

**City of Minneapolis  
Human Resources Department  
Business Plan**

**May 24, 2004**

## Executive Summary

### Process

This Business plan was developed by the Human Resources Business Planning Team. The team consisted of members of the Human Resource leadership team and professional staff. The Business Planning Handbook was used as a guideline during the process.

### Relationship of Business Planning to HR Reform

Prior to the rollout of the Business Planning Process, HR had embarked on two major improvement projects, HR Reform I and HR Reform II. These initiatives have helped HR to align itself with key City Goals and to focus on continuously improving its support of City Goals. The Business Planning Process is viewed as a continuation of this strategic alignment.

The resulting initiatives identified in the current business plan will require a corresponding transition in how City department managers and supervisors view their roles as they relate to leading and developing staff as well as improving organizational effectiveness in departments.

Some city departments utilize HR's resources in partnership with their own leadership to help the department achieve its business plan and leverage its human resources whereas other departments have a more transactional and process oriented relationship. By strengthening the partnership with department heads, developing the leadership and human resource management skills of managers and supervisors, and by improving key HR processes, HR will play a strategic role in helping the City to leverage increasingly scarce resources in order to achieve City Goals.

### Mission Statement

***“The mission of the Human Resources Department is to strategically partner with City departments to hire, develop and retain an excellent workforce”***

### **Primary Business Lines**

The Minneapolis Human Resources Department has identified five primary business lines:

1. Provide learning opportunities for managers, supervisors and employees to maximize their development and minimize organizational risk.
2. Ensure employees have competitive compensation and positive working conditions while minimizing the City's exposure to liability.
3. Manage and provide HR information to City, Independent Boards and Agencies for decision-making purposes.
4. Assist departments in designing and developing their organization.
5. Provide the City, Park & Library Boards with the timely opportunity to hire diverse, competent employees.

### **Alignment with City Goals**

The HR Department has reviewed its alignment with City Goals and has varying degrees of alignment with and influence on six of the eight city goals. Most significant is our alignment with the city goal designed to strengthen City government leadership and enhance community engagement. All of our business lines have a direct influence in achieving this goal.

### **Significant Trends and Challenges Impacting the Department**

To continue on this path, we will need to address the following key trends & challenges:

1. Availability of the Workforce
2. Building/Retaining a Competent Workforce
3. Diversity as a Way of Life
4. Technology (use and future role)
5. Heightened Legal & Regulatory Complexity
6. Fewer Resources, Higher Expectations

**Key Initiatives**

The HR Business Planning Team has identified the following key initiatives for implementation over the next five years. The primary goal of the business planning team was to identify initiatives that add significant value to the organization and are obtainable within the City's long-range financial forecast.

1. Develop and implement an organizational 5-year Diversity Plan.
2. Within 5 years the HR Department will have created accessible information management systems.
3. Build Manager/Supervisor capacity so that the City builds and retains a competent workforce.
4. Create an enterprise-wide strategic Human Resource function.

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## Introduction

This business Plan was developed by the Human Resources Department Business Planning Team, which included persons from all divisions within the Human Resources Department. The Planning Team used the City of Minneapolis Business Planning Handbook as a guide to conduct the process, and the initial Business Plan was completed in December 2003.

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# **SECTION ONE: DEPARTMENT OVERVIEW**

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**MISSION STATEMENT  
DEPARTMENT ORGANIZATIONAL CHART  
ALIGNMENT WITH CITY GOALS  
SIGNIFICANT TRENDS AND CHALLENGES IMPACTING THE DEPARTMENT**

## Department Overview

The Human Resources Department was created in 1987 to consolidate the stand-alone departments of Labor Relations, Employee Benefits, Training and Development, Personnel Services (“Civil Service”), and Affirmative Action. In the past 17 years, the HR Department has successfully transformed from a fractured and decentralized model of service delivery, to a centralized management system that provides coordinated human resources to city departments, independent boards and agencies.

In 1995, after realizing the centralization of core human resource services, the department undertook what is now known as “HR Reform I”. Over the course of the subsequent three years, these reform efforts resulted in a vision statement, four major goals, and fourteen objectives for improving service delivery. The accompanying work plan included expanding training for managers and employees, improving recruitment and providing more qualified applicants in a more timely manner, identifying and resolving conflicts between rules contracts and laws, implementing an integrated Human Resource Information System, creating a more flexible classification system, influencing a more hospitable work environment, and designing rewards for outstanding performance.

The most notable accomplishments during this time included the establishment of the HR Generalist pilot projects, expanded training programs, installation of PeopleSoft HRIS, consolidation of job titles and expedited job classification studies, and the creation of an ADR Program. While there was measurable progress, it also became evident that in order to continue improvement efforts, HR needed to focus resources even more keenly to provide high quality services to city departments.

In 1998 “HR Reform Phase II” began by soliciting feedback from employees, managers and supervisors about HR's progress and services. The department conducted surveys, individual interviews and focus groups that resulted in the identification of four key initiatives to focus on for the next two years.

The key initiatives in Phase II were to implement workforce planning on a citywide basis, improve recruiting, streamline staffing, and improve overall HR service delivery. Project teams were established to focus on these initiatives and performance measures and goals were implemented to gauge progress. In addition, the HR Generalist pilot project was adopted and successfully implemented citywide with HRG's assigned to every city department. HR Reform Phase II resulted in the following accomplishments:

1. The Workforce Planning Project Team substantially completed all the departmental Workforce Action Plans. A Workforce Planning Coordinator was hired and integrated into the Enterprise Services division.

2. The project team designed a program to improve recruiting that significantly increased the number of qualified applicants, particularly women and people of color, particularly for hard-to-fill positions. They did this by rewriting recruitment brochures, making several persuasive videos, and attending many community events. They created an “Affirmative Action Roundtable” of city and community representatives, which remains an active task force to support targeted recruitment efforts.
  
3. The project team formed to streamline staffing reduced the average time required to fill a vacancy from 100 days to 48 days. They also implemented the e-recruit module during the HRIS upgrade to a fully operational web-based application system, and began improving testing processes through concentrated employee training.
  
4. The project team assembled to improve HR service delivery accomplished all major milestones. A new HR structure was fully implemented and the HR Department completed and began implementing its’ own Workforce Action Plan.

In the face of consistent budget reductions, the HR Department clarified which delivered services are required by City Charter, which are suggested by state and/or federal actions, and which are discretionary services. The chart below is an overview of HR services in these categories.

Overview of Services	City Council Dept. Services	Other Agencies Services
<b>Services Required by City Charter</b>		
• Recruiting	<b>Yes</b>	<b>Yes</b>
• Testing & Selection	<b>Yes</b>	<b>Yes</b>
• Job Classification	<b>Yes</b>	<b>Yes</b>
• CSC Appeals	<b>Yes</b>	<b>Yes</b>
• HRIS (Payroll, Benefits, Records)	<b>Yes</b>	<b>Yes</b>
<b>Services Suggested by State and/or Federal Statutes</b>		
• Administer Compensation	<b>Yes</b>	<b>No</b>
• Administer Benefits	<b>Yes</b>	<b>Yes (fee based)</b>
• Negotiate and Administer Labor Contracts	<b>Yes</b>	<b>No</b>
• Affirmative Action (AA) Support	<b>Yes</b>	<b>Some</b>
<b>Discretionary Services (or services required by City Ordinance)</b>		
• Training & Development	<b>Yes</b>	<b>No</b>
• HR Management System Consultation	<b>Yes</b>	<b>No</b>
• Return to Work/Job Bank	<b>Yes</b>	<b>No</b>
• Alternative Dispute Resolution	<b>Yes</b>	<b>No</b>

