



# HUMAN CAPITAL MANAGEMENT

Moving Toward the Talent Age

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A PRACTICAL WORK PRODUCT TO IMPROVE TALENT MANAGEMENT

CITY OF ATLANTA GOVERNMENT



**HUMAN CAPITAL STRATEGIST  
PRACTICUM PAPER**

Presented By

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Office of Organization and Employee Development

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## **ABOUT HUMAN CAPITAL MANAGEMENT**

Strategic Human Capital Management is the most powerful lever for innovation and growth in today's knowledge economy. In fact, corporate market value is increasingly defined as the sum of human intangibles - ranging from the public perception of a company's intellectual capacity, to its perceived ability to create new solutions, enter new markets and respond to change (Human Capital Institute, 2009).

### **Human Capital Institute**

The Human Capital Institute (HCI) is a membership organization, think tank and educational resource for the professionals and executives in management, HR/OD and recruiting, who are at the forefront of this new movement known as strategic human capital management. The Human Capital Institute originates and funds important research across the human capital life-cycle. HCI also provides educational programs for executives, line managers, human capital practitioners, and other organizational leaders who recognize the critical importance of human capital.

HCI offers the most comprehensive educational opportunities across the talent management continuum, targeted at the most critical and strategic human capital issues.

### **Talent Management Strategies**

The Human Capital Plan herein is based on eight talent management practices as illustrated in the talent wheel representing a full cycle talent management approach. The inputs and outputs of the talent wheel are vital. They must be aligned with the strategy and direction of the organization. As such, the preceding work product, or HC Plan, will highlight an organizational gap analysis. The goal of the gap analysis is to recommend key talent management strategies that can be utilized to align with organizational strategies.

## THE ORGANIZATION

### City of Atlanta Government

Atlanta incorporated as a city in 1847 and continues to be a city that welcomes new innovation and change. It has a city government that quickly adapts to those changes. The elections of 2001 brought with it a new milestone for the city – the election of Atlanta’s first female mayor and first female city council president.

Currently, Atlanta city government is comprised of 14 operating departments which include police, fire and correctional services. There are approximately 7000 employees in various job roles committed to providing city-wide and community services to Atlanta’s population of over 5.2 million people. To support the city government workforce, the organization employs human resources professionals dedicated to personnel and administration strategies across the enterprise.

## THE BUSINESS CHALLENGE

### Organizational Strategy

Since her inauguration in 2002, Mayor Shirley Franklin has worked to build a “Best in Class” managed city by strengthening existing frameworks, implementing progressive changes and making the tough decisions necessary to improve Atlanta. She has returned accountability to city government and improved the quality of life for all Atlanta citizens.

The Mayor’s Office is the executive branch of the City of Atlanta government. Through Mayor Shirley Franklin’s leadership, the executive branch, with support from the Chief HR Officer (Commissioner) is responsible for the day to day operations of the City. The Franklin administration’s **top goals/priorities** are to:

- Ensure Atlanta is clean and safe
- Maintain and develop a strong infrastructure
- Nurture open and honest government
- Ensure the City is fiscally responsible
- Maintain effective and efficient government

\* City of Atlanta Government will be referred to as **COAG** throughout this plan.

### Human Capital Alignment

In order to address the vital strategic and organizational issues and align talent strategies with the Mayor’s strategic business goals and priorities, it is recommended that the COAG HR department consider adopting a human capital plan which considers Six (6) key functional goals.

**Goal 1** – Align and fully integrate HC planning with overarching COAG goals and initiatives.

**Goal 2** – Maintain a decentralized execution strategy that recognizes the Department of Human Resources’ lead role and responsibility for workforce planning and strategic talent management.

**Goal 3** – Establish a comprehensive metric-focused, data-driven workforce analysis and decision-making capability.

**Goal 4** – Provide relevant, just-in-time learning and development solutions to support succession management and human capital development.

**Goal 5** – Design and Execute HC Communication Plan that is owned by all COAG senior leaders.

**Goal 6** – Acquire, engage, develop and deploy, lead, and retain a customer-centric workforce through comprehensive talent management strategies.

