

## **Workforce & Workplace: Why Managers Lie Awake at Night**

**Kathy Harris**

Our research agenda examines managing your workforce, supporting the places where people work and driving organizational change. Included are systems, technologies and practices for managing these initiatives.

## ANALYSIS

---

In 2003, the remnants of deep economic problems — layoffs, cost containment and stalled innovation — have left most enterprises and their employees wondering if they can rely on each other for their future. Beyond the big issue of somewhat-damaged relationships and trust between employee and employer, there are other challenges. Employees are caught in a life-work tug of war — many contribute more time and social contact in their workplace than in their community or family lives. Enterprises are facing the mounting issue of many employees spending less than 50 percent of their time at "assigned" offices or desks. However, enterprise management of physical space, technology platforms and employee services is built on the assumption of standard "working hours" when people are at a desk, in an office, with a PC and a desktop telephone. Enterprise human resource (HR) management (processes, technologies and systems) has seriously missed the mark in that little is done to support people; instead, the focus is almost entirely on transaction handling and record keeping.

In short, enterprises are faced with significant shortcomings that require strategic-level change to overcome. At the same time, they are faced with economic sluggishness, low investment capacity and fearful employees. In this Spotlight, we explore and define the Key Issues that will guide our research for the coming year.

### The Push for Strategic Change

Our research in 2002 clearly showed that many enterprises need major strategic initiatives to refocus or redirect workforce and workplace management (see "Rebuilding the Competitive Foundation"). Four long-term strategies are imperative:

- **Employee relationship management (ERM)** — a comprehensive and unified view of the processes and technologies that support the workforce and their workplace. ERM encompasses the full suite of business-to-employee (B2E) services needed by employees, managers and others. Services include knowledge management, e-learning, self-services, community and collaboration support, and so on.

*By 2006, half of Global 1000 companies will have formal B2E initiatives under way (0.7 probability). See "Business-to-Employee: The Road Map to Strategy" and "Business-to-Employee Initiatives: Managing Implementation."*

- **Workplace service management (WSM)** — aligns employee service provision with the increasingly distributed and interactive nature of the workforce.

*By 2006, people will spend nearly 70 percent of their time working collaboratively — and not necessarily face to face (0.8 probability). See "Workplace Service Management: An Emerging Competency."*

- **Strategic workforce and human capital management (HCM)** — support the view that employees are a key enterprise asset and focus on aligning workforce capabilities with business strategy. This more-strategic view of the workforce will become less an HR function and more a management discipline.

*By 2007, HR organizations will drive strategic workforce management in only 30 percent of enterprises (probability 0.7). See "Strategic Workforce Management: Critical Key Issues."*

- **Strategic sourcing** — a rational and businesslike approach to planning for and engaging the competencies (people and companies) needed to accomplish the enterprise's business strategy.

*Through 2004, the absence of an effective decision framework for workforce sourcing will lead to IT cost efficiencies, organizational disputes and crisis modes of operation (0.8 probability). See "Workforce-Related Risk: How to Identify It."*

### **The Drag on Strategic Change**

Despite a compelling case for strategic-level change, in 2003, economic issues will prevail and will slow large strategic investments and depress large-scale innovation. New initiatives will be difficult to sell and sustain. In the short term, strategic change must be undertaken within the context of current realities. Our research agenda reflects this reality with short-, intermediate- and long-term foci for 2003.

- Short-term (one year) research content will focus on making the most of what you have. *How will enterprises optimize current investments in people, practices and technologies to improve performance?*
- Intermediate-term (two to three years) research will analyze making smart tactical choices in today's economic and business environment, while keeping an eye on the future and more-strategic needs. *How will enterprises make the best choices today, yet preserve their options for the long term?*
- Long-term (three to five years) research agenda items will focus on maintaining competitive parity while gaining competitive advantage. *How will enterprises manage and deploy people to gain competitive advantage?*

This Spotlight on the critical issues for workforce and workplace research agenda is viewed through four lenses:

- Workforce management
- Workplace strategies
- HCM/B2E technology
- Driving organizational change

Each lens has strongly unique issues, yet all four share these common challenges:

- Trends and directions driving change
- Justifying investments
- Supporting enterprise strategy
- Gaining competitive advantage.

In "Capitalizing on People: Challenges and Issues," Diane Morello outlines the primary issues and challenges that HR executives, chief information officers and business leaders will face as they navigate labor markets, productivity, leadership and workforce selection.

Michael Bell explores the issues surrounding workplace strategies — the trends, investment decisions and technologies that support this emerging area of opportunity for cost savings and employee service improvement. See "Drive Value Through Workplace Change."

HCM/B2E technology is growing in importance. Workforce management has moved to the Web, and with it comes manager and employee self-service, competency management and e-recruiting. In "HCM and B2E Technology: Key Issues," James Holincheck defines the issues for investing, selecting, implementing and managing these technologies.

Driving organizational change will be a required competency for keeping pace with business and technical change. These changes, however, are only half the battle — *people* must change, too. The Key Issues surrounding organizational change include analysis of change techniques and how shifting values and behaviors in the enterprise can also drive change. See "Driving Organizational Change: Key Issues" by Colleen Young.

## Features

"Capitalizing on People: Challenges and Issues" — The workforce will become more diverse, flexible, and collaborative; enterprises must invest in practices, technology, leadership and management. **By Diane Morello**

"Drive Value Through Workplace Change" — The workplace is changing; cost savings and employee flexibility are among the many benefits. **By Michael Bell**

"HCM and B2E Technology: Key Issues" — Human capital management is a strategic imperative, but in 2003, HCM investments must lower costs while making strategic progress. **By James Holincheck**

"Driving Organizational Change: Key Issues" — As the workforce, workplace and technology changes, organizations must actively manage and drive this change. **By Colleen Young**

This research is part of a set of related research pieces. See "Charting a New Course: Workforce & Workplace Key Issues" for an overview.

## REGIONAL HEADQUARTERS

---

Corporate Headquarters  
56 Top Gallant Road  
Stamford, CT 06902-7700  
U.S.A.  
+1 203 964 0096

European Headquarters  
Tamesis  
The Glanty  
Egham  
Surrey, TW20 9AW  
UNITED KINGDOM  
+44 1784 431611

Asia/Pacific Headquarters  
Level 7, 40 Miller Street  
North Sydney  
New South Wales 2060  
AUSTRALIA  
+61 2 9459 4600

Latin America Headquarters  
Av. das Nações Unidas 12.551  
9 andar—WTC  
04578-903 São Paulo SP  
BRAZIL  
+55 11 3443 1509