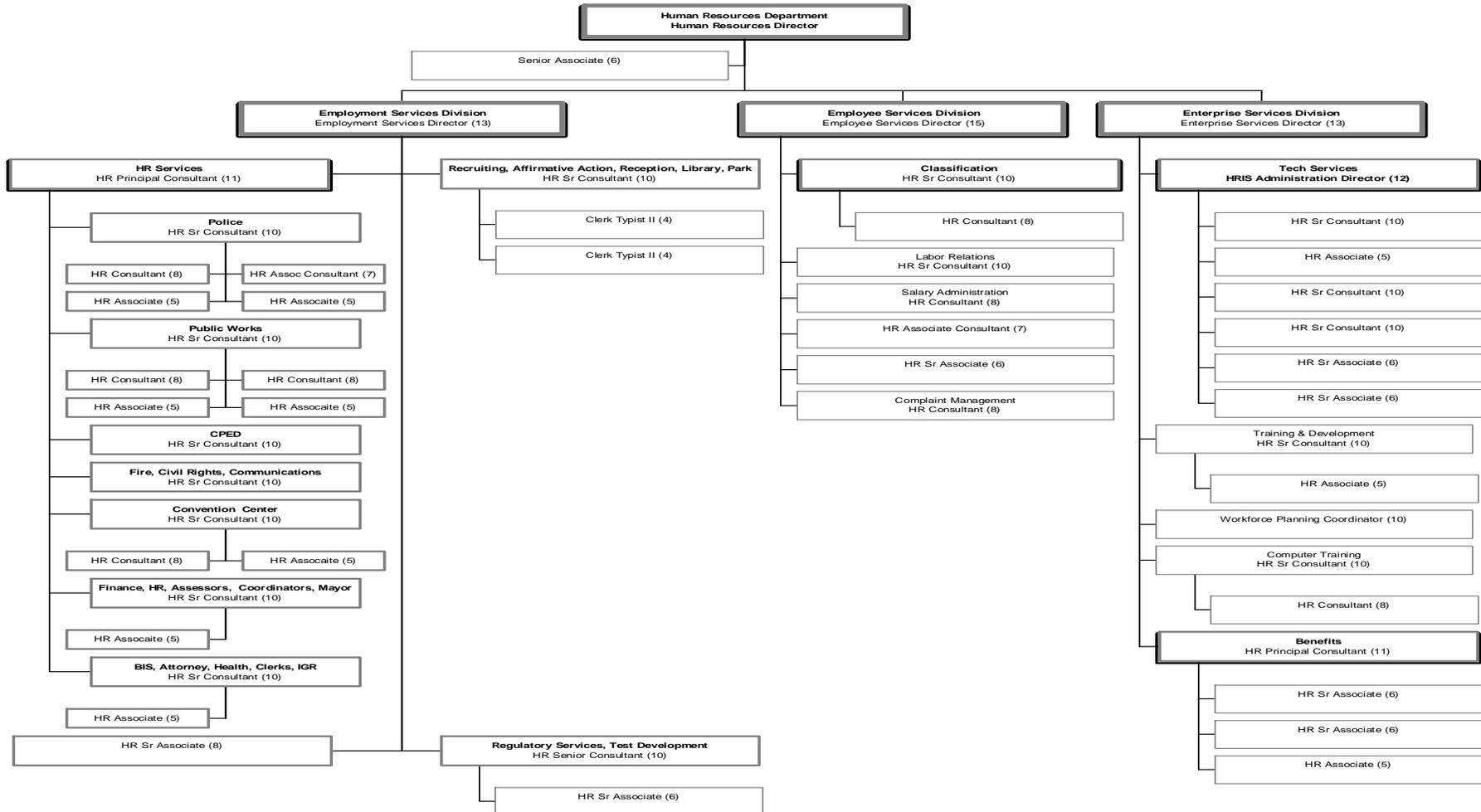
In 2003, with the help of the business planning process, the HR Department further refined continuous improvement efforts in order to realize our goal of becoming a strategic business partner with our customer departments.

### **Mission Statement**

Prior to the business planning process the mission statement of the HR Department was “to enable the city to make the best decisions about its human capital investments”. Based on our team discussions, we have developed a new mission statement that more clearly defines the purpose of our department.

***“The mission of the Human Resources Department is to strategically partner with City departments to hire, develop and retain an excellent workforce”***

## Department Organizational Chart



This is the current organizational chart for HR. We anticipate this will change as we move to implement our key initiatives.

**Alignment with City Goals**

The HR Department has reviewed its alignment with City Goals and has varying degrees of alignment with and influence on six of the eight city goals. Most significantly is our alignment with the city goal designed to strengthen City government leadership and enhance community engagement. All of our business lines have a direct influence in achieving this goal.

The HR department supports the city goals to promote partnerships to address disparities and support strong, healthy families and communities by providing sound, legal and objective human resource services, particularly in the area of selection and promotion. Our partnership efforts with neighborhood agencies and other local companies through the Affirmative Action Roundtable have resulted in increased recruitment efforts, not just for the City of Minneapolis, but also for other employers (particularly healthcare environments) who are looking to train and employ Minneapolis residents.

Our continuous improvement efforts in HR are well aligned with the city goal to deliver consistently high quality city services at a good value to our taxpayers. We reengineer processes in our own department on a regular basis in order to maximize our efficiencies.

Our partnerships with the Minneapolis Police and Fire Departments in the recruitment and selection of public safety personnel helps to support the first city goal, to build communities where all people feel safe and trust the city's public safety professionals and systems.

The alignment of the rest of our business lines to city goals is best represented in the attached chart. Where there are two relationship ratings, the number in the parentheses is our future goal.

HR Business Line Alignment to City Goals	Build communities where all people feel safe and trust the City's public safety professionals and systems.	Maintain the physical infrastructure to ensure a healthy, vital and safe City.	Deliver consistently high quality City services at a good value to our taxpayers.	Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.	Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth.	Preserve and enhance our natural and historic environment and promote a clean, sustainable Minneapolis.	Promote public, community and private partnerships to address disparities and to support strong, healthy families and communities.	Strengthen City government management and enhance community engagement.
Ensure employees have competitive compensation and positive working conditions while minimizing the City's exposure to liability.								
Manage and provide HR information to City, Independent Boards and Agencies for decision-making purposes.								
Provide learning opportunities for managers, supervisors and employees to maximize their development and minimize organizational risk.	●							
Assist departments in designing and developing their organization.								
Provide the City, Park & Library Boards with the timely opportunity to hire diverse, competent employees.		●						

- No alignment/no influence
- Some alignment/indirect contribution
- Strong alignment/direct contribution
- Desired future relationship (strong alignment/direct contribution)

## **Significant Trends and Challenges Impacting the Department**

During the environmental scan process, the department identified key issues and trends likely to impact the success of our business lines in the future. The following opportunities and challenges were identified as having the greatest strategic implications for the Human Resources Department over the next five years.

### ***Availability of the Workforce***

Many changes are expected to occur in the composition of the available workforce in the coming years. A significant portion of the Baby Boom generation is expected to retire in the next 10 years, with a smaller generation of younger workers available to fill the vacancies. As the supply of labor tightens, recruitment will become an even more critical issue for the future of the City of Minneapolis, particularly for highly skilled and technical positions. The City will need to develop strategies that will position it as an attractive employer for both potential job applicants as well as existing employees. In response to demographic changes, employers will also need to make greater use of temporary staffing solutions to fully staff key service areas. The use of non-traditional employees - retirees, contingent workers, "free agents," telecommuters - is expected to increase. A growing immigrant population is expected to expand the available labor pool, but with corresponding language, educational and cultural barriers that employers will need to address. Ensuring that the City attracts a more diverse workforce in the future may also require evaluation and change of the City's current recruiting and testing processes.

Workforce planning remains a critical component of our organizational development if the City is to attract and retain the talent needed to serve the public. The workforce planning process must be evaluated continuously and adjusted in the coming years, as changing economic and demographic conditions require.

### ***Building/Retaining a Competent Workforce***

In the soft job market of the current economy, employees are opting to stay in jobs to ensure security. In the long term, building a stable workforce will be a challenging and critical task. With an aging and retiring population, and fewer available younger workers, retention of current employees and their organizational knowledge will become an important priority.

Employees are expected to have increasingly different expectations from their employers than traditionally encountered today. Changes in family demographics will increase demands by employees for more flexible work arrangements, and a greater focus on work/life balance policies and practices.

Job security and loyalty will continue to decrease, as employees see more movement throughout their careers. This potential "knowledge drain", along with projected retirements in the Baby Boom generation, will require the City to develop succession-planning strategies to ensure workforce depth and effectiveness.

Finally, a greater focus on employee investment and development will be critical in ensuring the stability and competence of our workforce. Managers will need to recognize the importance of their role in building and retaining a competent workforce. As managers and supervisors take on greater roles in leading and developing their staff, there will be a corresponding need to build supervisory and managerial competencies in leadership and human resource management.

### ***Diversity as a Way of Life***

Minneapolis is more racially diverse than at any time in its history and the expected trend is that this diversity will continue to increase. A significant increase in the immigrant population means there are many employees of the City of Minneapolis that speak little or no English.

These changes in the racial and ethnic diversity of Minneapolis, combined with our aging workforce, will transform workplace demographics significantly. Increasingly diverse backgrounds of employees will drive the need for increased tolerance and understanding of other contributions despite differences in beliefs, cultures, communication styles, etc.

