

HUMAN RESOURCES PLANNING

The Long and the Short of it



H. MICHAEL BOYD, PhD

In 1980 almost no one used email and the Internet – World-Wide-Web didn't exist. Imagine if your human resources plan today didn't account for email or Internet.

Global competition requires long-term planning, but the rapidly changing needs of that competition mandate reliance on short-term plans.

OVERVIEW:

Since WWII and the growth of modern management science, solid business planning has become the key differentiator enabling competitive success. It seems unnecessary to point out that planning for a businesses' most critical resource is essential. As we move through the 21st century where a globalized workforce is the basis of competition we find that the principles of human resource planning are unchanging. Certainly, the how, what, and why of human resource planning change dynamically and often; but the basic principles are like the glacier – very slowly, over eons.

This paper discusses the process and logic of human resource planning, workforce planning, and management resource planning. The 1980s seem to be a good reference point for this discussion. Business practice had firmly acknowledged HRP as essential after thirty or more years of development; and, looking back over the decades since the 80s reaffirms those concepts and principles. Many books and articles have been written about each aspect of planning discussed in this paper. Discussion has been kept brief in order to provide a broad overview in a relatively short space. Numerous references are cited so as to allow the reader the opportunity to delve more deeply into any of the aspects of human resources planning that have been covered.

INTRODUCTION:

Often, business time-frames are too short to encourage good strategic planning. The best companies take the time and do it well. Workforce Planning or Human Resources Planning as it is commonly called is one of the most impactfull aspects of business planning. Management literature is packed full of reasons why HRP is crucial to business success. Without it there is little chance of the business having the right people at the right place at the right time doing the right work.

This issue has been studied for decades. In a 1985 study based on a survey of 53 corporations in the US and Canada and their approaches to business and human resource planning Elmer Burack found that “the respondents, both human resource and business planners, emphatically endorsed the concept that strategic and long-range business plans should include a human resource component.”¹ That position is one still held firmly by business executives globally.

¹ Burack, Elmer H. “Linking Corporate Business and Human Resource Planning: Strategic Issues and Concerns,” Human Resource Planning, (June 1985). PP.135-136

Human resources planning in the broadest sense includes both strategic and operational human resource planning as a continuous process rather than an activity limited to a fixed segment of the business planning process.

Often HRP is considered to be a “human resources” program rather than a necessary business activity. Operationally driven managers often forget the real purpose of planning. “By definition, the strategically driven human resource function will be devoted to finding ways to help the organization gain important advantages over its competitors.”² Those advantages are often described in terms of the capacity that a business has with which to pursue its objectives. “The capacity of an organization to achieve its strategic objectives is influenced by human resources in three fundamental ways: cost economics; capacity to operate effectively; capacity to undertake new enterprises and change operations.”³

This discussion is divided into sections covering planning, workforce planning, management resources planning and a summary.

² Gould, Richard. “Gaining a Competitive Edge Through Human Resource Strategies,” Human Resource Planning, (1984). P.31

³ Biles, George E and Holmberg, Stevan R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P.64

PLANNING – A BUSINESS STRATEGY

There are numerous considerations that the human resources professionals must take into account. For instance: “Inconsistencies between culture and strategy can severely impair the successful pursuit of a given course of action.”⁴ Often the political aspects of producing a viable plan are insurmountable obstacles to overcome; as are other primary factors such as the process itself or the plan measurements. Only the most seasoned corporate politician often has enough sensitivity and negotiating skill to achieve the pre-planning buy-in of the critical powers.

