

## Chapter 2: Strategy and Human Resources Planning

### If nothing else, my students should learn that...

- It is important for HRM to align its policies and processes with the business strategy in order to provide value to the organization (external fit), and that the policies and processes are mutually reinforcing (internal fit). HR planning follows the same pattern as organizational strategic planning, and hence the two processes are complementary.
- In order to evaluate the effectiveness of strategy, it is imperative to take the ‘people side’ into consideration. Sole reliance on financial documents (e.g., financial statements, cash flow statements, income statements) largely ignores investment in human capital.

### Learning objectives

- Identify the advantages of integrating human resources planning and strategic planning.
- Understand how an organization’s competitive environment influences its strategic planning.
- Understand why it is important for an organization to do an internal resource analysis.
- Describe the basic tools used for human resources forecasting.
- Explain the linkages between competitive strategies and human resources.
- Understand what is required for a firm to successfully implement a strategy.
- Recognize the methods for assessing and measuring the effectiveness of a firm’s strategy.

### Why is this chapter important?

The purpose of this chapter is to highlight the nexus of strategy and HR planning. It emphasizes the use of planning as a means of ensuring that qualified employees will be available to meet staffing needs when and where they occur. Moreover, it focuses on how HRM policies and practices can contribute toward achieving an organization’s strategic goals. This chapter is important because it situates HRM within the broader organizational agenda, and demonstrates how it can be configured to help an organization succeed.

### Why should students care?

Surveys show that 92 percent of chief financial officers now believe human capital affects an organization’s customer service, 82 percent believe it affects profitability, and 72 percent believe it affects innovation. And, in a survey by the consulting firm Deloitte, nearly 80 percent of corporate executives said the importance of HRM in their firms has grown substantially over the years, and two-thirds said that HR expenditures are now viewed as a strategic investment rather than simply a cost to be minimized. Indeed, research shows that strategically designed and implemented HR systems increase the value of firms, something executives are keenly interested in accomplishing. They are also demanding their human resources groups push past short-term projections and provide detailed forecasts for needs and the associated costs over a two- to three-year horizon. Even small companies are realizing that their employees are the key to ensuring their ability to compete and survive.

## What can I do in this class?

This section includes ideas for how to start and finish the class. It also contains information from the textbook that can be used as a basis for a lecture. Moreover, it contains numerous suggestions for student engagement. Depending on your class size, the nature of the students, and your desire for classroom participation, choose from these activities to enliven the classroom.

### Getting started

- Find some facts about organizations that have recently changed their strategy. For instance, Target announced in January 2011 a \$1.83 billion deal to acquire the leases on up to 220 Zellers stores from the Hudson's Bay Company. Target plans to open 125 to 135 stores in Canada and sell off leases for the stores it does not need. Another example is Research in Motion: RIM fell out of IDC's ranking of the top five global smartphone makers by market share for the first time in July 2012. Earlier, it laid off 5,000 workers and consulted investment banks on radical alternatives to its current strategy. Present the stories to students, and ask them the implications for HRM and the management of people. Impress on students that most strategic moves have HRM repercussions.
- Bring a copy of your university's strategy document and share it with the class. Ask how they see the strategy being implemented in the university, or how it isn't!
- Ask students to think about their strategy for performing well in this class. Ask students whether they have set goals, such as to learn a lot about HRM and perhaps get an A! You will then want to remind students that strategy is much more than just the iteration of a goal. Strategy is also about making a plan. Ask students if they have a plan that will help them to achieve their vision in the class.

### STEP 1: Mission, Vision, and Values

- The **mission** is the basic purpose of the organization as well as its scope of operations.
- The **strategic vision** provides a perspective on where the company is headed and what the organization can become in the future.
- Organizational **core values** are the strong and enduring beliefs and principles that the company uses as a foundation for its decisions.
  
- **Connectivity Activity:** Find examples of vision and mission statements of well-known organizations (e.g., McDonalds, Google, Ferrari, Revlon, etc.). Ask students if they can guess the vision and mission statements that belong to the organizations.
- **Call-Out Question:** Who are vision statements for—the public or employees? Reinforce that marketing professionals focus on how to market products or the organization's image to the public, but the vision statement is meant primarily for employees in the organization. Nokia's vision statement is a good example of this: Connecting People and Very Human Technology. It is meant for employees to understand, not the public.
- **Making Explicit Real-World Links:** See *Highlights in HRM 2.1: Air Canada: Mission, Vision, and Values* on page 42.