Diversity trends will also drive increased training needs for the workforce. An ethnically diverse population will require diversity awareness and appreciation of cultural differences, increased focus on bilingual communications as well as harassment and hostile work environment prevention. To succeed, the City will need to make diversity leadership an integral part of the managerial practices throughout the organization.

### ***Technology (use and future role)***

The functionality and vendor support of our current HRIS systems is expected to decline unless we are able to stay on top of system upgrades and training. In order to realize our goal of building strong managers and supervisors, efficient and streamlined processes will need to be implemented for HR transactions. As technology emerges, the human resources profession will continue to focus on reducing the cost of delivering services, particularly through web-based technology. A move to real-time management of data and increased focus on employee self-service will allow us utilize technology effectively, enhance transactional efficiency and improve customer service throughout the organization.

An increase in reliance on external hosting sites for technology services is expected to continue, providing corresponding challenges to our ability to maintain high-level customer service in the technology area.

***Heightened Legal & Regulatory Complexity***

As a profession, HR will continue to operate in an environment of increasing legal and regulatory complexity. Legislation and court rulings will continue to set industry standards, particularly in the areas of occupational safety and health, equal employment opportunity, wages, health, pension, and family leave, which ultimately will result in increasing demand for human resources, training, and labor relations expertise.

With workforce diversity constantly increasing, demand for claims investigation and defense for harassment, discrimination and hostile work environment charges are inevitable. The ability to stay on top of trends and changes in the law, while addressing related policy development, implementation, and training/reeducation issues will become an even more critical function of human resources.

***Fewer Resources, Higher Expectations***

Funding for local government will likely continue to shrink, and the demand to get more out of government at less cost will continue to put pressure on the Human Resources Department to devise more innovative and efficient methods of service delivery.

Shrinking budgets, and related workforce reductions, will likely impact the types and levels of services that can be delivered. Outsourcing will continue to be identified as a solution to the continuing trend of diminishing resources, with the potential for strain in labor/management relations resulting from the “contracting-out” issue.

Taking these trends and challenges into consideration, the HR Department will need to balance the appropriate blend of leadership consultation and education with technological resources, in order to transform from a predominantly transactional service provider to a strategic business partner with our customers.

# **SECTION TWO: BUSINESS LINE OVERVIEW**

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**PRIMARY BUSINESS LINES**

**SERVICE ACTIVITIES**

**ALIGNMENT OF BUSINESS LINES & SERVICE ACTIVITIES**

**IDENTIFICATION OF KEY STAKEHOLDERS, CUSTOMERS, AND PARTNERS**

**PRIMARY BUSINESS LINE DESCRIPTIONS**

**KEY PERFORMANCE MEASURES**

## **Business Line Overview**

The following section defines the business lines and service activities of the Human Resources Department. During the analysis of each business line, the planning team identified markets, customers and expectations, as well as the relationship of the business lines to other departments' and agencies' businesses.

### **Primary Business Lines**

1. We provide learning opportunities for managers, supervisors, and employees to maximize their development and minimize organizational risk.
2. We ensure employees have competitive compensation and positive working conditions while minimizing the City's exposure to liability.
3. We manage and provide HR information to City, Independent Boards and agencies.
4. We assist departments in designing and developing their organization.
5. We provide the City, Park and Library Boards with timely opportunities to hire diverse, competent employees.

### **Service Activities**

1. Help departments increase the racial, gender and disabled diversity within a respectful work environment.
2. Provide highly qualified, diverse candidates for employment in city departments, Park Board, and Library Board in a timely manner.
3. Negotiate and administer fair and affordable collective bargaining agreements.
4. Administer compensation and classification programs that provide for fair and equitable salaries.
5. Design and manage employee benefit plans, while ensuring compliance with all applicable laws.
6. Administer programs (ADR, RTW/Job Bank) and investigate complaints in order to assure fair and equitable treatment all employees.
7. Conduct workforce action planning with each operating department.
8. Provide employees and supervisors with training that develops enterprise competencies needed to perform their jobs.
9. Use information technology to insure ease of access for up-to-date applicant and employment records and management reports.
10. Provide consulting services to city council departments on strategic and operational HR-related issues.

### Alignment of Business Lines & Service Activities

Note: This chart can be viewed using the business lines and service activities listed on the previous page.

		HR Service Activities									
		1	2	3	4	5	6	7	8	9	10
HR Business Lines	1	Some	Some	Strong	Strong	Strong	Strong	Some	Some	Some	Strong
	2	Some	Strong	Some	Strong	Strong	Some	Strong	Desired	Strong	Desired
	3	Desired	Some	Some	No	Some	Some	Strong	Strong	Desired	Strong
	4	Strong	Strong	Some	Strong	Some	Some	Strong	Strong	Desired	Strong
	5	Strong	Strong	Some	Strong	Some	Some	Desired	Desired	Strong	Strong

#### Strength of Relationship

- No relationship
- Some relationship
- Strong relationship
- Or  Desired future relationship (some or strong relationship)

## Key Performance Measures

The Business Planning Team has identified the following key performance measures for the next five years:

### 1. Increase the racial, gender, and disabled diversity in the city workforce.

- Percentage of women, people with disabilities and people of color on eligible lists will be increased by at least 2%.
  - *Budget Impact: HR recruitment efforts would be reduced.*
- Over the next 5 years, HR will champion an effort to help departments and hiring managers increase the percentage of EEO classified employees in the City's workforce by 1% per year, resulting in a workforce composed of 35.3% women, 10.2% people with disabilities and 25% people of color.
  - *Budget Impact: Limited hiring by departments may challenge the organization's ability to increase representation to these levels.*

### 2. Partner with departments to create a respectful work environment.

- 55% of arbitration hearings found in favor of the City, realizing a 5% gain over the next 5 years.
  - *Budget Impact: Reduction in HRG teams may negatively impact this goal.*
- Decrease average investigation time by 50% to 60 days.
  - *Budget Impact: Duration of investigations may increase over 5 years as a 20% reduction in staff is realized.*

### 3. Provide highly qualified candidates for employment.

- Realize a decrease of 33.77 days (49.1%) in time required to create an eligible list provided "rule of the list" prevails and job bank as well as layoff list eligible positions are excluded. This reduction would result in an average of 35 working days.
  - *Budget Impact: Time required to fill vacancies may increase due to staff reductions.*
- Achieve an average score of 4.57 (5.0 scale) on customer satisfaction surveys for staffing function, a 5% increase.
  - *Budget Impact: Anticipated reductions in service may negatively impact customer ratings.*

### 4. Negotiate and administer fair and affordable collective bargaining agreements.

- All collective bargaining agreements are 100% within the guidelines established by the Executive Committee.

**5. Develop and administer compensation and classification systems that provide for fair and equitable salaries.**

- Complete reclassification requests in an average of 20 calendar days, reducing the standard by 66% (currently 60 days).
  - *Budget Impact: Reduction in HRG teams may require keeping standard at 60 days.*
- New salary schedules are within 4% of the City's internal pay equity line.

**6. Design and manage employee benefits plans.**

- All City benefit packages are within 18% health care cost cap.
- Complete and implement the findings of cost/benefit analysis of the City's elective benefit plans.
- 65% of City employees express satisfaction with the choice of benefit plans available.
  - *Budget Impact: Reduction in staff will ultimately result in less outreach and employee wellness education.*

**7. Partner with departments in Business Planning.**

- 100% of city departments have involved HR in Business Planning Process.
  - *Budget Impact: Elimination of the Workforce Planning Coordinator position and reductions to HRG Teams will result in significantly less participation in strategic planning.*

**8. Provide learning opportunities to employees, supervisors, and managers for professional and organizational effectiveness.**

- Increase average number of contact hours per FTE 20% from 3.1 to 3.7 (current contact hours exclude open enrollment training sessions).
  - *Budget Impact: This will be difficult to achieve with staff reductions.*

**9. Provide timely and accurate human resource data and information.**

- Achieve a 5% increase in customers satisfied with data/information provided by human resources to 3.1 from a current level of 2.96 (4.0 scale).
  - *Budget Impact: HR is currently striving to improve information services. Diminishing resources will pose challenges for 2004-2005.*

**10. Provide human resources consulting services.**

- Increase managers' satisfaction with support received from Human Resources by 5% to a score of 4.63 (5.0 scale). (HRG survey)
  - *Budget Impact: This score is likely to go down as HR services are reduced.*

## **Identification of Key Stakeholders, Customers, and Partners**

The Business Planning Team went through an extensive exercise in determining the key stakeholders and customers of HR services. As an enterprise-wide management system, the key stakeholders, customers, and partners for all of the HR business lines are the same.