The six goals identified for human capital management set the stage for the functional gap analysis needed to begin the process of aligning talent management with organizational strategies.

## **TALENT MANAGEMENT ALIGNED WITH STRATEGIES: A FUNCTIONAL GAP ANALYSIS**

### **Introduction**

A functional human capital gap analysis is outlined herein to recommend solutions to support the HR functional goals, which in turn support the organizational goals and objectives. The gap analysis, with recommendations, also serves as a practical work product to improve talent management at COAG.

### **Workforce Planning**

Why Workforce Planning:

Workforce planning is increasingly being recognized as an important process in response to the global economic crisis. The workforce continues to change at COAG. As such, a changing workforce, coupled with poor workforce planning, can add up to significant challenges for the organization. Organizations rely on their HR teams to ensure that the right people, with the right skills, are available in the right roles, at the right time. HR leaders are also being expected to provide data behind their decisions in order to measure the effectiveness of their workforce planning investments.

Current State:

COAG currently employs a workforce planning strategy absent of key drivers necessary to build upon and support the overall organizational strategy. Even though the city will report having a workforce planning strategy, it consists of no measurable talent plan aimed at predicting future skills needed, which is paramount to effective workforce planning. It can be said that the workforce strategy for COAG is not anchored in the strategy of the organization. Why? Because there are no meetings by senior leaders regarding long-term talent needs. It is usually assumed by all that HR is the process owner for this task and that it is being done.

Desired State (Recommendation):

The COAG HR Department may benefit to consider partnering with organizational leaders and department stakeholders to create a talent-focused workforce planning process. The process should have core components and elements which align to, and support the organizational strategy. The starting point for developing the organization's workforce planning process should be based on answers to the following set of questions:

1. Which segments throughout the local government workforce create the most value?
2. Which areas of our business will be most severely impacted by retirements and what are we doing to prepare successors?
3. In what areas is the talent market heating up—what are the hot and hard to find skills?
4. What new skills will be needed over the next five years that we don't currently have and how do we acquire them?
5. What is our turnover in critical areas and what is this costing us?

Answering the above questions begins the process of strategy discussions to develop and implement a talent-focused workforce planning process.

The organization could significantly enhance its workforce planning process by adopting strategies that optimize its overall business strategy. The Chief HR Officer can take the lead in developing and implementing the workforce planning model for the organization. This currently does not occur. At a minimum, it is recommended that the workforce planning process consist of the following high-level steps:

1. Thorough knowledge and comprehension of the organization's strategy and objectives
2. Identify and define strategic roles and individual competencies required to execute strategy.
3. Thoroughly address the supply and demand of talent. Consider internal and external factors.
4. Delineate and agree on strategies for closing talent gaps. Incorporate a strategy to buy, build, borrow, balance, bind, or bounce talent.

It is also recommended that the organization create a segmented talent portfolio to strengthen their workforce planning process. Doing so would enable stakeholders to identify key talent pools with differing levels of value, i.e., some that provide more value than others or some requiring special focus because of their skills or need for development. Once talent segments are identified, the organization then determines the risks involved with lack of focus. Some examples of talent segments the organization may focus on include:

- Talent with "hot-market" skills.
- Talent with critical skills.

- High potential talent.
- High performing talent.

Finally, in considering effective workforce planning strategies, COAG can utilize best practices and industry benchmarks to foster an all-inclusive talent management process. Like the city of Seattle Public Utilities Department, COAG could identify key initiatives for workforce planning<sup>1</sup>. Stronger employee development programs, proactive succession planning and workforce data analysis are but a few initiatives to explore, evaluate and design new alternatives for an efficient and flexible workforce.

## **Talent Acquisition**

### Why Talent Acquisition:

Historically organizations have not treated the recruitment process as one of strategic importance, but lately many are now waking up to the reality that the world has changed dramatically. No more can the organization pick and choose between several great candidates for one position. Several changes in our connected world have tipped the scales in favor of the highly talented individual looking for a new opportunity.<sup>2</sup> The realities of today's demographics have elevated the issue of talent attraction and retention to become a critical leadership concern, receiving significant attention. Given the projected labor market and demographic trends, an organization's approach to talent acquisition can become a key differentiator and source of competitive advantage.