The concept of planning boiled down is that in order to determine the direction for human resource plans you must have “a series of questions that your organization needs to answer in order to predict and perhaps control some of the major change areas for the future. This means that you begin by asking the right questions – the questions which, if asked regularly and systematically, will force you to produce answers of maximum value in shaping your future human resources.”⁵

It is also important to look at the planning activity from an activity standpoint. From an operational view human resources planning is the analysis of human resource requirements of organizations and the related needs for management policies, programs and resources to satisfy these requirements. As is shown by Figure A, human resources planning is critically interdependent with all aspects of the business. “A human resource strategy is a critical component of the firm’s corporate and business strategies, comprising a set of well-coordinated objectives and action programs aimed at securing a long-term, sustainable advantage over the firm’s competitors. A human resource strategy should be consistent with the firm’s corporate and business strategies, as well as with the other managerial functional strategies.”⁶

The primary objective of people responsible for doing human resources planning is to acquire, develop and implement the technology, tools, expertise and resources necessary to effectively do Human Resource Planning and Development as an integral part of the business planning processes. It must not be done in a vacuum. “Human resource

⁴ Gould, Richard. “Gaining a Competitive Edge Through Human Resource Strategies,” Human Resource Planning, (1984). P.33

⁵ Odiorne, George S. “Human Resources Strategies for the Nineties,” Personnel, (Nov/Dec 1984). P14

⁶ Hax, Arnolodo C. “A Methodology For The Development of a Human Resource Strategy,” Sloan School of Management, (June 1985). P9

strategies should be developed within a company's strategic business planning process."⁷

The strategy that is often the basis for the planning process is to build networks of internal human resources professionals and external human resources professionals that will promote the sharing of information, technology and tools to be applied to the Human Resource Planning and Development activities; Collect, evaluate and implement tools, processes and resources; integrate tools and resources into a consistent strategy which uses existing resources whenever possible. Again and again it is important to make sure that the process is a legitimate piece of the company plan. "Human resource strategic planning takes place within the overall corporate / total organization strategic planning model."⁸ "They will consult with and to human resource managers and line management to achieve a high utilization of tools and resources to achieve functional goals. Those goals include creating and implementing a workforce inventory and forecasting tool customized for Line Organizations; and creating and consulting on custom management planning tools and strategies for line Organizations.

