

STATEMENT OF
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before the

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, RESTRUCTURING AND
THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

on

MANAGING HUMAN CAPITAL
IN THE TWENTY-FIRST CENTURY

March 9, 2000

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR INVITING ME TO TESTIFY TODAY ON THE SUBJECT OF THE MANAGEMENT OF HUMAN CAPITAL IN THE TWENTY-FIRST CENTURY. YOUR EXPERIENCE, MR. CHAIRMAN, AS A BIG-CITY MAYOR AND AS GOVERNOR GIVES YOU A UNIQUE PERSPECTIVE ON THE CHALLENGES FACING US IN THE EXECUTIVE BRANCH. WE ARE PLEASED TO HAVE THIS OPPORTUNITY TO DISCUSS THE ADMINISTRATION'S PLANS TO ALIGN FEDERAL HUMAN RESOURCES TO SUPPORT AGENCY GOALS.

WHAT WE AT OPM HAVE HELD AS A CORE BELIEF, THAT THE GOVERNMENT'S HUMAN RESOURCES – OUR PEOPLE – ARE OUR MOST VALUABLE ASSET. I AM CONVINCED THAT, LIKE THE PRIVATE SECTOR, WE MUST ENGAGE IN THE "WAR FOR TALENT." WE MUST SECURE, DEVELOP, EMPOWER, AND RETAIN THE TALENTED PEOPLE WE NEED TO ACCOMPLISH OUR MISSION FOR THE AMERICAN PEOPLE. THIS IS THE FOUNDATION FOR OUR STRATEGIC APPROACH TO HUMAN RESOURCES MANAGEMENT.

THAT STRATEGIC APPROACH IS BEING DRIVEN BY THE CHANGES THAT HAVE TAKEN PLACE IN GOVERNMENT. HOW WE LEAD THIS CHANGE WILL MEAN THE DIFFERENCE BETWEEN SUCCESS AND FAILURE FOR THE FEDERAL GOVERNMENT.

THESE CHANGES HAVE BEEN PARTICULARLY DRAMATIC IN TWO AREAS. THE FIRST IS THE WAY WORK ITSELF HAS CHANGED, PARTICULARLY THROUGH THE IMPACT OF THE INFORMATION REVOLUTION. THE FEDERAL WORKFORCE IS NO LONGER THE ARMY OF CLERKS WE DEPLOYED FIFTY YEARS AGO. NOW POLICY AND PROGRAM OFFICIALS NEED COMMANDO SQUADS OF INFORMATION TECHNOLOGY PROFESSIONALS WITH CUTTING-EDGE SKILLS. AT OPM, WE HAVE BEEN WORKING HARD TO ANTICIPATE THE SPECIFIC NATURE OF WORK AND THE

WORKFORCE NEEDED FOR THE 21ST CENTURY. HUMAN RESOURCES SYSTEMS THAT WERE DESIGNED FOR THE STABLE BUREAUCRACIES OF THE 1950'S AND 60'S SIMPLY HAD TO CHANGE SO THAT AGENCIES AND THEIR EMPLOYEES COULD COPE EFFECTIVELY WITH THE REALITY THAT WE MUST ALL "ADAPT OR BE PUSHED ASIDE."

THE SECOND AREA OF DRAMATIC CHANGE FOR THE GOVERNMENT IS WHAT SOME CALL THE "SHIFT TO RESULTS." IMPLEMENTATION OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT AND THE CLINTON/GORE ADMINISTRATION'S SUCCESSFUL FOCUS ON CUSTOMER SERVICE HAVE ENTERED THE BLOODSTREAM OF AGENCIES THROUGHOUT GOVERNMENT. MANAGERS AND EMPLOYEES ARE LOOKING AT THEIR WORK DIFFERENTLY. THE FOCUS HAS SHIFTED FROM PROCESS TO RESULTS AND FROM FOLLOWING THE RULES TO SERVING CUSTOMERS.

THIS RESULTS SHIFT HAS REAL IMPLICATIONS FOR HUMAN RESOURCES MANAGEMENT SYSTEMS AND PRACTICES, WHICH MUST BE ADAPTED TO ALIGN WITH AGENCIES' STRATEGIC AND PERFORMANCE PLANS. THIS INCLUDES THE SYSTEMS AND PRACTICES FOR HOW SKILLS ARE VALUED, HOW LEARNING NEEDS ARE DETERMINED AND MET, AND HOW PERFORMANCE IS MEASURED AND RECOGNIZED.

AS AGENCIES ACCEPT THE FUNDAMENTAL PREMISE THAT OUR PEOPLE ARE OUR MOST VALUABLE ASSETS, THEY MUST BE PREPARED TO FULLY INTEGRATE HUMAN RESOURCES MANAGEMENT INTO THE FABRIC OF THEIR MISSION-CRITICAL ACTIVITIES. THAT IS THE ALIGNMENT WE SEEK.