### Current State:

The recruiting function at COAG has not changed much since the mid-1990's. Although the function currently enables job-seekers to now go online and apply for jobs, the usual process still exists. Prospective talent is profiled, found, assessed and subsequently hired. This process is utilized many times for both senior and non-senior employees. There is absolutely no concept of hiring the person to fit the organization and the job. Rather, it is usually hiring the most available or most experienced person. There is currently no concept of strategic talent acquisition but instead "recruitment".

### Desired State (Recommendation):

It may prove highly beneficial to the COAG's talent acquisition strategies if knowledge of existing and future talent sources is known. Research by Deloitte (2007) provides insight on the government retirement picture and something called "generational convergence." Knowing the retirement landscape of the workforce and the expectations of generational talent will enable the organization to design and deliver a coherent, comprehensive and understandable strategic talent acquisition plan.

COAG could improve on its current recruitment processes by designing, developing and implementing an enterprise-wide strategic talent acquisition model. The model should be capable of attracting and hiring the right talent for the organization to be successful. There must be an emphasis on strategic advantage. Several components would add tremendous value to the new talent acquisition model. They include:

Employment branding. Create a brand that clearly articulates the employee value proposition (EVP). The EVP should be the cornerstone of the organization as its use is unquestionably related to talent retention in a very real and direct way.

Data-driven sourcing. As with many organizations and their internal departments, analytics are required for successful results. Using analytics in talent acquisition is therefore necessary for the organization to analyze various sources for candidates. Metrics, such as time, cost to hire and quality of hire, must be utilized and considered in order to determine the most effective sources to be optimized.

Employee referral program. Develop and implement an employee referral program (ERP) to further support hiring employees that are deemed a better fit for the organization. An effective ERP will engage employees as talent scouts in the overall talent acquisition effort to get experienced and “best fit” candidates.

On-boarding vs. orientation. The organization should develop and implement a strategic on-boarding process that replaces its current new employee orientation model. On-boarding makes good business sense because it fosters a process of on-going engagement between employee and organization.

To attract talented, diverse, and best-fit talent, COAG can develop stakeholder strategies aimed at ensuring the acquisition of the right people, with the right competencies, at the right time. Because the right competencies are important in acquiring the right people, talent acquisition professionals in the organization should work closely with workforce planning professionals. This is critical to ensure that competencies are updated or revised to meet changing organizational goals and objectives. Updating competencies ensures talent is sourced based on the best-fit approach.

## **Developing and Deploying Talent**

Why Talent Development and Deployment:

To deal with the coming talent shortage, governments must let go of outdated and ineffective recruitment and retention strategies and instead opt for talent-management models that nurture, inspire and reward employees in new ways. This shift enables forward-looking public sector organizations to develop an integrated talent-management strategy capable of emphasizing the development and deployment of key talent. In relationship to development, deployment emphasizes the need to focus on critical talent to ensure skills, interests and capabilities evolve in line with strategic objectives. Proper experiences support and connections that will help employees master roles for which they were not originally trained is the outcome of effective deployment.

Current State:

Employee development at COAG is viewed as a set of training and learning solutions for various segments of the workforce. Training only addresses usual topics such as customer service, writing skills and communication. Even with these few offerings, training does not reach the greater number of employees enterprise-wide. While COAG currently has a leadership development program, it is mainly a classroom-centered event that guarantees no practical on-the-job learning or transfer of knowledge to the workplace. No development, whether training, coaching or other events is tied to a succession strategy.

Desired State (Recommendation):

### *Development*

COAG could significantly enhance its talent development strategy by adopting the 70/20/10 Model of talent development. This model draws a clear distinction between training and the larger concept of development and focuses on development as primarily work-based rather than a separate program or event. For clarity purposes, the 70/20/10 model is further explained below.