## STEP 2: Environmental Analysis

**Environmental scanning** is the systematic monitoring of the major external forces influencing the organization. Managers attend to a variety of external issues.

- **Making Explicit Real-World Links:** Ask students to put themselves in the armchair of a senior executive of Starbucks. Ask students to generate the factors that may impact upon Starbucks's success. Instead of teaching these six factors in a lecture format, try to encourage students, through probing questions, to generate them on their own. For instance, ask students whether they think that Starbucks keeps tabs on what Tim Hortons is doing.
- **Think-Pair-Share:** Use Discussion Question 2 on page 73: *What environmental forces influence the future of community colleges and universities? List these and discuss the implications for the demand for faculty.* See recommended responses below in Answers to End-of-Chapter Discussion Questions.

### *The Five Forces*

Show students *Figure 2.2: Five Forces Framework* on page 43 to illustrate that the competitive environment includes five forces. A general rule of thumb about this analysis is: The more power each of these forces has, the less profitable (and therefore attractive) the industry will be.

1. Customers
2. Rival Firms
3. New Entrants
4. Substitutes
5. Suppliers

- **Making Explicit Real-World Links:** In *Reality Check: Spotting Trends in the Global Economy* on page 46, David Foot, a demographer at the University of Toronto, explains why HR professionals must become aware of the need to scan.

## STEP 3: Internal Analysis

### (1) The Three Cs: Capabilities, Composition, and Culture

#### *Capabilities: People as a Strategic Resource*

- **Core capabilities** are bundles of people, processes, and systems that distinguish an organization from its competitors and deliver value to customers.
- Organizations can achieve a sustained competitive advantage through people if they are able to meet the following criteria:
  - *The resources must be valuable.*
  - *The resources must be rare.*
  - *The resources must be difficult to imitate.*
  - *The resources must be organized.*
- **Connectivity Activity:** Find YouTube clips on Southwest's culture (quite a few show flight attendants entertaining customers). Ask students to watch the clips and then provide examples of how the culture is rare, valuable, inimitable, and organized.

- **Connectivity Activity:** Use Sheehan’s (2006) simulation to enable students to understand the resource-based view of the firm. See the full citation for this paper below in Recommended Reading.

### **Composition: The Human Capital Architecture**

Use *Figure 2.3: Mapping Human Capital* on page 49 to show that different skill groups in any given organization can be classified according to the degree to which they create strategic value and are unique to the organization. HR practices vary for different employees:

- *Strategic knowledge workers*
  - *Core employees*
  - *Supporting workers*
  - *Partners and complementary skills*
- **Connectivity Activity:** Use *HRM Experience: Customizing HR for Different Types of Human Capital* on page 73 as the basis for a class discussion on HR architecture. See sample answers to this exercise below in HRM Experience.
  - **Making Explicit Real-World Links:** The Province of British Columbia recognizes the value of human capital as described in *Highlights in HRM 2.2: The Measurement of Human Capital* on page 48.
  - **Class Debate:** Assign half of the class to argue that organizations should use contract workers, and half of the class to argue that organizations should use full-time contracts. Information pertaining to these positions is found in *Ethics in HRM: The Employment Contract* on page 50, and *The Business Case: Hiring Contract Workers Pays* on page 51.
  - **Think-Pair-Share:** Have students visit the website [http://www.atkinson.yorku.ca/ace/publications/Should\\_Know.pdf](http://www.atkinson.yorku.ca/ace/publications/Should_Know.pdf) to see an example of some of the issues that challenge individuals in their determination of whether they are employees or contract workers.

### **Culture: Values, Assumptions, Beliefs, and Expectations (VABEs)**

- Organizations often conduct **cultural audits** to examine the values, assumptions, beliefs, and expectations (VABEs) of their workforces.
- A company's corporate culture is a source of competitive advantage; firms are also beginning to engage in what is called **values values-based hiring**, which involves outlining the behaviours that exemplify a firm’s corporate culture and then hiring people who are a fit for them.

