



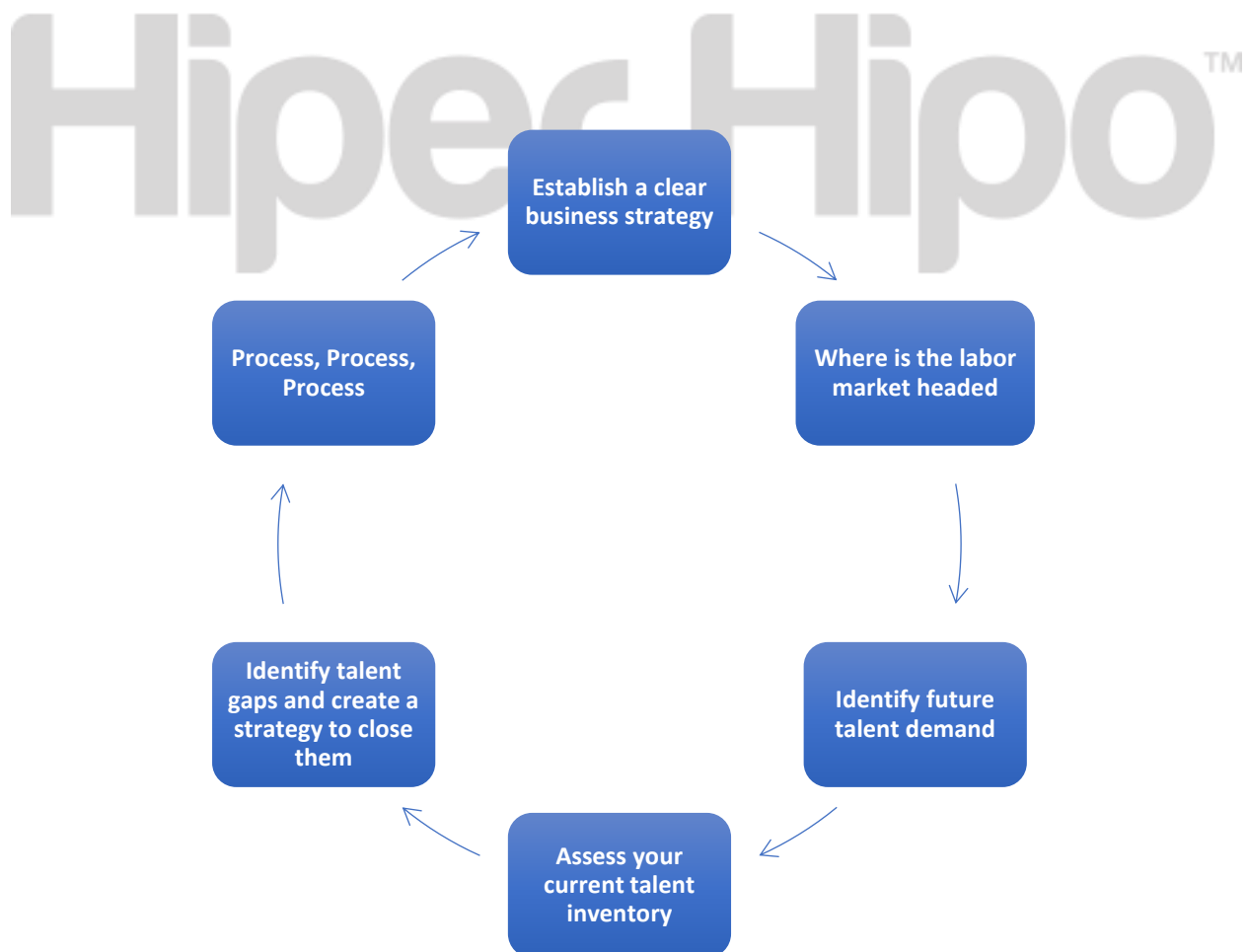
Strategic Workforce Planning

- Your key to success

Why strategic workforce planning matters to you

Strategic Workforce Planning is a continual process usually covering a three to five year forecast period, aligning the needs and priorities of the business with its workforce to ensure that the business has the right people in the right roles at the right time to achieve their expected results. Workforce planning is a core business process often handled by a Workforce Planning or Workforce Analytics team within Human Resources. However, workforce planning is so important to the success of a business that we are seeing business leaders approaching this proactively and taking ownership. This past year we started to see a tighter partnership between the business, the finance organization and human resources. We've heard from many leaders this past year and this partnership is critical as businesses struggle to attract, secure and retain the critical capabilities for their business. The truth is, getting the right people with the right capabilities in place can take several months, if not years and this can seriously hinder the execution of even the most well thought out strategy.

In an effort to share some of what we've learned this past year from our clients, we've broken down the strategic workforce planning process into steps to provide some advice on this important topic.



Establish a clear understanding of your business strategy

You need to know your business strategy and the impact of that strategy before you can create a meaningful workforce plan.

The first step in the strategic workforce planning process is to have a clear understanding of your business strategy. Your business strategy drives the organizational structure and the types of roles within that structure. To establish where your business is going, think about what parts of your business do you want to grow? What parts of your business do you want to maintain or make more profitable? Are there parts of the business that need to be divested? The workforce is there to implement and execute that strategy to achieve the expected results. The business elements, where you grow, maintain and/or divest have the greatest impact on your talent strategy.

This past year leaders were quick to say, it is one thing to create a business strategy, but it is a different discipline to think through the impact of these strategies on the business, the organization and the workforce. A leader needs to put a series of lenses on the strategy to see the impact real impact. One best practice was to apply a lens for each area such as; sales, operations, workforce, business network, assets and customer experience and do this at each level of the organization. These impacts must be understood by top-level, middle-level and first-level leaders. Strategic change fails when the people implementing the change don't know what they need to do differently in order to support this new strategy. There is a disconnect between strategy and execution and that disconnect creates confusion, conflict and stress on an organization where even the best people are put in a position to fail.

