CIVILIAN HUMAN RESOURCE TRANSFORMATION

by

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ABSTRACT

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Transformation to meet warfighting requirements of the 21st Century is one of the highest priorities in the U.S. Army today. The ability of the Army to transform human resources (HR) will be an enabler in achieving the objectives of Army transformation. A strategic workforce plan is a critical tool for implementation of HR transformation. However, the leadership creates the culture for transformation. Therefore, HR transformation must also be about leadership and leaders and their importance as change agents. Transformational leaders are required to develop a winning strategy and foster an environment to facilitate the required change.
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PREFACE

To my husband Dennis – my rock! Thank you for your patience and understanding for all of the times I could not go skiing with you.
CIVILIAN HUMAN RESOURCE TRANSFORMATION

“Oh, the Places You’ll go! . . . You have brains in your head. You have feet in your shoes. You can steer yourself any direction you choose. You’re on your own. And you know what you know. And YOU are the guy who’ll decide where to go.”

Transformation to meet warfighting requirements of the 21st Century is one of the highest priorities in the U.S. Army today. Army Chief of Staff General Eric K. Shineseki’s overall Army vision cites three priorities: people, readiness, and transformation, with a clear focus on the end state—the Objective Force. He refers to people as the most critical resource. A determining enabler to the success of Army transformation will be human resource (HR) or personnel transformation. The September 2001 Quadrennial Defense Review notes—“Skilled, talented, and motivated people are the foundation of a leaner, more flexible support structure. Improving the skills of the existing workforce and recruiting, retaining, training, and educating new people must be a top priority.”

Transformation appears to be the new word on everyone’s lips in both the private and the public sector and is used with more and more regularity in a variety of contexts. Transformation is defined as “an act of, process, or instance of being transformed” and transformed is defined as “to change completely or essentially in composition or structure.” Change today is everywhere and is often the only constant. Change is defined as “to make different.” The million dollar question becomes—what is the fundamental difference between change and transformation? Change is more of an incremental development whereas transformation produces a qualitatively different state. The United States military transformation involves changing structure, doctrine and warfighting functions to more effectively meet the complexities of the new threats challenging our nation in the new millennium. According to Secretary of the Army Thomas E. White, Army transformation cannot deal with just hardware. It must also deal with software - its people. A transforming Army will demand more responsive HR solutions to achieve its desired end state. “The Army is people. Transform the personnel system and you transform the Army. If we don’t do something to the personnel system to transform it, the rest won’t matter. If we don’t transform that, we will be limited in what we can achieve. We have to modernize the Army and structure has to be a variable.”

Human resource decisions need to be based on the organization’s mission, strategic plan, budgetary resources, and a set of desired workforce competencies. A September 1999 Office of Personnel Management (OPM) report stated, “By integrating human resource management into the Agency planning process, emphasizing human resource (HR) activities that support
broad agency mission goals, and building a strong relationship between HR and management, agencies are able to ensure that the management of human resources contributes to mission accomplishment."  

The need for a strategic workforce plan to achieve HR transformation and subsequently Army transformation becomes undeniable. Workforce planning, however, must include all Army human resources - military, civilian, and contractor - and must be planned and managed holistically. The past primary focus of Army transformation has been on the military. Special considerations must apply on the civilian side of workforce management. According to DoD Directive 1100.4, August 20, 1954, “Civilian personnel will be used in positions which do not require military incumbents for reasons of law, training, security, discipline, rotation, or combat readiness, which do not require a military background for successful performance of the duties involved, and which do not entail unusual hours not normally associated or compatible with civilian employment.”  

Identifying future HR requirements - both military and civilian - consistent with Army’s strategic transformation direction offers the best chance of achieving organizational success. According to Assistant Secretary of the Army for Manpower and Reserve Affairs Reginald J. Brown, the focus of future HR transformation includes “… developing the right workforce mix of military, civilian and contractors to efficiently meet manpower requirements; accurately capture the total workforce costs; and obtaining better visibility of the efforts of all our contract services.” Workforce planning and HR transformation, however, cannot successfully operate in a vacuum or continue on its current course of “business as usual”. Workforce planning affords Department of Army with a unique opportunity to reshape its workforce ensuring the right people with the right skills are in the right place at the right time. At the same time, careful planning also offers an opportunity to develop a truly transformational civilian HR system.  

A strategic workforce plan is a critical tool for HR transformation, but the leadership creates the culture for transformation. Therefore, HR transformation is, to a large extent, about leadership and leaders. The fate of HR transformation rests on the shoulders of the leaders in Department of Army. Moving organizations from current to future changed states is not an easy process and transformational leaders must develop a winning strategy and foster an environment to facilitate the required change. The strategic workforce plan becomes their roadmap to set this in motion and achieve irreversible momentum.  

This strategic research project will examine the importance of leaders as change agents for Army civilian HR transformation. Army leadership must keep the effort focused and cohesive and, to do this, they have to understand all aspects within the scope of the objective.
Current initiatives such as Third Wave, war for talent, and the civilian retirement wave all affect the ability of leaders to facilitate civilian HR transformation. These initiatives will be addressed from the standpoint of management involvement and how leadership influences the outcome. Recommendations for developing and implementing a successful strategic civilian workforce plan will be provided.

