

## EFFECTIVE STRATEGIC HUMAN CAPITAL PLANNING

By Richard Gerstberger, PE, MBA, President  
TAP Resource Development Group, Inc.  
Denver, CO

The time is now. Back in 2007-2008 many in the utility industry predicted that the retirement of Baby Boomer age employees was going to have a major impact on the industry. We all know what happened; the economy tanked and most of those eligible to retire didn't. However it is happening now; employees are retiring in large numbers and many organizations are not any better prepared to address the resulting issues than they were six years ago. Because of this a significant workforce crisis is looming. The crisis could result in lack of skilled labor, fewer available employees, loss of institutional knowledge, poaching employees from other organizations, reduced budgets, poor management practices, and lack of leadership to name a few. Organizations, including utilities, need to prepare for it now.

The answer is not just filling vacant positions - a significant challenge in itself. Organizations that will be successful in dealing with the impact of workforce issues are those organizations that create a workforce that feels passionate about what they do; they've created an Employer of Choice culture. In this type of organization employees are actively engaged in what the organization is about - its purpose. An important component of being an Employer of Choice is a strategic human capital plan; a plan that builds on an employee's strengths and passions. Regardless of the focus: work, home or play, excellence is only possible with an actively engaged heart. The strategic human capital plan process integrates passion into the development process.

Human Capital Planning, as defined by the US Government's Office of Personnel Management, is the "alignment of human capital strategies with the agency's (organization's) mission, goals, and objectives...Implementation of the strategic human capital plan is a key step in an agency's progress to build a highly effective, performance-based organization by recruiting, acquiring, motivating, and rewarding a high-performing, top quality workforce."

Strategic human capital planning must be founded on the organization's strategic plan and usually consists of the following ten components, grouped in three sets: Assessment, Optimization, and Development (Action Planning).

### **Assessment**

- Available Workforce
- Workforce Demand
- Skills Inventory

### **Optimization**

- Benchmarking
- Process Redesign
- Transition Planning

### **Development**

- Employee Development
- Leadership Development
- Change Management/Training
- Knowledge Management

## **ASSESSMENT**

The Assessment step looks at workforce outflows (from retirements and other departures) that create the need for new employees, plus the staffing demands created by growth and other changes.



**Available Workforce**

This step forecasts the impact of retirements and other attritions on the available staffing. It begins by examining the timing along with the number, responsibility and function of employees eligible for retirement. In addition, the organization’s average attrition rate needs to be considered. The result is a workforce supply forecast.

**Workforce Demand**

The demand step determines the staffing level required to accomplish the organization’s mission. This plan is based on the strategic plan including growth, operational initiatives, additional facilities, and new regulations.

**Skills Inventory**

The numbers resulting from comparing the previous two steps – the gaps – don’t paint the entire picture. The planning process needs to asses the type and quantity of skills the organization will need over the life of the plan. This involves:

- Determining needed skill sets
- Evaluating current skill levels
- Identifying factors affecting demand for specific skills
- Identifying workplace changes that will impact skill requirements
- Developing alternative scenarios

**OPTIMIZATION**

It's not enough in today's rapidly changing world to plan for doing things the way the organization has always done them. It's important to ask the question, "How can we do it better?" A set of priority processes should be optimized or right-sized as a part of each year's planning process. The three components in this set – Process Redesign, including Benchmarking, Staff Change Analysis, and Transition Management – are focused on ensuring that the organization becomes properly sized as it progresses through the staffing or generational changes. The goal of Optimization is to make sure that there are the right numbers of people with the right competencies doing the right jobs. The generational and other changes that are occurring now and in the immediate future provide an excellent opportunity to make sure that the organization:

- has the right staffing level,
- is organized properly, and
- has the right people doing the right job

**DEVELOPMENT**

The third workforce planning set consists of those steps required to ensure that the organization’s human capital supports its mission.

**Employee Development.** Becoming an Employer of Choice is about attracting and retaining highly competent, industrious workers. The organization should attract and keep top talent by providing employees with the types of training and work-related experiences they need to excel in their current jobs and advance along a career path into positions of increasing responsibility.