Our primary stakeholders, at an executive level, are the Mayor and City Council. This group provides us with the direction and resources that enable us to perform our services.

The HR Department is located within the City Coordinator's Department. The City Coordinator, Chief Finance Officer, Chief Information Officer, Communications Director, Budget Director, City Attorney and Civil Service Commissioners are also primary stakeholders for the HR Department. HR partners with these departments and receives resources, direction and support of varying degrees from each. These partnerships are critical to the overall success of the organization.

The Board of Business Agents are also stakeholders. As representatives of our workforce, we partner with them in a variety of forums including labor-management committees that deal with city-wide and department-specific issues.

Our primary customers, direct users of our services, are city council departments and the independent boards and agencies. We work closely with department heads, managers and supervisors to guide them through key workforce issues. These relationships consist of mutual exchanges of support and expertise working toward the common goal of developing and implementing effective workforce and workplace decisions and designs.

City of Minneapolis employees are also customers of Human Resources. Through the development and delivery of fair and objective policies and procedures, we help to create a respectful work environment throughout the organization. We also ensure that our employees receive competitive compensation packages.

We also recognize our internal HR employees as our customers. It is through them that we are able to carry out our improvement processes. We engage them in the planning processes and create opportunities for them to be actively involved in departmental decision making.

The citizens of Minneapolis are also our customers, but not necessarily direct users of our services. HR is committed to providing the best service to citizens through our delivery of fair and objective processes. Through our effective and efficient service delivery to city departments, we are responsible stewards of resources bestowed on us by our citizens.

The customers for each of our business lines are primarily the same: managers, supervisors and employees of the City of Minneapolis (including the independent boards and agencies).

We have sought out information about our service delivery in a variety of ways over the past several years. We have obtained feedback from our customers through the use of performance satisfaction surveys at the HR Generalist and department-wide levels. We have conducted Workforce Action Planning, which provided us with critical information about needed HR services across the enterprise. In addition, we have developed annual service agreements with city departments to help us identify service needs.

## Primary Business Line Descriptions

### ***1. We provide learning opportunities for managers, supervisors, and employees to maximize their development and minimize organizational risk.***

This business line is designed to enhance the overall development and effectiveness of the city workforce. Research tells us that employees maintain loyalty to an organization most often because of sound, respectful relationships with direct supervisors and managers, and less often because of wages. This information supports our need to develop and retain highly successful managers and supervisors, a key initiative within HR.

We have noticed an increase in demand for assistance with cross-training design and competency/proficiency improvement. While HR doesn't provide department-specific skill building (e.g., legal terminology for legal typists), we do provide assistance with needs assessment, cross-training design, change management, and e-Learning opportunities. The need for these services is heightened due to current financial projections and their affect on our workforce (i.e. layoffs and early retirements).

With the potential for less employees, less new hires, and a workforce size that is likely to be static for the next three years, these factors call for increased learning opportunities rather than less. This runs counter to the reduction of resources in training budgets, which does not impact individual employees, but instead produces the unintended consequence of increasing organizational risk.

Depending on the nature and complexity of services provided, a "fee for service" may be a viable option if the HR Department were to benefit directly. While this is not the system currently in place, the Finance Department is moving in this direction which may provide a means for HR to receive payment for services that require significant resource commitment, such as intensive organizational development and design.

*Budget Impact: With a reduction of resources over the next five years, HR will need to have another mechanism for funding enterprise training initiatives. For example, if the Leadership or Executive Development Programs are to continue, each department would have to pay a fee per attendee, rather than HR fully funding the programs.*

**2. *We ensure employees have competitive compensation and positive working conditions while minimizing the city's exposure to liability***

This business line provides services to all City Council Departments, divisions, and employees. The business line also provides leadership and services to the independent boards and agencies as they share the City's benefit plans. Though this department is the primary provider of the service and is held accountable for effective implementation, it partners with all departments and unions for effective strategy development and implementation in collective bargaining, contract administration, and benefits.

This business line provides strategic and operational leadership for all of the City's collective bargaining. In addition to the collective bargaining responsibilities, the key service activities essential to this business line are: contract administration, compensation administration, classification administration, benefits administration, complaint investigation, and the administration of the Return-to-Work Program. This department develops and implements this business line through face-to-face interactions with department leadership via our Human Resources Generalist (HRG) structure. We also provide leadership through negotiations and consensus building--usually through labor management committees or informal leadership groups. We provide learning opportunities for supervisors and managers in the area of organizational and behavioral expectations in order to generate standardized approaches to compliance related issues. There is also increased focus on standardizing approaches to critical issues such as compensation, classification, and benefits.

Under this business line, Human Resources is also responsible for implementing workforce reductions in a legal and equitable manner, while minimizing the City's exposure to risk. The business line also encompasses the investigation of discrimination and hostile work environment claims, ensuring that all investigations are conducted in a timely and comprehensive manner, and that appropriate corrective action is taken.

The most critical City function impacted by this business line is budget planning and development. Future success of this business line will depend on the successful realignment of the Human Resources Department's budget and workforce planning processes with those of the departments we partner with throughout the organization.

There are both internal and external factors that will impact customer demand in this business line over the next 5 years. Internally, demands for services are expected to increase. With shrinking resources, departments are struggling to retain their managerial authority during the collective bargaining processes and searching for ways to recognize and reward high performing employees while unions seek to reward all employees without regard to performance. Managers will also seek to obtain more flexibility from their workforce, which will likely result in conflict with unions over work "ownership" and other jurisdictional issues. As our departments struggle to maintain and in many cases increase output during times of scarce

resources, they are often led to reorganize, giving employees increasingly broad and complex responsibilities. This initially increases the level of confusion and ultimately results in requests for position/classification studies in order to retain compensation integrity. Collective bargaining will become more contentious as these issues are brought into sharper focus.

Continued budget reductions will make it difficult, if not impossible, to effectively meet internal expectations. Currently resources are barely adequate without a significant redesign of the manner in which we deliver services. Our current resources could be more strategically positioned by effectively utilizing available technology. This will provide an avenue for the dissemination of knowledge; however, converting the knowledge into effective action will still require further development or acquisition of additional employees.

The department also anticipates a significant increase in the level and complexity of both internal and external policies and regulations. Internally and externally, policy development and regulatory impositions will lead to an increased demand for procedural response, investigation demand, and defense.

The local economy will also have an impact on the future success of this business line. Should the economy improve, highly qualified employees will have more alternatives, and compensation and benefits will be a more important factor in employee retention. Should the economy decline, more highly qualified candidates will be available for hire, and departments will seek to eliminate the lower performing employees. These efforts will undoubtedly lead to more grievances and claims of discrimination.

*Budget Impact: As stated, continued resource reductions will make it very difficult to provide even our basic required level of services listed earlier in this document. Our ability to proactively and positively affect the working environment of the City of Minneapolis is already greatly diminished, and will be even more as further reductions are realized.*

### **3. We manage and provide HR information to City, Independent Boards and Agencies**

This business line is designed to deliver HR related information to all managers, supervisors and employees of the City Council Departments and its Independent Boards and Agencies. The data is maintained within the City's HRIS and is provided to HR customers for the purposes of managing the departments' human resource capital and to employees for viewing and updating various personal employment information and benefit profiles.

While a recent survey indicates the level of satisfaction of having access to Human Resource information is at the rate of 75%, the ability to provide consistent information needs to increase to a much higher level.

The demand to deliver HR information to our customers is increasing as witnessed by the increase in employee self-service and leadership requests for data, via system queries, to assist in making more informed decisions. It is anticipated that future demands to deliver e-Performance and e-Learning technology is imminent.

The challenge to continue meeting current service levels, managing and providing information, may be impacted by the current trend of outsourcing the HRIS application technology support.

The HRIS application also relies on additional software applications to gather, receive and/or deliver data, specifically timekeeping and roster systems in the Police, Fire, and Public Works Departments, the Park and Recreation Board, and the City's financial system (FISCOL).

The most critical City functions impacted by this business line is to hire competent employees, maintain employee benefit programs, and pay our workforce. This business line also calculates all labor and employee fringe benefit expenditures and delivers the information to the City's financial system.

