



Strategic Workforce Planning – The Foundation of Talent Management

By Stacy Chapman, Aruspex

Workforce planning is comprised of a number of key tasks including analysis, modeling and action planning. When these analytical and technical components are integrated into a strategic workforce planning (SWP) methodology and integrated into the business, workforce planning becomes a structured technique for developing a comprehensive, measurable talent strategy that can be monitored. Talent strategy is a key underpinning of business execution and a primary goal of any workforce planning approach. Unfortunately, many organizations stop at doing only parts of the process, and much of the value is lost.

By integrating internal, historical HRIS data with other internal and external data, we create a data foundation on which to build the right balance of analytics, forecasting,

modeling, predictive analytics, and qualitative assessments for making optimal workforce decisions. This is key to good workforce planning – especially the qualitative aspects. On top of those components, which we’ll discuss in detail in this article, really powerful workforce planning also allows us to create a future workforce profile that is broader than just skills and numbers. We add more qualitative aspects of the workforce profile so that we can craft targeted talent strategies. Then we measure the progress of our talent management practices against all of the important attributes, from head count and hiring rates, right through capability gaps, workforce stability, work relationship, job design and even organizational culture. This unique and holistic approach ultimately gives us a targeted, measurable talent strategy – ultimately a workforce plan that ensures we are delivering the talent the organization needs; much more than some metrics and a staffing plan.

“Predicting” the Future

One of the main objections you may hear to workforce planning is that it is impossible to predict the future – so, therefore, there is no point attempting to plan the workforce. That’s partly true – you most definitely should not claim to predict the future – don’t use the “P” word at all and frankly, run a mile from anyone who uses it to you. You can explore, anticipate and forecast the future, but the second you try to predict it, all your credibility will fly out the window. But if you stay away from the “P” word and use a pragmatic, value-add approach to workforce planning, you will find that the business is very keen to explore the future and embrace the plans you develop with it.

“Exploring” the Future

“Futuring” is serious business, and there are a range of proven techniques to explore the future, enabling you to make better decisions. The most widely used of these is scenario planning, best described as “stories of what happened in the future.” These are not “best, worst, most likely,” they are rich stories of how the future might play out based on potential outcomes of key variables in the workforce environment. Facilitated well, a scenario discussion with the business will increase your engagement with the executive, and has been described to me by C-level executives as “the best thing HR has ever done for me.” Some of the benefits are described in the box on page 10. This is the single most important part of workforce planning, and the one that most people don’t understand. If there’s one new skill you learn this year as a workforce planner, make it learning how to facilitate and develop scenario discussions with business leaders. They’ll love it, and you won’t believe how valuable it becomes to your workforce planning and your career.

Benefits of Scenario Planning

- Provides an analytical framework and process for analyzing complex issues and responding to change
- Decision makers are better able to recognize a scenario in its early stages, should it actually be one that unfolds – and be prepared for it
- Managers are forced to break out of their standard world view, exposing blind spots that might otherwise be overlooked in the generally accepted forecast
- Managers are better able to understand the source of disagreements that often occur when they are envisioning different scenarios without realizing it



Workforce Planning and Workforce Analytics

Some vendors claim that you can't do workforce planning without workforce analytics already in place. Wrong! Analysis is necessary within the workforce planning process, but it doesn't have to come first. In fact, analytics-led workforce planning processes tend to add much less value to the business, and are less likely to get that fabled seat at the table. This is because analytics is, by definition, focused on the past, because anything for which data exists must have already happened. If it's already happened, how can it be planning? There is no doubt that analytics can add strategic value to the business when it's done right. However, analytics will not develop the right talent strategies for you, engage the business for you, or ensure that your talent strategy is focused and measured. Only workforce planning can do that – so let's get the horse of planning before the cart of analytics and make our lives easier!

If you have a good analytics program in place, use it. In fact, take stock of all of the things you have in your organization and use everything that's going to be valuable. But don't let the lack of an analytics program (or lack of good data or lack of anything else) stop you from starting workforce planning. It is strategic workforce planning that is the most critical people-related activity for the organization right now, so get going and stop focusing on tactical obstacles!

Workforce Planning and Talent Management

Your workforce plan is the foundation for talent management. It includes a rich description of the current and future workforces, and clear illustrations of the changes you'll make to achieve the right future. Because it describes the future workforce in terms of size, skills, style and segments, you connect your full talent strategy to it – this is the link between the business strategy and HR. Mary Young from The Conference Board explains this most clearly as a set of turning cogs in her recent report, "Implementing Strategic Workforce Planning." Without workforce planning, the business strategy and the HR strategy are cogs which spin independently – workforce planning is the cog that

connects them. This is the most fundamental difference between operational and strategic workforce planning – strategic planners see the outcome as a targeted, measurable HR strategy, not a staffing plan.



