



Maximizing Value for the Business Through Strategic Human Capital Planning

How Corning Links Business and HR Strategy to Improve the Value and Impact of Its HR Function
by Matthew C. Brush and Donald H. Ruse

The HR function at Corning, Incorporated, considers human capital planning (HCP) a critical business process because of its transformational impact on the value the function delivers to the business and the way it delivers that value. With HCP, HR has the opportunity to get and keep a seat at the strategic decisionmaking table. Corning uses HCP to improve its ability to identify human capital implications of corporate strategy and reshape HR services to better support the business. This article shares the evolution of HCP at Corning, the process and tools in place, its business impact, and key lessons learned in designing and implementing this critical business process.

Corning: A Legacy of Innovation

The evolution of human capital planning at Corning directly reflects the history of Corning itself. Corning is a 150+ year-old firm with a record of successful process and materials innovation in support of life-changing products, a record that stretches all the way back to the invention of a shatter-resistant lens for railroad lanterns in 1874 (see Figure 1).

Corning has historically maintained a diverse portfolio of businesses based on a common desire to be first to market with products that have functional advantages for customers and strong intellectual property protection against potential competitors. Talented employees have remained central to the company's ability to sustain an innovation-based business model, regardless of how the specific mix of products in the portfolio have changed over time.

A Wake-Up Call for Corning: The Impact of the Telecommunications Bubble

Corning's traditional strategy of maintaining a balanced portfolio was sorely tested by the telecommunications boom of the late 1990s, which ended in one of the most difficult industry contractions since the boom-bust cycles experienced in the U.S. railroad and steel industries in the late 19th and early 20th centuries.

The collapse of the telecom bubble, and its impact on Corning's profitability, threatened the company's viability and forced a serious re-evaluation of Corning's business plans and processes. The analysis included tough decisions regarding the portfolio of businesses on which Corning would continue to make bets on future growth, and resulted in the sale of several large businesses. During this time, Corning shed nearly half of its workforce and shrank from over 40,000 employees to just over 20,000. The mix of talent required shifted away from the optical, electronic, and systems specialties demanded by the telecommunications businesses back to materials and process specialties demanded by the environmental and display technologies businesses.

While the business portfolio was being reshaped, the corporation re-evaluated its investments in corporate staffs. Corning considered, and ultimately rejected, several proposals to outsource a range of staff functions that included procurement, human resources, information technology, and finance, choosing instead to centralize these functions to gain greater leverage from functional structure while significantly reducing costs. This process generated new performance expectations for each of these functions. Each group was challenged to sharpen its ability to add value to Corning's portfolio of businesses. In response to this challenge, Human Resources renewed its focus on building functional capability and service offerings that ensure each business has the right number, quality, and type of talent needed to execute its strategy, and gets

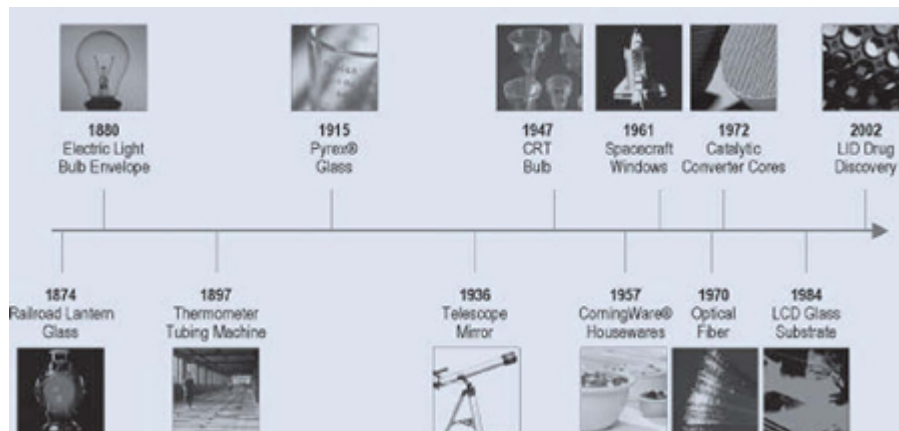
the highest and best use from that talent portfolio. The development of a robust human capital planning process was integral to HR's efforts to improve its ability to forecast human capital requirements in support of the business and enable the organization to get—and stay—ahead of the talent curve.