*Budget Impact: HR has made strides towards delivering critical data to city departments, however much work still needs to be done. With reductions in staff and resources, our ability to purchase, deliver and maintain effective e-Learning and e-Performance products will be negatively effected.*

#### **4. We assist departments in designing and developing their organization.**

With the implementation of this business line, HR will move away from the control and audit role, and take on a leadership and development role in order to help the organization manage change associated with human resource issues raised by large-scale strategic transformation. At this time this business line is not yet fully developed by HR, but we believe it will be a critical service as we evolve from a transactional department to a strategic leadership service.

Based on professional trends, we expect this demand to increase. Research indicates that organizations want and need more strategic and futuristic focus from HR. With this added focus, HR can add more value to organizations through strategic business partnerships with customers and departments. This new role will emphasize the development of systems and practices to ensure employees have necessary competencies and are motivated to perform at the highest level.

Primary factors that will impact our customers over the next five years will include limited resource availability to develop the organizational development expertise needed to help departments diagnose and strategically redesign their organization. Because of decreasing resources, many departments will need to restructure service delivery, which would likely increase the demand for this service. Labor market trends and the availability of future employees will also require our full participation in order to create an organization that is desirable to prospective employees.

The continued improvement of data-availability should assist us with this demand; however, these improvements also present additional challenges. Given limited human resources, and the capital required for such improvements and technological advances, we will be challenged in keeping up with technological advances.

Private consultants generally provide organizational development and design services to city departments. The fees for these services are often quite high. Furthermore, external based consultation supports a silo-based, department-specific approach to organizational change already prevalent within the City. An advantage to having this service provided in-house is to reduce the costs associated with OD efforts, and to have in-house expertise that can view organizational changes issues from an enterprise level in order to break down the silos that hinder growth and effective operation of organizations. Both the BIS and Finance departments offer some services to the City of Minneapolis in the areas of process redesign and business planning. In order to maximize the use of City resources, it will be imperative for HR, Finance, and BIS to collectively organize our efforts and partner in our delivery of these services.

*Budget Impact: This is a business line that has been identified across the organization as a service that city departments need from Human Resources. It*

*is an undeveloped business line, and our ability to provide this service will be very limited with realized budget reductions.*

**5. We provide the City, Park and Library Boards with timely opportunities to hire diverse, competent employees.**

The demand for this business line will increase with the City's continued commitment to diversity. Statistics show that Minneapolis is more racially diverse today than at any time in its history and the trend is that this diversity will increase. The City's workforce does not reflect that change. There are many in the labor force that speak little or no English. While many of Minneapolis' minority population graduate and attend schools of higher education, the rate lags far behind their white counterparts. About one-third of Minneapolis' minority population live in poverty and the number of unemployed in the minority community is at least three times that of non-minorities.

There are constraints to accomplishing this business line, however. The lack of diversity in the upper echelons of an organization works against attracting minorities to its ranks at any level as minorities often seek work in organizations that have a diverse workforce. Additionally the last hired, first fired practice as well as rehiring persons from a layoff list before opening positions up to the general public add additional constraints in the City's ability to hire a diverse workforce. Because of these factors, among others, creating diverse candidate pools will increase the demand for HR services.

In general, HR is sole provider of this service in collaboration with the departments; however, at higher levels (department head and some direct reports) consulting firms complete this activity. The real advantages of internal consulting at all levels include in depth knowledge of the organization. Based on the work force action plans and its detailed workforce analysis that identify a lack of diversity when it exists, HR interacts with departments by assisting them in writing job announcements, placing recruiting ads, providing opportunity to screen applications, and participating in the initial review process. The nature of the participation of city departments can affect the timeliness of HR service delivery. When consulting firms are engaged, HR provides liaison between the consulting firm and the hiring authority. Additionally, HR provides administrative support and acts as a liaison to any boards or commissions involved in the hiring process.

All City Council departments, the Library and Park Boards are impacted by our ability to timely recruit, advertise and process applications through to the certified list. Delays in our processes or delays in departments' responses in the staffing area could result in loss of the better applicants for the positions. While some delays have been addressed recently by minor changes in the Civil Service Rules, there remain other delays built into the system and collective bargaining agreements that automatically reduces the City's competitiveness. To remain somewhat competitive, HR has to develop additional strategies to overcome the built in delays, such as our community outreach efforts. If the business line were to be discontinued, staffing would fall on the various departments where little expertise exists to complete the

service. This would greatly increase exposure to lawsuits. Ensuring diverse, quality hires is essential to all businesses in the city.

*Budget Impact: Reductions to the HRG Teams will negatively impact our ability to assist city departments with objective, legally defensible selection processes – particularly as it relates to timeliness of those processes. Additionally, we will need to redirect our resources to our required services, thereby reducing our community outreach efforts.*

**SECTION THREE:**

**KEY INITIATIVES AND OTHER MODELS OF  
PROVIDING SERVICE**

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**KEY INITIATIVES**

**ASSESSMENT OF OTHER MODELS OF PROVIDING SERVICE**

## Key Initiatives

The HR Business Planning Team, for implementation over the next five years, has identified the following key initiatives. The primary goal was to identify initiatives that add significant value to the organization and are obtainable within the long-range financial picture for the City. The Human Resources Business Planning Team believes these initiatives are critical to positioning the City of Minneapolis as an “Employer of Choice”. Each item under each initiative is a building block to the overall success of the effort. In order to show the budgetary impacts of the five-year financial direction, we have highlighted those items that will be difficult, if not impossible to accomplish if we realize the planned reductions.

***Key Initiative #1: Partner with departments and community members to develop and implement a 5-year Enterprise Diversity Plan so that the workforce represents the community we serve and the City of Minneapolis is recognized locally as an employer that honors and embraces diversity.***

Success in this initiative will be realized when:

- Each department has a “diversity champion”.
- The city has a multicultural approach to conflict resolution.
- The city has an enterprise-wide “mission statement” for diversity.
- Each department has diversity targets and is actively working to diversify their workforce.
- City leadership is committed to and rewarded for diversifying the workforce.
- *HR partners with departments to create diverse applicant pools, which give departments the opportunities to hire a diverse workforce.*
- The Executive Committee holds department heads accountable to creating a diverse workforce.
- Department Heads hold hiring managers and supervisors accountable for creating a diverse workforce.
- Managing a diverse workforce is a competency required for all leadership positions in the City of Minneapolis.
- *Diversity is part of all training programs aligned with organizational effectiveness.*
- The City has support mechanisms in place for women and people of color (e.g. mentor programs, sponsored networks).
- Partnerships and champions have been developed with the collective bargaining units on diversity issues.
- *Programs are developed to encourage Minneapolis youth to work for the City of Minneapolis.*

- “Rule of Three” certification requirement is removed and hiring managers can select from any of the qualified candidates.

**Key Initiative #2:** *During the next 5 years the HR Department will have created comprehensive, accessible information management systems that will help managers and supervisors efficiently and effectively carry out their HR transactions. Also critical Key Initiative #1 is having up-to-date, accurate human resources information. This will include having all HR policies and procedures well documented and easily available on the city website, in an effort to decrease phone inquiries and regular requests for assistance with procedural transactions*

Evidence of a successful implementation of this initiative will include:

- HRIS is efficiently integrated with other enterprise systems.
- Workforce reports are easily accessible and contain real-time, accurate data.
- Decrease in phone inquiries to HR on transactional/routine issues.
- *All HR policies and procedures are documented, audited and updated annually or as needed.*
- Managers and supervisors know how and where to access workforce information.
- Audit of HRIS indicates managers are accessing information and there is an increase in the number of managers accessing information.
- HRIS is completely and successfully upgraded, including implementing unused portions of the existing functionality.
- Feedback from customers indicates systems are easy to use.
- A data map of HRIS and the business need behind the data is in the system.

