

# Guidance for Change Management in the Federal Workforce

*Accelerating the Gears of Transformation*



IT Modernization

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## INTRODUCTION

Under the guidance of [M-17-22](#) “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce,” Federal agencies are reevaluating how to conduct operations, leveraging technology and automation, reshaping themselves to achieve those goals, and transforming their approach to human capital resources in order to most effectively and efficiently serve the American people.

During the reshaping evaluation process, agencies are considering organizational options including:

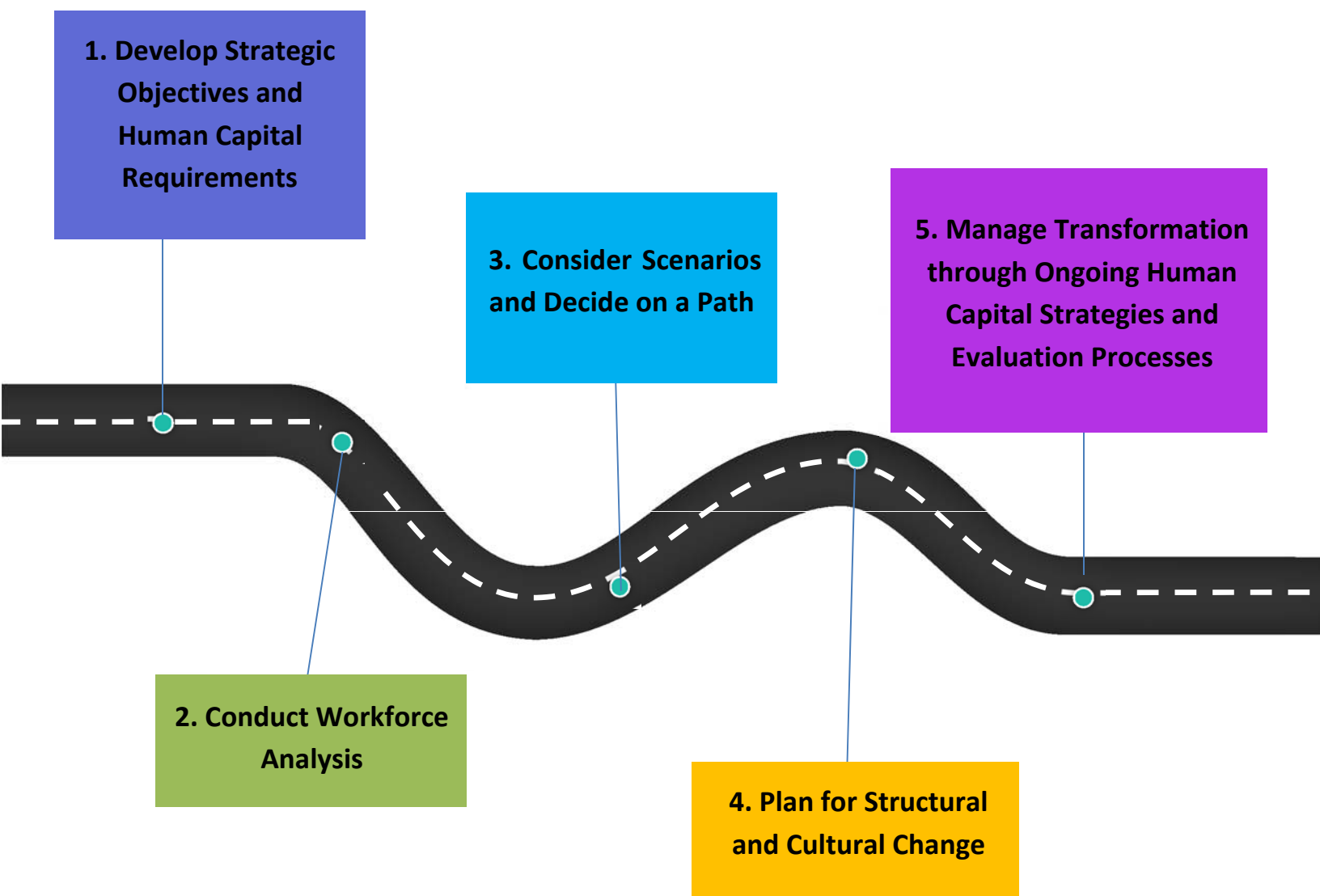
- Streamlining similar or related functions,
- Eliminating non-core functions (to the extent permissible by law),
- Separating strategic from operational lines of work,
- Improving coordination and information sharing relationships between functional areas and refining business processes,
- Redefining the purpose of headquarters operations and the relationship between headquarters and field operations, and
- Supporting program areas by centralizing mission support operations or leveraging government-wide solutions for support services including shared service centers and external service providers.