1. 70% - **Experience: Difficult Assignments:** A variety of challenging, stretching assignments
2. 20% - **Connecting With Others:** Getting candid feedback, observing/learning from others, role models, coaches and mentors
3. 10% - **Self-Study/Training:** Courseware and training

The 70/20/10 Rule is adapted from the CCL Learning Model (Center for Creative Leadership). The 70/20/10 model can be implemented to foster a learning laboratory within the COAG organization. The organization could research and leverage the work of Peter Senge in an effort to establish a learning organization with the 70/20/10 rule as the driver for success.

It is additionally recommended that COAG utilize the 70/20/10 model to incorporate new experiences that promote learning and development. These experiences include:

- Unfamiliar responsibilities
- New directions
- Fixing problems
- Working across cultures
- Influencing without authority
- Cross-functional teams

From a succession planning standpoint, the 70/20/10 model can be utilized to specifically address the developmental requirements of those employees being considered for upper management roles. Because of the link between development and new experiences, the concepts of development and deployment are intertwined.

### *Deployment*

COAG could significantly strengthen employee development and engagement opportunities by enabling employees to choose developmental opportunities. This aspect of deployment sets the stage for a win-win situation as both employee and organization ultimately improve. Employees could choose projects, topics, or teams they want to work on. Research has shown that several major organizations (Google, 3M and GE) utilize deployment methods to increase effectiveness. The overarching idea behind deployment is people will become more engaged and passionate about initiatives they choose to work on—not those they are directed to work on.

COAG may also want to consider an aspect of deployment known as an open talent marketplace. This talent option allows talent the unrestricted opportunity to move across the enterprise if they find an opportunity that matches their skill. The idea here is to have managers not hoard talent. It should not matter where in the organization top talent works because they will still add value to the organization overall. The open talent marketplace may also help to support a strong retention strategy within the organization.

One final recommendation for deployment that may increase COAG employee effectiveness over time is to consider a career mobility strategy. The objective of career mobility would be to address employee flexibility and personalized career paths. In considering a career mobility strategy, the organization may choose to implement a framework called the Mass Career Customization framework (MCC).<sup>3</sup> The MCC enables interaction between employees and managers aimed at broader career discussions. Such discussions target career dimensions such as pace of progression, workload over time, location/schedule, and specific roles.

For example, utilizing the MCC framework allows management to be flexible in accommodating MCC's dimensions. Employees would be allowed to "dial up" or "dial down" based on real personal and professional situations. Such situations include significant family occurrences like starting a new family or caring for an elder, completing advanced education, or down-time needed as a result of completing a long and demanding project. Dialing up or dialing down should not be viewed negatively by leaders, but instead, seen as career customization approach aimed at increasing employee engagement and retention.

Engagement and retention will be strong and effective if the organization takes the time to verify that people's capabilities are understood and developed to match business requirements, while also meeting people's needs for motivation, development and job satisfaction. Providing effective resource deployment, scheduling, and work management that matches skills and experience with organizational needs will also create high employee engagement and retention.<sup>4</sup>

## **Engaging and Retaining Talent**

Why Talent Engagement and Retention:

Gary Hamel (2007), Deloitte (2008) and others view employee engagement and retention as critical and important to everyone. Employee engagement is a key leading indicator of success in high-performing cultures and if ignored, employees could be unwilling to consistently and willingly invest their discretionary effort and possibly leave the organization. The relationship between engagement and retention is unquestionable—engagement is a critical leading indicator of retention. It is reported that a 10% increase in engagement leads to 8% more discretionary effort which leads to 2% in performance improvement. Actively disengaged employees cost the organization \$3400 for every \$10000 in salary (Gallup, 2002).

Current State:

COAG has no formal employee engagement practices as identified through a plan, model or policies. A review of current HR policies also reveals no strategy in-place to address talent retention.

Desired State (Recommendation):

## *Engagement*

COAG could increase overall employee productivity and retention by establishing talent priorities specifically aimed at employee engagement. HR professionals and organizational stakeholders could begin by researching what the data says regarding engagement and retention. From there, stakeholders could begin the process of building engagement and retention tools designed to change the mindset and behaviors of employees.

