



Putting the “Strategic” into Workforce Planning

By Stacy Chapman, Aruspex

How you can ensure that the right workforce is in place to meet your organization’s strategic goals – no crystal balls, no fingers crossed, and no wishful thinking!

INTRODUCTION

Every organization is heading down a path towards a future determined by its current trends and practices in areas such as recruitment, turnover and promotion, and by social trends that determine what the future workforce will look like, and how they will respond as employees. Contingent workers, baby boomer retirements, changing education trends, globalization, outsourcing and work/life balance mean that this current path will not often be the one that leads the organization to future success. Many organizations sense this, but do not have a framework or tools to understand and analyze it, let alone to make the changes necessary to alter that future. The framework they need is strategic workforce planning.

In an organizational context, think of markets. Organizations compete in three markets: the capital market, the customer market and the talent market. Most organizations have careful

strategic plans on how they will compete in the first two, but rarely have a strategy to compete in the most mercurial one – the talent market. Imagine not being able to articulate which customers are most valuable to your organization, and which ones you base your strategy on? Imagine if your marketing group tried to pass off a headcount budget as a customer strategy? Most employers apply a great deal of energy to effectively plan for their future products, services, customers, competitors and finances – but very few apply strategic workforce planning techniques to the resource that CEOs often refer to as the real source of their competitive advantage – talent.

Part of the problem, of course, is that the term “workforce planning” is used to describe so many things –

activities like roster optimization, competency modeling, even headcount budgeting. Sure, these involve the workforce, and they are planning activities, but they are operational or at best tactical, not strategic. Operational and tactical planning is essential across the business, not just for the workforce – but both must be done inside a strategic plan, not instead of one.

Every CEO and executive team should know the answer to the following questions:

- Which roles are critical to the delivery of our strategy?
- Do we have the capability and capacity to deliver our strategy?
- What are the right things to spend our people budget on?
- What kind of people do we need to achieve our goals?

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If you can answer these questions, you gain powerful insight into what people the organization will need, and what people will be available to you to meet those needs. Then, because you understand the gaps between your organization's demand and the available workforce supply, you will be able to create and target programs, approaches and even your own strategies to ensure that those gaps are closed.

There are six fundamental components in every workforce plan:

- context,
- current workforce profile,
- future workforce view,
- analysis,
- targeted future and
- action plan.

CONTEXT

A critical step in workforce planning is understanding the context in which your organization operates – the things happening inside and outside your walls affect your future. This might include demographic trends, internal HR trends, business strategies, and competitive behavior – whatever things are important to your future workforce. However, collecting data is not the important part of the requirement here, rather the critical step is deciding what data to collect, what data to ignore, and why.

Your HR experts will be good at collecting the data you need. The easiest way to filter and prioritize your data is to hold internal workshops with the specific purpose of gleaning information from your managers and key employees. People in the organization are experts about the business, and workshops are the most cost-effective and timely way of reviewing and prioritizing the context data identified by you and your experts.

USING CATEGORIZATION TO GET THE RIGHT VIEW OF YOUR CURRENT WORKFORCE

For planning to be successful, you must understand what you need the workforce to do, what is most important to you, and what the workforce can do.

Categorization 1: What work is being done?

Workforce planning is a strategic planning tool, and strategic planning tools are applied at an aggregate rather than individual level. If you are planning for a specific employee then you are development, not strategic workforce planning. Ensure the right level of aggregation, and hence focus, for your plans by grouping like work together based on the output the groups produce for the organization. A planning group might be “Line Workers based in Dallas,” or might be “Call Centre” or “Executive Management, Europe” – depending on your needs.

Categorization 2: How is the work aligned to strategy?

Some employees are more important to an organization's strategy than others. It is important to identify the workforce groups that are critical to the business strategy, as well as those that are misaligned, and the majority groups that are aligned to strategy, but not critical.

Categorization 3: What people do the work?

The workforce is not homogenous and different groups increasingly respond differently to HR programs such as work design. These are your talent segments – segmented not in terms of the individual skills they have, but rather their traits – perhaps their place in the employment or life

cycle, their level of ambition or stability, even their generation. These are the things that help you decide what people policies and programs you need – just as marketers target services based on these things.

