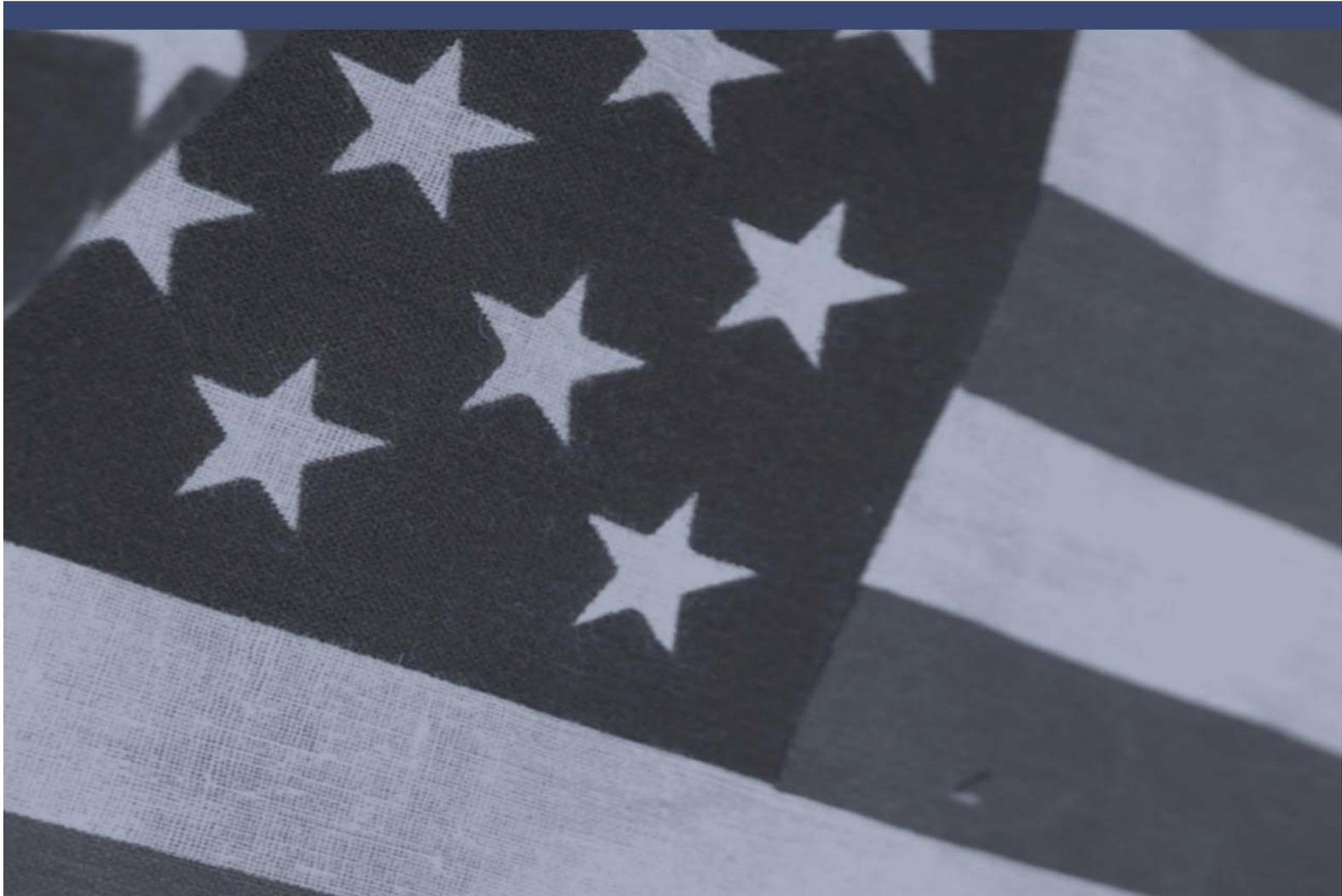


# FOREWORD



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"In every program, and in every agency, we are measuring success not by good intentions, or by dollars spent, but rather by results achieved."

*President George W. Bush*

## **PURPOSE OF THE HCAAF PRACTITIONERS' GUIDE**

The current focus of the Government on good management, driven by both the President and Congress, is unprecedented. Greater attention is being paid to efficient and economic delivery of services to the American public. Consequently, Government agencies are transforming their workplaces to focus on (1) performance—performance of the agency as a whole and of individual employees, and (2) measurable, observable agency and individual performance results.

Both the President and Congress recognize the Federal workforce is central to the delivery of services to the American public. People are the key to mission accomplishment. The President and Congress have singled out strategic human capital management (i.e., the selection, development, training, and management of a high quality workforce in compliance with merit system principles) as one of the cornerstone initiatives to improve program performance across the Government.