It is critically important to understand how much change an organization can absorb within a given time. Just as it takes time, money and thought to design and build technology, production facilities and distribution capabilities. Similarly, it takes time to source, deploy and train talent. This takes even longer when your workforce requires special skills in a talent-poor or highly competitive region. I remember in a previous role a leader said, "don't get discouraged, this is great work, we are so far ahead, but the organization doesn't have the capabilities to absorb these changes for 3 years." I heard a similar comment from a client not too long ago, "we are a little discouraged, we have this great vision of where our workforce planning service needs to go, but we lack capabilities and the business isn't ready for it." Those situations can be very discouraging and de-motivating. The best advice for this is crawl, walk, run, fly. It is important to collaborate with the different organizations so everyone is on the same page moving forward together. Start simple (crawl), prioritize and identify goals you can accomplish together to gain a quick win and show value. As you start to walk, we get a little more complex in the types of data we are connecting and interpreting and the process is becoming more clear. As you start to run you have a good foundation underneath your workforce planning service. As you begin to fly you are scaling across the enterprise.

Understand where the labor market is headed

When evaluating the talent needed to support your business strategy, be aware of the market landscape. Are you in a location that has a shortage of cloud engineers or data scientist because there are a number of large technology companies looking for the same talent? Is it taking longer to fill high demand roles because of a highly competitive market? Is this leading to increase workforce costs? Is there opportunities to mine talent from other markets? How can we get a head of this problem so we can compete and win in competitive markets?

It is important to be on top of what's going on in the labor market. By understanding the labor market for the roles necessary to drive your strategy will help you better understand how long it will take to fill a role, the salary you can expect to pay for that role and the challenges to filling that role.

Some things to look at in the labor market are whether or not the economy is expanding or contracting. Is the economy growing? If so, there is an increase in demand for talent and that will raise the cost of employment. What about the demographics of the market? We are at a point where baby boomers are retiring and we are seeing the age of the workforce start to shift. With that shift so does the capability and the availability of workers in a particular area. Are there regulatory changes occurring? What other talent movement trends are occurring within your industry?

By understanding the labor market you can identify talent supply and limitations which impact your talent strategy.

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Identify future talent demand

Your business strategy drives organization and job design. Once you have translated your business strategy into operational requirements, the organization and the jobs necessary to implement the strategy should be designed to reflect operational requirements. What jobs will you need to create? What jobs will you need to phase out? What is the timing of these transitions? A quick way to do this would be to look at your future organization and jobs and compare them to your current organization and jobs. What should fall out is the jobs that need to be created, the jobs that will need to be phased out over time. The timing of the transitions is a bit trickier, the timing is dictated by how long it takes to fill the new jobs, when can the old jobs stop supporting the business and go away. Is there other criteria that effects the transition timing such as; labor laws, retirements, service level agreements, etc.

As with most forecasting efforts, identifying talent demand can be part art and part science. We make certain assumptions when we develop our business strategies, and the further ahead we plan, the more uncertain those assumptions become. Rather than getting wrapped around the axle on the most minor detail, focus first on critical roles and critical employee segments. By focusing on what really matters most helps avoid “paralysis by analysis”.

Over this past year we heard a number of leaders talk about “paralysis by analysis”. Leaders feel they have so much information that they either are not sure how to use it, not sure how the information is tied to different aspects of the business or they don’t really know what is important to the planning process. This paralysis or not acting on the information they have for more than a year has gotten them in trouble and they had to start taking action somewhere. Some purchased new analytics technology hoping that by throwing analytics technology at other analytics technology would fix their problem. Only the technology made the problem worse. Now leaders have more data, more technology they don’t need or isn’t a good fit for what their trying to solve and still don’t know what information is important for planning. Many leaders have said they focus on critical roles, what roles are important to the outcome of the business and they start planning from that guideline. Then the leaders will fill in other supporting roles based on some rule of thumb for their business. Many leaders have described this as the “art” and not the “science” and their working on hiring people and finding the “right” technology for the “science” part of workforce planning.

Assess your current talent inventory

Once you understand your future headcount demand, the amount of change needed and the timing of the changes, review the inventory of your current talent pool. This helps you determine who and how to transition people into new roles and whether that person would be a good fit. As a VP of Workforce Planning from a medical device company put it, “it isn’t about butts in seats, there is a fit assessment that needs to be done to make sure the employee has exhibited behaviors and performance that are conducive to a move that helps the company.” This leader also discussed the importance of the management team also being onboard with this type of “help the company” mentality where managers sometimes have to “promote” or “redeploy” their top performers to other organizations to help the company. The behavior where managers are willing to give up their talent for the better of the company took time, but they’ve incentivized managers who do promote or redeploy their employees when asked.

When evaluating the current inventory it is critical that work and skills are captured somewhere. It is important to ask, “when is the last time this information was captured?” A lot can change in a year. This will help determine if the worker has the skills to perform the new job or is there a different job that fits better. There is always the question of if the worker has skills versus behavior. If the person has skills to perform the new job or has the capability to acquire these skills the person may be a good fit. Has the employee in the past exhibited behaviors where fit has been an issue?

It is also critical to understand attrition, and we don’t mean the overall attrition number. Organization’s need to dig into attrition. Yes, not all attrition is bad. However, what is bad is not knowing who is leaving or the skills and productivity that is being lost. Now a days it is even more important to look at age to see who will be leaving soon. This exercise isn’t about discrimination, it is about understanding who is getting set to retire and what skills and business knowledge need to be transferred prior to retirement. A VP/GM at a large manufacturing facility said “retirement is my #1 concern, I have no visibility in who is getting set to leave and what skills will be walking out that door and whether or not I need those skills in the next 5 years.” That is a lot of risk when you’re running a billion-dollar business.

We often ask, how long does key talent tend to stay in the company, organization or a particular role? This is especially important if that role is a critical to your plan and organization. This analysis should be done on any critical role, to get ahead of the talent curve. If this critical role is in an organization where the culture is aggressive or toxic, your plan may require additional resources to cover the work or support resources to make a change within the organization, whether that is restructuring around the work or a change management program to change the culture, which can span as long as your 3 to 5 year workforce plan.