LEADERSHIP IN TRANSFORMATION

In the public civilian sector, one role every manager in the workplace must fill is leadership. To be an effective leader, successful managers must influence associates and employees in a positive manner to reach the goals of the organization. Dealing with the human side of change is a fundamental challenge for today’s leaders. Transformational leadership can best be defined as the ability to get people to want to change and to be led. Twenty-first century leaders have to set the conditions that give their employees the best possible opportunities to succeed. They are also responsible for the orderly transfer of institutional knowledge. Furthermore, leadership in the civilian sector is not just managing the civil service employees, but the whole range of employees who do the government’s work. The projected turnover in the leadership ranks is startling – Federal government wide fifty-two percent of managers and supervisors and sixty-five percent of Senior Executives are eligible to retire in the next five years! The people responsible for establishing the vision, creating and maintaining the momentum and motivating the employees for transformation are retiring. Coupled with the projected retirement of thirty-one percent of the overall workforce this creates a critical gap requiring a comprehensive strategic workforce plan.

One of the most difficult challenges of leadership is managing organizational transformation. Edgar H. Schein writes, “Transformation requires the most demanding and skillful leadership.” A leader must possess a clear understanding of where the organization currently stands and where it is poised to go – a vision. Army Chief of Staff General Eric K. Shinseki asked attendees at a Personnel Leader’s meeting to share his vision of transforming the Army because he believes “...a vision that isn’t shared is nothing but a dream.”

John P. Kotter, a professor of leadership in the Harvard Business School, defines leadership functions as establishing direction and aligning people. The first function involves developing a vision of the future and the strategies to create it, while the second function involves communicating directions in words and deeds to create the vision. Kotter believes a vision clarifies the direction in which an organization needs to move. The vision needs to be communicated in five minutes or less and be met with interest and understanding. He identifies
the lack of a vision as a common leader error. According to the Department of the Army (DA) FY 02-07 Civilian Human Resource Strategic Plan, the Army corporate core is comprised of Army’s mission, vision, values and guiding principles. The civilian HR community participates as a supporting function by providing customers with flexible human resource strategies and solutions to recruit and retain a highly effective, capable force. The Army vision is: “Soldiers on point for the nation - - - persuasive in peace, invincible in war.” The G-1 vision complements the Army vision: “A Comprehensive and Integrated Army Human Resource Capability that Enables the Manning, Readiness, and Well-Being of the Army Through Transformed Systems, Programs, Policies, and Procedures.” The civilian Objective Force vision is: “A high performing work force of employees and contractors, with multiple and integrated skill sets, capable of adapting quickly to a changing Army mission, and competitive with the best.” The Civilian Human Resource Management goals supporting the Civilian Objective Force vision for transforming are: Develop a civilian work force that can keep pace with a transformed Army; replace loss of expertise, skills, and loyalty as retirements increase; improve leader and professional development – multifunctional; and recognize the changing values and outlook of the next generations of civilian workers. The processes to accomplish these goals need to be specifically addressed in the strategic civilian workforce plan. The ability of a leader to manage transition is tied to the realities of the situation. It is important to identify the resource constraints, such as money, time, technology or people, that might affect transformation. Workforce planning requires the commitment of the leadership to systematically align organizational and program priorities. An assessment of these realities affecting the strategic workforce plan and leadership abilities follows.

ARMY STRATEGIC CIVILIAN WORKFORCE PLAN

People are an organization’s number one asset, which makes the processes associated with people - recruiting, retention, and training - critical business processes. As defined by Office of Personnel Management, workforce planning is the process of ensuring the right people are in the right place, and at the right time to accomplish the mission. It is a systematic process of identifying analyzing the current workforce, identifying organizational objectives and workforce competencies needed to achieve them, comparing present workforce competencies to those needed in the future and then developing plans to transition from the present workforce to the future workforce. Special considerations apply on the civilian side of workforce management for Department of the Army. According to DOD Directive 1100.4, August 20, 1954, “Civilian personnel will be used in positions which do not require military incumbents for
The competencies required by civilian employees to support the Objective Force must be identified. The identified competencies will then determine what type of skills employees must possess to accomplish the mission.

The Federal government is the world’s largest employer. Workforce planning and forecasting is occurring at all levels of the Federal government. The President’s management agenda includes initiatives to focus all Federal agencies on workforce planning and forecasting. The ultimate goal is to forecast human resource needs so far into the future that there is never a lack of competencies or skills to meet the Nation’s needs. The Army is in the forefront in civilian analysis and forecasting tools for workforce planning. In fact, many other agencies have modeled their tools after the Army’s tools. The Workforce Analysis and Support System (WASS) is an analytical tool with 29 years of historical data (1974 to present). The forecasting tool used by Army is the Civilian Forecasting System (CIVFORS). This tool projects seven years into the future and assesses impact of past, current, or future issues on the workforce. The success of forecasting depends on several variables to include: reliability of data entered into system, linkage between planners and forecasters, and the insight of those involved.