**Key Initiative #3:** *Increase the capacity of City managers and supervisors so that the City builds and retains a competent workforce. Through this initiative HR provides the tools to help prepare our workforce to take on manager and supervisory roles.*

Our success for this initiative will be measured by:

- Establish citywide shared competencies for managers and supervisors.
- Establish department head review process that includes 360 feedback.
- *Training programs are designed and built around citywide shared competencies.*
- *An assessment of managers and supervisors will reveal an increase in proficiency in the citywide shared competencies.*
- *Selection and promotional processes are aligned with these competencies.*
- *A decrease in grievances and complaints of harassment and discrimination.*
- *The development of an effective succession planning model.*

**Key Initiative #4** *Create a strategic HR function so that our department has the ongoing capacity to provide strategic HR services with limited resources. With this initiative, over the next 5 years we will develop HR professionals who possess competencies in organizational design and development, and change management in order to help the enterprise achieve all City Goals.*

We will know we have been successful with this initiative when:

- HR is recognized as a critical contributor in business planning and other strategic initiatives.
- *HR professionals possess organization development and organization leadership competencies.*
- *Organizational resources are dedicated to strategic HR work.*
- *HR has a panel of facilitators to help departments with organizational development and change.*
- *HR has an integrated enterprise-wide approach for change management.*
- *HR has an intervention tool for organizational development/change management.*

## **Assessment of other Models of Providing Service**

The business planning team engaged in discussions exploring possibilities in the area of alternative service delivery. Given the limited resources available during the process, further research would be needed in order to fully explore the feasibility of these models. The areas of HR services that *will* be affected by the resource reductions include: Workforce planning, policy & procedure development, investigation coordination, HR Generalist team support, strategic partnerships, and recruitment & diversity initiatives. The following sections outline the areas of alternative service delivery and elimination of services discussed during the process.

### ***Alternative Service Delivery***

Some of the areas where HR may explore alternative service delivery models include:

- Outsourcing portions of benefits administration
- Outsourcing the harassment investigation processes, billing individual departments, or developing more internal specialists within departments
- Billing city departments for services relating to “Respect in the Workplace” investigations
- Discontinue the ING (deferred compensation) Hardship Committee and administrative processes, and send the determination to ING, mirroring other deferred compensation programs
- Reducing the number of elective benefits managed by HR staff
- Outsource the test development function of the selection process
- Automate time keeping
- Migrate from paper-based employee record keeping systems to automated, electronic systems

### ***Elimination of Services***

Other options include the elimination of services and tasks that are not core HR services.

- Providing employees with “City of Minneapolis” merchandise from the City Store. Proceeds from this service were used to provide service awards to employees, and were discontinued in 2003 for budgetary purposes. Recently HR has received requests to bring back mugs/service awards.
- No longer provide services free of charge to non-core entities (e.g. Park and Library Boards and YCB.)
- HR should no longer be involved in Competency Cards. The department volunteered when Competency Cards were first implemented; however this should not have been a permanent solution. HR recommends moving this task to Regulatory Services or outsourcing this business.
- HR staff currently provides extraneous services to city employees, such as ticket sales.
- Providing administrative work for employee’s membership to the NW Racquet Club.

- Police Department-specific activities, such as maintenance of transfer lists and personnel files, should be performed by police employees, not HR.
- Eliminate Civil Service Commission (25% HR time – used predominantly by Park Board, Library Board).
- Assess Supplemental Benefits that are not widely used (e.g. car insurance, life insurance, bus passes and short-term disability insurance) and determine which should be eliminated.. HR is allocating resource for this and it serves only 1% of total workforce.

# **SECTION FOUR:**

## **DEPARTMENT RESOURCE PLANS**

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**FINANCE PLAN**  
**WORKFORCE PLAN**  
**TECHNOLOGY PLAN**  
**EQUIPMENT AND SPACE PLAN**  
**DEPARTMENT SUMMARY**

## Finance Plan

### Historical Financial Information

#### All Funds

	<u>2001</u>	<u>2002</u>	<u>2003 Modified</u>
<b>Adopted</b>	<b>\$5,259,782</b>	<b>\$5,600,593</b>	<b>\$5,237,191</b>
Actual	\$5,364,509	\$5,390,513	\$4,998,917

### Five Year Financial Direction

#### All Funds

2004 Recommended Budget	\$5,478,018	55 FTE
5-yr Projected Growth in <u>Spending</u>	5-yr Reduction to Growth in <u>Spending</u>	2008 Recommended <u>Expenses</u>
\$959,552	(\$600,000)	\$6,196,743

Average annual % Increase over 5-yr period is 3.13%

The Five-Year Financial Direction reduces the Human Resource Department's operating expenditures by \$600,000 between 2004 and 2008. In the event that these budget cuts are realized, HR will have to adopt the service reductions presented in the 2004 budget presentation. The department does not have the resources to redefine our business without the necessary resources allocated to support these initiatives.

### ***Organizational Cost Savings***

Human Resources has been committed to helping the City of Minneapolis be fiscally responsible. Through the people in our department and partnerships with our unions, HR has realized nearly \$4M in savings or cost avoidance over the last 2 years. Through our strategic plan, we can continue to leverage these partnerships and tackle emerging trends provided resources are available.

**Budget Impact on Essential City Services**

Human Resources provides many essential services to city departments and independent boards and agencies. Within our department, these activities can be grouped by division into Employment, Employee, and Enterprise Services. Employment Services is where recruitment, testing & the HR Generalist teams are housed. Employee Services is where labor relations, classification, compensation and dispute resolution reside, and Enterprise Services maintains management development & training, new employee orientation, HRIS & benefits. Table 1 illustrates how services are mandated, and who services are provided to.

**Table 1: Overview of Services**

Overview of Services	City Council Dept. Services	Other Agencies Services
Services Required by City Charter <ul style="list-style-type: none"> <li>• Recruiting</li> <li>• Testing &amp; Selection</li> <li>• Job Classification</li> <li>• CSC Appeals</li> <li>• HRIS (Payroll, Benefits, Records)</li> </ul>	Yes Yes Yes Yes Yes	Yes Yes Yes Yes Yes
Services Suggested by State and/or Federal Statutes <ul style="list-style-type: none"> <li>• Administer Compensation</li> <li>• Administer Benefits</li> <li>• Negotiate and Administer Labor Contracts</li> <li>• Affirmative Action (AA) Support</li> </ul>	Yes Yes Yes Yes	No Yes (fee based) No Some
Discretionary Services (or services required by City Ordinance) <ul style="list-style-type: none"> <li>• Training &amp; Development</li> <li>• HR Management System Consultation</li> <li>• Return to Work/Job Bank</li> <li>• Alternative Dispute Resolution</li> </ul>	Yes Yes Yes Yes	No No No No

## Workforce Plan

### ***Workforce Demographics and Trends***

The department has experienced tremendous change within its workforce with approximately 25 percent of the workforce hired since 2001. In addition, over 50 percent of employees are new to the department or have changed assignments through promotion, transfer, or reclassification since January 1, 2001.

While the above changes in the workforce were occurring, the department experienced minor changes in the diversity within the workforce. Table 1 shows that the overall percentage of female employees decreased by 3.2 percent since December of 1999, while the percentage of employees of color decreased by 0.2 percent.

**Table 1: Workforce Comparison – December 1999 and April 2004**

	December 1999		April 22, 2004		% Change:
	#	%	#	%	
<b>Gender:</b>					
Male	12	21.8	13	25.0	3.2
Female:	43	78.2	39	75.0	-3.2
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	
<b>Ethnicity:</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
White	39	70.9	37	71.2	0.3
Black	11	20.00	12	23.1	3.1
Hispanic	2	3.6	0	0.0	-3.6
American Indian	2	3.6	2	3.8	0.2
Asian	1	1.8	1	1.9	0.1
<b>Total</b>	<b>55</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	
<b>Employees of Color</b>	<b>16</b>	<b>29.1</b>	<b>15</b>	<b>28.9</b>	<b>-0.2</b>

**Source:** HRIS – Does not include two temporary employees.

Table 2 shows demographic characteristics for selected job classifications in the department as well as the composition of the directors as of April 22, 2004.

