

An Executive Perspective on Workforce Planning

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Workforce planning is an organizational activity intended to ensure that investment in human capital results in the timely capability to effectively carry out the organization's strategic intent.¹ Specifically, the activity seeks

- to obtain a clear representation of the workforce needed to accomplish the organization's strategic intent
- to develop an aligned set of human resource management policies and practices²—in other words, a comprehensive plan of action—that will ensure the appropriate workforce will be available when needed
- to establish a convincing rationale—a business case—for acquiring new authority and marshalling resources to implement the human resource management policies and programs needed to accomplish the organization's strategic intent.

¹We define *strategic intent* as an expression (sometimes explicit, but often implicit) of what business the organization is in (or wants to be in) and how the organization's leaders plan to carry out that business. Leaders usually express strategic intent in the organization's strategic planning documents. In particular, the business the organization is in (or wants to be in) is often outlined in a vision, mission, and/or purpose statement. How the leaders choose to carry out the business is often captured in goals, guiding principles, and/or strategies. A major task for workforce planners is to identify explicitly those elements of strategic intent that workforce characteristics help accomplish.

²*Human resource management policies and practices* are the tools managers use to shape the workforce. An *aligned set of policies and practices* supports the leaders' strategic intent (i.e., the policies and practices are vertically aligned) and are mutually reinforcing (i.e., they are horizontally aligned).

RAND developed an approach any organization can use to conduct workforce planning.³ This approach focuses on answering four central questions:

1. What critical workforce characteristics will the organization need in the future to accomplish its strategic intent, and what is the desired distribution of these characteristics?
2. What is the distribution—in today’s workforce—of the workforce characteristics needed for the future?
3. If the organization maintains current policies and programs, what distribution of characteristics will the future workforce possess?
4. What changes to human resource management policies and practices, resource decisions, and other actions will eliminate or alleviate gaps (overages or shortages) between the future desired distribution and the projected future inventory?

An organization may become aware of workforce planning and initially engage in it to respond to an emerging crisis—for example, to ameliorate the impact of potentially large numbers of retirements in the next decade. This application of workforce planning, however, may not benefit enough from the unique contributions of executives to overcome the cost of their involvement. But if an organization engages in a more strategic application—shaping the workforce to achieve changing organizational ends—not only do executive contributions benefit workforce planning, they are essential to it.

Executives contribute to strategic workforce planning by providing guidance focused on what results the organization should produce and determining how the organization will produce those results. The first is primarily a role for the most-senior executives of the organization’s corporate headquarters; the second, primarily a role for the executives and line managers in a business unit, together with its community and human resource managers.

³RAND developed this approach for the DoD acquisition community. Six DoD components completed an initial cycle of workforce planning for its acquisition community using this approach in the summer of 2001. This report builds on their experience to refine and to generalize the executive perspective.

This report presents an executive perspective of workforce planning. It concentrates on the means by which executives guide the process—both *what* they do and *how* they do it. We focus on large organizations with many levels of hierarchy, for example, the DoD or most other federal agencies. Such organizations possess a common purpose and mission, accomplished through the coordinated efforts of heterogeneous divisions, functions, and business units. Consequently, several executive perspectives (corporate, functional, business unit, for example) bear on workforce planning.

We recommend that large organizations fully involve their business units in conducting workforce planning as well as in conducting other major activities of human capital strategic planning. The human capital implications are best defined at the business unit level. The business unit is responsible for employing that human capital, and the business unit decides *how* it is going to employ it.

The business units, of course, are part of the larger organization, serving the larger organization's overall mission. The corporate headquarters is responsible for setting the stage—providing the fundamental description of what results the functional communities and the business units should produce to support the larger organization as a whole. If a change in internal direction is not envisioned, the role of the business units in accomplishing the larger organization's overall mission may already be well understood and embedded in the fabric of daily operation. In such a case, the business units might employ workforce planning as an autonomous activity. However, if senior corporate executives seek to implement a change in the organization's overall operating and/or functional strategy, they must clearly articulate their intent—the corporate and/or functional strategic intent—and communicate it to the business units to shape *what* activities the business units carry out and *how* they do it.

How can corporate executives provide this guidance from the top of the organization to the business units that actually carry out the diverse activities necessary to successfully accomplish the organization's strategy? We propose the framework in Figure S.1 as a context for ensuring that the strategic intent of the organization's corporate executives influences in a meaningful way what the business units do and how they carry out their activities. (We use the acquisition func-

tion as a representation of one of the several functional perspectives within an organization.)

In this context, a major change in strategy (or significant change in the environment) usually implies a major change in the capabilities required to carry out the strategy. Often, the most important of these capabilities are embedded in the organization’s human capital. When that is the case, workforce planning is one of the primary means senior leaders can use to execute the desired shift in direction. Workforce planning can align the capabilities inherent in human capital with the new way of doing business.