Consistent with the leadership of the President and Congress, the American people continue to expect more from Government, and the Government is responding. The foundation for significant change in the American Civil Service was the Chief Human Capital Officers (CHCO) Act of 2002 and in new personnel systems for such agencies as the Department of Homeland Security (DHS)—the DHS Human Resources Management System—and the Department of Defense—the National Security Personnel System (NSPS). The Federal Workforce Flexibility Act of 2004 added even

more strategies to support this change. Over time, the principles and performance expectations behind these new systems, still firmly grounded in merit system principles, will expand to the rest of the Civil Service. The underlying expectation for all these changes is strategic human capital management will ensure agency mission requirements drive all human resource activity and all agency staff contribute directly to achieving agency results and are rewarded accordingly.

The Human Capital Assessment and Accountability Framework (HCAAF) Practitioners' Guide is a comprehensive collection of strategies, tools, and methods for agencies to use as they build this new world. The Guide is based on the HCAAF, a road map for human capital transformation issued jointly in 2002 by the Office of Personnel Management (OPM), the Office of Management and Budget (OMB), and the Government Accountability Office (GAO).

The HCAAF Practitioners' Guide is intended to accelerate Governmentwide efforts to support agency mission results with strong human capital strategies. When used as a comprehensive standard for human capital results, human resources (HR) programs, and merit system compliance, the Guide serves as the basis for agency strategic human capital management accountability systems that meet OPM requirements.

The need for strategic human capital management, with its emphasis on achieving results, is part of a continuing evolution of traditional human resources management (HRM) practices in Government. These trends are described in the next few pages.

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## **TRENDS IMPACTING THE FEDERAL HUMAN RESOURCES MANAGEMENT (HRM) ENVIRONMENT**

The start of the 21<sup>st</sup> century is a pivotal time for the Federal HRM function. Cost pressures, increased attention to customer satisfaction, and emphasis on recruitment, retention, and productivity all serve to heighten awareness and scrutiny of the significant role HRM plays in advancing the mission of Federal agencies.

The implications of these escalating pressures on HRM as a profession have caused a fundamental re-thinking of the ways in which Federal HRM offices do business. This segment presents an overview of the trends driving changes in the Federal HRM environment and the case for strategic human capital management.

There are several trends impacting the Federal HRM environment, the most significant of which include:

- A focus on accountability and results
- Increased competition for talent
- Changing worker values and expectations
- A shift in roles.

These trends and the implications for how human resources (HR) can best meet the current needs of the Federal Government are described over the next several pages.

***Trend 1: Focus on  
Accountability and  
Results***

The American public is demanding all segments of Government demonstrate accountability for specific outcomes. Managers and supervisors are increasingly under pressure to align the work of the organization more closely with mission objectives and to establish the business cases for all expenditures.

Over time, several initiatives have evolved to address the need for accountability and results. Each initiative builds on its predecessor and further delineates the requirements for achieving accountability and results.

As agencies meet Government Performance and Results Act of 1993 (GPRA) requirements, HR offices have assumed a critical advisory role in helping management plan, develop, organize, guide, and evaluate mission-oriented programs. This role involves describing how HR management and development will contribute to achieving strategic goals and objectives.

OPM recognizes agency leaders are responsible for strategic human capital management and is leading the Government's initiative to help agencies be successful in that endeavor.

The Chief Human Capital Officers Act of 2002 (CHCO Act) established CHCOs who advise and assist agency leaders in carrying out their responsibilities to select, develop, train, and manage a high-quality, productive workforce in accordance with merit system principles.

To implement the recently enacted legislative provisions related to executive performance and accountability, OPM published amendments to 5 CFR 430 in July 2004. The amendments require agencies to obtain certification of appraisal systems covering executives. Under certified systems, the performance expectations for executives reflect their responsibility for organizational performance. Subordinate employees' performance expectations must also reflect relevant program performance measures.

OPM, OMB, and GAO have collaborated to develop human capital systems, and OPM has created the Human Capital Assessment and Accountability Framework (HCAAF) to guide agencies toward implementing these systems.



*Implications for  
Strategic Alignment*

**CHCO Act of 2002:** [http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=107\\_cong\\_public\\_laws&docid=f:publ296.107.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=107_cong_public_laws&docid=f:publ296.107.pdf)

The need for increasing accountability and results requires HRM practices and programs be strategically aligned with the organization's mission requirements and:

- Be relevant to the organizational challenges facing line managers
- Use measurement systems to assess how well HRM values, goals, and strategies are helping the organization accomplish its mission
- Be demonstrably effective and efficient as well as compliant.