STRATEGIC HRM ALIGNMENT

AT OPM, WE HAVE BEEN EMPHASIZING THIS INTEGRATION AS WE LEAD THE HUMAN RESOURCES COMMUNITY IN A SHIFT TOWARD STRATEGIC HUMAN RESOURCES MANAGEMENT ALIGNMENT, WHICH I BELIEVE EMBRACES THE CURRENT EMPHASIS ON HUMAN CAPITAL.

THE VISION FOR MANAGING HUMAN CAPITAL THAT WE PURSUE COULD BE DESCRIBED MOST SIMPLY AS "*GETTING THE RIGHT PEOPLE WITH THE RIGHT SKILLS IN THE RIGHT JOBS AT THE RIGHT TIME.*"

AND IN THE FEDERAL GOVERNMENT, WE MUST ALWAYS TAKE CARE TO ADD "*AND IN THE RIGHT WAY*" TO ENSURE THAT THE FEDERAL CIVIL SERVICE IS MANAGED IN ACCORDANCE WITH THE MERIT SYSTEM PRINCIPLES. THAT MERIT SYSTEM, AS WELL AS VETERANS PREFERENCE PRINCIPLES AND THE OTHER EMPLOYMENT LAWS THAT OPERATE THROUGHOUT OUR ECONOMY, SUPPORT IMPORTANT NATIONAL POLICIES THAT TRANSCEND ANY GIVEN AGENCY'S MISSION OR GOALS.

HAVING SAID THAT, I MUST QUICKLY ACKNOWLEDGE THAT THOSE AGENCY MISSIONS AND GOALS HAVE BECOME THE DRIVERS OF OUR HUMAN RESOURCES PROGRAMS AND PRACTICES. THAT IS THE REAL REVOLUTION WE HAVE WITNESSED IN FEDERAL HUMAN RESOURCES MANAGEMENT. FOR DECADES, PERSONNEL ADMINISTRATION WAS LIKE MUCH OF THE REST OF GOVERNMENT – MIRED IN AND ABSORBED WITH RULES AND PROCEDURES.

IN THAT ERA, GETTING THE RIGHT PEOPLE AT THE RIGHT TIME MEANT DOING OUR WORK "ACCORDING TO HOYLE," WHERE PROCESSES WERE ENDS IN THEMSELVES. NOWADAYS IT MEANS DOING OUR WORK "IN WAYS THAT CONTRIBUTE TO ACHIEVING RESULTS," AND THAT DIFFERENCE HAS TRULY TRANSFORMED HUMAN RESOURCES MANAGEMENT.

THAT TRANSFORMATION IS AIMED AT HELPING AGENCIES ACHIEVE TWO RELATED HUMAN RESOURCES OBJECTIVES.

THE FIRST GENERAL OBJECTIVE IS INVESTING IN TALENT. WE MUST HAVE EFFECTIVE WORKFORCE PLANNING MODELS AND TECHNIQUES TO FIGURE OUT WHAT KINDS OF EMPLOYEES WILL BE VALUABLE FOR ACHIEVING SPECIFIC RESULTS. HAVING SET OUT SUCH PLANS, WE MUST FIND AND RECRUIT SUCH EMPLOYEES, AND WE MUST USE THE LATEST ASSESSMENT APPROACHES TO SELECT THE APPLICANTS WITH THE BEST TALENTS TO MEET AGENCY NEEDS.

WE MUST ALSO CONTINUE TO ADD VALUE TO THE WORKFORCE THAT IS ALREADY ON BOARD AND FIND WAYS TO PROMOTE THE POTENTIAL OF OUR EMPLOYEES BY MAKING THEM MORE KNOWLEDGEABLE, MORE ADAPTABLE, AND BETTER ABLE TO MEET CHANGING NEEDS. PART OF EVERY EMPLOYEE'S JOB WILL BE TO KEEP LEARNING ABOUT THE EVER-CHANGING WORK TO BE PERFORMED. THE CLINTON/GORE ADMINISTRATION REALIZES THIS AND HAS MADE A LIFELONG LEARNING A PRIORITY FOR THE FEDERAL WORKFORCE. CONTINUAL LEARNING AND DEVELOPMENT ARE THE KEYS HERE, WITH A FOCUS ON ADDING THE SKILLS AND COMPETENCIES THAT WILL IMPROVE RESULTS.