To achieve the necessary changes, current Federal workers may be reskilled and redeployed across functional lines, across geographic space or both. The desired outcomes may include cost savings, improved service delivery and program outcomes, and improved customer service. But this evaluative process also has the potential to fundamentally change the way the agency views staff, skills and the human resources management processes that are required to support its performance objectives.



## CREATING CHANGE

To assist agency leaders in determining a strategic direction, the following set of steps outline a process to facilitate a successful physical and cultural transition for the workforce. Many of these steps mirror the [OPM Workforce Planning Model](#), but also factor in important decision points to approach transformation and manage change.



## Transformation Team

The success of any corporate restructuring or relocation project depends upon the close coordination of many key contributors including:

Agency Leadership: Top agency officials, including the leaders of major program areas, often set the tone for change by outlining the goals and defining the operational needs to maintain program operations and provide services to customers.

CxO Council Members: These C-suite leaders of support functions including the Chief Human Capital Officer, Chief Information Officer and Chief Financial Officer provide critical feedback to operationalize the strategic vision for change and effect the desired transformation.

General Counsel: Consultation with agency counsel provides valuable advice to assist the agency in meeting its legal obligations while transforming the way missions are delivered.

Human Resources Consultation: Transformations that impact the workforce will be guided by Human Resources to provide important workforce data to base decisions upon, recommend human capital solutions, and track progress towards the new structure.

## Key Resource Documents

The documents listed below form the basis for change and serve as resources in the steps that guide the path to change.

Agency Reform Plan, Strategic Plan and Supporting Metrics: Together, these documents outline the desired objectives and outcomes that agency leaders are working towards between in the upcoming fiscal years.

Budget, Acquisition, IT and Staffing Plan: These plans detail how financial and human capital resources will be used to achieve strategic goals and meet its performance objectives.

Human Capital Operating Plan (HCOP): The annual HCOP specifies how human capital functions like hiring and training will be utilized to fulfill agency mission requirements.

## 1. Develop Strategic Objectives and Human Capital Requirements

When contemplating significant changes like restructuring, relocation and reskilling, the initial impetus for change may already be defined in agency planning and performance documents, such as new goals in the agency strategic plan or shifting budget requirements in budget documents. However, many other internal and external factors will influence the implementation of any change effort. Before drafting an action plan for change, further exploration of these drivers and how they interrelate will clarify the agency's vision for change with a strong focus and specific objectives.