## **(2) Forecasting: A Critical Element of Planning**

Use *Figure 2.4: Model of HR Forecasting* on page 52 to explain that managers focus on (at least) three key elements:

### **Forecasting the demand for labour**

- *Quantitative approaches.* An example is **trend analysis**, whereby a firm’s employment requirements are forecasted on the basis of some organizational index. The procedure is illustrated in *Figure 2.5: Example of Trend Analysis of HR Demand* on page 54 for a hypothetical building contractor.
- *Qualitative approaches.* **Management forecasts** are the opinions (judgments) of

supervisors, department managers, experts, or others knowledgeable about the organization's future employment needs. The *Delphi technique* attempts to decrease the subjectivity of forecasts by soliciting and summarizing the judgments of a pre-selected group of individuals.

- **Making Real-World Links:** *Highlights in HRM 2.3: HR Planning for Registered Nurses* on page 53 describes the labour market forecasts for nurses and provides some solutions for the anticipated shortages.

### Methods to forecast the supply of labour

- Staffing tables
- Markov analysis. See *Figure 2.6: Hypothetical Markov Analysis for a Retail Company* on page 56 for an example.
- Skill inventories
- Replacement charts
- Succession planning. *Highlights in HRM 2.5: Succession-Planning Checklist* on page 58 shows a checklist for evaluating the “success” of succession planning.

### Balancing supply and demand considerations

- **Think-Pair Share:** Use Discussion Question 1 on page 73: *Identify the three key elements of the HRP model and discuss the relationships among them.* See recommended responses below in Answers to End-of-Chapter Discussion Questions.
- **Think-Pair-Share:** Use *Case Study 2: Matching Talent with Tasks: Dole Implements Succession* on page 75 to generate a discussion on succession planning in organizations. See recommended solutions below in Notes for End-of-Chapter Case Studies.

## STEP 4: Formulating Strategy

**Strategy Tool: SWOT analysis** is a comparison of strengths, weaknesses, opportunities, and threats for strategy formulation purposes. *Figure 2.9: An Example of a SWOT Analysis for Napster* on page 61 shows a SWOT analysis done for the online digital music service.

- **Connectivity Activity:** Go on the Internet and find an example of SWOT analyses for a well-known organization, such as Starbucks, McDonald's, or Google. Try to find an organization that your students know well (McDonald's normally does the trick!). Print out one copy of the SWOT for each group of about five students. Then cut out single sentences that are strengths, weaknesses, opportunities, or threats, and stick them in an envelope in no particular order. Provide each group with an empty SWOT grid and see whether they can determine which piece of information is an S, W, O, or T. Alternatively, you can give each student one slip of paper with a piece of tape, and make a giant SWOT grid on the board. Ask students to come to the board and tape their S, W, O, or T in the appropriate box. The learning point is that sometimes it is difficult to know whether an issue is an opportunity or a weakness; you can reinforce that O and T are external, and S and W are internal to the organization.
- **Linking to Previous Learning:** Ask students to develop their own personal SWOT for this class. What are their strengths (e.g., writing)? What are their weaknesses (e.g., multiple choice tests)? What are the opportunities (e.g., online discussion boards)? What are the challenges (e.g., friends want to go out on Friday night)?

## (1) Corporate Strategy

Corporate strategy focuses on domain selection, that is, the markets in which they will compete. Some options are:

- **Growth and Diversification**
- **Mergers and Acquisitions**
- **Strategic Alliances and Joint Ventures**
  
- **Team Assignment:** Ask students in advance of class to research Discussion Question 5 on page 73: *Research in Motion (RIM) is an interesting Canadian business story. From its website and news articles, try to articulate its corporate strategy. Compare it to the corporate strategy of Tim Hortons.* See the recommended solutions below in Answers to End-of-Chapter Discussion Questions.

## (2) Business Strategy

- **Low-Cost Strategy: Compete on Productivity and Efficiency**
  - This strategy is based on cutting costs. A good example is McDonald's; it focuses on efficiency, productivity, and minimizing waste for a broad target base.
- **Differentiation Strategy: Compete on Value Added**
  - This strategy is based on providing something unique to customers. Examples include FedEx's focus on speed and flexible delivery, Holt Renfrew's commitment to fashion and customer service, and Apple's emphasis on innovation and product development.

## (3) Functional Strategy: Ensuring Alignment

### **Vertical Fit/Alignment**

- This strategy focuses on the connection between the business objectives and the major initiatives in HR.

### **Horizontal Fit/Alignment**

- This strategy ensures that HR practices are all aligned with one another internally to establish a configuration that is mutually reinforcing.
  
- **Making Explicit Real-World Links:** Use the Baron and Kreps (1999) article (see Additional Teaching Resources below for a full reference) to draw out examples of fit and misfit. The article reviews the Portman Hotel case, and can be used as a point of discussion on how HRM policies and practices need to 'fit,' both internally and externally.

## STEP 5: Strategy Implementation

Use *Figure 2.10: The 7-S Model* on page 65 to show the 7-S framework to reveal that HRM is instrumental to strategy implementation. While *strategy* lays out the route that the organization will take in the future, *organizational structure* is the framework in which activities of the organization members are coordinated.

## Taking Action: Reconciling Supply and Demand

### Demand considerations

- Based on forecasted trends in business activity
- Hiring full-time employees, over-time, recall laid-off workers, temporary or contract employees, outsourcing, offshoring

**Supply considerations** involve determining where and how candidates with the required qualifications can be found to fill a firm's vacancies.

- Restrict hiring; reduce work hours; consider layoffs, demotions, and/or terminations; attrition; early retirement
- **Student Team Presentations:** In groups, ask students to answer Discussion Question 6 on page 73: *During this course, there will be news about an organization needing to reduce the workforce by thousands of employees. What are the options? What are the advantages and disadvantages of each option?* See the recommended solutions below in Answers to End-of-Chapter Discussion Questions. Ask students to present their findings to the class. Alternatively, generate a list on the board as a class together. Then assign one option to each group, and ask each group to present to one another to foster collaborative learning.
- **Making Explicit Real-World Links:** Use *Highlights in HRM 2.6: Managing Labour Shortages* on page 66 to show how one Nova Scotia company deals with labour shortages.

## STEP 6: Evaluation and Assessment

### Evaluation and Assessment Issues

**Benchmarking** is the process of identifying “best practices” in a given area—for example, productivity, logistics, brand management, training—and then comparing the practices and performance to those of other companies.

**Metrics** fall into two basic categories:

- Human capital metrics: assess aspects of the workforce
- HR metrics: assess the performance of the HR function itself
- **Making Explicit Real-World Links:** Most large companies use software to track their HR metrics over time. *Figure 2.11: An Example of an HR Dashboard* on page 68 illustrates an HR “dashboard,” which is software that tracks and graphically displays HR statistics for managers to view at a glance (as you do your dashboard readings when you are driving).
- **Team Assignment:** Look at studies being conducted by the HR Benchmarking Association at [www.hrba.org](http://www.hrba.org). Write a report that summarizes the benchmarking activities in one industry. What impact would your results have for HRM managers in the best/worst of those organizations?

### Measuring a Firm's Strategic Alignment

#### *Strategy Mapping and the Balanced Scorecard*

*The balanced scorecard (BSC) is a framework that helps managers translate their firms' strategic goals into operational objectives. The model has four related cells: (1) financial, (2) customer, (3) processes, and (4) learning.*

- **Making Explicit Real-World Links:** Use *Figure 2.12: Building the Metrics Model* on page 69 to show how this might work at Starbucks.
- **Think-Pair-Share:** Use Discussion Question 7 on page 73: *Imagine that you are president of the HR student association at your school. You want to measure the success of the association during your term. What metrics would you use? What benchmarks would you use?* See the solutions below in Answers to End-of-Chapter Discussion Questions.

### Measuring Horizontal Fit

Use *Figure 2.13: Assessing Horizontal Fit* on page 70 to show an example of how organizations can assess the horizontal fit of their HR practices. There are essentially three steps.

1. Managers identify the key workforce objectives they hope to achieve.
2. Managers identify each of the HR practices used to elicit or reinforce those workforce objectives (job design, staffing, training, appraisal).
3. Managers evaluate each HR practice on a scale of –5 (not supportive) to 5 (supportive). By tallying up the ratings across managers, organizations can get a very clear idea of which HR practices are working together to achieve the workforce objectives and which are not.

### Ensuring Strategic Flexibility for the Future

Successful HRP helps increase **organizational capability**—the capacity of the organization to continuously act and change in pursuit of sustainable competitive advantage.

- Flexibility can be achieved in two primary ways:
  - **Coordination flexibility** occurs through rapid reallocation of resources to new or changing needs.
  - **Resource flexibility**, on the other hand, results from having people who can do many different things in different ways.

