INTRODUCTION

Today's organizations are continually being challenged to become more strategic in their management of human resources. But, what does this mean? How is it done?

This paper documents our efforts to answer these questions at Touche Ross. We begin by describing briefly the firm, our concept of strategic human resource management (SHRM), and the role of human resource planning (HRP) in fostering SHRM. We then go on to describe the theoretical underpinnings of our particular approach to HRP, the three major planning processes we are attempting to deploy, and the change strategy that is being used to weave these processes into the fabric of the firm.

Since we have come less far than we have to go, what is presented here is a road map and a progress report. It will be a while before "the rest of the story" is known.

THE FIRM

Touche Ross (TR) is one of a group of major international public accounting firms often referred to as the "Big Eight." Its U.S. revenues exceed $500 million a year. It has over 800 partners and more than 8000 professional and clerical employees working in 80 offices across the country. The firm has been in a period of rapid growth for several years despite the increasingly competitive nature of the public accounting industry (The Wall Street Journal, 1985).

Organizationally, TR is what Mintzberg (1979; see also Mintzberg and McHugh, 1985) calls an adhocracy. It operates in a dynamic and complex environment, each of its activities (audits, consulting engagements, etc.) is somewhat unique, it employs large numbers of professionals who often work in teams, much of the work is performed autonomously, and rules in the day-to-day operations of the firm. To a large extent coordination and control are achieved through informal means -- committees, task forces, adherence to professional standards, and the like.
The firm operates with a matrix structure. Below the top management team (which is elected by the partners) are two cross-cutting lines of authority. One consists of Associate Managing Partners, who are in charge of various groups of offices, the Partners in Charge of these offices, and the Directors of Operations who manage the major departments in the offices, typically Accounting and Auditing, Tax, and Management Consulting. Under the auspices of the firm's strategic and profits plans, the offices are responsible for preparing their own business and profit plans, meeting the financial and other goals laid out in these plans, and conducting the day-to-day business of the enterprise.

The second main line of authority works through the National Functional Directors who help set the firm's direction by playing an active role in strategic and profit planning, and who also are responsible for promulgating professional standards in their areas -- primarily those noted above: Accounting and Auditing, Tax, and Management Consulting -- and for assuring that these standards are internalized and adhered to in the field.

In addition to these two "line" organizations, the firm also has seven major "staff" functions. One of these is Human Resources.

STRATEGIC HUMAN RESOURCE MANAGEMENT

In today's highly competitive environment (Stevens, 1985) much depends on the firm's ability to adopt a more strategic approach to the management of human resources. To us this means the development of a culture in which (Dyer, 1983):

- Human resources are an integral component of the business equation.

- Full and timely consideration is given to the human resource implications of all strategic business decisions.

- Human resource decisions are driven primarily by business needs and only secondarily by other factors.

- Human resource activities (staffing, training, compensation, and the like) are focused and mutually reinforcing rather than diffuse and relatively independent.

Can this organization nirvana be achieved? Perhaps not in its entirety. But it is our goal, and HRP is one of the major ways it is being pursued.

HUMAN RESOURCE PLANNING

Research show that organizational approaches to HRP fall along a continuum from focused to comprehensive (Dyer, 1985a). We are persuaded that an all-out effort toward SHRM requires the adoption of a relatively comprehensive approach to HRP involving three types of planning processes: plan based, project based and population based.

Plan Based HRP

Plan based HRP, as the name suggests, occurs as an integral (or closely related) part of formal business planning and, thus, recurs on a regular schedule in keeping with a predetermined planning cycle.

As suggested earlier, TR annually engages in a formal planning process which has both a business (three-year, strategy-oriented) and a profit (one-year, action-oriented) component. The process is diagrammed in Figure 1.