HR Transformation at Corning

"We started rethinking the HR organization during the explosive business growth we enjoyed in the late '90s, but those efforts took on added urgency during the unprecedented business contraction we faced from 2001 through 2003," says Kurt Fischer, Corning's Vice President of Human Resources. *"We've had to question everything from the way we define HR's core capabilities to our service delivery model, while simultaneously reducing global headcount by 50% and cutting HR costs."*

As often happens with staff groups, Corning's HR functional growth lagged behind the organic and acquisition-driven growth of the business during the boom period, despite its best efforts to staff up. As business growth slowed and reversed, HR's workload in support of the restructuring actually increased. When the dust cleared from the telecom contraction, HR found itself with a cost footprint much too large when compared to top-quartile HR organizations, whether expressed as total HR spend per employee or the ratio of total employees supported to HR employees. The challenge of correctly allocating resources was heightened by the shift in Corning's employee base from a largely Mid-Atlantic North American concentration to a primarily non-U.S. distribution, a shift that had profound implications for institutional mindset as well as headcount.

FIGURE 1--100 YEARS OF CORNING INNOVATIONS



Corning's historical business model was that of multiple distinct businesses, as many as 10 or 12 in various stages of maturity, operating in a mostly decentralized fashion with little product/technology overlap. This model enabled the units to develop their specific technologies and products and build intimate customer relationships based on market knowledge. This decentralized business model also permeated staff functions, including Human Resources. Business units had relatively independent HR organizations that generally did not communicate at an enterprise level the specific human capital needs of their respective businesses. It was not uncommon for multiple divisions to tackle similar human capital issues independently, the redundant efforts increasing the overall cost of HR to the organization. Corporate HR functions at Corning were based on centers of excellence (COEs) in areas such as compensation and benefits, learning and development, employee relations, and recruiting. The COEs had a long history of developing innovative programs, often at the request of senior corporate managers. This approach occasionally resulted in the deployment of initiatives that may or may not have

been aligned with the priorities of individual businesses in Corning's portfolio. The subsequent "hit or miss" performance in terms of business relevance and, most importantly, business impact was often disappointing for all parties. It also resulted in field HR organizations taking on COE-like roles so that their specific business needs would be met. Combined with a decentralized HR field model, this approach to program development contributed to the perception that HR was not aligned with the needs of the business and that the function, at an enterprise level, was too costly in comparison to value delivered.

HR leadership recognized that a clear set of transformation goals was needed; that those goals must be supported by a common approach and language that enabled all of HR to understand client businesses' strategies and the human capital requirements necessary to achieve the desired business results at the division and enterprise level. Doing so would enable HR to align more effectively with the critical needs of the corporation and efficiently deliver a suite of HR services that supported execution of corporate and division business strategy. Corning established four key goals to direct HR's efforts to transform itself into a more value-adding function with a seat at the decision making table. "The transformational goals we established during the days of rapid growth were robust enough to remain valuable during the downturn" says Fischer. "In fact, they're still at the core of our strategic plans for HR in the foreseeable future." The model Corning developed (see Figure 2) describes a recipe of success that reflects both its recent past and its future.

FIGURE 2--HR TRANSFORMATION GOALS



The first transformational goal, business linkage, requires HR professionals across the function to draw a clear and direct connection between the strategies of the corporation's businesses—both individually and collectively—and the human capital implications of those strategies. Through this ability, HR can help the corporation better understand future talent requirements in terms of the number, type, and quality of people needed to execute on its strategy and understand what actions are required to realize the maximum return from its talent investments.

The global and scalable goals address HR's need to build capabilities where and when the client businesses need them—largely outside North America and in countries and businesses that will inevitably change as current and emerging businesses continue to evolve. The top-quartile cost goal is intended to ensure that HR remains within the boundaries of appropriate total cost to deliver required services. Typical benchmarks include ratios of HR staff to employees supported, total HR spend per employee, and HR spend as a percent of company revenues, compared to peer companies with similar revenues, business complexity, and HR service offerings.