## FINISHING CLASS

- Use *Case Study 1: Staffing, Down to a Science at Capital One* on page 74 to generate a discussion of how planning occurs at Capital One. See the solutions below in Notes for End-of-Chapter Case Studies.
- Review the learning objectives.
- Create a multiple-choice style quiz based on the lecture material to reinforce learning. Use clickers if they are available.
- Ask students to respond to a Discussion Question to present to the class the following week
- Provide students with a ‘one-minute’ paper and ask them to respond to the following questions: (1) What is the most important thing I learned today? (2) What question do I have that is left unanswered? Collect the one-minute papers and take up any unresolved issues in the following class.
- Provide each student with a sticky note and ask them to write down anything that was unclear to them in class, or if there are any unanswered questions. Use this as a basis for discussion on the online discussion board for your class



## Additional teaching resources

### Recommended Reading

- Baron, J.N., & Kreps, D.M. (1999). Consistent human resource practices. *California Management Review*, 41(3), 29–53.
- Bowen, D.E., & Ostroff, C. (2004). Understanding HRM-Firm performance linkages: The role of the ‘strength’ of the HRM system. *Academy of Management Review*, 29(2), 203–221.
- Kotter, J. (1995). Leading change: Why transformation efforts fail. *Harvard Business Review*, 50–67.
- Pfeffer, J. (2005). Seven practices of successful organizations. In W.L. French, C.H. Bell, & Zawacki, R.A. (Eds.). *Organizational Development and Transformation: Managing Effective Change*, pp. 460–479.
- Sheehan, N.T. (2006). Understanding how resources and capabilities affect performance: Actively applying the resource-based view in the classroom. *Journal of Management Education*, 30(3), 421–430.
- Ulrich, D. (1991). Using human resources for competitive advantage. In R. Kilmann, I. Kilmann, and Associates (Eds.). *Making Organizations Competitive*. San Francisco, CA: Jossey-Bass.

### Answers to End-of-Chapter Discussion Questions

1. *Identify the three key elements of the HRP model and discuss the relationships among them.* The three key elements of the HRP model are (1) employment forecasting, (2) supply analysis, and (3) balancing supply and demand considerations. Employment forecasting estimates the numbers and types of people needed to meet organizational objectives. Supply analysis then determines if the numbers and types of people needed are available either externally or internally. The final step in HRP is to balance the required number of employees with those available. If inconsistencies exist, changes in the staffing requirements may be needed.
2. *What environmental forces influence the future of community colleges and universities? List these and discuss the implications for the demand for faculty.* These environmental forces include the following: economic factors, including general, regional, and global conditions; industry and competitive trends, including new processes, services, and innovations; technological changes, including information technology, innovations, and automation; government and legislative issues, including laws and administrative rulings; social concerns, including childcare, eldercare, the environment, and educational priorities; demographic and labour market trends, including age, composition, and literacy.
3. *Think about an organization that you know well. Place the employees of this organization into the following categories: strategic knowledge workers; core employees; supporting workers; and partners and complementary skills workers.* Strategic knowledge workers tend to have unique skills that are directly linked to the company’s strategy and are difficult to replace; they typically are engaged in knowledge work that involves considerable autonomy and discretion. Core employees have skills that are quite valuable to a company, but are not particularly unique or difficult to replace. Supporting workers typically have skills that are of less strategic value to the firm and are generally

available in the labour market. Partners and complementary skills have skills that are unique, but frequently are not directly related to a company's core strategy.

4. *Which approach do you think should be relied on more heavily for strategy formulation—the quantitative or qualitative approach?* The quantitative approach is a top-down approach directed toward the needs of management. Specialists who are trained in the application of statistical and mathematical techniques use it. This approach is concerned with employees as numerical entities and attempts to reconcile the supply and demand for human resources in the light of organizational objectives. The qualitative or behaviourally oriented approach is a bottom-up approach directed toward the needs of employees. It utilizes the input of the practitioners skilled in counselling and development techniques and is concerned with employees as individuals. The focus is on their performance appraisal, promotability, and career and management development. A chief concern of this approach is that of reconciling the interests, abilities, and aspirations of individuals with the needs of the organization.
  
5. *Research In Motion (RIM) is an interesting Canadian business story. From its website and news articles, try to articulate its corporate strategy. Compare it to the corporate strategy of Tim Hortons.* In 2012, RIM laid off approximately 5,000 employees and hired external consultants to help them reshape their strategy. Hence, they are likely employing a 'turn-around' strategy. Tim Hortons, on the other hand, is likely using an incremental growth strategy as they broaden their product mix, and international growth as they continue to move into the U.S. market.
  