**Table 2: Workforce Demographics for Selected Job Classifications/Job Group**

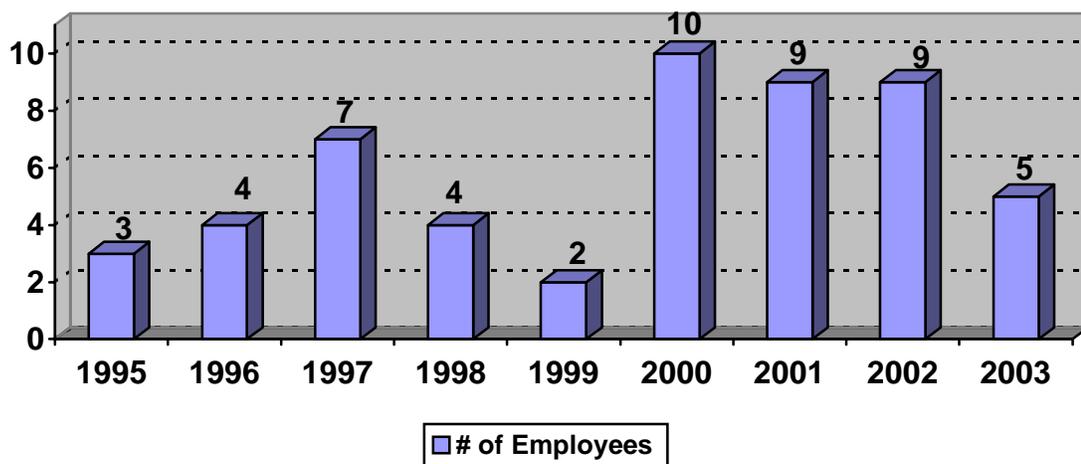
Job Classification:	# of Employees:	Male:		Female:		Employees of Color:	
		#:	%:	#:	%:	#:	%:
Office Support Specialist I	2	0	0.0	2	100.0	2	100.0
HR Associate	9	1	11.1	8	88.9	3	33.3
HR Senior Associate	6	0	0.0	6	100.0	0	0.0
HR Associate Consultant	2	0	0.0	2	100.0	0	0.0
HR Administrator	1	0	0.0	1	100.0	0	0.0
HR Consultant	10	4	40.0	6	60.0	2	20.0
HR Senior Consultant	15	4	26.8	11	73.2	6	40.0
Labor Relations Coordinator	1	0	0.0	1	100.0	0	0.0
HR Principal Consultant	1	1	100.0	0	0.0	0	0.0
Directors	5	3	60.0	2	40.0	2	40.0
<b>Total:</b>	<b>52</b>	<b>13</b>	<b>25.0</b>	<b>39</b>	<b>75.0</b>	<b>15</b>	<b>28.9</b>

**Note:** Above analysis includes Active employees and their Regular assignment (i.e. Does not reflect details or underfills).

**Employee Turnover**

From 1995 to 2003, an average of five employees left the department with the majority of these employees leaving through retirement. This equates to an average turnover rate of 10.5 percent assuming an average strength of 55 employees. Graph 1 depicts employee turnover:

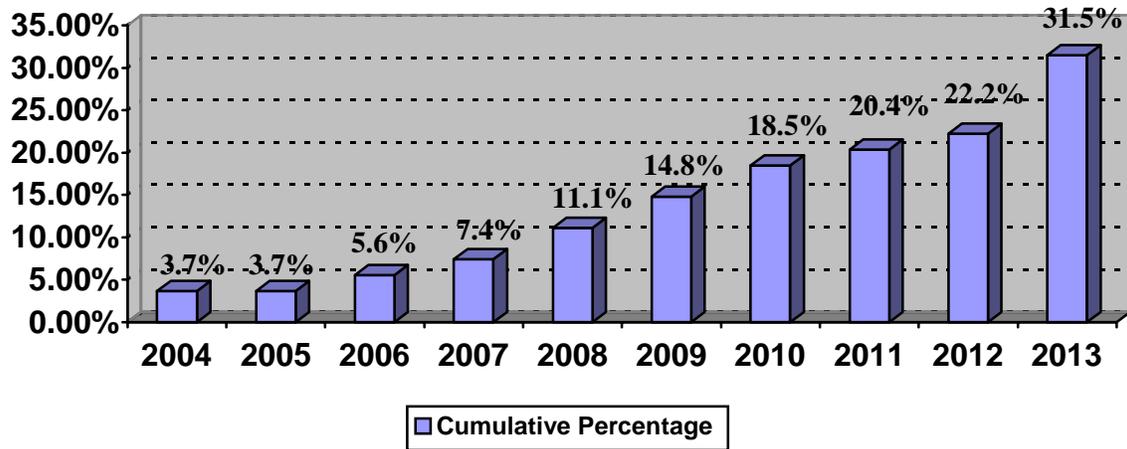
**Graph 1: Employee Turnover (1995 to November 2003)**



### Retirement Projections

With a large number of retirements since 1999, the overall percentage of the workforce now eligible to retire has declined significantly. By the end of 2004, two employees, or 3.7 percent of the workforce, will be eligible to retire. By 2008, the percentage of the workforce eligible to retire will be approximate 11 percent. Graph 2 illustrates the cumulative percentage of employees eligible to retire.

**Graph 2: Percentage of Employees Eligible to Retire (2004 to 2012)**



Within the pool of employees currently eligible to retire are the Director of Employment Services and the HR Senior Consultant (Classification). By 2006, the Director of HRIS Administration will also be eligible to retire.

To help plan for future employee departures it will be important to develop current employees for the above positions and at the same time monitor staffing levels in relation to the eligible lists for various job classifications to assist in ensuring service delivery. Table 3 shows the status of eligible lists for classified positions:

**Table 3: Status of Eligible Lists for Job Classifications**

Job Classification:	List in Place:	Expires:	Need:	Open in:
HR Associate	No	NA	Vacancy	To Be Determined
HR Senior Associate	No	NA	Vacancy	To Be Determined
HR Senior Associate Consultant	No	NA	No	To Be Determined
HR Consultant	No	NA	Yes for Underfill	To Be Determined
HR Senior Consultant	No	NA	Vacancy	To Be Determined

**Source:** Human Resources Department

### **Resource Allocation**

On November 2, 2003, the department had 55 full and part-time employees allocated to the following divisions:

<b>Job Classification/Division:</b>	<b>Administrative</b>	<b>EE Services:</b>	<b>Employment Services:</b>	<b>Enterprise Services:</b>	<b>Total:</b>
HR Director	1	0	0	0	1
Division Director	0	1	1	1	3
Director, HRIS Administration	0	0	0	1	1
HR Principal Consultant	0	0	1	1	2
Manager, Personnel Services (1)	0	0	0	1	1
Workforce Planning Coordinator	0	0	0	1	1
HR Senior Consultant	0	2	9	4	15
HR Consultant	0	3	4	1	8
HR Administrator	0	0	1	0	1
HR Associate Consultant	0	1	1	0	2
HR Senior Associate	1	0	2	4	7
HR Associate	0	0	8	3	11
Office Support Specialist I	0	0	2	0	2
<b>Total</b>	<b>2</b>	<b>7</b>	<b>29</b>	<b>17</b>	<b>55</b>

**Notes:** (1) Employee detailed to this position number is detailed to HR Senior Consultant. (2) Includes vacant positions.

The need to balance staffing levels with service delivery and employment costs within the Five-year Financial Direction will be critical. At the same time, the department needs to be cognizant of maintaining and increasing diversity within all levels of the organization.

### **Changes in Workloads and Demand for Services:**

When workforce planning was completed in 2000, workload indicators were documented for the years 1995 to 2000. The number of applications received, number of grievances and number of classification studies completed were some of the areas analyzed.

Updating the above statistics while reviewing department business plans will provide Human Resources the opportunity to assess current and future demand for services. It will also allow HR to determine where the supply of labor may need to be reallocated in effort to support demand for services and new initiatives.

### **Organization Design**

A number of potential changes to the organizational structure were discussed including how the organization will look if the department allocates its human resources to meet the initiatives and challenges identified in the business plan. These changes include:

1. **Staffing Levels** – Review the number of employees in response to the Five-Year Financial Direction.
2. **Creation of HR Functions or Changes in Service Delivery** – A number of functions were identified during the planning process including:
  - ❑ Creation of a Research & Development Function
  - ❑ Creation of an Organization Development Function
  - ❑ Returning to a Centralized Staffing Function which would impact the way staffing services are delivered which would impact the current makeup of the HR Generalist teams.

The first two listed above would support one or more of the department's initiatives identified. To implement one or more of the above will require the reallocation of resources in terms of FTEs, or expand/change the responsibilities of current employees. Further study will need to be undertaken before integrating these functions.

### **3. Expansion or Discontinuance of Business Lines or Service Activities**

Four initiatives were identified that may affect how staff are allocated within the organization and that may influence how the organization is currently designed. These initiatives include:

- a) Develop and implement 5 year Diversity Plan.
- b) Within five years, the HR Department will have created accessible information management systems
- c) Build Manager/Supervisor capacity so that the City builds and retains a competent workforce.
- d) Create a Strategic HR Function

Several services reductions or discontinuations were discussed, but need to be discussed in more detail in the future. If these reductions or discontinuations are enacted, resources could be reallocated to support the four initiatives identified above.

#### **4. Workforce Implications of Expansion and Discontinuance of Service Activities**

Expansion of service activities within today's budget and economic climate will be challenging as the department is expected to reduce its growth in spending by \$500,000 by the beginning of 2008.

