

Human Capital Trends in 2014

With budget cuts, skill gaps, retirement turnover, and succession planning, federal agencies are facing serious human capital challenges to remain competitive in fulfilling their missions. These factors are causing agencies to re-think their approach to human capital management and could be a driver to enable innovative breakthroughs in mission strategy and innovation with the right processes, policies and tools. There are several trends that have contributed to reshape the human capital landscape over the past few years. In this paper we have decided to discuss what we feel are three interconnected and critical trends that can be most impactful when implemented concurrently:

1. **Analytics for a High Performance Workforce,**
2. **Filling the Talent and Skills Gap, and**
3. **Employee Engagement**

These trends, if designed and implemented effectively, can deliver high return on investment and change the way agencies think about organizational development.

1

Analytics for a High Performance Workforce

Google developed *Project Oxygen* to use the same rigor in data analysis for human resources that engineers used in how they develop technology. They collected data from surveys, performance reviews, feedback and various other internal sources. With double-blind interviews and rigorous analysis of key management behaviors to determine what makes a great manager. These behaviors are not breakthrough ideas. In fact, many are very common in management theory today.

1. Be a good coach
2. Empower your team and don't micromanage
3. Express interest in your team member's success and personal well being
4. Be productive and results oriented
5. Be a good communicator and listen to your team
6. Help your employees with career development
7. Have a clear vision and strategy for your team
8. Have key technical skills so that you can help advise the team

The significance of this finding is not about the results, but more about the process. Google's engineering culture had to be convinced that management mattered. They approached this effort in three traditional organizational development stages.

1. Unfreezing and taking on the status quo – do rigorous analysis and compare higher rated managers to lower rated managers. Did blind interviews to determine what the good leaders did.
2. Rolled changes in the organization, changed feedback surveys, developed training programs, worked with managers who were leading thinkers in their areas.
3. Refreezing - institutionalized changes launched supporting practices (e.g., build performance reviews, award systems, career growth plans).

Throughout the process a tremendous amount of outreach must be done to socialize the findings of the data. Many of these findings are almost common sense, however, there are two big advantages to this approach, which help institutionalize and customize the approach for your organization.

- Using your own organization's data builds credibility with your workforce.
- Data is highly granular and specific to accompany the behavior of these overarching management ideas. This will determine how you will coach people in your environment. For example, relatively few people make it up the hierarchy at Google, because it is very vertical, but there is very effective lateral movement, which can be coached specifically at Google.

2

Filling the Talent and Skills Gap

Based on a recent study by Accenture, nearly half of those surveyed (46 percent) confirm that a skills gap persists for their business—that they do not have the skills they need to compete effectively in the coming years. Skills in greatest demand are in IT (44 percent), engineering (36 percent), and R&D (29 percent). Changes in the marketplace and technology are in part creating these skill gaps.

Transitioning to a digital organization has also dramatically affected the skills needed by critical workforces. Take, for example, marketing professionals, who now must master complex capabilities such as digital data mining and social media. Not long ago, “social media marketing strategist” didn't even exist, now, it's in high demand.

There are also consequences of a skills gap. The executives surveyed see a link between skills shortages and a variety of negative business results. Nearly 68 percent of executives surveyed believe that a lack of critical skills will result in increased operating costs. Two-thirds anticipate a loss of business to competitors, and 64 percent expect a negative impact on revenues. It was reported that 87 percent of those surveyed believe that the skill gaps increase stress on existing employees, who need to cope with new challenges while lacking the appropriate set of skills. That situation clearly affects overall productivity, something that is a major concern of executives.

Hopeful signs to filling the skills gap

Executives are committed to training as a means of strengthening workforce capabilities. More than a third of respondents whose companies are facing a skills shortage affirmed that they had not invested enough in training. Many expect investments in training to either increase or at least remain steady.

Find the right blend between classroom, digital, and experience-based training

Various studies have found that most organizations (60 percent or more) still rely primarily on classroom training. The classroom has a place in an overall learning strategy, but it needs to be part of the “learning chain”—a classroom environment that is carefully linked and integrated with other formats, from web-based training, to follow-ups through mobile devices, to social media and other channels. Retention rates are very low when it comes to classroom learning, so reinforcement of knowledge and the ongoing application of skills are critical.

Embedding learning in everyday work can be a key to success. A recent survey revealed that 74 percent of learning occurs on the job and found 58 percent that shadowing and observing others on the job is very important.

New learning channels and techniques

More organizations are beginning to include new technologies as part of the training experience. Seventy percent of executives are currently leveraging innovative learning developments, with 42 percent using mobile delivery for training, 35 percent using social media and 13 percent using gamification, or game-based learning.

Employees can now be immersed in real-life performance scenarios and encouraged to take part in collaborative learning—all on their own schedules and wherever they are.

Dealing with the Reduced Training Budget

To justify spending on training initiatives, consider the following:

- Develop a strategic plan that clearly shows alignment to the strategic objectives of the agency and the need for training solutions
- Baseline the skills and knowledge in the organization now and what will be needed moving forward. Keep in mind the soft skill sets such as oral communication, networking, collaboration, decision making, persuasiveness, and team work.
- Assess where and how training can fill the skill and knowledge gaps.
- Identify the optimal training curricula, timing, and methods to set the organization up for success over the short and long term.
- Consider alternate methods of training. With today's (and tomorrow's) technology, use online learning, virtual classrooms, webinars, podcasts, and virtual classrooms, which can be impactful and cost effective.

3

Employee Engagement

To create a culture of employee engagement an organization must evaluate two basic factors: satisfaction and engagement. A satisfied employee may be content with their pay, benefits, culture, and overall duties; but may not be proactive or take extra initiative. These employees, although, happy with the job are not truly engaged. Engaged employees embody the following qualities:

- Innovation
- Creativity
- Accountability
- Stewardship
- Passion
- Mission-focused drive

Building a culture of engagement is critical for creating a workforce driven to do what is necessary to get the job done, and done well. Engagement is a strong contributor to recruiting and retaining top-talent, especially in service-based organizations where the quality of the product is influenced by the behavior of the professional. According to *The Carrot Principle*, the greatest challenge for leaders in developing their organizations is not introducing a revolutionary new strategy, but engaging employees in executing their current strategy.

These are several techniques to consider for building a culture of satisfaction and engagement:

- Conduct Organizational Climate Assessment to determine satisfaction and engagement levels of staff
- Incorporate building blocks of recognition (e.g., day-to-day recognition, career recognition, service recognition)
- Regularly measure and monitor employee engagement and satisfaction levels
- Train managers to use concepts and tools that embody a culture of recognition
- Encourage accountability and ownership

We believe these three initiatives are interconnected and will deliver the most impact if implemented concurrently. However, implementing one of these initiatives in your organization will generate higher workforce productivity and a solid return on human capital investment in a rapidly changing and complex environment.

1. [Predicting and planning for federal workforce needs](#)
2. [Do you have the skills to compete?](#)
3. [Salvaging training in a tight budget environment](#)
4. *The Carrot Principle*, Adrian Gostick and Chester Elton

To learn more about these trends or how we have related techniques and other lessons learned please contact us for a free consultation.

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