Let's look at the interrelationship between staffing and workforce planning. Historically, we considered the workforce plan to be a staffing plan and the staffing plan is still one of the outputs, but if you think strategically, there are a lot more intersections between staffing and workforce planning – sourcing segments, employee profiles, staffing trends, etc. See some examples here.

Example: Workforce Planning and Staffing



- Staffing plan
- Gaps and issues
- Recruiting strategy
- Sourcing segments
- Employee profiles
- Dashboard
- Business collaboration and validation
- Monitor and report progress to plan



How it Looks – What is a Workforce Plan?

This is no great mystery. Fundamentally, a workforce plan contains a few key pieces.

Of course, each organization will have variations on the method and style of each section, and they may add extra steps, but these are the fundamental parts:

Executive Summary	A one/two page report that represents current to future, the gaps and the actions being undertaken to address the gaps.	
DETAIL		
Current Workforce	Workforce Profile in terms of <ul style="list-style-type: none"> • Demographics • Capability, Availability, Productivity • Employee Motivators/Drivers 	
Future Workforce	What do I need? Future Workforce Profile in terms of <ul style="list-style-type: none"> • Demographics • Capability, Availability, Productivity • Employee Motivators/Drivers 	
Environment Scan Report	Issues identified impacting our workforce Issues to watch	
Closing the Gaps	Clearly defined gaps Solutions mapped to the gaps	Appropriate milestones

Step by Step – Building the Workforce Plan

Many models ask you to forecast supply, forecast demand, and then close any gaps. This forecasting-based approach is part of building the workforce plan, but in itself is limited and adds little strategic value to the business. This approach is what I call operational workforce planning. Strangely enough, it's often harder to achieve than strategic workforce planning, because the business sees it as a compliance activity unrelated to their real success – and the business is right. But don't worry, using a strategic approach makes the business happy and ultimately leads to more effective relationships between HR and the business. Strategic workforce planning includes nine key steps:

- 1. Divide** the workforce into different demand based groups, e.g., engineers, administrators, etc. Evaluate these for “heat” in the organization so you can prioritize. This is not just “strategically critical” groups or “pivotal roles,” although it can be, but rather the heat of a group is a combination of criticality to the organization's strategy; criticality to operations; significance of planned demand changes; supply conditions and constraints; and other symptoms, which increase the need and importance for workforce planning.
- 2. Scan** the environment to identify key forces impacting your future workforce, such as skills shortages, altered supply due to economic conditions, changes to business strategies, etc. Guide business leaders and HR partners to do this too – there are simple techniques that will ensure that every time your managers read their business and trade magazines they think about the future workforce, which is a great step towards integrating SWP into the business planning process. This is a combination of publicly available data about the external environment, proprietary external data, and internal sources such as the business strategy and plans, HR policies and any other useful internal data sources – all of which are integrated in good workforce planning.
- 3. Understand** the current state of the workforce in terms of metrics, trends – and the “story behind the data.” Segment workforce supply to understand the different groups which make up your workforce. Be

sure that HR and management are on the same page regarding the current workforce. That's a quick discussion to have, but you'll be surprised how many times the view is different – and differences are bad news for talent management

- 4. Project a “No Change Future State”** profile of your workforce if no change is made. This is not just numbers, it's a full, rich profile of the “no change future state,” including measures like percentage eligible to retire, median length of service, percentage of diversity, etc. Choose measures relevant and engaging for your organization, but ensure that you deliver much more than FTE projections. This is a phenomenal engagement tool and a great weapon in a workforce planner's armory.
- 5. Help the business to explore alternative scenarios** – different ways that the workforce (not just the business) may play out. These are not just slightly altered forecasts, but rather use structured “futuring” techniques to guide business leaders to “think outside the box” and explore real alternatives to current paradigms – and validate that thinking using data projections and testing of your assumptions. This work is done with the business, live and collaboratively. We don't explore scenarios behind closed doors and then present them to management – rather we help management determine and describe the scenarios. This is valuable, challenging and fun. More on scenario development later.
- 6. Help the business select and describe their Targeted Future**, the workforce which is right for future success – possibly the one that is likely to be most agile to support a range of possible future outcomes. This is more than just numbers, but a full description of the profile, skills, attributes (e.g., level of ambition, source, etc.), employment relationship, etc. – whatever is relevant to the particular group.
- 7. Analyze gaps** current to future – again, more than just numbers, look for all of the important changes you seek to make to the workforce. Will they be differently skilled? More or less ambitious? Located in different places? Older? Younger? Part time? Contingent? The “gaps” can't be described from a list, they have to be developed from the shared business/HR view of what the future workforce needs to be.
- 8. Build a comprehensive, measurable action plan** to close those gaps – the comprehensive talent strategy for the group, targeted directly at the changes that need to be made. This gives you a line of sight from the business' goals via gaps to HR activities, which also enables understanding of the true impact and ROI of HR programs.
- 9. Monitor your progress** and respond to any changes in circumstance. The best way to manage the unpredictability of the future is to ensure you're monitoring your workforce progress against all critical measures, in a proactive, online way. Then, if your trends don't