FIGURE 3--HC PLANNING PROCESS PURPOSE AND DESIRED OUTCOMES

From the Perspective of the Business	From the HR Function Perspective
<ul style="list-style-type: none"> ■ Improve corporate and division capability to identify talent management implications of corporate and division business strategies ■ Enable line and HR to more accurately forecast the number, type and quality of talent needed to execute on the strategy ■ Enable line and HR to identify key talent gaps (under/over staffing, under/over skill mix issues) and identify and prioritize actions required to address gaps 	<ul style="list-style-type: none"> ■ Provide a process to better inform functional strategy as it pertains to: <ul style="list-style-type: none"> - Most/least critical HR services function must provide to fully support the business - Service delivery models that will be most effective at delivering these services - Capabilities the function must grow, strengthen and/or shed to ensure flawless service delivery - Most appropriate functional size and structure required to serve the business and achieve HR's transformational goals as they pertain to scalability, cost and global effectiveness

The Origins of Human Capital Planning at Corning

As early as 2001, Corning's HR leadership team realized that the function needed a more formal, business-based method to understand both the short- and long-term human capital requirements of the business, and the corresponding type and level of HR functional support required.

The first two years of experience with human capital planning resulted in a number of key lessons for Corning's HR team, in terms of both business-process insight and HR staff capabilities. *"We developed a robust understanding of the strategic underpinnings of our businesses, and also learned the benefits of understanding the relative value different roles have in our business,"* says Fischer.

Greater clarity was still needed as to how these insights could be used to better inform and align HR functional strategy, structure, and processes at an enterprise level. Feedback from field and corporate HR staff also highlighted the need for a simplified process to:

1. Create greater dialogue between HR and the line;
2. Increase line understanding of the human capital implications of their strategy and objectives; and
3. Increase line ownership for making and following through on critical human capital decisions.

A Second Generation of Human Capital Planning

From this experience, Corning realized that a robust HCP process was central to its transformation. In the fall of 2003, Fischer obtained a white paper entitled "People Portfolio Management: Establishing a People Portfolio Strategy" (Ruse, et al., 2003), which outlined a proven, practical approach to human capital planning. This approach would enable HR to leverage its first-generation experience and address its need for greater clarity, simplicity, and line ownership. Corning identified desired outcomes, guiding principles, and a clear philosophical approach to the development and implementation of a second-generation HCP process. The purpose and desired outcomes, covering the perspective of the business and of the function, are detailed in Figure 3.

Six guiding principles were defined:

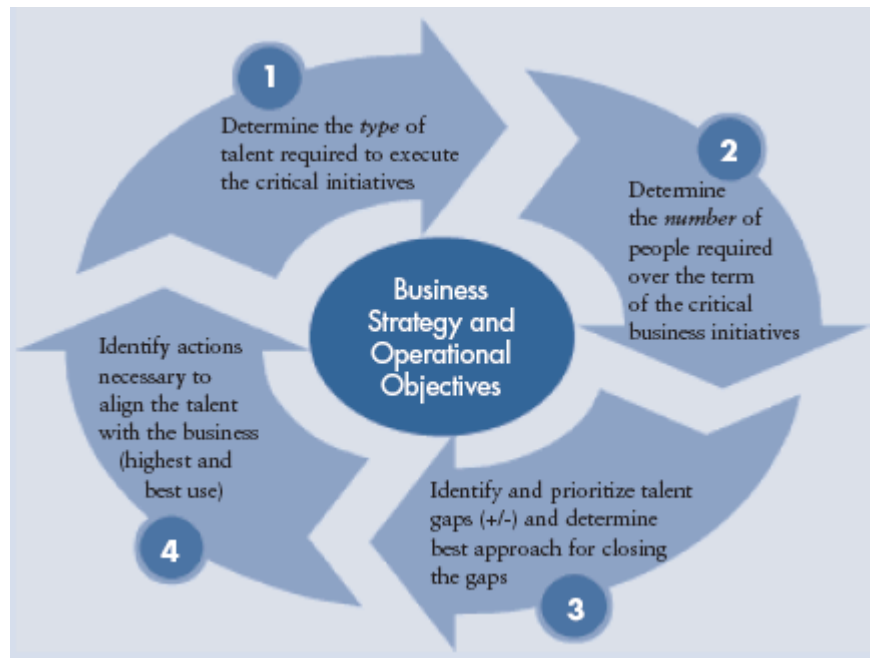
1. The HCP process had to be both temporally connected to and directionally aligned with

Corning's existing five-year business planning process, or it would never be relevant to the work of the business teams.

2. The process had to be simple for HR to use and easy for line managers to engage with. Otherwise, neither of these key groups would take advantage of the process.

3. Perhaps most significantly, HR had to approach the HCP process from the perspective of managing human capital as a portfolio with as much value to the corporation as financial or tangible assets. Specifically, the process must acknowledge that Corning has a finite portfolio of human assets and a finite number of dollars to invest in those assets. Ultimately, Corning must make informed portfolio investment and allocation decisions to realize the most value from the portfolio. These may require differential investments across the portfolio based on each segment's relative value to the achievement of business strategies. This new approach, which segmented talent and made informed asset allocation decisions to grow, strengthen, or shed talent segments based on their relative value, directly challenged Corning's historically paternalistic treatment of its employees.

FIGURE 4--HC PLANNING PROCESS DESIGN



4. The underlying processes and tools had to be robust and flexible to enable the line and HR managers to model different scenarios that reflect the dynamic nature of the business. To enable informed decision-making, they needed to support an ongoing dialogue that provided fact- and judgment-based analysis and “what if” scenario- modeling capabilities. Traditional finite workforce demand planning processes and tools were deemed inappropriate, given their limitations around multiple scenario planning and their inability to incorporate multiple factors that can impact the supply and demand of talent.

5. An inquiry-based methodology was deemed essential to the creation and maintenance of a dialogue between HR and line managers about the business direction and its relation to future human capital requirements. This approach would create a greater understanding of the importance of human capital to achieving business results and ultimately result in greater line ownership for managing human capital. It would also ensure that HR would not become over-

reliant on completing “process steps and tools” and lose focus on the real purpose of the planning process: to improve human capital management decision making.

6. The process and tools could not require detailed competency modeling to provide insight into talent gaps given the dynamic nature of the business, the significant amount of work this would require, and the relatively small return it would provide. The process and tools must enable line management to assess current workforce capability and competency informally so directionally accurate conclusions can be reached regarding existing talent gaps in terms of number and skill mix. The project was designed to be largely completed by a small work team composed of in-house and external consultant personnel. The team’s work was frequently exposed to stakeholder feedback through focus groups consisting of HR and line management. Feedback was incorporated with the work in progress to ensure intended outcomes were achieved.

Overview of Corning’s Human Capital Planning Process

The second-generation human capital planning process was designed as a topdown planning process. In each annual planning cycle, division and corporate HR, in partnership with line management, identify the human capital needs of the business and set priorities for the actions required to enable the execution of business strategy. It incorporates a guidebook and an online analytical toolset. Together, the package enables line and HR management to define future human capital requirements effectively and enables the HR function to better align itself with the critical needs of the business. Human capital planning has four major steps (see Figure 4). The purpose is to connect a detailed understanding of business strategy to its human capital implications for the type, number, quality, and timing of required talent. In addition to clarifying priorities and strategies for closing talent gaps, it then identifies the actions required of line management and the HR function to ensure the organization gets the highest and best use of the available talent.

Step 1: Determine the Type of Talent Required to Execute the Strategy

Step 1 provides an answer to the critical question: “What specific types of talent does each division need to execute its critical business initiatives associated with division/enterprise business strategy?”

Three guiding principles shaped the approach for completing this step:

1. Perceived connection to and alignment with Corning’s existing strategic business planning process;
2. Application of a mindset that drives talent portfolio investment decision making;
3. An inquiry-based approach that enables HR and division leadership to explore and answer the following questions:

- a. What key business challenges must be addressed to realize desired performance?
- b. What critical business initiatives must be successfully executed to address these challenges?
- c. What capabilities and corresponding types of talent are most/least critical to achieve desired competitive advantage?

Dialogue around the first two questions provides HR with valuable insight into the direction of the business and the specific actions necessary to realize its strategy. This enables HR to understand the “business of the business” and provides the foundation for establishing the business unit HR manager and the broader function as strategic business partners. The inputs used to answer these questions include the division’s five-year strategy and financial plan and the oneyear operating plan.

FIGURE 5--ROLE SEGMENTATION: DRIVING ACTION

Roles that <i>impact</i> the strategy		Roles that are <i>impacted</i> by the strategy	
Strategic	Core	Requisite	Non-Core
<ul style="list-style-type: none"> What roles are critical to driving long-term strategic advantage for the business terms of their impact on desired top line growth and/or innovation/speed to market? What roles possess the unique capabilities that make our strategic advantage difficult for competitors to copy? 	<ul style="list-style-type: none"> What roles are essential and core to consistently delivering quality products and services to our customers? What roles have the most impact on our ability to drive consistent results and improvements in our core business processes? Are this role's skill sets specific to Corning and not translatable to other companies or industries? Is this role difficult to source in the marketplace? Would external hires need significant training before becoming effective? 	<ul style="list-style-type: none"> Could I staff this role differently to reduce costs while maintaining quality and consistency? Could the role be backfilled or outsourced? 	<ul style="list-style-type: none"> Is the function and capability of this role no longer aligned with the strategic direction of the company?
Grow	Protect	Shrink	Redirect
Intended Action			

The third question addresses the segmentation of capabilities and talent, and is central to the human capital planning process. The concept of segmentation has been used for years within the sales and marketing function of many companies to provide detailed insight to product and customer investment decisions. The Corning HCP process adopted this concept to enable line leadership and HR to understand the value of talent segments (e.g., roles) within the business and, armed with the insights gained, to make informed talent portfolio management decisions. Figure 5 provides an overview of Corning's approach to segmentation both in terms of defining value and in terms of the directional actions segmentation suggests with regard to talent portfolio management.

Step 1 was timed to correspond directly with Corning's existing strategic business planning process. The dialogue and decision making associated with this step augments division dialogue and decision-making regarding business direction, priorities, and goals. Online tools were developed to help guide the conversation and capture key talent segmentation information used subsequently to identify key talent gaps and inform critical decisions regarding how to address these gaps. Corning chose to build rather than buy these tools because of the specific requirements of the HCP process and the lack of "off-the-shelf" tools that could be modified to support this process. "We were looking for tools that were 'good enough' to support our work—if we had waited to buy or develop something more complex, we would never have gotten started," says Fischer. Figures 6 and 7 show two key tools associated with Step 1 of the HCP process. These tools allow the user to load into the system the critical business initiatives and segmented roles, respectively, in preparation for later analytical work.

Step 2: Estimate the Number of People Required Over the Term of the Critical Business Initiatives

Step 2 provides line leadership and HR with a business-based estimate of the number of people it will require over the term of its critical business initiatives and details the timing of these talent requirements. Note that the approach for Step 2 incorporates two key principles that differentiate the Corning HCP process from traditional workforce planning:

1. The number of people needed is estimated by segment, not on an aggregate (e.g., total headcount) basis or by level as traditional workforce planning processes have often done. This

enables decisions to be made based on the value and impact each segment has on strategy and critical business initiatives.

2. Determining number requirements by segment provides HR and the line the opportunity to model various scenarios based on business dynamics (growth, decline, status quo top line performance) and to model the dynamics of the current portfolio of talent within each segment in terms of growth, churn (e.g., movement of talent within and across divisions), turnover, retirement, and proficiency. This enables Corning to get a more detailed picture of its talent gaps (too many, too few, just enough) and gives HR and the line a tool to model expected or potential talent portfolio dynamics that reflect the product and labor market(s) in which the division operates.