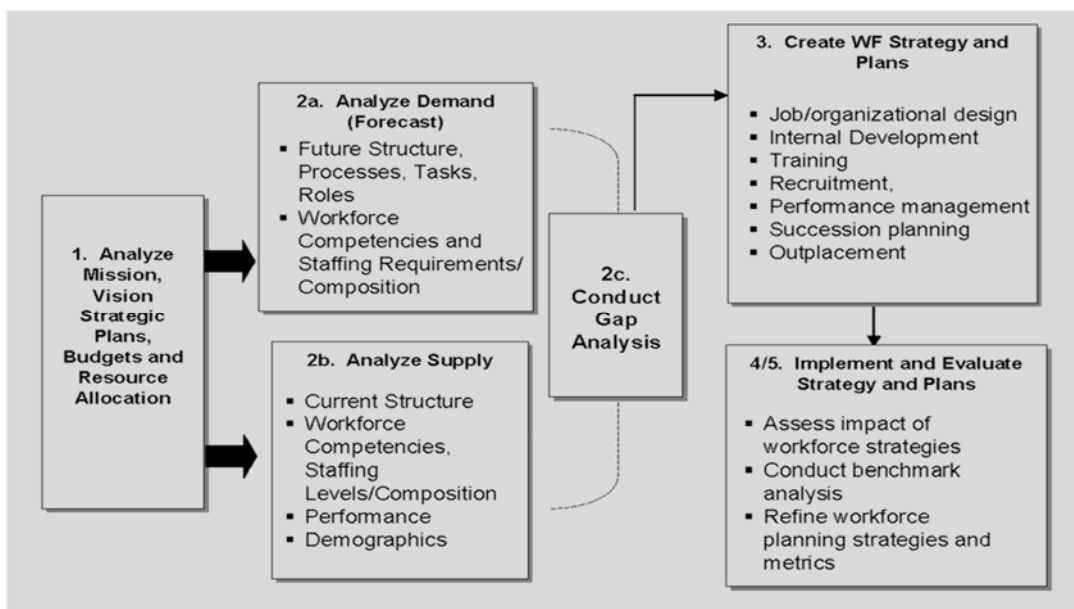
To prepare, the transformation team of agency leaders and strategic partners (including executive leaders, information technology leaders, financial/budget leaders and human resources leaders) will need to gather more information and conduct additional research on the driving forces through the use of surveys, strength-weaknesses-opportunities-threats (SWOT) analysis, forecasting, trend analysis, and interviews with internal and external

### Internal Factors

- Changes to business plans,
- Budget changes,
- Planned capital enhancements to technology,
- Servicing arrangements,
- Organizational performance, and
- Customer feedback

### External Factors

- Predictions about the demand for services,
- Societal changes,
- Labor market forces, and
- Technological innovations



stakeholders. This research and initial analysis is also the first step in the [workforce analysis process](#). The subsequent steps will use this rationale for change to identify new requirements, create a baseline assessment of human capital resources, and identify the gap between the supplied and needed resources. Additional human capital plans and strategies may be needed to address these concerns.

### Key Questions to Develop the Strategic Vision Forward

- Is a process in place to coordinate with all key stakeholders in the transformation effort?
- What is the agency's strategic direction for the short-term (1-3 years) and long-term (4-5 years)?
- How well-positioned is the agency to adapt to change (e.g., increase/loss of partners, budget, programs, etc.)?
- What are the agency's top organizational strengths and challenges?
- What emerging challenges exist in the following environments?
  - Economic
  - Social
  - Technological
  - Environmental
  - Legislative
- What are the agency's anticipated sources of program funding for the next 1-3 years?
- What program changes are expected over the next 5 years? What will drive these changes?
- Are business and program plans aligned to the agency's mission and strategic direction?

## 2. Conduct Workforce Analysis

The second step of the [workforce analysis process](#) is to identify the human capital already at work to meet organizational goals. With the support of Human Resources staff, agency leaders can develop and use [human capital analytics](#) to get an initial assessment of the current workforce and the organizational structure in order to better understand their human capital and identify places for necessary changes. Sources of data may include:<sup>1</sup>

- Personnel data,
- Position descriptions and job analysis,
- Focus groups and workshops,
- Federal Employee Viewpoint Survey (FEVS) and other surveys,
- Competency assessments,
- Subject matter experts, and
- Process maps of organization functions and interdependencies.

This information will be used to create workforce metrics that can be used in subsequent steps to identify concerns and design an effective and efficient organization, such as:

- Position information: occupations (including whether it is mission-critical), grade level, full performance level, geographic location, supervisor ratios
- Current and projected employment trends: headcount, retirement eligibility, separations, hiring, retention rates
- Competency assessments

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<sup>1</sup> M-17-22, Appendix 6: Data Sources includes a useful list of reference materials agencies should refer to during this step

## Key Questions to Evaluate the Workforce

- Is the agency achieving goals and objectives? If not, why? What functions can be consolidated or performed through other mechanisms like private sector contracts?
- Does the agency have an overarching workforce strategy?
- What workforce metrics are tracked? Are these metrics reviewed quarterly with key agency stakeholders as a part of the agency performance management process?
- What do the retirement and turnover trends reveal? How will organizational performance be impacted by attrition and/or retirements?
- What talent is mobile and able to move across organizational lines to new functions and roles?
- What are the results from the FEVS? What are the areas of strength? What challenges are revealed and how are these issues being addressed?
- What employee development efforts are in place to maintain employee skills and develop competencies to address future agency challenges?
- What knowledge transfer efforts are in place to capture institutional knowledge?



### 3. Consider Scenarios and Decide on a Path

In many cases, agency leaders will need to select from a variety of possible solutions that could each lead to the same desired objectives. The active participation of all transformation team members is required to thoughtfully consider and analyze these competing options to further evaluate the internal and external factors identified in the first step, evaluate the impact of transformation approaches and decide on the best path forward. [Scenario-Based Workforce Planning](#) is an approach that guides transformation team members through a set of steps to test their initial workforce analysis results by:

- Envisioning possible and plausible future conditions,
- Shifting their thinking about the external environment,
- Considering how future conditions will affect their organization,
- Thinking of alternative responses,
- Imagining the consequences of actions and decisions,
- Developing long-range plans and contingency plans,
- Assessing ramifications for workforce and competency requirements,
- Developing skills gap closing strategies, and
- Developing anticipated budgeting requirements

To prepare, participants may need to enhance the strategic guidance and workforce analysis developed in the first two steps of the process with additional information on the driving forces involved through surveys, strength-weaknesses-opportunities-threats (SWOT) analysis, environmental scans, forecasting, trend analysis, and interviews with internal and external stakeholders. Extensive research and the incorporation of multiple points of view is critical to challenge status quo ways of thinking and create a realistic view of how these factors will impact the implementation of any planned change.

Scenarios may be used to weigh choices regarding organizational design, position management and position classification. A carefully designed position structure will facilitate the goal of successfully carrying out the organization's mission or program objectives with the right blend of employee skills and work assignments. Organizational design controls the flow of leadership, information and processes across functional boundaries. Authority, autonomy, centralization and specialization of work are all important factors at play. Technological changes also may influence organizational structures. Improvements to communication and collaboration options are removing divisions between a geographically distributed workforce and redefining options for traditionally headquarters and field functions.

Sound position management strikes a logical balance between employees needed to carry out the major functions of the organization, as well as those needed to provide adequate support, between professional employees and technicians, between fully trained employees and trainees, and between supervisors and subordinates. The need for and size of groups and teams should be based upon a sound analysis of the supervisor's span of control (i.e., supervisor-to-employee ratio) and the costs and the benefits of the resulting structure in regards to meeting organizational requirements.

When considering restructuring options that include relocation, transformation team members will want to look at a variety of considerations including:

- Local labor force, local economic factors and employment trends that will impact the recruitment of candidates,
- Educational pipeline and availability of skills for mission critical occupations (such as talent hubs for key occupations),
- Pay rates according to geographic area and occupation,
- Relocation costs,
- Desirability of work and geographic location,
- Availability of suitable real estate and options cost sharing arrangements such as for shared facilities or campuses,
- Organizational environment and culture,
- Which existing staff will transfer and whether they will accept the relocation opportunity,
- Success to recruit candidates to fill positions,
- Ability to maintain performance standards including quality of products and services,
- Opportunities to retrain or train up existing staff, and
- Knowledge management and organizational learning options.

The resulting evidence-based analysis<sup>2</sup> allows agency leadership and other stakeholders to work collaboratively to strategically and methodically choose the best path to achieve the desired objectives and begin to plan ways to prepare the workforce for the transition ahead. Through this process, the final path selected will have been tested to satisfy a variety of likely future conditions.

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<sup>2</sup> M-17-22, Appendix 7: Building and Using a Portfolio of Evidence to Improve Effectiveness outlines approaches to generate and implement evidence-based agency reform efforts as well as improve the use of data and metrics in agency decision-making processes.

## Key Questions to Evaluate Possible Scenarios

- What impact would this scenario have on the agency's work in the future?
- What activities would cease?
- What outputs would be affected by this change? Are there alternate methods to deliver those outputs?
- How will changes in the scenario affect:
  - Agency mission, values and goals?
  - Agency performance?
  - Organizational climate?
  - Organizational structure?
  - Attrition?
  - Recruitment?
  - Workflow?
  - Use of technology?
  - Job design?
  - Mission critical occupations or roles?
  - Mission critical competencies or skills?
  - Requirements of agency leaders and managers?
  - Clients, customers and stakeholders?
  - Geographic location of the workforce?
  - Security and real estate requirements?
- What vulnerabilities have been revealed? What risk management strategies and contingency plans are needed?
- What talent sourcing strategies (shared services, long-term or temporary appointments, etc.) can be used to align workforce and business strategies? What full-time equivalent (FTE) staffing levels and personnel costs are required to support the proposed change?
- What additional information is required to further evaluate this option?
- What leading indicators or signposts could the agency use to monitor changes in the agency, industry, and operating environment as early indicators of what changes are unfolding over time?
- How can the organization supply the workforce needed?
- After considering each scenario and their implications, what general actions would be recommended by agency stakeholders?

## 4. Plan for Structural and Cultural Change

To implement the selected option to restructure the agency, a detailed transformation plan must be created to bridge the gap between the current workforce analysis and the requirements of the desired end state. The collaboration of all transformation team members is required to design a realistic and complete plan for change. This plan should include:

- The objectives the organization seeks to accomplish with the change,
- The new business environment,
- The current and future business processes that take advantage of technology and the availability of shared services,
- A workforce plan that addresses competency and staffing gaps through reskilling and recruiting and hiring,
- Plans to update the HR infrastructure,
- Updated Human Capital Operating Plans including hiring, onboarding and training approaches,
- A detailed transition timeline that is agreed to by stakeholders including forecasted goals for time to productivity and set expectations for building organizational capacity and scaling up operations,
- Change management plans including rollout, communications, and stakeholder management
- Risk analysis and a plan to mitigate potential risks, and
- An evaluation mechanism to track transition progress and issues that need to be addressed.

At times, an analysis of the workforce may reveal the need for new skills and types of work, the need for fewer or more positions in different places throughout the country, and the need to design new ways of working to leverage technology. Reshaping processes are used to align the workforce with current or anticipated requirements and transition to the new structure.<sup>3</sup>

### ***What are Reskilling and Upskilling?***

**Reskilling** is training individuals who have shown they have the aptitude to learn in a completely new occupation.

**Upskilling** is training individuals in the same occupation but in new ways. (i.e., if automation overtakes certain job duties, training that individual in new work that has more value to the organization, but they are still in the same occupation).

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<sup>3</sup> M-17-22, Appendix 8: Workforce Reshaping Case Studies profiles several recent agency reshaping efforts.