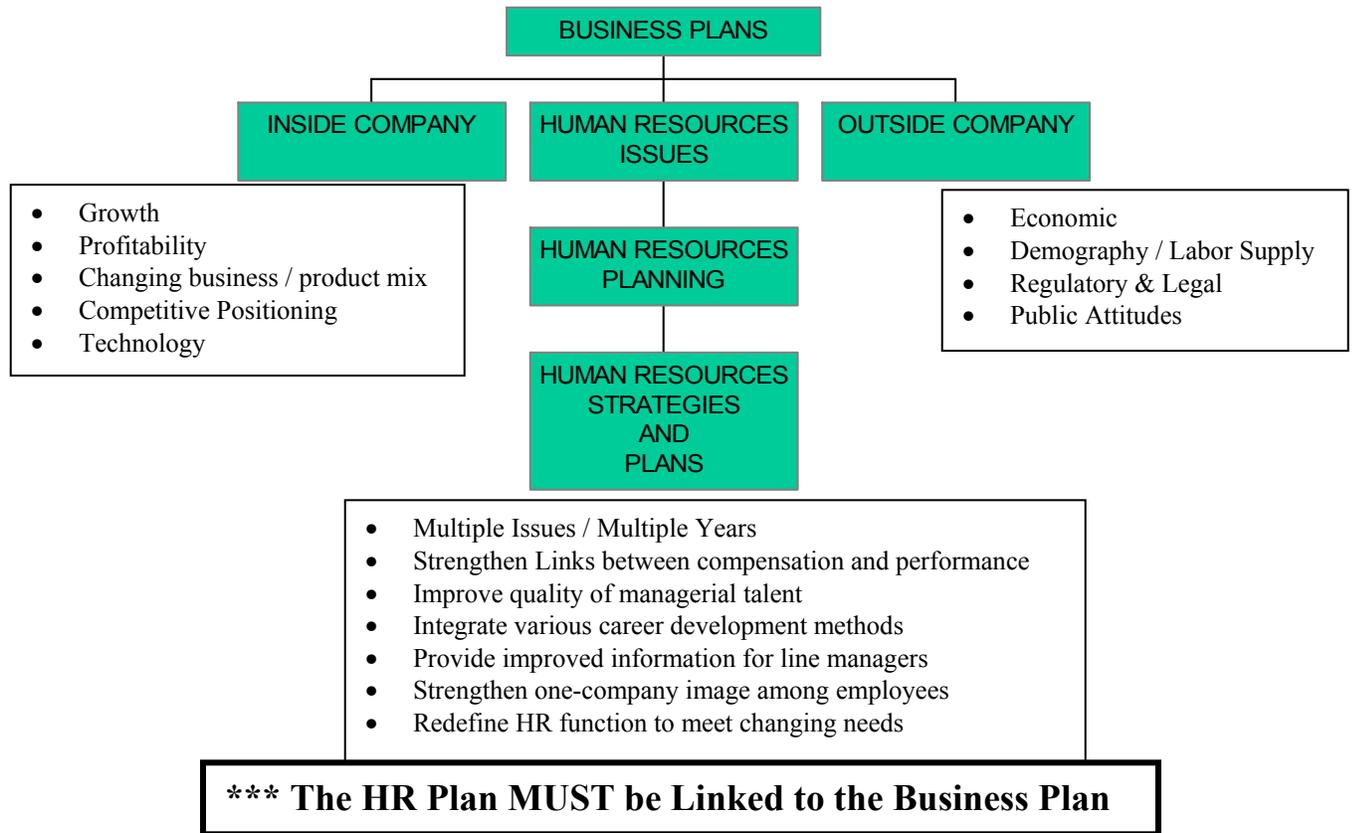
Figure A is an overview of human resource planning from a strategic planning viewpoint. The model shows the relationship of internal factors and external factors as they relate to the human resources issues. They are factors that not only create; but also shape and change the issues. The business plan usually establishes the basic environment within which other variables impact in order to determine those issues. Out of those issues grow the human resources strategies and plans that are most often developed and implemented by and with the assistance of the human resources department.

⁷ Gould, Richard. "Gaining a Competitive Edge Through Human Resource Strategies," Human Resource Planning, (1984). P.31

⁸ Biles, George E. and Holmberg, Stevan R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P7

Figure A

HUMAN RESOURCES STRATEGIC PLANNING



LONG-TERM PLANNING for SHORT-TERM SUCCESS

Often, however, operating pressures move all of the planning from a longer-term focus to a short-term one. That normally tends to create an environment within which the plan cannot be fully successful. “Over-reliance on short-term planning can be quite costly. Ample lead time is required to recruit or develop talented personnel, and reaction management that responds to short term events or needs will usually limit the choices of options or endanger longer-range economic plans.”⁹

As most planning models would indicate, the planning processes need to be circular and connected dynamically. “The link between human resource planning and business strategic planning is vital if personnel programs and systems are to be attuned to the changing needs of an organization.”¹⁰