Since the future is unknown and difficult to predict, forecasting cannot be a precise science. Identifying workforce requirements and competencies must be a joint venture between the HR community and leaders to project the future requirements and competencies of the Objective Force and support personnel. The goal is to reduce risk and limit variability through careful planning – rational decisions based on assessments of past trends, evaluations of the present situation, and projection of future events. The process has to include both the HR personnel and leadership, each bringing their specific knowledge and expertise to the table. To be useful as a management tool, a workforce plan must have legitimacy - only leadership can provide that legitimacy. The Vice Chief of Staff of the Army, General John M. Keane has signed a Foreword to the proposed Army’s Civilian Human Resource Strategic Plan. The signing of the Foreword by Army’s top leadership provides not only validity to the plan but leadership support to the civilian HR transformation process. The vision of Army’s top leaders is communicated to each individual employee through a three-tiered strategic planning process:
• Tier I – Strategic Plan. The plan establishes the civilian human resource corporate framework. All Army activities are required to use the plan to guide their annual planning effort.

• Tier II – Annual Operation Plans. All plans must develop and implement annual operational plans that set forth measurable objectives and actions that link to Army goals.

• Tier III – Individual Performance Plans. Employees and supervisors must determine achievable actions that link to the annual operational plan and include these in the performance plans.²²

Any HR workforce planning strategy adopted by Army must address recruiting, training/retraining, leadership development, contracting out, competency-based assessment, succession planning, and technological enhancements.

**CIVILIAN RETIREMENT WAVE**

A retirement wave in the Federal government continues to stimulate considerable debate with some anticipating a crisis of significant proportions. During the “Baby Boom” (1946 to 1965), 77 million babies were born; many who are now retirement eligible. As they retire, considerable experience, institutional knowledge, and competencies go with them. An Office of Management and Budget report estimates that seventy-one percent of all federal employees will be eligible for retirement by 2010 and forty percent are projected to retire. Current projections indicate that one-third of the Army’s civilian population is retirement eligible. The Army’s retirement wave comes at the tail end of a dozen years of downsizing, hiring freezes and outsourcing in Department of Defense (DOD). The lack of skills and abilities needed to replace the aging workforce and the huge gap created in selected occupational sectors during the 1990s downsizing, poses a challenge for Army and the HR community.²³ Between downsizing and outsourcing, Reduction-In-Force (RIF) procedures created another gap that all but eliminated young civilian workers in DoD creating serious concerns on how organizations will fill future management jobs.

The retirement wave could prove a missed opportunity for HR transformation if not planned and managed properly. Retention of qualified employees becomes vital to this planning process. It is inevitable that Army’s future civilian workforce will be smaller with different competency requirements. The challenges for Army will include projecting retirements, identifying core competencies of the future workforce, managing buy-outs, retaining employees
with critical skills, identifying training requirements, and recruiting employees during a “war for
talent”.

The presence of a retirement wave has not deterred the requests for buyout authority by
agency human resource chiefs. The critical element to the success of the buyout authority is
workforce succession and planning. Although a retirement wave would reduce the number of
employees, it does not create reductions where necessarily needed. In many cases, retirement
eligible employees are encouraged to remain on the rolls because of critical skills and
experience. The buyouts are needed by agencies to encourage employees to leave the Federal
government sooner rather than later, and voluntarily, through retirement or resignation. An
incentive pay is offered to accelerate the departure for employees with outdated skills,
employees in offices that are obsolete, or employees whose work is being outsourced. Careful
planning is required to assure that agencies manage the incentives without creating gaps in the
skills necessary to fulfill their mission. The importance of leadership involvement to this process
is vital. Leaders must partner with HR personnel to identify the competencies required for
succession planning and future recruitments as well as to identify the recruitment sources. The
leader must also recognize the buy-out as a valuable tool to manage the workforce to obtain the
proper skill mix. The ability to back-fill those vacated positions can be negatively impacted by
the competition in hiring employees with the right skills, commonly called the War for Talent.

THE WAR FOR TALENT

The new millennium has ushered in a seller’s market forcing recruiters to find new and
creative methods to attract employees. The balance of power has shifted in favor of the
“talented”. Population and educational demographics forecast a talent shortage until 2010.
Employment rates and population growth are down. The supply and demand of talent will
fluctuate with changes in the national economy. However, the talented cannot be taken for
granted. All organizations are competing to attract the brightest and the best. According to
Tom Peters, author of In Search of Excellence, “the number one issue for enterprises that are
going to survive and thrive in today’s environment is “The Great War for Talent.” He further
states that employers in both the private and public sector need to hire the best talent available
in an attempt to keep up with technology and to replace skilled workers who retire or leave. Comptroller General and Director of the General Accounting Office (GAO) David M. Walker
classified strategic human capital management on GAO’s high risk list, a designation usually
reserved for programs vulnerable to waste, fraud, and abuse. He also states that the
government has not paid enough attention to its human capital or the career work force risking

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the ability of agencies to serve the public effectively in the future. He specifically states, “Human capital shortfalls are eroding the ability of many agencies – and threatening the ability of others to effectively, efficiently and economically perform their missions.” In his book, Winning the Talent Wars, Bruce Tulgan writes, “Your human resources department can no longer be on the sidelines for the talent of wars. They must become strategic staffing war rooms, central to the daily scramble.”

There remains some skepticism on whether or not there really is a war for talent! A survey conducted in 1999 by the Society for Human Resource Management reported that HR professionals view candidates as more under-qualified than two years earlier. Interestingly enough, these same candidates expect higher salaries and benefit packages. A Congressional Budget Office report analyzing the federal workforce from 1985 to 2000 reported that the federal workforce is becoming more skilled, better educated and more “white collar”. In 1985, seventy-nine percent of the workforce was classified as “white collar”. The percent increased to eighty-seven percent in 2000. Whether you believe in the talent war or not, the key issue is that an organization needs to be prepared to hire the best. According to a Saratoga Institute study, the cost of a bad hire to an organization can be as high as 1-1/2 to 2 times an employee’s salary.