WE HAVE A SECOND GENERAL OBJECTIVE FOR OUR STRATEGIC HUMAN RESOURCES MANAGEMENT ALIGNMENT, NAMELY ENGAGING OUR EMPLOYEES IN ACHIEVING MISSION RESULTS. THE "RIGHT PEOPLE" IN THIS INSTANCE ARE COMMITTED PEOPLE WITH A SHARED VISION. WE MUST ALIGN AND DIRECT OUR EMPLOYEES' TALENTS – THEIR ENERGY AND THEIR SKILLS – TOWARD CLEARLY UNDERSTOOD ORGANIZATIONAL GOALS. WE DO THIS THROUGH EFFECTIVE PERFORMANCE MANAGEMENT AND REWARDS SYSTEMS THAT ARE FLEXIBLE ENOUGH TO ADAPT TO THE GOVERNMENT'S VARIED MISSIONS, WORK TECHNOLOGIES, AND LABOR MARKETS.

BUILDING AND SUSTAINING EMPLOYEE COMMITMENT ALSO REQUIRES LEADERSHIP AND EMPOWERMENT AND RESPECT FOR DIVERSE EMPLOYEE NEEDS. THE MANAGER'S ROLE IS CHANGING TO BEING MORE OF A LEADER, A COACH, AND A TEACHER, RATHER THAN A TASKMASTER ASSIGNING WORK AND

MAKING JUDGMENTS. THIS NEW LEADERSHIP MEANS PROMOTING PARTNERSHIP AND EMPOWERING FRONT-LINE WORKERS TO GIVE THEM A GREATER SAY IN PROBLEM SOLVING AND WORKPLACE IMPROVEMENTS, AND IT MEANS ACCOMMODATING AND VALUING THE DIVERSITY OF THE WORKFORCE, FOR EXAMPLE, BY HELPING EMPLOYEES MEET THEIR DEPENDENT CARE NEEDS OR OFFERING FLEXIBLE WORK HOURS TO SUPPORT VOLUNTEERING IN THE COMMUNITY.

WE KNOW A LOT ABOUT THE ORGANIZATIONS THAT ARE BEST ABLE TO RETAIN THE MOST TALENTED EMPLOYEES, AND THE EVIDENCE IS UNEQUIVOCAL. THEY COMMUNICATE AND REINFORCE CLEAR, ENGAGING CUSTOMER SERVICE GOALS BY USING EFFECTIVE, PERFORMANCE PLANNING AND RECOGNITION PROGRAMS TAILORED TO THEIR SPECIFIC MISSIONS AND WORKFORCES. THEY OFFER EXCELLENT LEADERSHIP BY SKILLED MANAGERS AND EMPOWER EMPLOYEES BY PROMOTING PARTNERSHIP AND INNOVATION. AND THEY HELP EMPLOYEES BALANCE THEIR WORK AND FAMILY OBLIGATIONS BY PROVIDING FLEXIBLE WORK ARRANGEMENTS.

THESE TWO OBJECTIVES FOR STRATEGIC HUMAN RESOURCES MANAGEMENT – INVESTING IN TALENT AND ENGAGING EMPLOYEE COMMITMENT – HAVE SHAPED THE ACTIONS WE ARE UNDERTAKING TO ALIGN FEDERAL HUMAN RESOURCES MANAGEMENT SYSTEMS TO SUPPORT AGENCY GOALS. THESE SYSTEMS ARE STILL BASED TO SOME EXTENT IN PROCESSES AND PROCEDURES, BUT NOW WE WORK HARD TO ENSURE THAT THOSE SYSTEMS ARE FLEXIBLE, EFFICIENT AND EFFECTIVE FOR MEETING AGENCIES’ HUMAN RESOURCES NEEDS, AND WE CREATE NEW STRATEGIES AND SYSTEMS WHEN THEY ARE NEEDED. EVEN MORE IMPORTANT, AGENCIES ARE DEFINING THEIR NEEDS THROUGH RESULTS-DRIVEN ANALYSES AND ASSESSMENTS SO THAT THEIR HUMAN RESOURCES CAN INDEED BE ALIGNED WITH AGENCY GOALS.

PRIORITY MANAGEMENT OBJECTIVE #9

I WAS PLEASED WHEN THE PRESIDENT INCLUDED STRATEGIC HUMAN RESOURCES MANAGEMENT AS A PRIORITY MANAGEMENT OBJECTIVE IN THE

FISCAL YEAR 2001 BUDGET. THIS IS AN IMPORTANT SIGNAL TO THE PUBLIC AND TO GOVERNMENT LEADERS THAT PEOPLE ARE OUR MOST IMPORTANT ASSET. WE WORKED CLOSELY WITH THE OFFICE OF MANAGEMENT AND BUDGET TO DEVELOP THIS OBJECTIVE, AND LOOK FORWARD TO THEIR CONTINUING SUPPORT AS WE PROCEED WITH IMPLEMENTATION.

THIS OBJECTIVE INCLUDES THREE CRITICAL ACTIONS DIRECTED TOWARD MEETING THE GENERAL HUMAN RESOURCES MANAGEMENT OBJECTIVES THAT I JUST DESCRIBED. THESE ARE: