

Haines Centre Series on Business Excellence

STRATEGIC HUMAN RESOURCE PLANNING

*The Systems Thinking Approach®
to Strategic People Management*



**Allan Bandt and
Stephen Haines**

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Allan Bandt and Stephen Haines



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TESTIMONIALS

“It is essential now like never before that organizations of all kinds maximize the engagement and innovation of its talent. Allan and Steve use a systems planning approach to insure HR functions as a strategic partner with the organization, which is essential to any organization achieving its strategic goals.”

—**Richard Condit**
CAO, Sundt Construction, Inc.

“*Strategic Human Resource Planning* elevates traditional Human Resource planning to a strategic business lever. I have not seen any other process that looks at the entire organization’s future direction and the importance of the current and future employees in meeting that future. It is a new way of planning for the people and the future of the organization.”

—**Valerie MacLeod**
Partner, MaxImpact Business Consultants, Ltd.

“Mr. Allan Bandt has worked with my organization on developing a strategic framework and plan that now provides a solid bedrock for all our other planning activities. His agility to turn his mind to contemporary issues facing organizations and his capacity for conceptual thinking beyond boundaries is evidenced in our plans. The practicality of his contributions and his endeavors to find the strategic solutions specific to my organization has been instrumental in arriving at a final strategic plan that captures the essence of this organization and our priorities into the future. His work on our strategic workforce plan has engaged the entire organization. The discussion most often as important as the final product. His enthusiasm is contagious.”

—**Michelle Reynolds**
CEO, WorkCover WA

“Allan Bandt and Stephen Haines share their most strategic insights in a book that is destined to transform the Human Resource function worldwide.”

—**Terry Schmidt**
Founder, ManagementPro.com

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This book is dedicated to my children Danielle and Adam. I am so proud of them both in ways words cannot communicate. In their own separate ways, both are making a substantive difference in helping build a more sustainable world in which we can all live and prosper.

And the writing of this book would not have been possible without the strong intellectual and emotional contribution of our valued friend, colleague and partner, James McKinlay. We thank you, Jim, for your contribution over the years.

—Allan Bandt

PREFACE

This book is designed as a practical framework to help you develop and complete your Strategic Human Resource Plan (or Strategic People Plan) using The Systems Thinking Approach.[®] Specifically, it was written for the following groups:

1. Human Resources Practitioners

Designed to assist progressive leaders of the Human Resource function who want to think, plan and act more strategically, this book helps them develop Strategic Human Resource Plans that will effectively position the HR function as a key strategic contributor to the success of their organization. By developing a Strategic HR Plan that is driven by the core business of the organization, HR leaders can then become strategic thinkers, strategic planners, strategic change agents and corporate leaders earning a respected seat at the executive table.

2. Senior Management

Not only is senior management executives responsible for ensuring the success of the business, it is also accountable for the stewardship of its people. Senior managers are the key leaders, contributors and owners of the organization's Strategic HR Plan and its effective implementation.

3. Progressive Leaders

This book is designed to help progressive leaders in all sectors and in all parts of the globe. The globalization of the workforce and the international competition make strategic people planning imperative in every type of organization across the world—in private, public and not-for-profit sectors.

Book Outline

Strategic people planning divides the process of strategic HR planning into three easy-to-follow parts.

Part I is an overview of the book. These two chapters includes an introduction to the Haines Centre's Systems Thinking Approach,[®] which includes our simple ABCs of Strategic People Management. Our approach is based the science of Systems Thinking and the benefits our clients have achieved following it.

Part I also lays the foundation for the rest of the book by briefly outlining our Strategic People Management System in a clear, concise and logical—yet comprehensive—way. This will give you a clear picture of our approach and methodology, which is simple to learn and use.

Part II focuses on *reinventing strategic HR planning* in strategic HR management, working through the first seven steps of our Strategic HR Planning model. These chapters detail our strategic HR planning process.

Part III is about *driving strategic change*. It's all about implementing your Strategic HR Plan through the final three steps of our Strategic HR Planning model.

The book's conclusion is a concise summary of the entire book, which will be useful when you need to refresh your memory during the strategic HR planning process.

Keep in mind that we will discuss all of this coming together in our Strategic Human Resource Management System and Yearly Cycle within the sequence of **three primary goals**:

1. Developing an organization-wide Strategic People Plan that supports the overall corporate Strategic Plan and is led by the chief executive.
2. Establishing a Strategic HR Plan that articulates the Human Resources department's contribution to the planning process.
3. Ensuring successful strategic people change and management is led by the chief executive and senior management with Human Resource's full involvement, expertise and support.



PART I

An Overview of Strategic HR Management

CHAPTER 1

Introduction

In these volatile and challenging times, the establishment of a Strategic HR Plan that positions the organization to respond to these challenges has never been more important.