As the baby boomers continue to retire over the next fifteen years, there is predicted to be a fifteen percent decline in people ages 25-44. This potentially could be the very age group replacements for the retiring managers/leaders could come from. A decreased pool of young workers could adversely impact the success of transformation. Army needs to develop an aggressive recruitment strategy to not only replace the employees retiring, but to target leader replacements critical to the success for transformation.

**RECRUITMENT**

Americans generally express great confidence in the military as an institution. However, when it comes to their sons and daughters making a career of the military, their attitude changes considerably and they do not view military service as such a valuable and noble endeavor. Employment as a public servant does not fare any better. A Brookings Institution report found that although many Americans are public-spirited, the federal government has lost its appeal as an employer. Survey after survey confirms a deep decline in public trust in government over the past 40 years. When college students were asked if they would consider employment with the Federal government, the answer was “NO”. The Federal government has a reputation of being boring, old-fashioned and uncaring with out-dated working practices.
Many believed that hiring is based on “who you know.” Forty-seven percent claimed they were not aware of the posting of federal job vacancies on the Internet and twenty-five percent believed the hiring decisions took too long. Leaders must recognize the criticality of a viable recruitment strategy necessary to attract candidates to the civilian workforce.

The Federal government’s current Civilian Human Resources Administration system lacks the flexibility to meet the needs of the projected Army civilian support of the Army mission. The Brookings Institution’s National Commission on the Public Service released a report on 7 January 2003 proposing significant changes to the federal personnel systems. For all intents and purposes this report nearly advocated completely dissolving the current civil service system and starting again from the foundation. Specifically, it recommended simplifying and accelerating the recruitment of federal employees. The current complex and contorted entry process discourages too many potential applicants. The Department of Defense is developing legislation promoting a wide-range of flexibilities in personnel and management rules. According to David Chu, undersecretary of Defense for personnel and readiness stated, “The civilian personnel regulations are one of the major inhibitors of transformation because they ingrain a risk-averse culture.” To effectively recruit good candidates managers must partner with HR personnel to develop an aggressive and flexible recruitment program. Each vacancy is an opportunity to promote a good employee or to bring new talent into the federal government.

An organization’s recruitment and selection process communicates the organization’s corporate culture to potential employees. The demographic composition of the workforce is changing – more diverse. Diversity is used broadly to refer to demographic variables such as race, religion, color, national origin, disability, gender, age and education. The workforce representation includes less white males and more women, minorities and immigrants. Leaders must promote a policy where the quality of work is valued. The environment needs to be open and accepting of individual differences. All employees should be encouraged to maximize their potential and selection, promotion, and compensation based on performance and competencies, not sexism or racism. Organizations need to identify what their organization has to offer that will make a difference to applicants and then market those attractions strategically. In 2000, the Merit Systems Protection Board (MSPB) surveyed 7,000 federal employees concerning work issues. Ninety-one percent of the respondents listed the federal benefits program as an important reason for staying with the government, eighty-six percent listed job security and eighty-two percent identified current job duties and responsibilities. However, when MSPB randomly sampled 100 vacancy announcements listed with OPM, none
of the announcements emphasized any of these factors. Recruitment therefore, becomes marketing. Army faces a tough challenge – how to market employment with the Army as a career of choice!

In April 2002, Elizabeth Throckmorton, the Assistant Deputy for Civilian Personnel Policy in the Office of the Assistant Secretary of the Army for Manpower and Reserve Affairs stated, “We looked at how we are postured today, and the civil service and entry recruitment process, and concluded we are not strategically placed to fill positions easily.” According to Army’s forecasts, retirements will pickup considerably from 2003 to 2007. To fill behind those losses and other departures, the Army will have to increase its new hires from 17,000 to 25,000 per year. Since 1990, the number of HR specialists and technicians in Army is decreasing at almost twice the rate of the civilian workforce served. Human resource specialists are essential to the business processes associated with civilian HR operation and transformation. The current issue for Army is to determine the optimal staffing and competency requirements of the HR functions needed to support the civilian workforce. Without a properly staffed and trained HR workforce transformation of the civilian workforce is not achievable. Leaders must recognize and validate the importance of HR personnel to the success of the civilian HR transformation process and provide resources accordingly.

RETENTION

The U.S. government has actually done a fantastic job of retaining its employees in the past. It could be argued that it did too good a job and that is why it is facing the current retirement predicament. Some government agencies such as the IRS, Foreign Service and the CIA have turnover rates approaching zero. Although the government’s excellent lifetime benefits including an excellent pension program are contributors, its lacking performance management program has failed to weed out many poor performers. The challenge for any organization is creating a proper balance between departing employees, and new employees to maintain the correct skill balance. The level should align with an organization’s strategic and HR objectives. It has been said that the secret to a great staffing plan is to create a great retention plan. Retention should be viewed as a continuous process beginning with recruiting and continuing with effective management and leadership. What makes an employee stay with an organization? Contrary to public opinion, for the vast majority of employees, money is not the primary motivator. Endless surveys report that money is seldom ranked as the main reason for joining, leaving, or contributing one’s best to an organization. The number one reason for staying is an “intangible benefit of membership” defined as pride in being part of something
important, team spirit, or pride in organizational brand. The leader then has responsibility to demonstrate the organization’s values to the employee by placing value on the employee’s professional, physical, and mental well-being.