Workforce planning takes place within the framework of human capital strategic planning. Human capital strategic planning provides

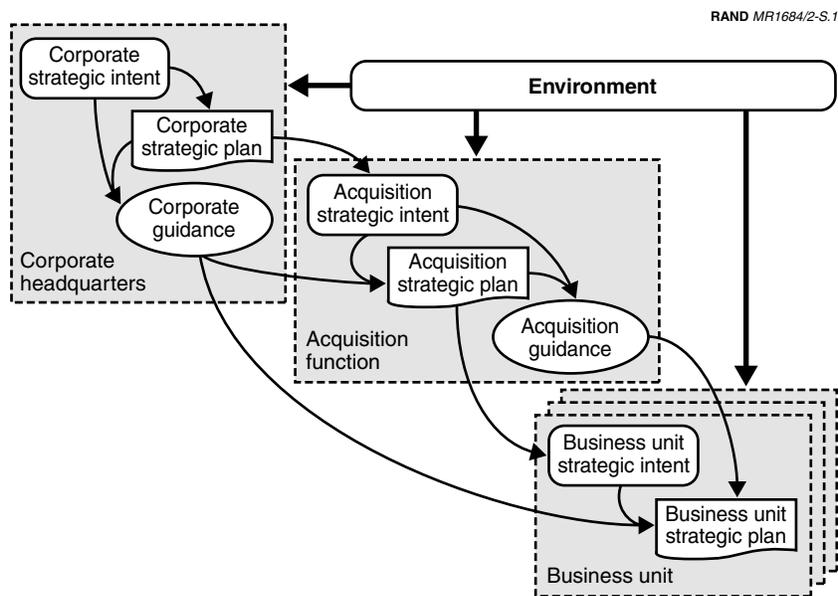


Figure S.1—Relationships Among Strategic Intent, Guidance, and Plan from Multiple Organizational Perspectives

the means with which to align the full range of human capital decisions with organizational ends.

Comprehensive human capital strategic planning comprises at least four separate processes: cultural shaping, organizational design, workforce planning, and performance planning. These processes focus on organizational values, organizational characteristics (authority, communication, etc.), workforce characteristics, and behaviors, respectively. Figure S.2 portrays the context for these processes from the business unit's perspective. The strategic intent articulated in corporate and functional guidance,⁴ together with a

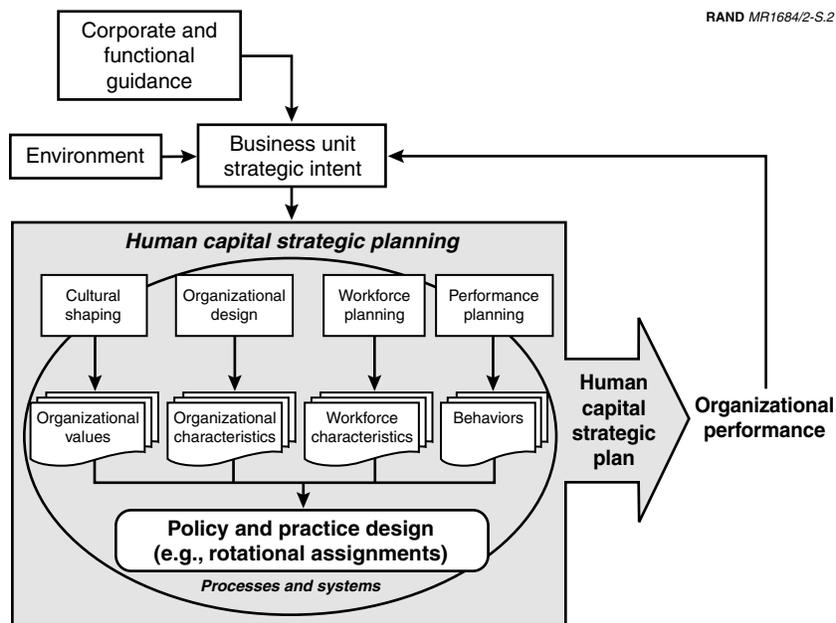


Figure S.2—A Framework for Human Capital Strategic Planning

⁴Corporate and functional guidance (as we employ the terms in this report) transmit the aspects of corporate and functional strategic intent that influence human capital strategic planning at the business unit level.

business unit's own strategic intent and its environment,⁵ is the starting point for each of the activities.

In the context of human capital strategic planning, senior leaders—corporate executives, executives and line leaders in business units, together with community⁶ and human resource managers—can use workforce planning to shape the capabilities of their workforces and thereby influence how the business units carry out their missions.

Table S.1 summarizes the major workforce planning roles of senior leaders throughout an organization.

We recommend that executives take seven actions to influence and improve workforce planning.

1. Institute workforce planning as an integral part of organizational strategic planning
2. Provide clear guidance
3. Ensure the right participants
4. Lead the effort—physically and intellectually
5. Focus on the business case
6. Monitor results
7. Act on any viable business case produced.

⁵We define the *environment* as external factors that impact the organization but over which the organization has little or no control.

⁶Many organizations assign career development and other human resource–related responsibilities for individuals in specific occupational or professional groups to senior executives in the occupation or professional group. In addition, senior executives often oversee these types of responsibilities for individuals working in major functional areas (such as acquisition or finance). These *community managers* (or *functional community managers*) are expected to ensure that the workforce possesses the capabilities needed by business units.

Table S.1
Executive Roles in Workforce Planning

	Formulate Strategic Intent	Organize for Workforce Planning	Interest and Motivate Workforce Planning Participants
Senior corporate executives	Formulate corporate and functional guidance with implications for human capital	Assign appropriate workforce planning roles throughout the organization	Generate the need; identify the benefit; act on results; take on difficult changes
Business unit executives and line managers	Articulate business unit strategic intent in terms of its human capital implications	Integrate workforce planning into organizational strategic planning	Actively participate; act on the results
Functional community managers	Specify a vision and a community management strategy for the functional community	Align community management structure to respond to business needs	Promote partnership between line managers and community managers
Human resource managers	Formulate an organization-centric human resource management strategy	Sponsor workforce planning; develop center of excellence	Develop innovative human capital solutions to problems identified during workforce planning