#### **5. Projected Workloads and Resource Allocations on Functions that will Experience Expansion**

The department will need to study the potential impacts implementing the new initiatives will have on the organization and reallocate resources to meet these demands.

#### **6. Core Competencies Needed to Increase Organizational Effectiveness**

The department identified the following competencies as important for all staff to possess:

- a) Computer literacy including HRIS
- b) Creative problem-solving
- c) Customer service/communication skills
- d) Initiative
- e) Knowledge and understanding of leadership and administrative responsibilities
- f) Working knowledge of all HR (know and apply), HR products, policies, procedures, who to go to, laws & regulations

#### **7. Job Specific Competencies**

The existence of the following competencies in one or more of the five business lines were identified as being critical to the overall effectiveness of the workforce and organization:

What about knowledge of what's facing their department/customers business/strategy?

- a) Change agent
- b) Curriculum development
- c) Data acquisition and analysis
- d) Diversity management
- e) Facilitation and consensus building
- f) Financial and budget planning
- g) Functional specialty knowledge

- h) Influence persuasion
- i) Leadership
- j) Negotiation skills
- k) Organization Development
- l) Presentation skills
- m) Process improvement
- n) Project management
- o) Team development and group process skills
- p) Training
- q) Workforce Planning

## 8. Actions Needed

The following strategies were identified as possible courses of action to increase the presence of the above competencies within the workforce:

- Develop and implement HR Department training and development plan
- Ensure all HR employees have individual development plans
- Implement cross-training
- Link competencies to specific job classifications
- Select and promote based on competency proficiency level
- Conduct competency assessment (identify internal gaps)
- Update current workforce action plan or develop new one to align with business plan
- Conduct targeted hiring to “buy” critical competencies, if necessary.

### ***Key Workforce Issues***

The department has identified a variety of key workforce issues that need be addressed over the next five years in order to align its workforce with the initiatives outlined within the business plan. Working on these key issues will increase organizational effectiveness in times of significant reductions in resources.

Key and strategic workforce issues identified include:

1. Potential reductions-in-force relating to Five-year Financial Direction
2. Shrinking resources within HR

3. Resource allocation (organization design) to support initiatives
4. Retirements of key employees within HR (need for succession plan)
5. Lack of strategic HR competencies (HR/Organizational Development/Process Improvement)
6. Competency expertise gaps including Benefits, Employment Law, Organizational Development (Will the organization build this capacity internally or hire external expertise to fill in or supplement these gaps?)
7. Increasing need for competencies in planning and change management
8. Customer service orientation
9. Cross-training (Need to explore development of job rotation model that is coordinated vs. ad hoc. Cross-training efforts should be linked to individual development plans that are linked to HR goals.)
10. Lack of support for existing technology limits HR's ability to maximize system capabilities (e.g. functionality exists within PeopleSoft but existing resources are at capacity).
11. Competency inventory - Need to inventory necessary competencies and develop a plan of where we need to be

### ***Assessment of Existing Workforce Action Plan***

An assessment of the existing workforce action plan shows that a large number of the strategies and action items have been accomplished. Thus, the previous plan does not fully address the workforce challenges the department is now facing. Leadership feels a new workforce action plan should be completed and would like to complete this plan by June 2004.

The plan will include a training and development component as well as other components to address the key workforce issues listed above. The creation of a new workforce action plan will not only help the department implement its business plan, but will also help the department assist the entire organization to recruit, retain and develop a highly qualified, diverse workforce that reflects the population of Minneapolis.

The members of the HR Business Planning Team will work to develop and complete the workforce action plan.

## Technology Plan

Currently PeopleSoft HRIS is aligned with HR business processes within the limits of available resources dedicated by HR and BIS. Increased demand for information from HRIS and utilization of functionality not currently being applied will require additional resource and/or resource reallocation. Limited technology support from BIS has not allowed HR to maximize the City's investment in the existing functionality of HRIS.

There is an on-going gap between the HR business user and the BIS technology support. Our goal to move from a transactional based service and the role technology plays in that transition is key to enabling HR to transform the way we do business. Automation of transactional processes will allow the customer greater access to information and decrease turnaround times for business processes. The City currently owns idle functionality in HRIS, but due to the current lack of resources has been unable utilize these modules. Performance management of employees, annual performance reviews, talent management utilizing competency based assessment, E-development self service for employee reporting of competencies, and labor grievances tracking are just some examples of unused portions of HRIS.

HRIS is working to establish QA and an audit function due to the inconsistencies of data entry timeliness and accuracy in the field. Centralization of data entry to increase timeliness and accuracy requires consolidation of HRIS Field Reps into additional staff dedicated to central HRIS. The additional centralized staff required would cost approximately \$120,000 a year for 2 FTEs (including benefits), but at the same time eliminate the need for HRIS field reps.

The PeopleSoft e-Performance module, or other technology like it, would allow automated on-line performance review, calendaring, and monitoring. Cost is anywhere from \$150,000 to over \$400,000 for the software alone. Installation would be an additional cost at approximately \$250 per hour for consultant time.

Any upgrades to the existing PeopleSoft version would cost at least \$1,000,000 including consultant time for installation. Releases of new versions will put the City at risk for losing ongoing technological support from PeopleSoft as the City's version moves off their customer support list.

**Space Plan**

The HR Department interacts with all city council departments, independent boards and agencies. We have HR Generalists housed in their customer departments while the remaining HR staff is centralized in the Public Service Center. Because of the walk-in applicant traffic, this location is well suited for our purposes.

We have been working with Property Services in order to consolidate all of HR onto one floor of the Public Service Center, and by 2005 this should be accomplished. This may include a full remodeling of our office space.

HR requires at least one large training room, such as Room 101 in the City of Lakes Building, and computer training rooms, currently located in the lower level of the Public Service Center. There have been discussions about eliminating these rooms to make space for other city department needs. However, with the current direction of the city, we believe our training space needs are likely to increase. In order to implement our key initiatives and it is critical that we have well-equipped, conducive learning environments for employees.

The key initiatives identified in the HR Business Plan should not affect our work space needs; however, if we were to outsource any of our services, our space needs may be slightly reduced.

## Department Summary

As the city faces the challenges of doing more with less, the increasing scarcity of employee talent, problems with effective leadership, and rapidly changing workforce dynamics, the services provided by HR are more critical today than ever before. One thing is clear as we move into the uncertainties of the future: success in that future means strategically leveraging our human resources.

To that end, the five-year goal of HR is to become a strategic partner to many departments while minimizing our role as “HR police” and a transactional or process oriented department. Minimizing does not mean eliminating. We can minimize these services through improved self-service and automating more of the transactional aspects of our work. Our mission statement is designed to lead us in that direction as are the business lines and initiatives we’ve identified. Much of the foundation for this pursuit was laid over the past several years as HR developed two reform measures that aligned our work with city goals. HR has also reviewed much of the literature on HR best practices and found that in order to make a greater contribution to the economic value of the city, we have several challenges before us.

We need to develop cutting edge administrative expertise which calls for the highest level of efficiency in our HR systems. One of our business lines and initiatives on managing and providing HR information addresses this issue.

Human resources are the City’s greatest asset. Therefore, we must develop a strong employee advocacy role that ensures employees know what is expected of them, have their performance measured regularly, and are delivered new competency based training in ways that result in building strategic work force capabilities. The business line related to developing managers/supervisors and employees focuses on this as well as ensuring that employees have competitive compensation and a respectful work environment.

As the City faces rapidly changing work force dynamics related to our immigrant populations, changing expectations of Gen-Xers, and diversifying our work force, HR must become agents for change and disseminate change management skills and techniques. The business line of assisting departments in designing and developing their organization addresses this issue as well as our 5-year enterprise diversity plan.

HR’s strategies must align with the strategies of the City’s departments. It is through workforce planning that this alignment is created. Recent survey data indicated that HR is much more familiar with departments’ business needs now than in years past. This does not mean that we have “arrived” but that we are moving in the right direction. Hiring diverse, competent employees ensures that we understand and support business and community needs.

Our mission, business lines, performance measures, and initiatives are aligned to reach our goals of becoming strategic partners with city departments. We have identified and plan to develop the organization design and change management skills necessary to move us in that direction. We feel we are poised to meet the challenge. Failing serious resistance from city departments to our changing roles, we can deliver within the current budgetary constraints. We will have to realign department staff and resources to the business lines and new initiatives. With this realignment, we accomplish our long-standing goal of no longer operating in silos but across divisions in all of our business lines, initiatives and performance measures. This represents the ultimate in bringing together the various HR departments years ago to achieve what we are realizing today.