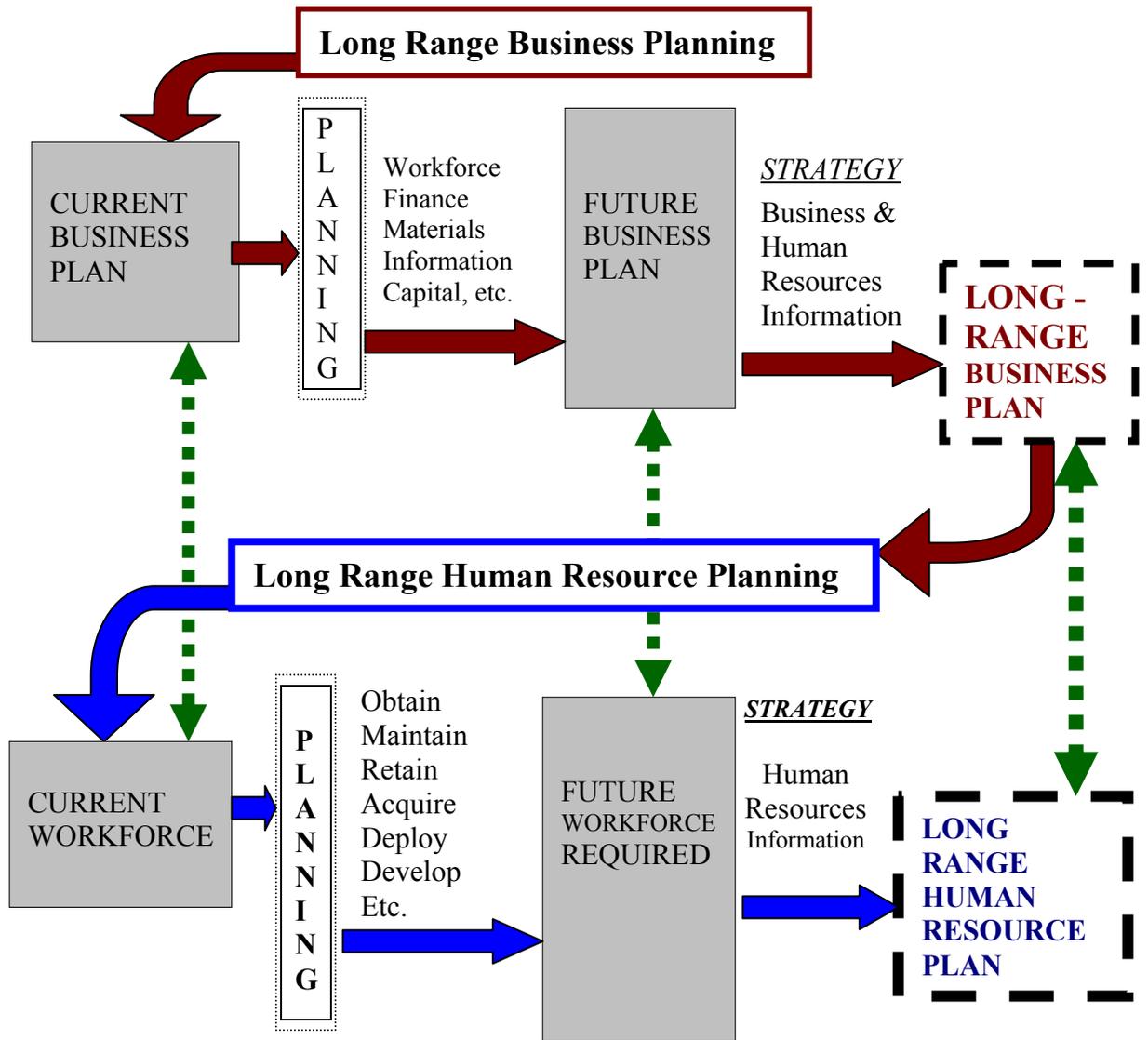
The relationship between short and long-term planning goals and activities are shown in Figure B. This is a dynamic model. If you consider each of the four boxes as analogous to the legs of a four-legged stool, you can see the impact of removing one leg of the process. The impact of not doing long-term human resources planning is to cause the overall business plan to be limited to current human resources in trying to accomplish the plan. To achieve most long-term business plans requires some change in human resources from current state to the necessary state. The business goals achieved are often less than those possible with successfully implemented human resource plans.