## OPM.gov/Reshaping

[OPM's website](#) provides detailed resources to plan the reshaping process and support the workforce during periods of transition



Successful transformation planning efforts should address both structural changes and cultural changes. Transformational efforts may be complicated by merging organizational cultures as well as ways of doing business. The annual FEVS is designed to be a useful tool that agency leaders, managers, and supervisors use to collect employee feedback and identify ways to improve their organization. Detailed reports are made available for even small organizational units, provided there are at least ten respondents, and the [UnlockTalent.gov](#) dashboard includes interactive visualizations of the data.

Employee engagement is a key driver of overall agency mission success. The Employee Engagement Index results can be used to compare organizations that perform similar functions. Through a partnership between agency leaders at all organizational levels and human resources staff, steps should be implemented to address employee morale and organizational health issued by the survey results. Consistent change efforts achieved by instituting initiatives tailored to the organization's unique situation and the needs of employees can significantly improve the culture of an organization. Changes large or small, agency-wide or team-level all make an impact.

### Workforce Reshaping Plays

There are four primary plays to reshape your workforce:

- **Restructure**
- **Resize**
- **Reskill**
- **Recruit and Hire**

Typically, these plays are used in combination to create a comprehensive transition strategy. For an overview of these plays, see the [Workforce Reshaping Executive Playbook](#).

## Key Questions to Develop the Transition Plan

- What kind of human capital processes will be necessary to achieve the desired changes (Reassignments, Change in Duty Station, Transfer of Function, Reduction-in-Force, Abolishment, etc.)?
- Has a communication plan been designed to communicate the reason for change and provide the workforce with transparency regarding the reform process? Do employees know where to go to get more information and assistance?
- Do the transformation plans received appropriate legal review? Do they incorporate any relevant collective bargaining obligations?
- Has the organization established an integration process that creates a governance process that includes all key stakeholders? Does the transformation plan have stakeholder buy-in?
- Have metrics been established that will assess whether or not the agency is meeting its objectives?
- What is the best way to structure these reshaping options to achieve the desired results?
- Will a multi-phased approach be necessary as the transformation team evaluates progress and reevaluate approaches?
- What are the timelines or important milestones during the transformation process?
- What types of employees will be impacted by this change (e.g., General Schedule, Senior Executive Service, Presidential appointees)? What are the special considerations that apply to each type of employee?
- What are the options for employees who decline relocation due to transfer of function, reassignment, realignment or change of duty station? Are there placement opportunities within the rest of the organization?
- Will relocation incentives be required for General Schedule or Senior Executive Service employees?
- What staff is essential to retain at the current location leading up to the closure or relocation of an organization or facility? Will retention incentives be necessary to retain this staff?
- What options exist to reskill or upskill staff for new opportunities?
- How will skills be transferred between existing and new staff?
- What plans are in place to begin recruiting and hiring in the new geographic area?
- Does the agency have an effective performance culture to create employee engagement and power results during times of change?
- Do position descriptions reflect the current technology available to assist with work functions?

## 5. Manage Transformation through Ongoing Human Capital Strategies and Evaluation Processes

Change occurs over time. To sustain progress, transformational change efforts should be woven into the broader framework of an agency's human capital plans and evaluated routinely. The [Human Capital Framework \(HCF\)](#) under [5 CFR 250 subpart B](#), defines and integrates four strategic human capital systems (Strategic Planning and Alignment, Talent Management, Performance Culture, and Evaluation) to provide comprehensive guidance for planning, implementing, and evaluating strategic human capital management in Federal agencies. Implementation of the framework will result in improved outcomes for human capital programs that enable the accomplishment of agency mission objectives.

OPM further defines standards, under 5 CFR 250 subpart B, as consistent human capital management practices that agencies strive to achieve in each of the four HCF systems. There are a total of eleven standards, distributed as three standards per system, with the exception of two standards for the Evaluation system.

Focus areas identify the specific areas of human capital management that agencies may need to focus on to achieve the standards for a given HCF system. In total, the HCF identifies twenty-one possible focus areas, as depicted below. Agencies have the autonomy to select the focus areas that will lead to the best outcomes.