***Trend 2: Increased  
Competition for  
Talent***

Nationwide, there is a critical shortage of skilled workers in some occupations and geographic areas. Recruiting for highly technical occupations can be difficult. Employees with these high-demand skills can often choose from multiple employment offers and take advantage of their marketability to negotiate for flexibility, telework, and other desirable benefits.

In the face of increased competition for the same talent, the Government will be challenged to become an employer of choice and remain a competitive alternative to attract the skilled and talented workforce it needs to serve the American people. This is particularly true because the Government anticipates a wave of retirements during the next 5 to 10 years. Often those who leave Government service have the most experience and expertise, resulting in a dramatic loss of capacity.

*Implications for  
Recruitment and  
Retention*

The increased competition for talent means Federal agencies:

- Must continue to rely on workforce planning and forecasting to ensure they have the right people, in the right jobs, with the right skills
- Need to use innovative recruitment and hiring strategies to identify and quickly select the high quality, diverse workforce they need now and will need in the future
- Need to concentrate on succession planning and leadership development programs so a pool of highly qualified replacements is available when experienced leaders leave
- Must be agile in their delivery of “just-in-time” training to meet rapidly changing responsibilities and assignments
- Need to create and sustain knowledge management systems to preserve expertise within organizations
- Must enable experienced members of the Federal workforce to assume new responsibilities and work in new ways as the Government proceeds with the transformation of the Civil Service.

***Trend 3: Changing  
Worker Values and  
Expectations***

Today, in the majority of American families with two parents and school-aged children, both parents work outside the home. Many American families are headed by single parents, and more than half of all mothers with children under age 3 work. Baby boomers are described as the “sandwich” generation, simultaneously caring for aging parents and dependent children. The youngest members of the workforce often juggle work and school obligations.

As the number of dual wage earners and the number of families with single parents grow, workers’ stress levels go up while their capacity to manage all of their responsibilities goes down. A reality of today’s economy is most Americans constantly need to balance the demands of their work and non-work lives.

Studies of American workers confirm working people increasingly look for employers who offer flexible and family-friendly workplaces. Virtual offices, flextime, family leave, telecommuting, and other innovative work arrangements reflect employers' creative attempts to retain valuable employees who seek to find a balance between work and family life.

In addition, employees are not content just earning a good salary but are also looking for personal satisfaction and meaning in their work. Employees expect to be recognized quickly for the contributions they make on the job. Employees expect to receive opportunities for lifelong learning, which equips them with skills necessary to keep up with rapid change and helps them prepare for the potential of multiple career changes.

*Implications for Flexible and Positive Workplace Environment*

To meet these changing values and expectations and become an employer of choice, Federal agencies must:

- Have the flexibility to implement new compensation and benefits concepts tailored to their business environments and strategic workforce requirements
- Offer a broad range of benefits and quality of worklife flexibilities that can be tailored to the unique, and changing, needs of employees
- Strengthen the leadership competencies of their managers in order to effectively motivate and inspire their current employees and a new, increasingly diverse generation of workers.

***Trend 4: Shift in Roles***

Because the management of human resources is becoming a strategic function, line managers are increasingly held accountable for directly delivering some HRM services. As line managers assume more hands-on responsibility for managing all aspects of the workforce, human capital practitioners' roles will also shift to increasingly complex roles such as business strategic partner, employee champion, and change agent.

*Implications for Transformation of HR*

The shift in roles requires:

- Agencies prepare to operate an HRM system with fewer rules, tailored agency systems, expanded delegations of authority, and line management accountability for results.
- Line managers be prepared to assume increasing responsibilities and accountability for HRM.
- HR practitioners develop a new set of HRM competencies while also maintaining a strong knowledge of Federal human resources. Doing so will enable them to apply HRM principles to solve organizational problems and support line managers.
- Performance development and performance management systems recognize these management responsibilities, enable managers to develop the skills and knowledge needed, and hold managers responsible and accountable for assuming new responsibilities.

The trends impacting the Federal HRM environment point to the need for the Government to re-envision and clarify the HR role and to articulate its expectations for individuals serving in this role.

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## **EMERGENCE OF FEDERAL HUMAN CAPITAL PRACTITIONERS**

Human resources management has evolved over the years from more traditional models of HRM and personnel to strategically positioned human capital management. This evolution links HR programs and practices to organizational business strategy and mission.

Traditional personnel management services are only one part of an evolutionary chain that includes a shift away from a primary focus on technical skills and transactions to a more strategic focus that aligns human capital and business needs. Practitioners of traditional HR are being asked to expand their services and expertise to support a focus on the strategic management of human capital.

Even what we have traditionally called this profession is transitioning. We have moved from the title "Personnel Management Specialist" to "Human Resources Management Specialist." Now we are beginning to accept the term "Human Capital Practitioner" to reflect the focus on strategic human capital management, a focus that requires a direct line of sight to the agency's strategic goals.

These human capital practitioners are increasingly called upon to understand their clients' mission and business strategy. Instead of applying "one size fits all" HR solutions, human capital practitioners need to select and tailor programs and practices to build the organizational competencies and workplace environment their specific organization's strategy requires to succeed.

Moreover, the increased delegation of human resources authorities to line managers means human capital practitioners and line managers now share accountability for the success of human capital management and must work more collaboratively to achieve it.

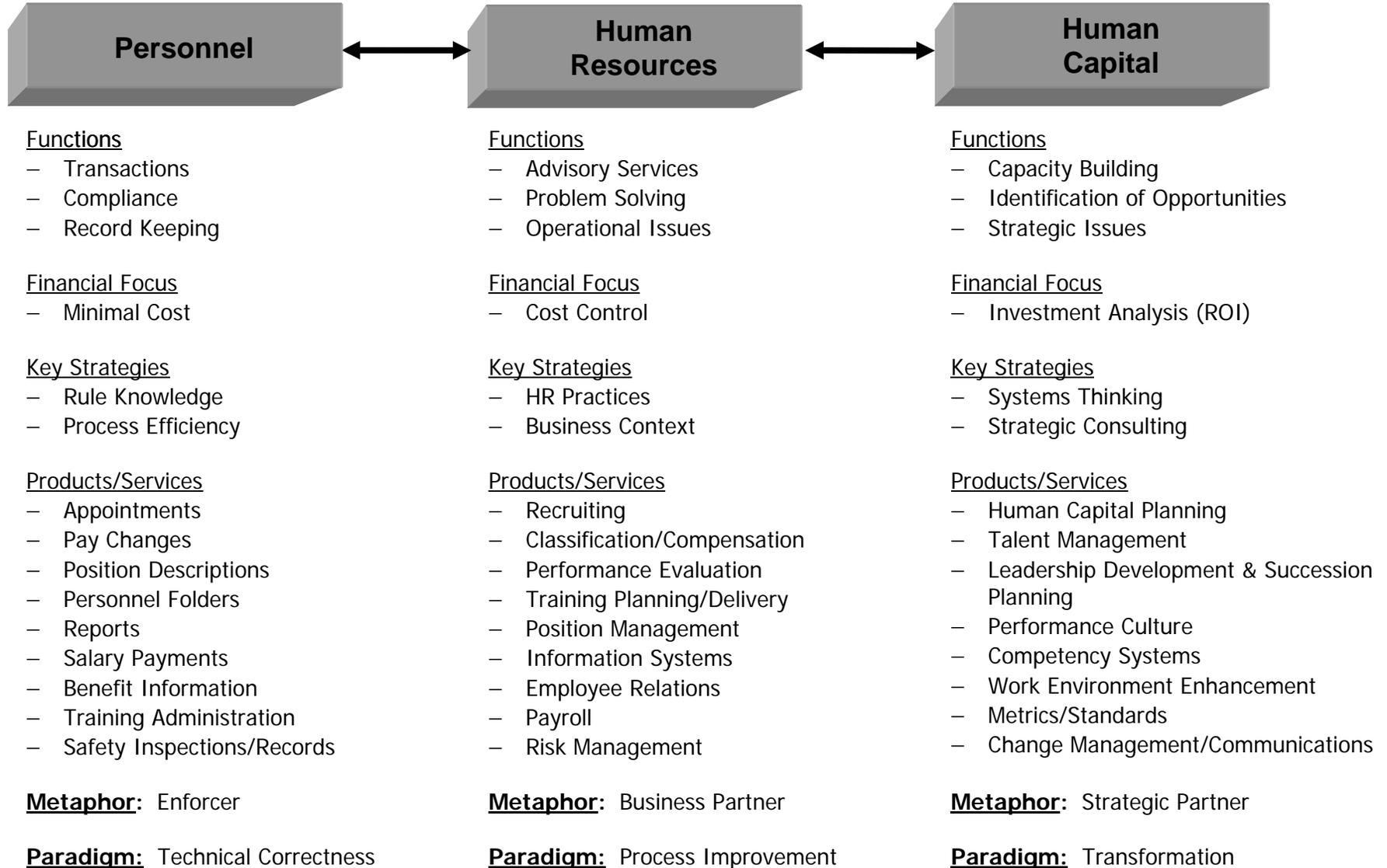
***Evolution of Human  
Capital Management***

Figure 1 on the next page depicts this evolutionary progression by illustrating the focus, strategies, and products and services that led to success during each phase.

