishes strategies to promote greater learning within the organization. Provides advice that support creating opportunities for employees to grow.
10. **Knows Business System Thinking**
Applies whole systems thinking to HR work processes by ensuring consideration of all external and internal environmental factors in providing advice and solutions to customers.
11. **Applies Information Technology to Human Resource Management**
Maintains awareness of current and emerging technologies which have potential to improve the efficiency and/or effectiveness of HRM within the organization. Develops proposals to implement new HR-based technology within the organization when justified.
12. **Possesses Good Analytical Skills Including the Ability to Think Strategically and Creatively**
Analyzes a multiplicity of data and information from several sources and arrives at logical conclusions. Recognizes the gaps in available data and suggests other ways to obtain the needed information.
13. **Designs and Implements Change Process**
Ability to recognize the potential benefits of change, and create an infrastructure which supports change. Is flexible and open to new ideas and encourages others to value change.
14. **Uses Consultation and Negotiation Skills Including Dispute Resolution**
Takes the initiative in solving or helping to resolve problems. Knows a variety of problem-solving techniques and uses them or recommends them to involved parties.
15. **Possesses the Ability to Build Trust Relationships**
Has integrity and demonstrates professional behavior to gain the trust and confidence of customer. Follows up on commitments made on a timely, accurate and complete basis. Can keep confidences and does not abuse the privilege of accessibility to confidential information.
16. **Possesses Marketing and Representational Skills**
Persuades internal and external customers of the needs and beneficial outcomes of particular programs or actions. Develops the pros and cons of an issue and persuades interested parties of the best course of action. Ensures that customers are aware of the importance of the HR role.

17. Uses Consensus and Coalition Building Skills

Enhances collaboration among individuals and groups by using consensus building skills. Objectively summarizes opposing points of view. Incorporates all points of view and assists in arriving at a consensual position or agreement. Reconciles disagreements with officials through reasoning and presentation of the facts. Uses differences of opinion to build alternative solutions to problems or concerns. Understands when and how to elevate issues to higher level line officials when actions being taken are inconsistent with legal or higher level policy requirements. Has courage to take a stand when an issue is considered important to the well-being of the organization's mission or reputation.

18. Knows Human Resource Laws and Policies

Keeps current and understands statutory and regulatory requirements affecting HR programs. Sees and uses intent of requirements as an HR tool to assist in managing resources.

19. Links Human Resources to the Organization's Mission and Service Outcome

Understands mission needs and context in terms of people needs. Understands the HR role(s) within the organization and adapts behaviors and approaches that are consistent with the role(s).

20. Demonstrates Customer Service Orientation

Keeps abreast of organizational climate and mission changes and is keenly sensitive to customer needs and concerns. Responds to client needs, questions and concerns in an accurate timely manner.

21. Understands, Values and Promotes Diversity

Understands the potential contributions that a diverse workforce can make to the success of the organization. Is aware of the potential impact of HR processes and assures that diversity needs are considered.

22. Practices and Promotes Integrity and Ethical Behavior

Behaves in ways that demonstrate trust and gain confidence. Treats customers fairly and courteously and effectively responds to their needs regardless of organizational location or grade level. Promotes and maintains a high level of integrity.

Competencies by Role

Overview of IPMA HR Competency model, skills assessment--includes competency #18, "Knows Human Resource Laws and Policies"

Business Partner - competencies include:

- Knows mission
- Understands business process and how to change to improve efficiency and effectiveness
- Understands clients and organizational culture
- Understands public service environment

- Understands team behavior
- Communicates well
- Possesses the ability to be innovative and create a risk taking environment
- Applies organizational development principles
- Knows business system thinking
- Possesses good analytical skills including the ability to think strategically and creatively
- Possesses the ability to build trust relationships
- Links HR to the organization's mission and service outcome

Change Agent - competencies include:

- Understands business process and how to change to improve efficiency and effectiveness
- Understands clients and organizational culture
- Understands public service environment
- Understands team behavior
- Communicates well
- Assesses and balances competing values
- Knows business system thinking
- Applies information technology to human resource management
- Possesses good analytical skills including the ability to think strategically and creatively
- Designs and implements change process
- Uses consultation and negotiation skills including dispute resolution
- Possesses the ability to build trust relationships
- Possesses marketing and representational skills
- Uses consensus and coalition building skills
- Demonstrates customer service orientation

Leadership - competencies include:

- Understands team behavior
- Communicates well
- Assesses and balances competing values
- Possesses good analytical skills including the ability to think strategically and creatively
- Uses consultation and negotiation skills including dispute resolution
- Uses consensus and coalition building skills
- Understands, values and promotes diversity
- Practices and promotes integrity and ethical behavior