A Sarotoga institute study on private sector departed employees noted a trend in employees identified with advancement potential, they departed the organization because no one took the time to advise them on their potential and opportunities for advancement. Employees usually leave an organization because of the leaders. A leader’s interpersonal skills in building and driving teams are critical to retention. Most employees in the private sector who actually leave an organization have a relatively short tenure of less than 1 year. For those who stay, there are usually points during an employee’s tenure when they consider leaving: 18-30 months, 4-5 years, and 8-9 years. Although there does not appear to be a similar study on the Federal government side, the take-away is that feedback from leaders is critical to the retention of employees. Also, career path planning is the key element in planned employee development – an opportunity to mesh personal and organizational development activities.

There are monetary means available to retain quality employees. Since 1992, the Army has led the way among Federal agencies in using a retention allowance to persuade employees with needed skills to stay. In 2000, the Army paid over 1,000 civilian employees to remain in their jobs. The retention allowance authority allows agencies to pay employees up to twenty-five percent of base pay to remain in their jobs. The criteria for approval is: 1) the skill is critical to the mission and; 2) verification that the employee would leave the federal government due to other job offers. Two factors affect the use of this allowance – budget and culture. Leaders must establish a culture that recognizes the benefits of retaining certain employees with certain skill sets by committing funds for that purpose and establishing criteria that is viewed as equitable.

Although as an institution Department of Army does not have an “official” mentorship program, programs do exist within activities in the Army. A critical element in leader development is mentoring. Mentoring is a strategy for comprehensive growth and development – a framework to bring about a cultural change in the professional development of competent future leaders. The competency requirements thrust on future leaders will probably exceed the Army’s formal education system’s capacity due to availability of training, budget constraints, and turbulence in the organization. As the workforce continues to shrink, employees are required to perform more complex tasks or perform in diverse areas without previous experience or training. Mentorship provides a means for leaders to motivate, educate, and guide employees to higher levels of performance and responsibility. The most fundamental responsibilities of a leader
are to train, coach and mentor subordinates - leaders ensure that the standards are trained and reinforced.

THIRD WAVE

Army HR transformation must apply to the total Army workforce – military, civilian, and contractor. A current Army plan to exercise stewardship over its human resources is known as the Third Wave. The Third Wave has three clear objectives: (1) to free resources for the global war on terrorism; (2) to obtain non-core products and services from the private sector which enables Army to focus on its core competencies; and (3) to support President Bush’s management agenda of competing fifteen percent of government jobs. These objectives should be accomplished without disrupting core operations.45

The Third Wave has become a controversial issue for Army. How the Army proceeds henceforth will determine the success of Army in meeting its transformational and HR objectives. The first objective of moving 60,000 military personnel into war fighting positions to support the Objective Force is critical to Army transformation and mission, however, the source of funding for military conversions will be the functions identified for divestiture. Furthermore, outsourcing military jobs will not necessarily save money and will create new costs since Army will not cut its fighting force. Outsourced soldiers will be transferred to other jobs within the Army and civilian employees and/or contract workers will replace them. According to John Anderson, assistant to the Deputy Assistant Secretary of the Army for Manpower and Management, it will cost $1.6 billion over five years to move 3,000 military personnel into front line positions.46

The second objective is the most controversial. The objective to outsource or privatize all non-core functions within Army involves studying 214,000 military and civilian positions for identification of non-core functions. The timeline to submit an implementation plan for competing all non-core functions is ambitious and labor intensive. Lawmakers have criticized the Army for pursuing the Third Wave without input from Congress. Many of the privatization methods proposed in the Third Wave plan aren’t permitted by law and will require new legislation from Congress. In a 20 December 2002 letter to the Secretary of the Army, 68 members of the House of Representatives stated that the third wave plan has the potential to threaten military readiness at a time when our nation is faced with a security threat. The members also called on the Army to consult with the legislators before implementing any plan.47

The third objective is based on President Bush’s 2001 directive that all Federal agencies increase the amount of work deemed not “inherently governmental” by contracting out or
competing between the public and private sectors. The proposed target is fifteen percent of all such identified positions by October 2003. Unions feel the decision should be based on mission requirements, not a self-imposed quota system. The House passed the Moran amendment in July 2002 to block the White House from using numerical targets to make federal agencies hold public-private job competitions. Many Defense Department officials are also questioning whether quotas are the best method. Defense Undersecretary Pete Aldridge wrote that a reassessment may very well show that we have already contracted out capabilities to the private sector that are essential to our mission…"48 Furthermore, there is no empirical evidence to prove the assumption that outsourcing is the most cost efficient approach. According to an August 2000 GAO report, overall program costs to date are still exceeding realized savings. It may also be just as difficult to eliminate contracts, get rid of contractors, or deal with problem contractor employees. The current privatization effort appears to have created extensive oversight problems for Army. In a department memo, Secretary of the Army Thomas White acknowledged that Army lacks credible information on contract labor.49