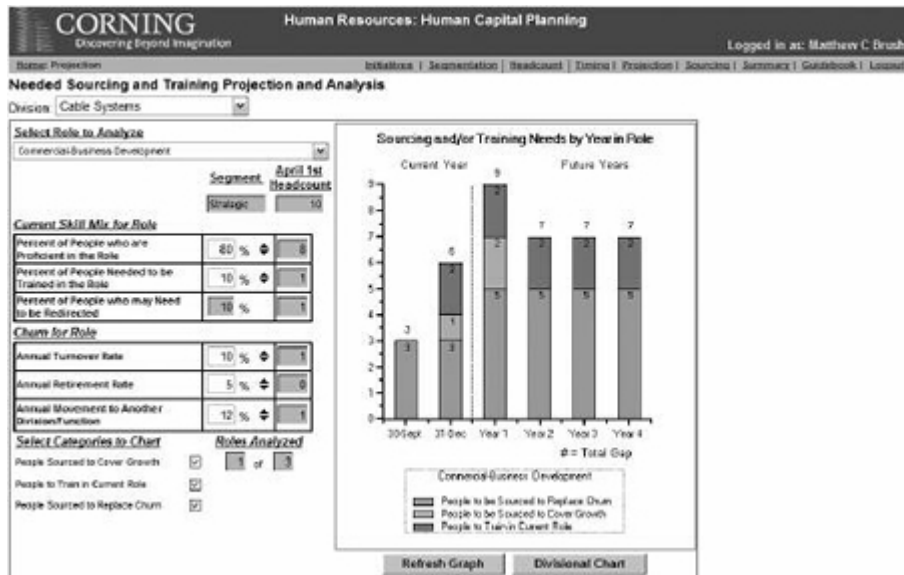
FIGURE 6--CRITICAL INITIATIVES



FIGURE 7--TALENT SEGMENTS



FIGURE 8--SOURCING AND TRAINING PROJECTION AND ANALYSIS



Step 2 activities begin with HR quantifying the current number of people by talent segment. This information is drawn from Corning's PeopleSoft database and validated with line leadership. Working with division leaders who have direct knowledge and accountability for each segment, HR determines the expected change in headcount for each segment. Decisions are based on the division's critical initiatives and the timing of these changes over the term of the initiative. This requires critical analysis by HR and the line about the requirements of each initiative and its implications for growing, maintaining, or redirecting talent within each segment. It also requires an assessment of alternative staffing strategies for requisite talent segments. The consideration is whether the value of the work they perform could be delivered more economically through technology applications or outsourcing.

Finally, HR and line leaders model number requirements for strategic and core talent segments that incorporate varying business and talent dynamic scenarios associated with each division. Modeling is not used for requisite and non-core segments, as these segments will be staffed differently, re-deployed to other parts of the business, or shed. The tools and the corresponding dialogue enable HR and the line to make informed decisions regarding the number of people needed and the timing. They also provide critical insight in terms of:

1. The number of people needed to replace anticipated churn within strategic and core segments (replacement);
2. The number of people needed to cover expected growth within strategic and core segments (adds);
3. The number of people needed to be trained within strategic and core segments in order to have a "fully capable" person (re-tooling). This last item has been most valuable, as previous human capital planning efforts did not account for the effect partially capable talent can have on the successful completion of critical business initiatives. The impact of this oversight was often manifested in project delays, quality issues, cost overruns, and lost market opportunity. Figure 8 provides a screen shot of the analytical tool Corning used to support Step 2 decision-making.

Step 3: Identify and Prioritize Talent Gaps and Required Actions to Close Gaps

Step 3 identifies and prioritizes talent gaps within strategic and core talent segments and determines the best approach for closing these gaps using "build versus buy" decisions. This step

also focuses on deciding which actions to take to address requisite and non-core segment talent issues.

In Step 3, HR and the line review talent gaps for the strategic and core roles identified in Step 2. The goal is to ensure a full understanding of the size, timing, and nature of the gap. Decisions are made as to the most appropriate combination of actions to take to close these gaps, which can include “buy” or “build” activities.

“Buy” decisions are most appropriate in situations where:

1. The talent need is immediate.
2. The time and investment required to source and on-board technically proficient external talent is less than the time and investment required to identify and re-tool internal talent to the required level of technical proficiency.
3. The specific skill sets needed are so unique that they can only be found by going outside the company.

“Build” decisions are made in situations where:

1. The timing of the talent need is such that the division can acquire and re-tool internal talent within the time period the talent will be needed.
2. The specific skill sets cannot be found externally because of the proprietary nature of the work.

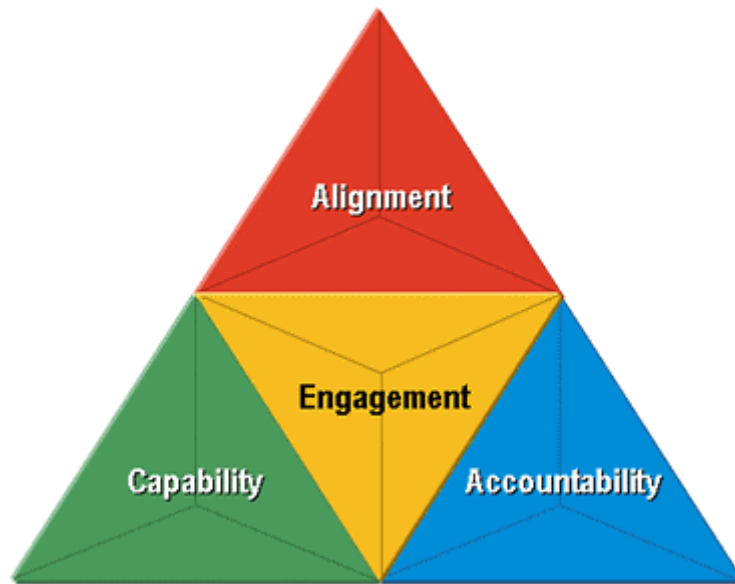
A sourcing analysis tool is used to help HR and the line evaluate these criteria for each core and strategic segment. This tool models assumptions regarding time to develop/time to acquire. These assumptions are integrated with talent timing requirements captured in Step 2. The output of this modeling enables HR and the line to discuss and determine what set of “buy/build” actions are best suited to address and close identified talent gaps. Figure 9 provides a screen shot of the sourcing analysis tool.