⁹ Burack, Elmer H. and Mathys, Nicholas J. Human Resource Planning. (Lake Forrest, IL: Brace-Park Press., 1980) P130

¹⁰ Walker, James W. Human Resource Planning. (New York: McGraw-Hill Book Co., 1980) P95

Figure B

BUSINESS / HUMAN RESOURCES LONG RANGE PLANNING RELATIONSHIP



WORKFORCE PLANNING

“In exploring the strategic human resource issues, a basic step is to determine if the organization has the ability to execute its strategies.”¹¹

Workforce inventory and planning is an integral part of human resources planning. It is where the greatest amount of energy is usually spent because it is the most quantitative part of the planning activity. People who view workforce planning as being the total work of HRP define human resources planning as “planning for the corporation so as to have the right numbers of people at the right time, at the right place and with the right skill.”¹²

Necessary to any business success are strategies, components, and tool development. Workforce planning strategies that are necessary to success are: to become a part of the business and operations planning teams; and to automate the collection, processing and analysis of quantitative data. It is apparent that any attempt at having the line management do useful and credible workforce planning is dependent upon that availability and use of automated capabilities that remove the “numbers crunching” aspect of the exercise and allow the manager to concentrate on the qualitative and forecasting part of the plan. “The two essential building blocks for human resource planning are: a comprehensive human resource information system; and a basic business plan.”¹³

See Figure C for a snapshot picture of the integrated workforce planning process. Note that every aspect of the model is interdependent with every other aspect. The workforce planning components that make up the plan include a workforce forecast / business plan, current workforce inventory and adjustments, and workforce change needs. The forecast / business plan is a listing of all labor required to meet business plans. It is usually forecasted by fiscal year quarter and by job classification (long-term goals should be to do forecasts by skill needs instead of job classifications). The current workforce inventory and adjustments component is a listing of all employees by labor category, job classification and fiscal year quarter. Anticipated changes in the population and workforce due to attrition, college hiring, promotions, job

¹¹ Gould, Richard. “Gaining a Competitive Edge Through Human Resource Strategies, “Human Resource Planning,” (1984). P33

¹² Burack, Elmer H. “Linking Corporate Business and Human Resource Planning: Strategic Issues and Concerns,” Human Resource Planning, (June 1985). PP.134

¹³ Biles, George E. and Holmberg, Steven R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P78

rotation, etc. are accounted for. The workforce change needs component is the part of the workforce plan that states the differences between employee workforce projections and planned business workforce needs by group, job classification, fiscal year quarter, etc.

“Human resource forecasting involves making projections of both the organization’s personnel needs and the available supply of qualified and skilled people. To the extent that these projections of demand and supply are not fully compatible, detailed strategies will need to be developed to fill whatever gaps may exist.”¹⁴

A workforce planning tools development program is usually necessary even in the most experienced organizations. It often includes steps such as:

1. Develop a capability for computer based personnel database manipulation and analysis
2. Determine inventory reporting data and format needs of organizations
3. Construct one set of reporting formats for workforce inventory and planning
4. Introduce and modify workforce-planning tools to the line organizations and consult to organizations on technology, process, tools and quality.

“The more different technical skills there are involved in the design, manufacture, marketing, and sales of a product, the more vulnerable the organization will be to the critical process, and the higher the interdependence among the various specialists. The higher the interdependence, the greater the need for effective integration of all the specialties because the entire process is only as strong as its weakest link.”¹⁵

As can be seen in the model and suggested process in Figure C the process is continual and circular. Almost every aspect of workforce analysis and planning is subject to the change made in any other aspect. The interdependence of all parts of the process is important; but the external variables are just as important. Consider, for instance, the impact of something as unpredictable and simple as a flu epidemic on a workforce plan. The plan will need to change to reflect increased absenteeism, etc. The driving business plan will probably change