6. *During this course, there will be news about an organization needing to reduce the workforce by thousands of employees. What are the options? What are the advantages and disadvantages of each option?* Supply considerations involve determining where and how candidates with the required qualifications can be found to fill a firm's vacancies.

	<b>Advantages</b>	<b>Disadvantages</b>
<b>Restrict hiring</b>	Allows the organization to retain a skilled workforce and lessens the financial and emotional impact of a full layoff, and at the same time reduces the costs of production	Slow
<b>Reduce work hours</b>	Allows the organization to retain a skilled workforce and lessens the financial and emotional impact of a full layoff, and at the same time reduces the costs of production	Employees may not be satisfied with this option, as they may not earn a sufficient amount to pay for their own cost of living.
<b>Layoffs</b>	Remove full layers of a hierarchy at once; quick	Often decisions are based on seniority or ability. If seniority, less competent people may be laid off versus less competent; may have detrimental effect on women who have less seniority
<b>Attrition</b>	Allows the organization to retain a skilled workforce and lessens the financial and emotional impact of a full layoff	Slow

<b>Early retirement</b>	Wage bill will go down, as more senior individuals are normally paid more; makes room for younger employees to grow	May lose the talent and memory of older workers; bottom-heavy hierarchy may mean a loss of leadership
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7. *Imagine that you are president of the HR student association at your school. You want to measure the success of the association during your term. What metrics would you use? What benchmarks would you use?* In order to evaluate my performance, I need to establish a set of parameters that focus on the “desired outcomes” of my strategic planning, as well as the metrics I will use to monitor how well the association delivers against those outcomes. My metrics may include the number of events held by the association, the number of students who register and attend the events, the level of student satisfaction with the events, the number of students who go to our website, the number of members, the number of external organizations that support the HR association, and so on. I would use other student associations as benchmarks (e.g., accounting student association), or an HR association at another university.

## HRM Experience: Customizing HR for Different Types of Human Capital

- Andrea would be considered a core knowledge worker and hence need more autonomy than other employees. The company should invest in Andrea in terms of training. Compensation should not only be tied to her own performance, but to the company’s as well.
- Calvin is strategically valuable to the firm but does not possess skills and knowledge that are unique to the firm. Thus, the company should create a more symbiotic relationship, with less investment in training, more personal compensation, and performance based on personal sales.
- Evelyn has skills that are neither highly valuable nor unique to the company. Thus, a more contractual relationship is probably more beneficial to the company and to her. This way, both parties are less obligated to one another.

## Notes for End-of-Chapter Case Studies

### Case Study 1: Staffing, Down to a Science at Capital One

1. *Why do you think it is important for Capital One to calculate the “disengagement” factor of its employees when it comes to workforce planning?* No amount of quantitative HR planning is likely to be on target if a firm does not have a grip on how engaged its current workforce is. HR managers can attempt to measure this via employee engagement surveys.
2. *What merits do you see to breaking down the planning process by business units through multiple layers of leaders? Do you see any drawbacks of doing so?* Breaking the planning process down to the lowest level business manager is ideal because in complex organizations such as Capital One, these managers are likely to have a better idea of which jobs and people are critical than a high-level manager might. In addition, each manager is also likely to have a better idea of what the “endgame” for her unit should be. Breaking the process down to lower level managers is likely to be somewhat less useful

in simple, or small, businesses in which top level managers have a good understanding of all of the HR “pieces of the puzzle” and the business’s ultimate “endgame.”

### **Case Study 2: Matching Talent with Tasks: Dole Implements Succession**

1. *Why do you think companies like Dole need succession planning?* As companies merge and go global, it becomes harder for them to keep track of their many employees and their talents that could be utilized in different divisions. Without an inventory of that talent, qualified employees can get “lost in the system,” never promoted, and perhaps quit. That increases a company’s hiring costs, but it also seriously affects its ability to stay competitive with firms that do have good succession-planning mechanisms in place.
2. *Do you see any disadvantage of “automating” succession planning?* A disadvantage could occur if the automated succession planning becomes the main criteria for employee advancement. Rather, managers should use the automated tool as a way to expand their “known” talent pool of employees qualified for advancement. The ultimate advancement decision, however, needs to be left to the discretion of people, not software or computers.