Once “buy/build” decisions are made, attention is directed to actions required to address requisite and non-core talent gaps. Specifically, decisions for requisite segments would center on determining the feasibility of alternative staffing strategies (e.g., outsourcing/streamlining) or investing in technology applications to automate the work. Decisions related to non-core segments would center on whether the division recommends shedding talent in this segment (e.g., lay-offs) or re-deploying this talent to other divisions where the skill sets within the segment are needed.

FIGURE 9--BUILD/BUY DECISION ANALYSIS



FIGURE 10--THE HUMAN CAPITAL PERFORMANCE FRAMEWORK™



Step 4: Bringing it All Together—Determining Actions Necessary to Align the Talent with the Business

Step 4 is crucial to the HCP process, as the point at which the results of previous steps are melded at an enterprise level. The goal is to identify and align HR functional priorities over the course of the next 12 to 24 months with the specific needs of the business. At Step 4, HR and the line identify additional human capital management issues that must be addressed to get the highest and best use from Corning's talent pool. Step 4 activities begin with structured dialogue around the latter goal. Specifically, Steps 1 through 3 enabled the identification of gaps in the talent portfolio (in terms of number or type) that must be addressed to achieve critical business initiatives. Step 4 now directs attention to a set of structured conversations that identify additional human capital issues that must be addressed to ensure the highest and best use of Corning's talent portfolio. Using the external consultant's Human Capital Performance Framework™ (see Figure 10), HR and line leaders assess and identify key human capital issues and establish priorities associated with the degree to which:

1. Line leadership is aligned around critical business initiatives and HCP priorities and the roles and responsibilities leadership must fulfill to deliver desired business results.
2. Line employees are fully engaged in the critical business initiatives and HC priorities.
3. The line has in place the processes and practices necessary to acquire, develop, and maintain the employee capability required to achieve desired business results and the critical business initiatives.
4. Line leadership has in place the processes and practices necessary to drive required levels of employee accountability for desired performance results.

Once these additional issues are identified and priorities set, division HR leaders come together with their HR center of excellence counterparts and HR senior leadership to:

1. Identify and prioritize human capital needs by division, and then across divisions, based on their importance and impact on corporate strategy and goals.
2. Identify the specific types and levels of support and service required of the COEs and of HR generalists in the field.
3. Analyze and determine what changes are necessary in key HR processes (e.g., staffing,

development, compensation) to ensure they are robust enough to close talent gaps and address human capital management issues associated with highest and best use.

4. Specifically define HR's operating plan for the upcoming year in terms of:

- a. Goals and objectives;
- b. Staffing requirements (number, type, location);
- c. Budget requirements;
- d. Performance metrics.

Once HR leadership has a final annual operating plan, it is reviewed by the VP-HR with Corning senior leadership (management committee) and division general managers as part of Corning's annual operating plan review to ensure it is fully aligned with and supportive of corporate and division business strategy, goals, and objectives.

Implementation

Given the rapid evolution of its approach to human capital planning, Corning had to plan its introduction carefully. The primary concern was to generate demand for the process within the field HR organization and from business unit leaders. Rather than engage in a traditional "roll-out" process, and run the risk of provoking an organizational immune response that would reject the process, the core team implemented an approach that encouraged initial involvement, excitement, and acceptance of the new tools and process. By incorporating process flexibility, the team allowed the field HR users to engage with their client GMs in the most appropriate way for their business. The result was a curious and interested response and ongoing demand for human capital planning.

Results to Date and Lessons Learned

Although the long-term value of Corning's human capital planning process has yet to be demonstrated, there are already initial indications that the process is delivering value. Human capital planning has increased business insight and improved the speed and quality of talent portfolio management decisions by GMs and the field HR team. In this section, with appropriate editing of confidential details, we present some examples.

In several divisions, the power of vocabulary to shape decisions was thrown into sharp relief by the HCP process. Specifically, the detailed segmentation tools added in Step 1 initiated a rapid change in behavior. One division is currently undergoing rapid expansion in Asia, locating Corning plants close to customer facilities. Historically, Corning has been understandably hesitant to outsource plant engineering work, in part because of its heritage of competing based on engineering innovation. Once the management team had the language to describe requisite talent segments, it was able to acknowledge the importance of that segment and the wisdom of using external, discretionary resources to perform the work of designing non-proprietary areas of a new plant in Asia. This resulted in considerable cost avoidance in terms of expatriate assignments not required, reductions in the amount of travel required, and additional full-time hires avoided.