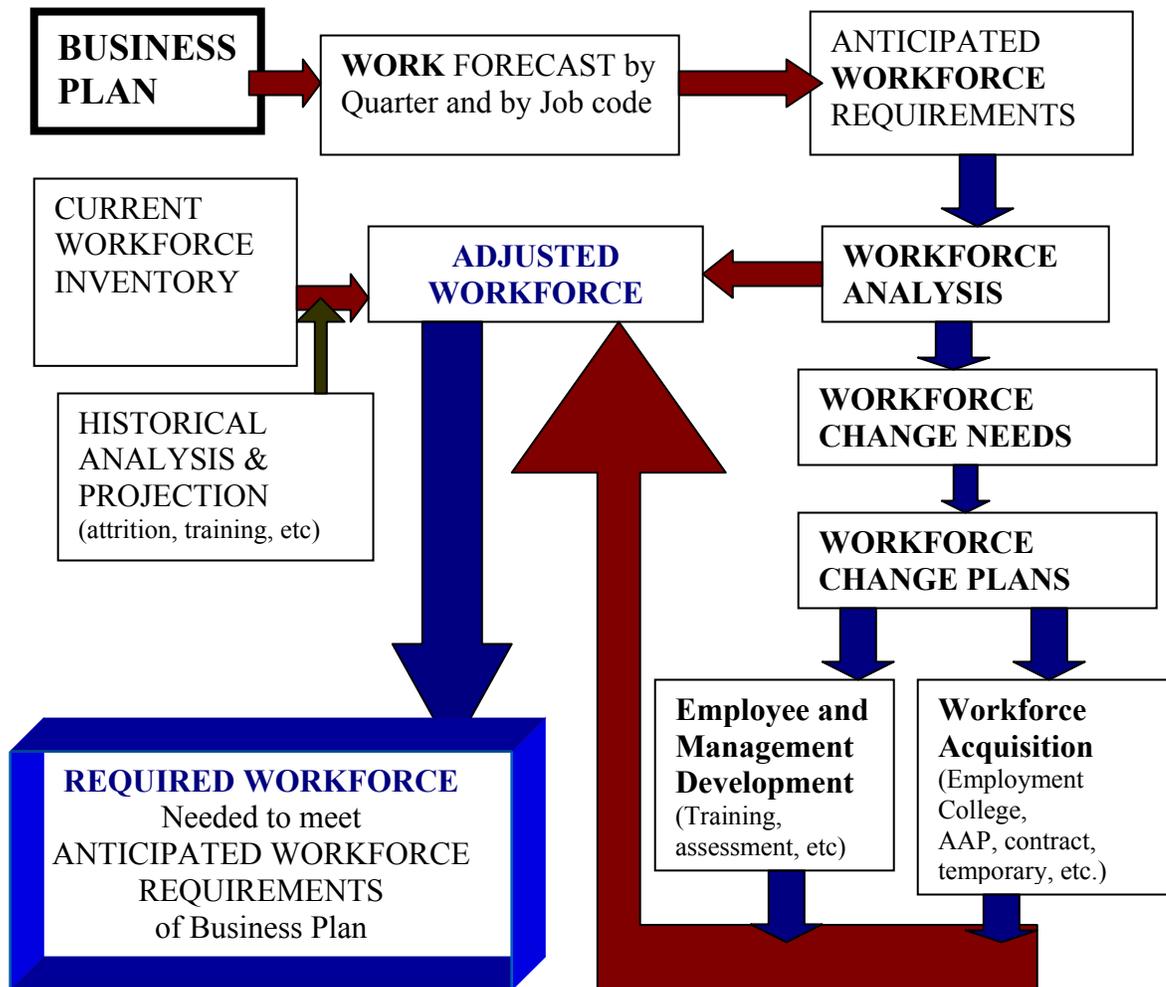
¹⁴ Biles, George E. and Holmberg, Steven R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P116

¹⁵ Biles, George E. and Holmberg, Steven R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P306

because of the human resource capacity; but even more certainly the people part of the plan will change.

Figure C

HRP - WORKFORCE PLANNING PROCESS



MANAGEMENT RESOURCES PLANNING:

A good human resource plan will almost always include a management resources plan. The objective of such a plan is to provide strategies, tools, technology and expertise for the planning for and development of current and potential management human resources in order to allow for enhanced management of the business. See FIGURE D for a model of management resources planning. As Dessler points out: “Management development is important for several reasons. The main reason is that promotion from within is a major source of management talent.”¹⁶

The primary strategy is to acquire and develop tools and resources to meet the long-term management needs; consult on the development of group and individual strategies and development. “The call for improved productivity from managerial professional and technical positions ultimately translates into improved individual performance.”¹⁷

Very often, specific goals include:

- to develop generic strategies and tools for needs assessment and inventory;
- develop and implement Management Development planning tools;
- identify and integrate Management technology and expertise;
- and to implement and institutionalize Management Development.