Because it is said that a high performance organization, by definition, has engaged employees, COAG could begin the engagement and retention process by determining measures needed to build high performance in the organization. One suggestion would be to consider the seven (7) elements of high performance as espoused by Resource Development Systems, LLC (2007). The 7 elements include:

1. Put **People** at the Center of everything you do; employees, customers, and community
2. Build **Trust** as a foundation
3. Allow **Personal Responsibility** through individual decision making
4. Share a **Vision** of an Aligned Purpose, Values, and Goals
5. Create Emotional Connections through **Leadership**
6. Focus on **Strengths** and Accentuate the Positive
7. Encourage **Innovation**, because good enough is not enough 5

It is easy to see from each element that certain levels of engagement will be required to ensure implementation. The 7 elements of high performance can be viewed as proactive and forward-looking engagement practices for all employees. The positive business results that may follow will be well worth the effort.

Another recommendation related to engagement is identifying levels of engagement and conducting assessments to determine the measures for each level. Several vendors, including Gallup, RBL, and Center for Talent Retention, provide services to assist organizations in capturing engagement data. In terms of engagement levels for example, COAG could develop the following levels of engagement to be measured:

- Level 1 – Disengaged
- Level 2 – Somewhat Engaged
- Level 3 – Engaged
- Level 4 – Highly-Engaged

Once the levels are identified, an engagement survey can be utilized to determine levels of engagement among employees. This could be accomplished department by department and reported by department or by organization. Engagement levels and performance data could be combined to show the overall performance capacity of the organization. The Center for Talent Retention helped the John Deere Company quantify the business value of increasing engagement. A subsequent case example of this effort is presented by the Human Capital Institute as part of its educational curriculum.

COAG could leverage these resources to benefit the organization in a couple of ways. First, the organization can begin the process of surveying employees and quantifying the business value of

increased engagement. Second, COAG could use the engagement data to solicit funding for interventions aimed at improving engagement and organizational effectiveness. COAG would have to determine which tools and methods best delineate the performance outcomes. While effective engagement drives high performance, the overarching goal of an effective engagement strategy is the retention of top talent.

### *Retention*

COAG stakeholders may increase retention by first addressing the key issues related to turnover. It is recommended that the organization research and gain insight as to why talent leaves an organization. Research shows that the top three reasons people leave organizations is poor management relationships, little opportunity to grow or develop, and lack of challenging work, COAG managers can implement a retention framework to specifically address these concerns on a global basis. Some example strategies could be:

**Poor Management Relationships.** This organizational concern can be addressed by implementing strategies to increase employee engagement. Commitment sessions in establishing performance goals, seeking employee suggestions throughout the year, and continued facilitation of interaction are examples of increasing the employee-manager relationship.

**Little Opportunity to Grow/Develop.** A strong development program, such as the 70/20/10 Rule for development can be championed by leadership and implemented with the goal of developing new skills. Use of the model may also lead to internal opportunities (talent marketplace) for employees. It should not matter where in the organization employees contribute value.

**Lack of Challenging Work.** Providing challenging work for employees can be accomplished through a combination of performance goal setting and as mentioned earlier, a 70/20/10 Rule for development. In addition, managers must show the direct link of work to the organizational vision, mission, values and goals.

In an effort to further support retention strategies, COAG could increase the effectiveness of their exit interview approach, and create a “stay interview” model. Third party consultants could be utilized to contact departed employees 60 or 90 days after they leave. This approach to exit interviews may prove beneficial in providing valuable insights—insights that can be used to create more effective retention strategies.

In addition, COAG could implement a Stay Interview Process. Designed and administered properly, stay interviews can provide warning signals and help to identify issues and problems at an early stage. More importantly however, the stay interview can be seen as an engagement discussion that could also lead to strength-based performance and coaching. Some benefits of stay interviews could be that they

- Help managers understand the current culture.
- Significantly increase retention through engagement
- Focus on the people who are staying rather than those who are leaving.
- Help in the recruiting process by understanding what is needed to be successful in the environment.