The new millennium has seen an increase in outsourcing in both the private and public sectors. Outsourcing occurs when public sector agencies contract out with nonprofit, private, or other public agencies to provide specific services. Outsourcing is a complex, challenging and controversial issue. Outsourcing requires leaders to make difficult choices – choices that effect jobs held by dedicated, loyal career employees. What is the motivation for the Federal government to outsource? Many have questioned whether it is a manpower reduction issue or a cost saving issue. From an administrative perspective, outsourcing is viewed as a means to save tax dollars, reduce the public payrolls, and increase efficiency. The President’s Management Agenda identifies the reason as delivering high quality services to the citizens at the lowest cost.50

The benefits to an organization normally associated with outsourcing are flexibility, and controlling costs. Outsourcing can however, erode an organization’s intellectual capital. When an employee is working under contract, the organization is receiving the services, but the organization is not capturing knowledge or loyalty. What was learned by the contract employee on the job is lost to the organization and has the potential to end up with a competitor. Also contractors have their own personnel issues (poor performers, turnover) and have to be monitored closely. Monitoring is essential to the success of outsourcing. The government must provide oversight and hold the contractor accountable for inadequate service. GAO notes in GAO report 01-263 that the skills needed for monitoring and evaluating work done by
contractors are severely lacking by most organizations.\textsuperscript{51} It is a key competency that needs to be identified for the workforce.

\textbf{WORKFORCE DEVELOPMENT}

The training and developing of new employees are critical to the effective use of human resources. In the past, changing roles and responsibilities for government agencies redirected attention in many cases to resources and organizational considerations to the detriment of workforce development. Both activities involve teaching employees the specific skills and behavior required to perform their jobs. Training typically focuses on the immediate “now” and “how to” needs while development focuses on achieving long-term objectives. Employee development should be a continuous process stimulated by an organization’s desire to improve its effectiveness and individual performance. Effective training gives employees the tools they need not only to survive but to grow in their abilities and push the organization toward its corporate vision, strategies and goals.

New employees, new competencies, new problems changes in the environment, technology and development necessitate a planned approach to training and development.\textsuperscript{52} Leadership commitment to employee training and development is best realized through funding of programs and command emphasis on importance of programs. Formal orientation programs afford leaders an opportunity to share corporate culture and values with new employees. Orientation programs also set up expectations and avoid misunderstandings.

It is universally acknowledged that the Army grows and develops the best soldiers in the world – trained to become leaders. Civilian Army leaders must also be trained, educated, and motivated to meet future challenges. As Frances Hesselbein states, “Organizations that take the time to teach leadership are far ahead of the competition.”\textsuperscript{53} As part of the Army Transformation Campaign, the Chief of Staff, Army directed the establishment of the Army Training and Leader Development Panel (ATLDP) study. The purpose of the study was to review, assess, and provide recommendations for the training and development of the Army’s 21\textsuperscript{st} century leaders. The study was initially targeted for Army military but civilians were added in 2001. The Commander, U.S. Army Training and Doctrine Command (TRADOC) co-chairs with the Assistant G-1 for Civilian Personnel Policy at HQDA as Executive Directors.\textsuperscript{54}

The study gathered information from on-line surveys, focus groups and personal interviews with officers, NCOs, warrant officers, military family members and civilian employees. The survey asked questions about Army culture and employee job satisfaction. It further seeks to determine if civilians believe that operational and institutional training is available, as well as
encouraged to enhance their job performance. The military side of the study is completed. The civilian study was to be completed in the fall of 2002, however the final report has yet to be released.  

The study represents a candid self-assessment with a goal to set a course for improving all aspects of the Army’s culture to include bringing institutional beliefs and practices in line. Army leaders will have the responsibility to educate the forces on the changes occurring in the future. According to General Shinseki, “Change is difficult, but communicating the message of change will help this Army master the transitions ahead of it, in this decade and beyond.”

An option to consider in winning the “War for Talent” is to develop and nurture talent already in the organization through executive development programs. Career development is about retaining and enhancing skills. Approximately sixty percent of managers who plan to leave their current employer identify insufficient development and learning opportunities as critical to their reason for leaving. A grant report for the Endowment “Leaders Growing Leaders,” focuses on the importance of senior mentors and the importance of individual leaders developing their successors. In light of the high turnover of managers and leaders, leadership development is essential to continue the momentum for Army transformation.

Army is implementing a civilian leadership development program called the Strategic Army Workforce (SAW). The SAW will centrally manage civilian managers, supervisors and leaders in the GS-12 and above grade levels. The intent is to meet the demands and expectations of the Army’s Objective Force. The Army will centrally manage assignments, training and development, and promotions for subject employees. The goal is to ensure civilian leaders receive the same education and assignment to grow as “An Army of One” as their military counterparts do. The program is scheduled for implementation in FY 04.

The Department of Defense has a program for grooming Defense civilian leaders to include Army employees. The Defense Leadership and Management Program (DLAMP) is the education foundation that when combined with increasingly responsible assignments and other developmental experiences prepares individuals for senior leadership positions. Besides proving an opportunity for a graduate degree, it also provides a thorough education in national security policy and decision-making and attendance at a senior-level professional military school. A key element was mentoring by a senior leader unfortunately it is no longer part of the program. Another component, rotational assignment was changed from required to optional. While attending a senior service college, a provision is provided for a twenty-five percent backfill. A crucial principle of the DLAMP program was identification of positions for occupancy by DLAMP graduates - Army has been very reluctant to identify positions. Assistance in placing
graduates of the DLAMP program is optional, not mandatory. This dilutes not only the importance of this leadership development program, but also dissuades applicants from applying.