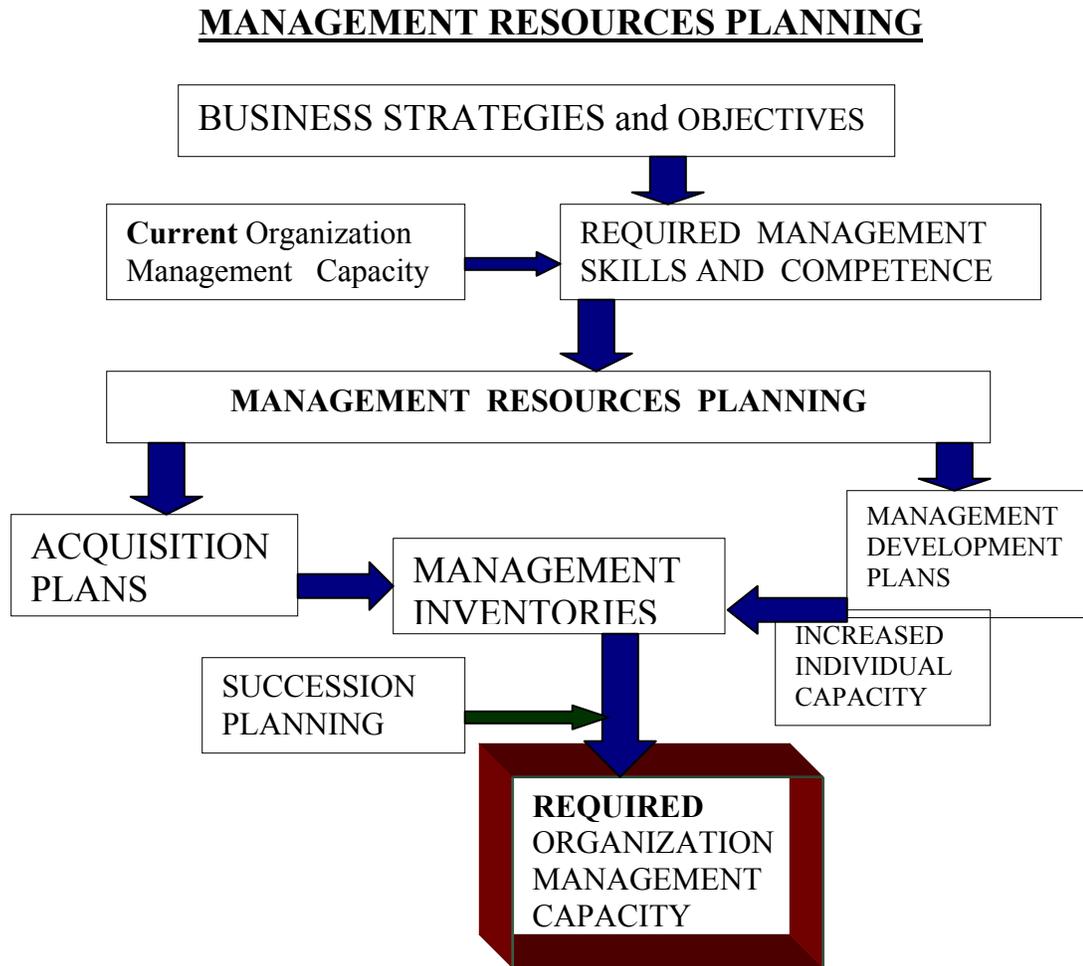
Specific program plans may include:

- using workforce planning results for parts of needs assessment;
- fostering integration of consultative expertise in Management theory and practice into planning efforts;
- consulting with Managers on Management Resources Planning and Development;
- and building a reference capability for management development programs and resources.