Some of the key workforce trends and challenges facing organizations globally include:

- Changing demographics of the workplace, including aging populations, increased diversity and a multi-generational staffing mix.
- The impact of the global financial crisis upon organizations, employees and their customers.
- Increased emphasis on corporate governance, corporate responsibility and sustainability, along with concerns about political stability and security.
- Increased emphasis on corporate responsibility and the green environment.
- The influence of social networking and the impact of related technologies.
- Being able to source and retain talent in a highly competitive, global environment.
- The importance of balance between work and life as employees deal with multiple family responsibilities.
- Safety issues, particularly security and workplace aggression.
- Continuing emphasis on performance management and the alignment of individual contribution to corporate objectives.

These challenges and trends represent significant challenges to all organizations and bring with them a range of workforce issues to be managed.

The Changing Face of Human Resources

Our consulting experience, coupled with a review of the current literature on the subject, has highlighted significant shifts in the role of HR professionals. Some of these shifts include:

- Successfully differentiating between and managing both strategic and operational or transactional work effectively.
- Focusing on the customers, stakeholders and community external to the organization, as well as those who are internal customers.
- Being at the forefront in shaping and influencing organizational strategy, communicating it and aligning it throughout the organization.
- Focusing much more on the organization's outcomes rather than the inputs or activities.
- Helping align individual and team contribution to organizational strategy and customer outcomes.
- Integrating HR and its work more closely into business processes and aligning it to business outcomes.
- Designing and executing strategies that are targeted in their impact, are future-focused and deliver competitive advantage to the organization.
- Continually looking at ways of streamlining and re-engineering work in order to place greater emphasis on value-adding activity.
- Building greater integration of activity and strategy across the organization.
- Engaging internal and external customers, particularly through the facilitation and dissemination of customer information throughout the organization.
- Earning the right to be invited and stay at the executive table.
- Increasingly translating the benefits of HR strategy and activity into tangible Return on Investment (ROI) data.

Three Premises of Strategic HR Planning

This book is built on three key premises, which are assumed throughout the entire strategic HR planning process.

PREMISE 1: Strategic HR planning and implementation is everyone's responsibility, particularly top management leaders.

The first premise suggests that strategic HR planning in today's organization is viewed as an inherent part of top management's leading and managing role. In fact, the actual strategic HR planning process—and planning in general—often dwindles to nothing more than an activity to be completed quickly so executives can get back to their real job of managing the day-to-day operations of their business. This is also true of senior HR management, who often relegate the strategic people planning process to an internal or external consultant or staff member. This often results in the

development of a Strategic Plan that has no ownership and is destined for the SPOTS Syndrome (**S**trategic **P**lan **O**n **T**op **S**helf... gathering dust). We regard strategic HR planning as *everyone's* business within the organization (see Figure 1.1). This includes:

- Senior management taking their proper strong leadership role.
- HR staff providing the necessary strategic advice and direction.
- All members with responsibilities for people management in their areas.
- Employees exercising accountability for their own contribution to the organization.