Finding this insight is critical in helping the organization create a plan around redeployment capabilities, divestiture requirements, training plans and who to hire for.

Identify talent gaps and create a strategy to close them

Now that you have evaluated what your future needs to look like and compared that to your current workforce, what are the gaps. Workforce planning isn't just about a resource number to reduce or add, but also a resourcing strategy on how to get there. The resourcing strategy is more about the what, when and how of closing any gaps. The resourcing strategy should look at what, who, where and for how long, or is it staying the same. Some roles, some organizations may be in a maintenance mode for current products and services within your company and you need them to continue operating as-is so your business can keep the lights on. That may not be the case in year 5, but it may be the case for the first 4 years of your plan.

Next, what areas, roles, locations that may require divestiture. We call this out separate from redeploying talent because this is talent where jobs or skills are obsolete and the talent may not be a good fit or qualified for other roles or training programs. The talent may be in a region that is no longer desirable by the company. Due to unforeseen issues there may be a surplus of that role or skill set that is no longer required.

Training. What, who, where and when is training. Developing your internal talent helps you become less reliant on the external labor market, build a cohesive culture and sends a strong message to the company that you are committed to your people. Training helps companies reduce their risk. The company gets to know the employee, the employee knows the company and if the company redeploy the employee the transition can be quick. A VP of Learning for a large technology company indicated their training budgets over the past 5 years has been cut, while attrition in the same 5 year period has risen. Although no correlation analysis was formally done, the leadership team agreed the two were associated as their annual pulse survey suggested employees did not feel the company was invested in them, especially considering training is required for performance management, but employees felt they were not provided time to take training when needed or online training isn't as effective as in person training. Much of the thought is, even if employees don't take the training, just having the option provides a benefit to the company.

What, who, where and when is being redeployed. Can you redeploy talent from obsolete or redundant jobs? This needs to be taken into consideration prior to divesting your talent. It costs the company more to let the employee go and then rehire the same employee or to hire someone new equally as qualified. Evaluate that divestiture pool for fit prior to letting employees go, there are a lot of benefits to redeploying talent. Can you redeploy talent after training? This should be evaluated as part of any training plan. Are employees training for the same role, an expanded role or a new job.

What, who, where and when are we hiring. Recruiting outside talent can be expensive, slow and risky. From our conversations, the average time to fill is close to 80 days. Then add on onboarding time. Even longer when hiring Director level and above. The sooner you know you need to hire the sooner the talent acquisition process can start. There is also a burden on the hiring manager as hiring managers will spend almost 60 hours in the hiring process such as; looking at resumes, interviewing candidates and the overhead of working through the talent acquisition process. This is time hiring managers have not budgeted for.

Do you consider hiring contingent or contract labor? This is becoming more popular because the option is highly flexible. Many companies have a pool of contingent or contract labor available to them. It helps fill in any gap for short or longer term. It allows companies to try out the talent before employing them. Many companies use this option to either purchase labor for a reduced cost for low complexity work they have yet to automate or purchase highly skilled employees for a defined period of time when they need them for a build phase of a project.

It is critically important to think through these different scenarios and the impact it has on your workforce plan. The impact on your workforce plan will impact your ability to successfully achieve your business plan. Timing is important. All of these resourcing strategies need to work together holistically not to leave any gaps. And the plan must compensate for attrition. Do you have an organization analyzing these different possibilities for different scenarios?

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Implement the process

Strategic workforce planning requires a continuous improvement mindset. Strategic workforce planning is a continuous process, not a one-time event. The word process is key. Process is a series of steps that help make the activity a consistent and repeatable experience. That experience is delivered to business users and clients via a suite of services. By standardizing strategic workforce planning service into a consistent and repeatable process makes for a better experience by the consumers of the service (your business). By standardizing you are able to improve the effectiveness of your service by reduce errors and better understand the drivers in your business that drive success.