**Training.** An important aspect of being an Employer of Choice is an effective training program that addresses technical, management, and leadership/supervisory training. Developing a comprehensive training program that encompasses necessary training components involves the following tasks:

- a. Assessing current training programs
- b. Developing a training framework
- c. Developing needed training components
- d. Building a strategic training plan

**Retention.** Employee Retention Programs involve the practice of minimizing turnover in the organization. They involve using existing services and programs or putting new initiatives in place that will encourage employees, increase morale, help productivity, and create an overall favorable work environment.

**Recruitment.** Recruitment is the process of searching for and attracting qualified candidates to fill job vacancies. It includes branding the organization and developing schemes for recruiting and advertising that target and attract top talent to the organization and the industry as a whole. This should include a clear delineation of the behaviors, skills, and attitudes necessary to succeed within the position and help accomplish the organization's purpose.

### **Leadership Development**

Leadership Development consists of competency mapping, training, leader assessment, and development plan creation.

1. **Leadership Competency Mapping.** An assessment is used to determine the various attributes (behaviors) of leadership that are important to the organization, along with the appropriate ranges for each attribute. The process should also prioritize attributes and identify variations in attribute scoring for different workgroups and levels of management within the organization.
2. **Leadership Training.** A training program should be established to train managers on the basics of leadership in a utility and/or local government-type organization. The program should cover at least the following topics:

- Leadership fundamentals and characteristics in a utility organization
- Organization's strategic focus and why it is important
- The four core leadership practices and their relationship to culture and strategy
- The importance of balanced leadership
- Basics of organizational performance and key results areas
- Integration of leadership and performance management
- The importance of individual leadership development

3. **Leader Assessment.** A comprehensive 360° assessment system should be used to provide comprehensive information about a manager's view of his or her leadership attributes, along with the view of their peers, direct reports, and supervisor. This information, along with the organization's strategic plan and the competency maps developed above, will establish the foundation for the creation of individual leadership development plans for each manager.

### **Create Individual Leadership Development Plans.**

Each manager participating in the leadership development process should create a leadership development plan that focuses on his or her particular training needs as identified in the 360° assessment process described above. Each plan should be reviewed by the manager's supervisor and should be integrated into the organization's performance management system.

**Succession Planning.** The organization's Leadership Team should develop and implement an overall leadership development planning and training process to guide the organization in identifying and developing a pool of candidates at various levels and for various positions within the organization. Programs should, to the extent possible, then be

developed based on each manager's needs and should include areas such as additional training, mentoring/coaching, feedback, and challenging job assignments. These programs should address the full range of knowledge, skills and abilities required for the position.

### ***Managing the Change***

Key actions necessary to a successful change process are coaching, communication, training and monitoring. The workforce development plan, along with its objectives and processes, must be communicated throughout the organization. A key to managing the change is an effective training program in change management. The training program discussed as a part of Employer of Choice is a critically important part of, and must include components related to, change management.

### ***Knowledge Management***

A critical part of effective workforce planning is the identification, transfer and capture of critical knowledge. A study funded by the AWWA and WEF Research Foundations estimates that more than 80% of useful operational knowledge is tacit, i.e. knowledge that is understood and therefore undocumented. There are a number of reasons for this:

- The long tenure of employees
- Widely distributed facilities
- The organization's culture
- The view that possession of key tacit knowledge creates personal security

An important first step in Knowledge Management is the identification of areas where immediate action is needed, such as areas expecting high levels of retirement, outdated documentation, areas with unique training requirements, and infrequent or non-routine events. The second step is to identify and rank processes in terms of knowledge and risk, and then create process teams for the high-risk processes. The last step is the analysis of each high-risk process and then

the mapping of the most critical processes to identify the knowledge utilized within them.

### **IMPLEMENTATION PLAN**

An effective Human Capital Plan needs an implementation plan in order to work. This plan describes the actions required for implementing its strategies and program effectively. An implementation plan includes:

- The task to be accomplished
- Identification of responsibility
- Schedule for task accomplishment
- All resources required

### **CONCLUSION**

Utilities that successfully deal with the impact of workforce issues, including employee and leadership development, succession planning, and knowledge retention, will be much better equipped to deal with the challenges ahead. Workforce development is the foundation of a sustainable organization.

*Richard Gerstberger is President and Principal Consultant with TAP Resource Development Group, Inc., a management consulting and training organization.*

**Call us at (303) 561-3788  
or email us at [info@tapresource.com](mailto:info@tapresource.com)  
to make your organization more effective.**