## **Evaluating Human Capital**

Why Talent Management Evaluation:

According to Gilbert (1992), acceptable evidence about performance must rely on measurement. If science does nothing else, it measures, and we must become very good at measuring human performance. Evaluation and measurement of an organization's human capital portfolio must be considered a critical activity in the ongoing cycle of both process and performance improvement. When properly structured, human capital measurement and evaluation examines the enterprise as a whole and helps determine the impact of human capital practices on organizational performance.

Current State:

COAG HR Department currently has no established evaluation framework in place used to systematically gather and analyze data and other objective information on HR processes. While the organization does measure and collect HR-related statistics to report at monthly meetings, there is no strategic evaluation method utilized to report on the quality, value, and effectiveness of COAG-wide HR practices.

Desired State (Recommendation):

COAG stakeholders should consider developing a human capital evaluation strategy that can serve as a guideline and source for determining overall human capital portfolio success. An evaluation strategy can provide organizational stakeholders with a clear vision of what evaluation of human capital is supposed to accomplish. Once developed and implemented, the evaluation strategy will provide the organization with clear information regarding implementation of the talent management full cycle. The evaluation strategy and its components may also serve as a needs analysis of sorts, aimed at identifying and establishing metrics for tracking and evaluating performance as it relates to human capital management. The evaluation strategy, or framework, may consist of the following components:

*Identifying Talent Metrics:* COAG could begin by tracking and reporting talent metrics identified by others as most significant. The metrics include:

- Segmented turnover
- Leadership/Key Position readiness level
- Segmented engagement levels
- Number of critical/strategic jobs unfilled

Once critical metrics are identified across the talent management spectrum, COAG stakeholders can develop evaluation plans and subsequently collect baseline data.

*Developing Evaluation Plans and Baseline Data:* The overall purpose for evaluation planning would be to improve the quality of the HC planning outcomes. More importantly however, evaluation planning must also determine whether the HC portfolio is accomplishing the established objectives. With respect to baseline data, it is important to know where we are now so that comparisons can be made at some point in the future.

*Collecting and Analyzing key HC Portfolio Data:* Collecting important program data is central to the evaluation framework. Both hard and soft data should be collected using a variety of methods such as business performance

monitoring, surveys, questionnaires and other tools. When collecting and analyzing data, it will be important to ensure that (1) effects of HC management are isolated where necessary, (2) intangible results are converted to monetary values where appropriate, and (3) return on investment is calculated where necessary.

Reporting Data: Reporting data and results to stakeholders is critical. Many times this step lacks proper attention and planning. Different techniques must be considered and used to communicate results to a wide variety of target audiences. Careful methods to match the communication method with the audience is essential so that stakeholders fully understand the effects and benefits of the organizations overall HC portfolio.

Performing independent evaluations at each segment of the talent management full cycle will add effectiveness to the overall evaluation strategy.

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**G. Lorenzo Wash leads City of Atlanta's Office of Organization and Employee Development providing professional development and consulting services citywide including performance management, executive and leadership development, career development, training, management and supervisory development, team building, workforce education and tuition assistance. Mr. Wash is also responsible for all Office of Organization and Employee Development communication literature.**



**City of Atlanta  
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**The Department of Human Resources (DHR) strives to ensure that Atlanta's citizens have a competent and productive workforce, committed to the delivery of quality service. DHR directs the development of short- and long-term strategies to support the business needs of operating departments, the establishment of budget priorities to accomplish HR initiatives, and the maintenance of the dashboard measurement system to assess progress. DHR fosters the delivery of best-practice human resource services and provides leadership and guidance to DHR employees, City agencies and City employee groups. In essence, the department functions as advisor, change agent and strategic partner and communicates HR policies and related issues to City Council and Cabinet members. The goal is to make City government an employer of choice, with a workforce of employees dedicated to excellence, integrity, teamwork and improved customer service.**