The impact of technology is having a profound effect on people that promises to increase in intensity in the future. The increased use of computer databases, telecommunications, and networking has changed organizational structure and how work is managed. It is estimated that fifty percent of all work is driven by the computer indicating knowledge management and organizational learning are here to stay. Leaders must place appropriate priorities on automation training and assure training for all employees.

The HR industry has changed dramatically – technology changes the way we do business (hands-on, desk-top applications), and how we communicate. Technology both facilitates and complicates HR civilian transformation. The scope, speed, and impact of leader decisions are immediately made available through technology. Automation frees HR personnel from processing paperwork and allows them to focus on designing the future workforce. The paradigm is changing - many managers believe that more and more functions previously performed by HR personnel are being passed to them through HR developed automated management tools. Civilian HR transformation requires a great deal from leaders. Leaders are responsible for their people including human resource management. Leaders need to nurture a partnering relationship with the HR community working together to capitalize on the abilities of the civilian workforce.

RECOMMENDATIONS

The Army is facing many critical human resource issues - changing missions, gaps in training, competition for workers, an already downsized and depleted workforce, an aging workforce, and archaic personnel policies – to name a few. The most critical requirement within civilian HR and subsequently Army is unquestionably a strategy in the form of a workforce plan. The following recommendations are proposed to incorporate into the “Army Strategic Civilian Workforce Plan”:

- Market civilian employment with Department of Army - The goal is to market the Army as an “employer of choice” and to elevate the concept of noble service. Marketing should provide words and pictures to transmit Army’s image to potential employees. Surveying current employees to identify what agency policies and
benefits they value as important to employment and marketing them is a great way to attract new applicants. Young people continue to express an interest in serving the public. A campaign to “make a difference” is required to encourage people to serve—a call to service. Current employees should be encourage to “sell” the Army by getting involved in community activities such as public speaking engagements, mentoring youth activities, and speaking at school career day. A uniform is not a prerequisite to selling the concept of service to the United States.

- **Develop a robust employee referral program** – Make everyone a recruiter. An employee referral program serves as a pre-screening process for the organization—employees don’t usually refer people they don’t want to work with or those with different values.
  - Market the referral program to employees to encourage participation.
  - Offer monetary awards for employee referrals with amounts tied to the value of the position recruited.
  - Use recruiters of diverse backgrounds. The workforce should be reflective of the nation at all levels and in all occupations.
  - Use the brightest and the best for recruiting.

- **Make it easy to apply** - The Merit Systems Protection Board (MSPB) surveyed 2,000 new federal employees. Many stated that they had experienced difficulty in locating job announcements or had encountered cumbersome application procedures when seeking employment with the government. Army needs to develop a more aggressive recruitment strategy; current efforts are progressive in comparison with other federal agencies but still have a long way to go when compared with private sector. Current procedures post announcements to a website, but efforts to actively and creatively promote the opportunities available are lacking. Technology has made information more accessible to the general public and Army needs to leverage and take advantage of technology as the powerful resource it is. Monster.com is aggressively marketing its “government solutions” strategy stating that eighty-six percent of its private sector workers are interested in government jobs. They are mailing brochures to government human resource offices offering posting of vacancy announcements as well as their screening tools. Their “bumper sticker” is – “Is it still a public sector job opening if the public doesn’t know about it.”
Target the audience – establish a wider distribution of vacancy announcements targeting several different sources to include career sites, industry sites and professional/trade association sites.

- Provide timely response/feedback to the applicant
- Keep the application process simple
- Increase college recruitment (target minority colleges)
- Advertise in professional journals/magazines
- Consider using private sector on-line referral services

**Consider former employees** - Federal government retirees (both civilian and military) provide an exceptional source of talent. Typically, retirees bring with them experience and training which makes them immediately available to start working issues. They typically do not need training and many times fill gaps for skills that are in short supply. Many may seek an opportunity to contribute to the nation’s well being again. They are usually immediately available for employment so they become a quick hire.

According to June 2002 OPM statistics 79,474 military retirees are working as federal employees compared with 3,373 civilian retirees. Why the huge discrepancy? Current federal law discourages civilian retirees from coming back to work for the government. Normally, the law requires agencies to deduct the value of retirees’ pensions from their salary, commonly known as the dual compensation penalty. Fortunately for military retirees, Congress eliminated the dual compensation restrictions in 1999. Also, many retired military retire at an age where it is still beneficial to embark on a second career. It is an easy transition to move from military to federal civilian employment. However, both groups offer considerable benefits when re-employed. An additional source could also be employees who completed their military obligation or civilian employees who resigned from a civil service position.

- Build a database of former employees identifying skills and availability.
- Provide flexible work opportunities for locations, hours, etc. Use as needed - where needed. Develop a floating assignment program.
- Change legislation to eliminate the requirement to deduct value of civilian retirees’ pensions from their salary.

**Partner with private industry**
- Leverage private sector and other Federal government Best Business practices.
- Consider establishing a program guaranteeing employment with private industry after completion of a stated period of service with the military or public service. Employees with critical skills could work for the government for a special, short-term project and then move to private sector upon completion. This would require extensive negotiations with private corporations.
- Market employment opportunities with government contractors for those departing military or public service. Arrange for priority consideration. Although they may wear a different uniform or badge, their expertise, knowledge, loyalty and training continues to benefit the Army.