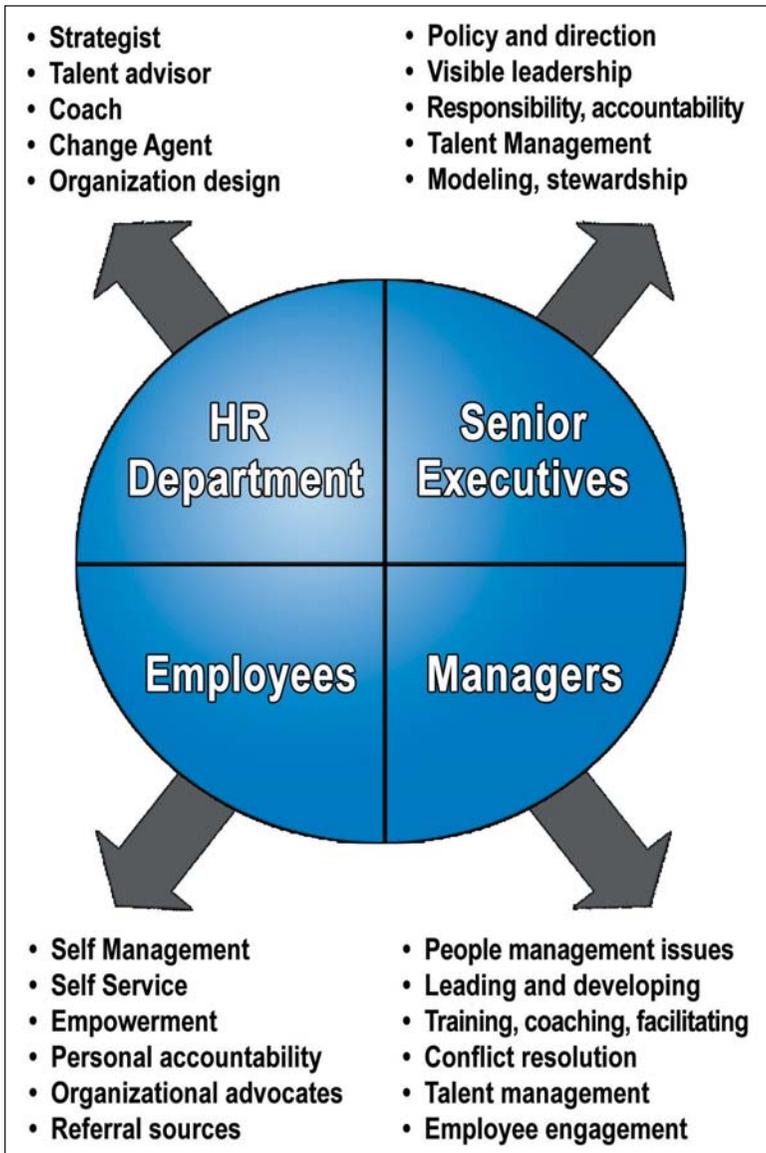


Figure 1.1 People Management Is Everyone's Responsibility

PREMISE 2: *People support what they help create.*

The involvement of all key internal and external stakeholders within the organization in the HR planning process is fundamental to the effective buy-in and contribution to the development of a Strategic HR Plan and its outcomes.

We all know the importance of achieving the buy-in and support of executive and senior management for strategic HR planning, particularly in order to provide the necessary leadership, direction, support and resourcing. Some other specific groups that need to be involved in the process are outlined below.

Line managers are an essential part of the HR planning process. They occupy a unique position in the organization as the first and middle layers, which need to represent the views and opinions of staff to senior management (particularly in more traditional organizations). They also need to ensure the effective implementation of strategy and direction that has been set by the senior management team. The employee engagement literature (e.g. the Conference Board) continues to identify the impact and importance of the role that supervisors play at a management level in the involvement and engagement of their staff. This occurs through the provision of feedback, support and direction, as well as the solicitation of the views and opinions of their employees.

Another critical group in the strategic people planning process is the HR executive and staff itself. They are responsible for providing a range of environmental workforce data and analysis that will inform the Strategic HR Plan. They also have a key role in facilitating the people management planning process. Additionally, they have a responsibility through their professional knowledge and expertise to identify high-impact people management strategies that will deliver tangible business outcomes. The HR executive and staff also know the range of existing HR initiatives that will contribute to the plan.

Employees themselves are a critical group who need to be actively involved in the planning process. With changes to the traditional paradigm of employer-employee management, particularly in terms of younger workers, the views and opinions of the workforce need to be actively elicited, heard, respected and considered in the planning process. Our experience is that not only does this help build employee ownership, but it also leads to the identification of a range of new ideas and innovations that may not always be coming from the senior levels of the workforce.

With the trend toward more alternative ways of sourcing employees, establishment of contingent workforces, and contractual and partnering arrangement with other organizations and providers, the views of suppliers, partners and others become more important in the strategic HR planning process as well. They are key stakeholders. This, in our view, has been a neglected area. And with greater emphasis on good governance and compliance there may be a need to actively involve regulators and governance bodies in the planning process, too.

In *HR Transformation*, Ulrich, Allen, Brockbank, Younger and Nyman (2009) have outlined the need for external customers to be actively considered in the strategic people

process. Traditionally, HR practitioners have given little attention to the external customers of the organization, and in the process have ignored a critical source of input when shaping their HR strategy.

We also see the importance of involving the broader community in the internal business and direction of organizations. There is a much greater emphasis on corporate responsibility and sustainability than in the past, which provides greater opportunities to consult communities in the planning process.

We will often, for example, deliberately get the internal HR staff involved in our planning on occasions in which we are conducting stakeholder or shareholder meetings to gain input into the organization's Strategic Plan. This links the internal HR staff directly with the "customers of their customers." It also enables the staff to start translating HR practices into the customers' and organization's needs.

In summary, *people support what they help create*. We need, however, to broaden our definition of which people to include in the range of stakeholders who impact or are impacted by the organization. These points will be dealt with in much more detail in the *Smart Start: Plan-to-Plan* phase of our ultimate Strategic Management System, where such groups that use our **Parallel Involvement Process** address the issue of involving key people in the planning and implementation process in a more systematic way. This Parallel Involvement Process identifies specific key stakeholders and collective leadership that can either block or assist the effective implementation of the plan.

**Problems cannot be solved by the
same level of thinking that created them.**

—Albert Einstein

PREMISE 3: Using The Systems Thinking Approach® to focus on outcomes and the customer is crucial.

This premise embraces the common-sense way of looking at organizations and, in this instance, strategic HR management as a yearly cycle and *system*. Although it involves multiple disciplines, **Systems Thinking** came from General Systems Theory, which was developed in the field of biology in the 1940s by Ludwig von Bertalanffy, the *Father of Systems Thinking*.

By definition, the analytical, piecemeal approach of solving one problem at a time then moving to the next cannot succeed in our world of living systems. In some of our earlier research, most of the other planning models we examined had the following worn-out and ineffective analytical approach to strategic planning:

1. Analyze today's issues as our starting point.
2. Problem-solve those issues.
3. Conduct long-range forecast planning by projecting current trend data into the future.

