

Strategic Human Capital Planning

CASE STUDY

GAO: PEOPLE ARE THE STRATEGY



The General Accounting Office (GAO) was the first to shine a spotlight on the government's workforce issues when the "congressional watchdog" declared human capital a high-risk challenge to government-wide performance. For Comptroller General David Walker and GAO's leadership team, the problem was one with which they could identify all too well.

Although GAO's employees were first-rate, the organization had become too process-oriented and risk-averse. Moreover, the workforce was not suited to achieve its future mission requirements and meet succession planning challenges. GAO used strategic human capital planning - requiring a total leadership team commitment, integration with strategic planning and budgeting, and constant communication with employees - as the foundation for transforming the organization. As a result, GAO is results-oriented, client-focused and employee-oriented - to the benefit of Congress, the executive branch, and ultimately every American.

THE CONGRESSIONAL WATCHDOG

Created via the Budget and Accounting Act of 1921, GAO "exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people." ¹ A Congressional-branch agency, GAO is the "watchdog" that reviews, evaluates and investigates how the federal government spends taxpayer dollars.

¹ General Accounting Office, GAO: Supporting Congress for the 21st Century (July 2000).

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HUMAN CAPITAL CHALLENGES THREATEN THE EFFECTIVENESS OF GAO

By the time the new Comptroller General, David Walker, arrived in November 1998, GAO had been without a permanent leader for over two years. As part of his transition into the agency, he requested feedback on GAO's performance from everyone the agency interacts with and serves. The interview feedback was consistent: GAO was not contributing proactively to the government's transformation approaching the 21st century. Members of Congress expressed service concerns, and agency leaders across government felt that their interactions with GAO should be more constructive. The agency needed to improve its operations.

GAO employees were talented, but the organization had become too hierarchical, process oriented, 'siloed,' internally focused and somewhat risk averse, according to the Comptroller General.

While Walker was impressed with GAO's talented employees, he realized that the organization had become "too hierarchical, process oriented, 'siloed,' internally focused, and somewhat risk averse."² Against the backdrop of increasingly serious government challenges, the old GAO culture and operating model simply would not meet the current and future needs of Congress and the American public.

Staffing shortages and skills imbalances further complicated the picture. Throughout the 1990s, GAO - like many agencies government-wide - dramatically reduced the size of its overall workforce, suspended most hiring for approximately five years, and eliminated many investments in employee tools, training and rewards due to budget constraints. The workforce had become imbalanced in employee experience, level and skills.

GAO's STRATEGIC GOALS

Address Challenges to the Well-Being and Financial Security of the American People

Respond to Changing Security Threats and Challenges of Global Interdependence

Transform the Federal Government's Role and How it Does Business

Serve as a Model Federal Agency and World-Class Professional Service Organization

Based on the feedback from stakeholders, the GAO leadership team created a new [strategic plan](#) with four key goals to help them transform the agency's approach to its work. GAO would become more results-oriented, client focused, constructive in dealing with

² General Accounting Office, Transformation, Challenges, and Opportunities, (GAO-03-1167T, September 16, 2003).

