Human Resource Planning, 1990s Style

James W. Walker
The Walker Group, Phoenix, AZ

Executive Summary
Human resource planning (HRP) is necessary to support the implementation of business strategy. In the rapidly changing context of the 1990s, however, traditional approaches are yielding to more flexible forms of planning. This article describes how companies are using HRP to address the impact of change: simpler, shorter-range planning; a focus on issues; focused data analysis; and emphasis on action planning.

How is human resource planning (HRP) adapting to the faster pace, shorter-term focus, competitive global context, and flexible management practices of the 1990s?

Companies say planning for human resources is more important than ever as competitive advantage is sought through superior service, quality, lower costs, and organizational effectiveness. However, traditional HRP approaches are yielding to more flexible forms of planning.

An informal survey of leading companies and consulting work with companies shows several trends. Companies are:

• adapting HRP to simpler, shorter-range strategic business planning
  • focusing on issues to assure HRP practicality and relevance
  • focusing data analysis on specific issues to help define the scope and impact of HRP
  • translating issues into action plans with multi-year strategies, defined accountabilities, and measures of results

Every company demonstrates different HRP practices relative to these overall trends. No company serves as a complete or perfect HRP role model. In fact, within large companies, planning typically varies in approach, depth, and quality among divisions and corporate units. The challenge to a company is to develop that approach which best fits the organization's strategic situation and management processes.

Simpler Planning

Companies are adapting HRP to simpler, shorter-range strategic business planning. Strategic planning processes—found to be increasingly cumbersome in today's fast-changing, competitive environment—are being streamlined and simplified. Accordingly, company approaches for addressing human resource plans...
also are becoming more flexible and more immediate.

Changes in Strategic Planning

Over the past several decades, companies found operational planning to be highly productive. They could assume a continuation of trends within fairly narrow ranges with few sudden, sharp shifts. They could examine today’s situation and project it reliably into the future. Changes that required management were modest and incremental.

As the pace of change quickened, companies adopted strategic planning. As Peter Drucker wrote, with strategic planning “[o]ne can have strategies for tomorrow that anticipate the areas in which the greatest changes are likely to occur, strategies that enable a business or public service institution to take advantage of the unforeseen and unforeseeable” (Drucker, 1980). Operational planning optimizes the trends evident today—the continuities. Strategic Planning aims to exploit new and different opportunities that are not yet evident.

Strategic planning examines relevant external and internal factors in the business environment in relation to the current situation. Conclusions then are reached concerning business definition, mission and vision, strategic objectives, performance targets, and action plans.

Strategic planning provides various benefits to a company. Specifically, the process:

- defines opportunities for, and barriers to, the achievement of business objectives
- prompts new thinking about issues—orient and educates participants and provides a wider perspective
- tests management’s commitment to action—creates a process for allocating resources to specific programs and activities
- develops a sense of urgency and commitment to action
- focuses on selected long-term courses of action considered high priority over the next two-to-three years
- provides a strategic focus for managing the business and for developing management talents

Companies currently are shifting attention from long-range strategic planning to shorter-range, more operational planning. The reasons cited stem from the same changing conditions that gave rise to the need for strategic planning:

- rapid change and uncertainty
- divisionalization and decentralization
- pressing near-term business challenges—immediately evident threats and opportunities
- constraints on management time and planning resources resulting from leaner staffing and budgets

Strategic plans often evolve from specific decisions rather than from sweeping, future-oriented planning. Planning expert James Brian Quinn described this approach as “logical incrementalism.” He observed that executives usually deal with elements of strategies (e.g., structure, diversification, or governmental relations)