- Focus on retention of current workforce — According to U.S. Secretary of Labor Elaine Chao, workers are leaving employers at a quicker rate than in the past. “The average 34-year old has already worked for nine different companies in his or her brief career.” Too often the cost of replacing an employee is not understood or calculated.
  - Develop skills inventory of current employees.
  - Succession planning – identify developmental needs and growth potential.
  - Conduct exit interviews and analyze information received to identify consistent retention issues that can be avoided by policy or procedural change.
  - Establish formal mentor programs.
  - Develop mobility program for employee with special competencies to be moved between activities, wherever the need is most critical.

- Replace the concept of “career service” with a new system of national service.
  - Establish a program allowing movement between military and public service. For example, military recruit signs agreement to serve in the military for 4 years. Upon completion of service, the individual is guaranteed employment as a federal employee. There is no break in service and the public sector receives a qualified and potentially motivated employee who probably already has a clearance. It not only saves money, it also provides job security to the individual. It becomes a win-win situation.
  - Create a mobility program between military and civilian employment program. As needed, employees could be utilized and moved back and forth between systems
for their entire career. For example, a soldier is trained in human intelligence. The soldier could be moved to Army Research Institute as a civilian employee to work on a special project. Then a conflict breaks out and the civilian employee returns to military service.

- **Partner with Army military recruitment efforts** – Although military recruiting has its own issues with increased costs and no real measurement of effectiveness (according to a GAO report), Army can still leverage military recruiting efforts to attract employees for the civil service.
  - Leverage use of already established network of recruitment offices.
  - Capitalize on web-based capabilities for recruiting.

- **Focus on External Hires.** A Partnership for Public Service report suggests that with the anticipated government shortage of employees, the federal government needs to look outside the current workforce. In FY 2000, 60,000 mid-career (General Schedule 12-15) positions were advertised for recruitment however only sixteen percent were filled by candidates external to the federal government. In FY 2001, forty-seven percent of available positions recruited excluded hiring from external sources. This poses a delicate issue for the federal government requiring a considerable balancing act.

**CONCLUSION**

The Army is currently facing many critical civilian human resource issues: changing missions, impact of technology, gaps in training, competition for workers, compensation/benefit discrepancies, an already downsized and depleted workforce, an aging workforce, and archaic personnel policies – to name just a few. The need for major human resource reform within Army becomes inevitable. It is equally important for Army to position itself in a proactive as opposed to a reactive state. A famous Chinese proverb defined change as either an “opportunity” or a “crisis”. The other issues already addressed in this paper - third wave, retirement wave and the war for talent further support the criticality of a strategic civilian workforce plan within Army. Acquiring talent is a more complicated procedure in the new millennium. The competition between sister services, other federal agencies, and the private sector for quality, highly skilled employees will require an aggressive recruitment strategy.
whether Army is recruiting for military, civilian or contractor personnel. Although the human resource systems are different for the three groups, a recruitment strategy must be developed to address manpower, staffing and recruitment requirements of the total Army. Army also needs to identify and then leverage best practices and apply across the board.

Peter Senge writes, “It is not what the vision is, it’s what the vision does.” Leadership is the lynchpin of transformation and must transcend the efforts of a person or a position. The need for a strategic workforce plan – critical to the success of Army transformation – becomes undeniable. A workforce that has not transformed to meet the demands of the 21st Century risks being overwhelmed by the demands of the future. The management of people in organizations as “strategic assets critically drives the formulation and implementation of strategies and the achievement of competitive advantage.” Workforce planning cannot successfully operate in a vacuum, or continue on its current path of “business as usual”, and still meet the human resource requirements of the transforming Army. Transformation affords Department of Army with a unique opportunity to reshape its workforce ensuring the right people with the right skills are in the right place at the right time. Transforming civilian human resources should be viewed as an opportunity; missing this opportunity will degrade Army’s ability to meet future security missions. The human capital crisis must be addressed head on by Army leadership – invest in employees and the return on investment will be immeasurable. It is impossible to lead effectively without effectively managing the Army’s most critical resource - people.

“I am a civil servant. I am a soldier of a different uniform but not unlike the uniformed soldier that I do solemnly advocate. I too pledge allegiance to the American flag and the constitution upon which it was founded. I also swear upon entering office to defend my country against all enemies, both foreign and domestic, to provide for the common defense, and to maintain America’s most treasured values of Duty – Honor –Country”

—(Author unknown)

WORD COUNT = 8,513
ENDNOTES


4 Merriam Webster, _Webster’s Third New International Dictionary_, (Springfield, MA, 1971), 2427.

5 Ibid., 373.


12 Ibid.,


17 Ibid.


39 Ibid.

40 Jim Harris, Ph.D. and Joan Brannick, Ph.D., Keeping and Finding Great Employees, (New York: AMACOM, 1999), 155.

41 Ibid., 158-159.


43 Issues of Merit, p 6-7.


47 Ibid.
48 Ibid.
49 Ibid.
53 Frances Hesselbein and Paul M. Cohen, Leader to Leader, (San Francisco: Jossey-Bass Publishers, 1999), 263.
59 Fitz-enz, 173.
61 David Moniz, “Military Recruiting Changes Hard to Measure,” USA Today, 05A.
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