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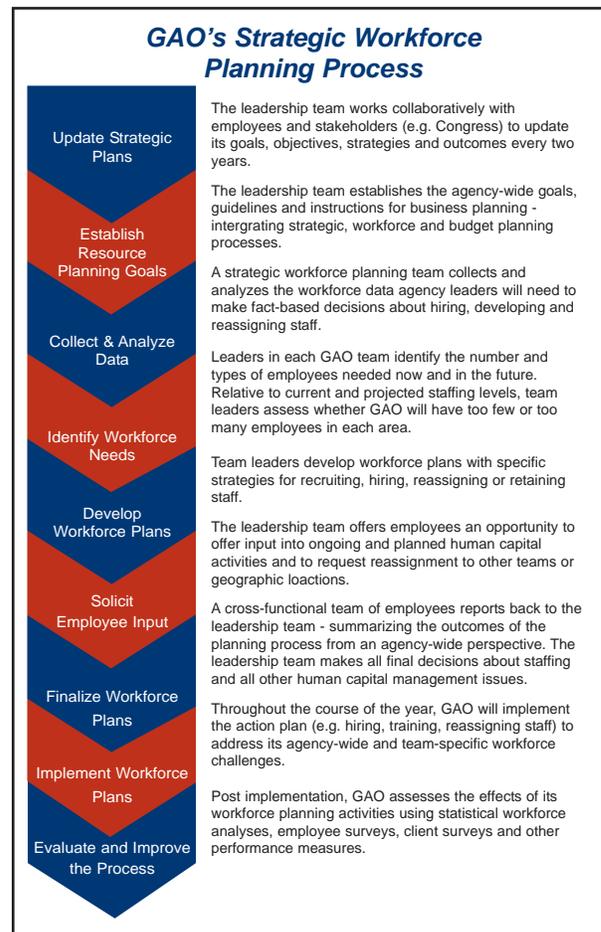
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agencies, and proactive in its employee outreach. Having studied other successful organizational transformation efforts, GAO leaders realized two things: first, transforming GAO required a significant realignment of the organization, people, processes and culture; second, transformation would take years to complete.

STRATEGIC HUMAN CAPITAL PLANNING CREATED A ROADMAP FOR CHANGE

Transforming the agency required developing and implementing a transition plan. GAO's leaders needed to answer a whole host of questions to define the new organization, identify the talent requirements for making it work, and understand the obstacles that might derail the agency's plans for the future.

GAO created and used its strategic workforce planning process to ask and answer many of these questions. Following the first exercise in 2000, GAO has embarked on a series of annual, comprehensive activities to assess the agency's human capital requirements and develop strategies for recruiting, hiring, motivating and retaining critical employees.



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GAO's EFFORTS ARE PAYING OFF

The transformation is working. GAO has accomplished a great deal as it seeks to become a model organization, particularly in addressing the agency's human capital challenges. Strategic workforce planning has not only improved GAO's demographics - as measured by experience, level and skills - the process has also improved individual and leadership accountability for employee development, and more generally supported the agency's broader transformation.

Whether measured by the percentage of retirement eligible employees, the distribution of employees among varying levels of seniority, or the skills mix of the agency, GAO is improving its workforce to better support Congress. In 1996, GAO hired only three new employees. Following its initial strategic workforce planning efforts, GAO hired 322 new people - employees with skills needed in areas critical to its strategic goals, such as information technology and health care policy.³

GAO hired only three employees in 1996, but hired 322 employees following its initial Strategic Workforce Planning efforts.

GAO's workforce is not only better balanced, but the agency is pursuing needed investments in computers, software, training and professional development identified via its strategic planning. Also, employees complete individual development plans every year in an effort to build their knowledge and skills in support of GAO's strategic goals and objectives. Managers, supervisors and professional development supervisors are also held accountable for employee development during the annual performance appraisal process.

³ Jaggar, Sarah F., Great Recruiting is Not Enough: Recruiting and Retention at GAO for the 21st Century (2002).

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Becoming a Model Federal Agency

Through its strategic, workforce and budget planning, GAO has developed a comprehensive picture of what was needed to make the agency world-class and capable of achieving its goals.

What GAO Learned

Reshaping was necessary to realign the organization with the new strategy and address skills imbalances.

Recruiting was a key priority - the budget reductions and downsizing of the 1990s left GAO with a five-year gap in their workforce pipeline.

Retaining critical talent needed to become a priority with the competition for technical employees creating attrition risks and retirements looming.

Performance management would be key to creating a new culture. The old measures and system simply no longer apply.

Training content and investments needed improvement. GAO's training investments were far below industry standards.