The organization that owns the strategic workforce planning service will run through their workforce planning process a number of times with the different businesses and tweak the process to fit their business needs. The workforce planning organization will also work with other organizations that contribute to the execution of the planning process such as; talent acquisition, training, operations, etc. An important part of the process we haven't discussed yet is executive sponsorship. Strategic workforce planning is bound to get attention. Anytime the word "strategy" is mentioned the importance of any topic is elevated. But the sheer scope of strategic workforce planning far exceeds a single team, human resources and even senior-leaders. Human Resources and the workforce planning team can facilitate and own the strategic workforce planning service, but the business needs to be involved to make sure their needs are met. Other organization's such as talent acquisition and training who have to execute the plan need to be involved to ensure they can deliver on those plans and needs. If either the business or the execution organizations lose confidence in the process, they will resist being a part of it. Collaboration is important and foundational

Strategic workforce planning is a continuous process that reaches far and wide within an organization. Do not attempt to do everything at once. To successfully collaborate with the business and execution organizations start small, demonstrate value and gets some wins under your belt. The strategic workforce planning team won't be able to move from a reporting organization to a fully predictive planning organization in a year, even two. With the business, begin with headcount demand planning based on business outcomes and work with talent acquisition to ensure hiring is in place before the business needs the resources within the plan. Focus on critical roles or roles where there are pain points in securing certain skill sets. Deploy a focused pilot to learn how to work with the business and the execution organizations and to learn how the strategic workforce planning process will work in your organization before branching out to other organizations.

Finally, measure your progress. Set goals for your strategic workforce planning service and measure where you are at in relation to your vision. Measure your process. How long does it take to get through the planning process today without any defined steps? How many touch points or iterations? Has time to fill been reduced now that talent acquisition knows what demand looks like? Where are you on actual heads versus planned heads? Start simple and stay the course.

Without a doubt this discipline maximizes benefits to your business, it just takes commitment and capability.

What should I look for in a workforce planning solution

We've always said, even if you don't choose Hiper Hipo, we can still help you find the right solution.

Strategic workforce planning isn't just a technology play. Strategic workforce planning is a complex activity and unfortunately, no vendor can throw an application at the problem and bam, problem solved. You've probably heard this before, but technology is only 1/3 of the equation. You still need a process and people with the right skills and capabilities. The right technology will lend itself to your planning process and guide you with a methodology. Even the methodology will require some tweaks to support some aspect of your business or scenario planning requirements. Don't let the technology dictate your business. The technology should support your business and where your business needs to go. The technology should be able to adapt, not every business is the same.

The technology should be something that can integrate with a number of different vendors. A workforce planning solution requires workforce management data, business network data such as; processes, transactions, productivity, etc., asset information and your customer experience information. You may not need all this information to start, but as your workforce planning service evolves, the solution and modeling better accommodate all aspects of your business to be able to generate not just workforce planning models but new service and resourcing models as well. Your leaders will demand it because of the instant value this information generates when brought together. It is critical that any solution be able to plug into different workflows to be able to kick-off hiring, training, re-deployment and other talent activities. It may also need to kick off I/T service or asset activities. It is these features that separates workforce analytics software from true workforce planning software. An analytic is not a plan, an analytic can tell you how your business is doing in regard to the execution of the plan.

You will need people with a planning mindset and capabilities around your strategic workforce planning service. The technology is there to make people's jobs easier and the process makes the service consistent and repeatable. Your strategic workforce planning service will still require people who have capabilities that will help your business translate its long-term business strategy into a talent strategy. Find analytical and naturally curious people. People who enjoy and embrace the challenge of working with business leaders and helping them be successful. Not everyone has the skills to step in and speak with business leaders on day 1 about their business and their strategy. When the business sponsors or subscribes to your strategic workforce planning service, have them commit to a discovery phase that will help your resources learn about the business models and language that business prefers to use. This will help build credibility and ultimately help your service build better strategic workforce plans.