The process of breaking down the workforce is sometimes challenging. The natural tendency when discussing people is to talk about individuals – and workforce planning is not about individuals, it is about groups and aggregates. As a rule of thumb if the conversation is about an individual, you are succession planning or performing individual career development – not workforce planning.

CREATING A VIEW OF YOUR FUTURE

Clearly there are no absolutes when considering what will happen, but preparation is the key to maximizing options and minimizing risks. Creating your future view has three phases:

- Quantitative futuring: understanding the future you are currently tracking to by forecasting;
- Qualitative futuring: scenario planning potential alternative futures in terms of capabilities and demographics to deliver your business strategy; and,
- Analyzing to define the targeted future: analyzing the content of your futuring and fine tuning to a definitive targeted future.

1. Quantitative Futuring – Forecasting Your “No Change Future State”

Produce a “No Change Future State” by extrapolating your historical trend data into the future. With the data available on both your employees and the labor market, it is relatively easy to apply trend data to your workforce profile data to understand what your organization's future workforce could look like.

This forecast, though limited, gives you a tangible representation of what the future will look like if current practices continue. The importance of this is two-fold: first, that it may well provide the “burning platform” required to place workforce planning

on the strategic agenda; and second, it provides the benchmark or control group for measuring and comparing the impact of any actions you take to achieve your future workforce goals.

Forecasting helps to identify potential problems or vulnerabilities, such as the erosion of a skill base through an aging workforce or mid-career turnover rates, but the quantitative approach has limitations. What about scenarios that include things which haven't been happening in the past? These require more qualitative and creative approaches.

2. Qualitative Futuring – Scenario Planning

Scenario planning is a method of describing the future by exploring the likelihood and impact of factors influencing the future of the workforce. It is a process that considers emerging trends and issues, encouraging knowledge exchange and the development of a mutually deeper understanding of issues important to the future of your business – “what if?”

You can describe as many potential future scenarios as you require for your group – e.g., “If we outsourced X skill,” “if we change our engagement model and increase wages,” “If we increase our 2006 apprentice intake by 15 percent,” “If this new policy made us 15 percent more appealing to the 55+ age group,” etc. You are able to examine the impact of any change in your internal or external factors, then evaluate where they will take you.

ANALYSIS TO DEFINE THE TARGETED FUTURE

Analysis is the opportunity to explore what “buttons and levers” can be pushed and pulled and how that will affect your workforce. This is similar to scenario planning, but

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more specific as you are only targeting certain factors of the scenario, the most important ones. For example: implementation of a demographic profile target, such as, increasing “older workers” thus mirroring the customer base.

You begin to define a targeted future. The targeted future is the future that your actions are going to be directed towards achieving. Once a targeted future is identified, the organization can define the gap between their current projection and targeted future, which allows for action planning.

ACTION PLANNING

Your workforce planning efforts to this point will count for little unless you invest time in determining the right actions to address the issues identified during analysis. This process is about closing the gaps, and it is key for the planner to identify the impact to the organization's future if an identified gap is not closed. Action planning needs to be approached holistically. For example, focusing only on altered recruitment standards or training programs will not close a capability or workforce profile gap. Action planning needs to consider all of the levels of resource management and their relationship.

A RECAP – YOUR WORKFORCE PLAN

Your workforce plan provides your organization with:

- comprehensive action plans to maximize the organization's ability

to deliver on strategic goals,

- a rich picture of the forces and factors that influence your organization's future,
- the information necessary to create, target and execute the most appropriate and effective human resources programs and policies, and
- an understanding of the impact and value your actions have on your people.

Workforce planning is a vital and valuable process for organizations to undertake. Embedding it into your organization's business strategy process will enable you to recognize the roles critical to strategy delivery; to articulate your capability and capacity for delivering the strategy; and most importantly, to know you have the actions in place to deliver.

Always remember: *A business strategy without a workforce plan to support it is WISHFUL THINKING!* Are you heading towards a successful future, or just wishful thinking?

ABOUT THE AUTHOR

Stacy Chapman (stacy_chapman@aruspex.com.au) is co-founder of Aruspex, a strategic workforce planning software and services company. In over 14 years working with people capital strategies and related software, she has designed, managed and implemented systems from human resources management and customer relationship management systems to integrated voice response, including a highly successful global HRMS strategy role with PeopleSoft.

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