

Agencies Need to Change their Thinking About How to Succeed With Human Capital Practices The Case for Not Transforming HR

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Human Resources



Human Capital



Organizational Effectiveness



Introduction

Many Federal HR departments have been struggling to *transform* from an operational department to a strategic leader of talent management across their agency. But transforming HR this way is the wrong thing to do. Instead, agencies should migrate with two separate initiatives: optimizing operational HR activity, creating a fundamentally different capability – that of serving as strategic business partner to agency program offices to optimize agency effectiveness. Right now we see too many HR departments trying to achieve both with the same talent pool with less than satisfactory results.

At the risk of oversimplification, there are three major demands across government impacting HR departments:

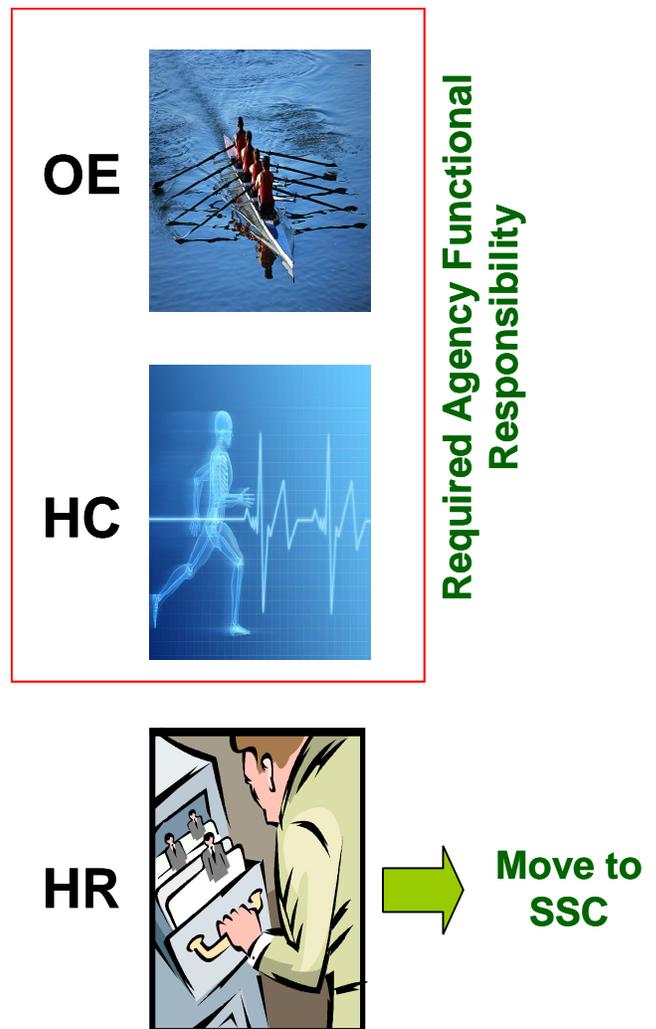
1. Processing personnel actions (getting, managing, and moving people) to meet the staffing requirements of the agency's program offices.
2. Standardizing, consolidating, and automating HR processes through the transformational efforts of the HR Line of Business (HRLoB) and related e-Government initiatives.

3. Providing strategic human capital or “talent management” consulting services and tools to program offices.

Successfully delivering comprehensive HC services requires a continuous focus on administrative excellence while building strategic capability. And the competencies required to become a strategic business partner are quite different for those required of HR operations. HR Specialists (201 Series) do great work performing the necessary operational or transactional duties. And certainly the training department and other similar groups coordinate the necessary needs of the line organizations pretty well. But agencies have a growing need to add Organizational Effectiveness (OE) and Human Capital (HC) consulting capacity – skill sets that are very different from those currently possessed by HR Specialists. We should not confuse the two and try and accomplish them with the same skill set.

It is our premise that agencies will not be successful if they continue to attempt to *transform* one entity (HR) into something it is not. Instead, to be successful agencies must undertake a difficult migration to a fundamentally new functional responsibility and must simultaneously pursue two very different activities. First, optimize HR operations, including consolidating most operational activity in the Shared Service Centers (SSCs) – all this must be done while maintaining the necessary core agency talent management capacity supported by technology. Second, the agency must separately *add* the necessary strategic business capacity to ensure strong and effective business practices within agencies.

Federal agencies are acutely aware of these different and often competing demands as they work to meet both the HRLoB’s consolidation goals and the new performance expectations contained in the Human Capital Assessment and Accountability Framework (HCAAF) and other mandates, while continuing to handle their transactional workload. This tendency is exacerbated by the fact that existing staff are often quick to return to their transactional “comfort zone” when assigned a more strategic project or activity. In short, agencies don’t currently have the full talent and capacity to execute this new role.



Agencies Need New Talent and Capacity

The stage has been set. Starting back in the early 1990's with the National Performance Review (NPR) and Government Performance Results Act (GPRA), and more recently with the establishment of the CHCO role, Chief Financial Officers Act (CFOA), President's Management Agenda (PMA), HRLoB, HCAAF, eGov, Proud-To-Be and other initiatives, agencies have a strong foundation for change. These initiatives have focused us all on accountability and alignment of critical organizational systems. We must now begin a stronger focus on migration and implementation so that the government begins to realize the benefit.