The ability of the online analytical tools to prompt strategic discussions was demonstrated as well. In one staff group, which was facing critical service delivery decisions in Asia, the tool's ability to model rapidly the impact of different anticipated levels of turnover called into question the group's basic strategy of building in-house staff to deliver service in Asia. This function had historically enjoyed low turnover in the United States, but might face much higher (4x) turnover in Asia based on the experience of other Corning units that had entered that market. Some of that turnover difference was attributed to Corning's lacking an established employment brand locally. If turnover was likely to be that high, it might tip the strategic direction toward outsourcing to a locally known company that might be better able to manage attrition, rather than staffing the delivery team internally. In the area of getting the highest and best use of talent, the Human Capital Performance Framework™ (see Figure 10) proved an important way to look at the bigger

picture of how HR could improve the client businesses' use of human capital beyond just staffing and training. In one business, application of the Framework led to a powerful discussion between the HR manager and the GM during which the HR manager's observations about how the GM had been managing the business unit as three separate businesses might be changed to a more integrated, team approach. The GM is currently working with the HR manager to change the way the staff interacts, but improvements are expected in both the efficiency and effectiveness of the team and positive impact on future business results through more effective business management.

The HR function itself was affected by the human capital planning process. As this article goes to press, the HR leadership team is still learning the extent of human capital planning's influence on its strategy, priorities, and tactics. What is already clear is that HCP has dramatically improved the function's understanding of the issues driving each business and the specific and prioritized services HR must deliver to support the business.

By incorporating human capital planning insights, the HR leadership is already making more informed and fact-based decisions on HR strategy, goals, and objectives, as reflected in the robust set of objectives the function has developed for 2005—which breaks new ground both qualitatively and temporally, having been developed far more quickly than in years past.

As the HR function continues its transformation efforts, the human capital planning process has delivered another level of insight into HR staff talent gaps and the actions HR leadership must take to improve functional capability to support the human capital requirements of the business.

"The broadest impact of HCP has been the level of engagement between our HR Managers and the GMs they support," says Fischer. "Suddenly GMs who used to have only a passing interest in HR are expressing real enthusiasm for the tools and perspectives we're able to bring to the table."

Implementation: Lessons Learned

The HR function as a whole learned a great deal from the application of the human capital planning process, but there are specific lessons others adopting a similar process can learn. From a process and tools perspective, users indicated a number of items that were key to the value of the human capital planning process, items that should be built into any successful process:

1. Human capital planning guidelines, process, and tools should be well thought out. A pragmatic, succinct approach is effective, especially in connecting business strategy and talent implications.
2. Dedicating internal resources to the process moves the work forward more effectively than does relying primarily on external consultants. It also enables effective knowledge transfer from external consulting partners into the organization.
3. The human capital planning process provided direction and raised questions that supported a directed inquiry-based approach that improved both the quality of the dialogue between HR leaders and their clients and the comprehension and retention of HCP concepts by the HR team.

Some process and tools items were identified for improvement in future planning cycles:

1. Several divisions requested that the online tool be modified to provide added capability to do analytical work along regional lines within businesses.
2. The online tool must be better able to deal with roles with few incumbents, a challenge when using a percentage-of-populationdriven analysis approach.
3. Several suggestions were made regarding the timing of the process:
 - a. Start the process earlier in the year to better align with the timing of business strategy processes;

b. Stagger the process so the division HR people supporting line businesses complete their work early enough for their work to be used as input by the HR people who support the staff functions.

User feedback uncovered one unexpected benefit: One HR manager beginning an assignment in a new division found that the HCP process was a valuable way to get her arms quickly around the business she would be supporting, and to start her relationship with the GM on a positive note.

Conclusion

“We’ve already realized considerable value from the HCP process,” says Fischer, “but we know we’ve still got a long way to go.” Corning’s continued investment in developing the HCP tools, work processes, and thought processes has already resulted in better business insights, clearer business rationale for HR investments, and better interactions between HR and line managers, but there is much still to be done. There are still implications to be explored for Corning’s talent management processes—from division people reviews to executive succession planning—as well as for Corning’s approach to compensation and workforce development. Ultimately, HCP holds the promise of providing a fulcrum on which the entire function can be turned to provide maximum value for the business.

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