¹⁶ Dessler, Gary. Personnel Management. (Reston, Va: Reston Publishing Co., 1984). P257

¹⁷ Biles, George E. and Holmberg, Stevan R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P19

Figure D



“Similarly, management development facilitates organizational continuity by preparing employees and current managers to smoothly assume higher-level positions.”¹⁸

As figure D shows, management resources planning is a segment of overall workforce planning; however, it is generally singled out in the planning models as a separate activity. There are some excellent reasons for this singular treatment. First of all, a company’s management is commonly considered an important company resource and asset by itself. As a matter of fact, when companies are evaluated for mergers or acquisition their management assets are always an important factor in the decision formula. Second, when developing support for a plan, it is important to demonstrate that the plan will attend to the vested interests of those that must approve and support the plan if it is to be successfully implemented. Third, the overall responsibility for the utilization and contribution of a company’s human resources belongs to the management resources. Therefore, all of the impact of the human resources plan is the responsibility of the management.

¹⁸ Dessler, Gary. Personnel Management. (Reston, Va: Reston Publishing Co., 1984). P257
Gould, Richard. “Gaining a Competitive Edge Through Human Resource Strategies,” Human Resource Planning, (1984). P33

SUMMARY AND CONCLUSIONS:

Human resource planning is probably one of the most critical elements in linking the work of the human resources function to the business goals of the company. “It is important to recognize that certain aspects of human resource management tend to have potentially high strategic consequences.”¹⁹

Especially in the areas of policy development and implementation it is “obvious and difficult to refute advice that effective human resource policies require human resource planning, which in turn, requires effective integration with an organization’s strategic planning process.”²⁰

It is evident that human resources planning is becoming more and more important in business circles. “Because business profits are squeezed by inflation and a weakened economy, management is also concerned with personnel costs and is seeking to achieve increased output with the same or fewer staff.”²¹

Productivity concerns and material constraints also add to the emphasis on the ability to plan and fully utilize all of a company’s resources. The human resources are right on the top of the list in most enterprises. “The current demands on the world’s material resources and their spiraling cost are building pressure to increase the productivity of human resource.”²²

Government at all levels both Nationally and internationally (Federal, state, local, etc.) is interested in how employers treat their employees. They, therefore, add factors that must be considered in any human resource plan (work and wage laws, labor laws, etc.). “The net impact of the expanding government intervention has been an increase in the attention given to human resource planning in all of the problem areas.”²³

So, while the principles and processes of planning have not changed much, the complexity and timeliness have. Information technology enables the collection and analysis of more data than was even dreamed of in the 1980s. The complexity of planning across countries, cultures, economies, and new technologies is almost infinite. This makes the art, the gut feeling, the best guess, that much more important. The best that can be accomplished is to predict the probability of multiple successful solutions.

¹⁹ Gould, Richard. “Gaining a Competitive Edge Through Human Resource Strategies,” Human Resource Planning, (1984). P33

²⁰ Kochan, Thomas A. and Chalykoff, John. “Human Resource Management and Business Life Cycles: Some Preliminary Positions,” Sloan School of Management, (May 1985). P2

²¹ Biles, George E. and Holmberg, Stevan R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P15

²² Biles, George E. and Holmberg, Steven R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P85

²³ Biles, George E. and Holmberg, Steven R. Strategic Human Resource Planning. (Glenn Ridge, New Jersey: Thomas Horton and Daughters, 1980). P15

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Dr. H. Michael Boyd is a full-time Professor of Management and Human Resource Management at Bentley College; President of Boyd Associates, a HR strategy consulting firm; content consultant to major research firms; and consultant and advisor to numerous organizations. Dr. Boyd is an internationally recognized expert in the field of human resources with over 30 years of corporate and consulting experience.

www.BoydAssociates.net