The operational work requires Federal HR professionals who have in-depth technical knowledge of Federal HR rules and processes and can plan, organize and execute the work. The separate and new OE/HC roles, however, on the other hand are responsible for fundamentally different activities:

Organizational Effectiveness

OE

- Conducting organizational assessments to identify critical gaps, forecasting needs, recommending options to fill those gaps, and helping the organization become effective and aligned with critical mission requirements.
- Identifying, planning, and conducting projects to create efficiency, effectiveness, and savings by aligning and improving critical elements of the organization such as leadership, policy, technology, people, process, infrastructure, and external drivers.
- Measuring the effectiveness of government programs and organizational systems.

Human Capital

HC

- Evolving the organizational talent (asset) to continually meet the changing demands of the organization through a variety of means. Guiding employees and managers toward developing the human potential within the organization.
 - Managing change within the enterprise to ensure continually aligned systems and workforce.
 - Developing and measuring talent management approaches, tools, and technologies that business managers can use to meet human capital and other needs.
 - Automating core HR transactional and strategic processes.
 - Reporting results and partnering with oversight agencies on HC initiatives.
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These OE/HC activities require a completely new set of competencies from those required of Federal HR Specialists. These new competencies include:

- Strategic Planning
- Business Processes
- Change Management
- Enterprise Systems
- HR Systems Planning
- Risk Management
- Workforce Planning
- Business Management
- Technology Systems
- Consulting Skills
- Mission Orientation
- Information Management
- Developing Human Potential
- Project Management
- Conflict Management
- Budgeting and Financial Management
- Human Capital Planning
- Organizational Effectiveness
- Measuring Results
- Performance Management (organizational and employee level)

Some agencies have begun to lay the ground work for alignment and change. For example, the Securities and Exchange Commission (SEC) has achieved some success through re-structuring its HR office to incorporate a new strategic planning unit. And the Department of Defense's Civilian Personnel Management Service (CPMS) is defining roles and career paths for HC Leaders and Strategic HC Advisors. Many agencies now have Chief Operating Officers (COOs) who are responsible for organizational effectiveness, aligning all systems to work together to achieve the agency mission.

Major Strategies for Achieving Success

Agency success requires that all organizational systems are aligned toward achieving organizational goals. Not only are employees a critical asset to the organization, they are arguably the asset that must be strategically planned for and managed. These realities highlight the importance of developing OE and HC capacity within our agencies. Doing this requires a migration plan that both consolidates and streamlines HR transactional activity while separately building the strategic OE/HC expertise and functionality.

The following high level strategies provide a broad outline agencies can take to implement such a migration plan. The success of this approach will be enhanced if OMB and OPM accelerate their leadership on SSC's, strategic technology, human capital, and results-based initiatives. This includes not only setting policy, guiding (and supporting) agencies, and establishing technology requirements (such as those already developed in the Federal Enterprise Architecture reference models), but also leading the effort to build, select, and implement government-wide systems (to support SSC's, agencies, and oversight) and guiding the technology vendor community in federalizing its products and tools.

Strategy 1 – Right size the HR workforce. Determine the required functionality, structure, and staffing levels through well defined planning models. Keep some staff to manage the service center relationships, serve as ombudsmen, and implement the talent management functions that would appropriately stay within the agency (see Strategy 2). Move HR staff to the SSC's and take advantage of natural attrition to pare down the workforce where necessary.

Strategy 2 – Develop strategic OE/HC functional offices within the agency. Develop the functional responsibility, design the organization to fit the agency, determine how to source it (in-house, contractor, customer-based, or a combination thereof), and build the resource capacity around it (technology, policy, procedures, workflow, management, authorities, etc.). We suggest the COO establish an Office of Organizational Effectiveness which includes the Human Capital function.

Strategy 3 – Engage customers as strategic business partners. This includes both developing more proactive relations with agency program offices to better understand and anticipate their transactional needs while initiating and developing the role of consultant and advisor to help prepare and maintain effective organizations that achieve measurable and meaningful results.

Strategy 4 – Develop strong coalitions throughout and across agencies at the “C” level. We’ve talked long and hard about HR being at the leadership table; however, it’s even more important for OE/HC leaders to be present as their role is to offer valuable, practical support that helps their fellow “C” officers accomplish their mission.

Conclusion

New requirements inconsistent with existing expertise have placed overwhelming demands on Federal HR workforces, undermining early efforts to introduce OE/HC capacity within agencies. While not fully successful, current attempts to transition provided value by teaching what has not worked and highlighting alternative paths to future success. By focusing on those “lessons learned” and following the high level strategies outlined here, agencies can migrate to new organizations with the necessary competencies to make a meaningful contribution to an effective and efficient government. HR cannot do it all. So set up HR to succeed and create new OE/HC capacity to guide agencies toward organizational success.

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