head the way you planned or anticipated, you can respond quickly, updating the target or the action plan to be more effective.

This process is a mix of qualitative and quantitative activities – use some analysis, numbers and modeling, but use them to support strategic conversation with the business, not to replace that conversation.

Technology in Workforce Planning

Of course, you can make progress in workforce planning with spreadsheets or even with no software at all, but using technology well vastly improves your results and your speed. There are four key uses of technology in workforce planning:

1. Analysis of the current workforce profile and trends, projections of where trends are taking you;
2. Modeling and forecasting, using internal and external data;
3. Monitoring progress, alerting the right people to variations from the plan;
4. Managing and decentralizing the process itself; and,
5. Embedding and widening usage and collaboration on workforce planning throughout the business.

Often people think only of the first two items, because they are the most commonly used. But real value comes in the third and fourth – we monitor progress against all kinds of goals (not just staffing numbers) to ensure we are adapting to changing conditions; and we incorporate and automate our methodology into our software so that we can have the right degree of consistency, and so that we can better support HR business partners and managers engaged in the process.

Where does Workforce Planning belong in the Organization?

Workforce planning can be very successful when facilitated by HR and performed with the business, but it's rarely successful when it's owned by HR and presented to the business. The ideas and decisions need to come directly from business leaders not lower level line managers; executives do workforce planning! But where in HR should it live? Ideally in HR strategy or in talent management, but organizational development makes a great home as well. Take care with placing accountability in staffing (you might end up with just a staffing plan) – and think very carefully before you place it with HRIS. This is a strategic decision-making process, not a data exercise.

Launching and Growing Workforce Planning in Your Organization

Good change management and well-designed projects are great aids to rapid success in workforce planning. During typical implementations, the early stages involve

starting the process with a subset of the organization. Some vendors call these “pilots,” but Aruspex knows they are more important than that – your early groups need to be “lighthouses,” or groups who light the way for success across the organization. The group should have a single purpose, e.g., select “Direct Sales People” rather than “Sales and Services Organization,” and select “Italian Sales Team” rather than “Italian Operations.” It's important to keep the focus of the group tight so that outcomes and ROI can be clearly demonstrated. Of course, you will expand the focus very quickly, but in the lighthouse, keep it constrained. The group can be across many countries or organizational units, but they should all perform the same function for the organization.

Set up a project where the group itself, and their HR advisors, own the project – the central workforce planning team should not do all the work, nor should they own the implementation of the plan. The central team acts as facilitators, project managers and process experts. They also support environment scanning, manage and train on tools, and supply templates and guides to the process. Ideally they help the decentralized, business unit team do the hands-on planning, rather than doing it directly – this decentralization helps to enable rapid success and expansion across the business.

Not Rocket Science – Yes, You Can

This is a pragmatic, effective framework which is readily integrated to business planning. Successful integration with the business planning process is truly achieved when business leaders require that workforce planning be a key part of the process, not just an afterthought. And that will happen faster than you think, if you do it right. Just stay away from the “P” word: no predictions, never, ever!

About the Author



Stacy Chapman co-founded Aruspex in 2003 with the sole purpose of solving the challenge of strategic workforce planning. She is a highly sought-after speaker and is quoted and published widely on the future workforce and how to prepare for it, including *HR Monthly*, *IHRIM.link*, *Human Resource Executive*, *Human Resources Magazine*, *Business Review Weekly* and at Conference Board events. She has more than 15 years' experience with HR strategy, including a highly successful role as global product strategy manager for PeopleSoft in California, where she designed and launched world leading software. She has significant experience consulting with global organizations (including Starbucks, Aetna, Johnson Controls, Mining Industry Skills Centre, Singapore Power, Toyota and many others), as well as facilitating workshops, “futuring” and, of course, workforce planning, about which she is passionate. She can be reached at stacy_chapman@aruspex.com.