How GAO Responded

- ◆ Eliminated a layer of management, consolidated 35 teams into 13, and reduced field offices from 16 to 11.
- ◆ Implemented legislative flexibilities to conduct early outs - *GAO has requested that these provisions be expanded and made permanent.*
- ◆ Improved branding of GAO employment
- ◆ Engaged senior leaders to participate in recruiting
- ◆ Created new recruiting initiative with a focus on diversity
- ◆ Hired 428 permanent staff and 140 intern in 2002
- ◆ Implemented legislation creating a corps of senior technical executives with enhanced pay and benefits.
- ◆ Offered student loan repayments in exchange for federal service commitments
- ◆ Created a system with new performance standards and training to support new ways of doing business
- ◆ Provided performance bonuses to top performers who had reached their pay ceilings to reward extraordinary performance
- ◆ Hired a Chief Learning Officer
- ◆ Established a Learning Board to assist in developing its training priorities and curriculum
- ◆ Developed and implemented specialized training for new skills required for the new ways of doing business

Perhaps just as important in the short - and long - term, GAO is using workforce planning as a key component in building a business case to secure human capital management flexibilities from Congress. Based in part on its planning activities, GAO has developed a fact-based case to convince Congress that the agency needs



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greater human capital management flexibility and increased resources to more effectively manage its people and achieve its goals. Once already in 2000, workforce planning had led Congress to increase GAO resources so that the agency could hire more employees and invest in the tools, training and professional development needed to improve its performance. (Read more about GAO's [human capital management](#).)

All of this translates into better business results. GAO's customer service measures are consistently positive and the benefits delivered to the American public continue to increase. For example, GAO's work saved the American taxpayer \$19.7 billion in 1998. In 2002, GAO's investigations saved taxpayers approximately \$37.7 billion - an \$88 return on every dollar invested in the agency.⁴

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WHAT WERE THE KEYS TO SUCCESS?

While well-executed strategic, workforce and budget planning processes help, GAO officials point to three key ingredients leading to its success:

Strong Leadership - GAO's leadership team or Executive Committee - comprised of the Comptroller General, the Chief Operating Officer, the Chief Mission Support Officer and the General Counsel - leads the process. The Executive Committee establishes the initial guidance for the agency, reviews team-specific action plans and resource allocations, and determines final agency-wide action plans.

Leaders throughout the agency also have ownership for specific portions of the strategic workforce planning process. Each of GAO's 13 teams is led by a Managing Director who coordinates planning for the team. Each team identifies its current and future staffing gaps or surpluses, as well as the specific actions and resources needed to overcome those challenges. The Managing Directors submit their plans to the Executive Committee for review.

⁴ General Accounting Office, About GAO: GAO at a Glance (www.gao.gov).

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Integrating Strategic Planning, Human Capital Planning and Budgeting -

GAO created a cross-functional team in the office of the Chief Mission Support Officer (CMSO) to integrate all aspects of the planning process.

The CMSO team transmits the Executive Committee's guidance to the Managing Directors and provides the leaders with the workforce data needed (e.g., promotion rates, retirement eligibility, attrition projections, skills mix, staffing and budget constraints) to make strategic workforce planning decisions. As the Managing Directors develop and finalize their team's plans, the CMSO team provides feedback and input in an effort to ensure that the plans reflect the agency's overall strategic goals and budget constraints. In addition, the CMSO team supports the Executive Committee in developing the final agency-wide strategic workforce plan.

Although GAO's results prove that the agency is better positioned to serve Congress, Comptroller General David Walker would be the first to tell you that the agency is far from done.

Engaging Employees in the Process - Although organizations often restrict planning to management teams, GAO leaders believe that employees must play a critical role in setting strategy and evaluating progress. At the top of the organization, the Comptroller General uses periodic "chats" (i.e., closed-circuit broadcast messages to employees), e-mails and voicemails to provide employees with information and answer questions about strategic workforce planning and other human capital management items of interest. A democratically elected Employee Advisory Council provides the Comptroller General with formal advice and planning assistance. Walker also uses intranet pages, employee surveys, employee suggestion programs, and focus groups to gather a broad range of employee views.

LOOKING FORWARD

Although GAO's results prove that the agency is better positioned to serve Congress, Comptroller General David Walker would be the first to tell you that the agency is far from done. Complete organizational transformation is still years away. Fueling the agency's ongoing transformational activities will require that GAO's leadership team continue to refine its planning processes and to further improve its organizational performance to the benefit of Congress, federal agencies, its employees and the American people.



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CONTACT

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