The human capital phase does not ignore the HR and personnel areas; instead it builds on and expands the focus, strategies, and products and services of those phases to move to strategic human capital management, which is all-encompassing.

Each phase is further represented by a metaphor and the fundamental shift in thinking, or paradigm change, that must occur for human capital practitioners to be successful.

**Figure 1. Evolution of Human Capital Management**



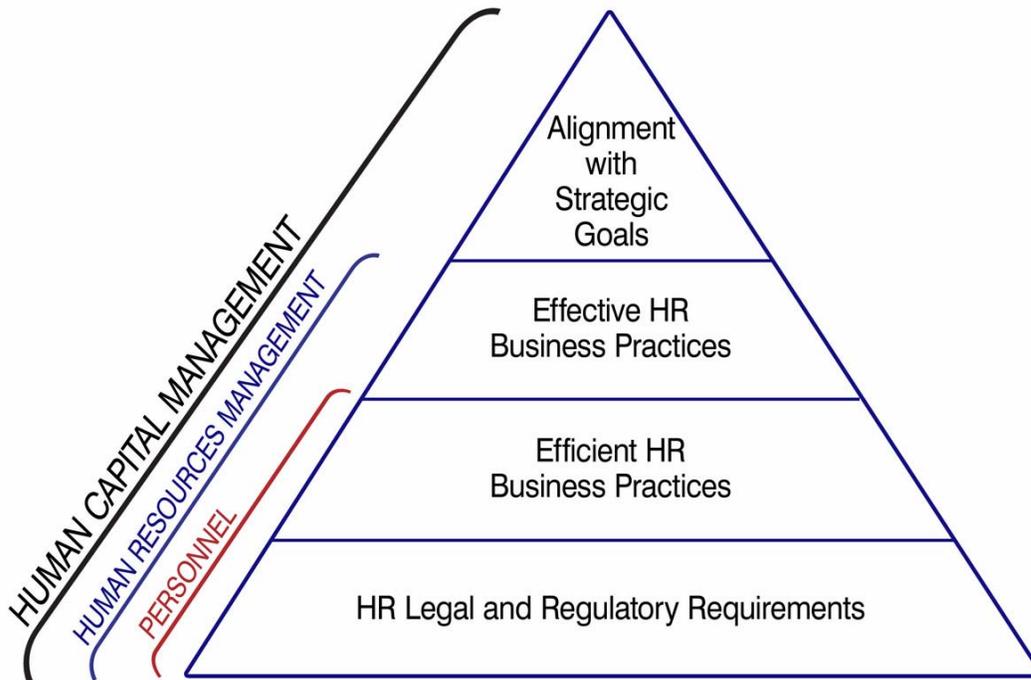
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**Model for Cumulative Evolution**

Figure 2 below depicts the cumulative nature of the evolution of strategic human capital management—the evolutionary phases build on each other. All phases are important and need to be considered as integrated building blocks to strategically manage human capital. Thus, a human capital system cannot be credible to its management without demonstrating operational efficiency and meeting legal and regulatory requirements.

The challenge today is for HR organizations in Federal agencies to assume a strategic consulting role while maintaining excellence in traditional personnel and human resources services.

**Figure 2. Cumulative Nature of Strategic Human Capital Management**



Strategic human capital management focuses on results aligned with mission and strategy, not processes. It places the right people in the right jobs at the right time to most effectively perform the work of the organization and has become a focal point of Federal agencies.

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## **AUDIENCE FOR THE GUIDE**

The HCAAF Practitioners' Guide provides information for human capital practitioners and line managers/supervisors and senior leaders throughout the Federal Government to use in strategically managing human capital in compliance with merit system principles. For the purpose of this Guide, human capital practitioners are those persons who help agencies implement and achieve strategic human capital management in compliance with merit system principles.

Human capital practitioners may be internal to the agency (e.g., CHCOs, internal agency consultants, or human resource specialists who contribute directly to human capital programs and policies) or external to the agency (e.g., OPM Human Capital Officers (HCOs), auditors).

HCOs and auditors may use this Guide to assess agencies' progress against standards and provide guidance to assist agencies with improvement efforts.

Agencies may use this Guide for self-assessment to identify aspects for improvement and/or alternative methods of achieving successful human capital management.

Line managers/supervisors and senior leaders may use the information as a training resource to improve ability to effectively manage human capital.

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