### HCF System Focus Areas



#### Strategic Planning

- Agency Strategic Planning
- Strategic Human Capital Planning
- HR as a Strategic Partner
- Annual Performance Planning
- Human Capital Best Practices & Knowledge Sharing
- Organizational Development
- Change Management



#### Talent Management

- Workforce Planning
- Recruitment & Outreach
- Employee Development
- Leadership Development
- Retention
- Knowledge Management



#### Evaluation

- Business Analytics
- Data Driven Decision-Making



#### Performance Culture

- Continuous Learning
- Performance Management
- Diversity & Inclusion
- Engaged Employees
- Labor/Management Relations
- Work Life

The [Human Capital Framework Diagnostic Tool](#) is an assessment to evaluate the agency's relative strengths and weaknesses in the four HCF focus areas. The resulting data can be used along with other human capital data to continue to keep strategic human capital management efforts in alignment with the agency's strategic plan and mission and provide additional details about the resources and references available to assist agency leaders.

The Human Capital Operating Plan (HCOP) is an agency's human capital implementation document which describes how an agency will execute the human capital elements stated within its Agency Strategic Plan and Annual Performance Plan. The CHCO and agency's leadership should use also the HCOP to describe how the agency will utilize its human capital resources to execute tactical plans under each of the four HCF systems in order to further its strategic objectives and meet its performance goals. The HCOP sets the agency's strategic human capital direction and communicate how best to implement that direction and stay on track with the changing needs of the agency and its workforce. The annual process to review and revise the HCOP is an opportunity to evaluate and change the strategic and tactical direction of how an agency is managing its workforce and meeting human capital objectives.

With any change management process, ongoing [evaluation](#) is critical. The Human Capital Evaluation Framework outlines an effective three-pronged evaluation mechanism that can help to evaluate human capital management processes including large-scale transformational efforts including:

- Quarterly data-driven HRStat discussions (jointly lead by the CHCO and Performance Improvement Officer) to monitor performance measures, milestones, and metrics contained in the HCOP and make updates to plans,
- Independent audits designed to review all human capital management systems and select human resources transactions to ensure efficiency, effectiveness, and legal and regulatory compliance, and
- Human capital reviews conducted by OPM to assess an agency's design and implementation of its HCOP, independent audit, and HRstat programs to support mission accomplishment and human capital outcomes.

Frequent ongoing discussions enable CHCOs to update other agency leaders about the status of human capital implementation activities such as transition plans and work proactively with other leaders and CxO Council members when results or outcomes are not achieving desired outcomes and make course corrections ahead of the next evaluation. By reviewing health of the four HCF systems, important lessons can be applied to guide continued progress on transition efforts. These sustained efforts help agency leaders to deepen their understanding of how human capital policies and programs can support the agency's mission and performance objectives.



## Key Questions to Evaluate Human Capital Transition Plan Progress

- Do stakeholders meet periodically to track progress and milestones? What updates are executives such as the Chief Human Capital Officer, Chief Financial Officer and Chief Information Officer expected to provide at each meeting?
- How is the transition schedule tracked? How are concerns about progress reported to the rest of the leadership and transformation team?
- How is employee and customer feedback tracked? How is this feedback informing the transition process? Are adjustments needed?
- How is the agency performing against performance measures/metrics identified in the HCOP?
- What are the agency's greatest human capital risks and vulnerabilities? How can those risks be mitigated?
- Are there any changes to the operating environment that offer new opportunities (such as change in agency leadership, strategic direction, program priorities, budget, legislation, etc.)?
- Were the expected outcomes achieved?
- Has anything new happened that might influence the plan, schedule or budget? If so, what changes are necessary to respond?
- Are the right metrics being tracked? Is additional data needed to monitor progress and measure success?
- Do the strategies outlined in the HCOP address the human capital concerns during the transition?

