

Polishing the crystal ball

■ BY TESS WALTON

executive Katie Lahey said recently that 80 per cent of the technology we use today will be obsolete in 10 years. That means everyone who works with technology (and who doesn't?) will need to completely re-skill at least once in that time. For people in high-technology fields, the impact will be even greater.

Also, we have more and more women in the workforce. Unlike men, women have an increasing labour force participation rate. Peak involvement of women is now, the 40–44 age group compared to only 10 years ago when the highest participation rate was, the 20–24 age group. This shift brings with it an increasing need for child care and flexible hours if employers are to successfully leverage this group.

Shrinkage, change, more women and, to top it off, there will be more distinct generations in the workforce than ever

before. Welcome, the 'net generation.

The X and Y generations are more technology savvy, better educated, more mobile, less loyal and differently focused than previous generations. Employers will have to adjust virtually all of their policies and practices to new values. They will have to find new ways to motivate and reward them. Gens X and Y thrive on challenge, opportunity and training—whatever best prepares them for their next career move. Cash is just the beginning of what they expect.

Intergenerational issues are critical, and organisations need to prepare. Customs is “grappling with what it is going to mean” in preparing to compete in a global talent marketplace.

It is also preparing for when people within a single team demand different

Strategic planning in a changing, shrinking job market calls for forecasting that's more method than magic.

It is hard to summon the energy to confront a pressing problem that won't really hit hard until about 2020 and beyond, but pressing it is. The problem is the workforce—or the lack of it.

“I think about the future and wonder who is going to do the work?” says Joanne Talbot of the Australian Customs Service, an organisation that is able to respond to calls like that made by Reserve Bank governor Ian McFarlane in November 2002 to give priority to “tomorrow's working-age population rather than satisfying the demands of yesterday's”.

In the 2020–29 decade, an estimated 125,000 new people will join the Australian workforce. If that sounds like a lot, consider that it is currently growing by about 175,000 every year.

But that's 16 years away. How pressing can the need to act be?

Well, the figures tell only part of the story. The demographics of the workforce are changing in big ways too, and, as Paul Keating told the recent AHRI conference, it takes 20 years to deal with demographics. In March *The Economist* (Editorial, 25 May 2004) said companies must urgently address the impending workforce shortage because they have “a breathing space of about a decade in which the working-age population will be larger than ever before. They need to make changes quickly.”

Another part of the story is technological change. Business Council of Australia chief



HR-related policies and practices from each other. Customs is developing its own intergenerational employment proposition for a very mobile and multi-skilled workforce. Talbot, director, national human resources development, Customs, believes its increasing part-time and flexible work practices will help it compete for Gen X and Y and mature-aged workers.

A key demand of tomorrow's workers, be they 26 or 66, will be to have more flexibility combined with better work/life balance. New ways of engaging workers are emerging—job-share, and people doing important contingent work for multiple companies (worker-share!). Semi-retired people will maintain contact with their old employers and do occasional, casual or part-time work for them. The employer, not the employee, will have the biggest interest in ensuring that these “contractors” remain skilled, current and close to the



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organisation—very different to the present contractor scenario. These and other ways of engaging workers will give a competitive edge in the talent market.

The good news is that we can see the future coming, and the trends are manageable with strategic workforce planning.

“Workforce planning” is used to describe roster optimisation, competency modelling, e-recruitment and headcount budgeting among many other things. These do involve the workforce and are planning activities, but they are operational (or at best tactical), not strategic.

A strategic workforce planning process has five main parts:

- A meaningful profile of your workforce, including internal trends such as turnover
- A forecast of how your workforce will look if you don't make any changes, based on known trends, internal and external
- One or more scenarios of the future, one of which is your targeted state
- An action plan
- Progress checkpoints and measures.

Data collection on a current workforce profile and known trends is only a part of the process. Workforce analytics and measures of the past and present are valuable, but they don't factor in future changes. Data collection and handling is the workforce planning exercise most at risk of falling into analysis paralysis—when you end up with too much data to process. You do not need 57 ways to look at turnover, and you are unlikely to get a lot of value analysing the entire Census.

Rather, you need accurate data on your organisation's critical measures, related to your own environment. Choosing wisely is half of the battle.

Once you have selected the right data and indicators, it is relatively easy to apply trend data to your workforce profile for insight into where it is going if trends continue. While the picture you build in this way has shortcomings, it helps identify potential problems and vulnerabilities, such as workforce erosion through aging or mid-career turnover.

It may also provide the burning platform you need to bring workforce planning onto

the strategic agenda. This is quantitative forecasting and, like data collection, an important step. However, it still doesn't look at what might be. For that, you use scenario planning.

Most workforce planners struggle with the scenario aspect. It involves a level of educated guessing and a degree of gamble that many people are uncomfortable with. They see it as a crystal ball and claim that forecasting the future is impossible.

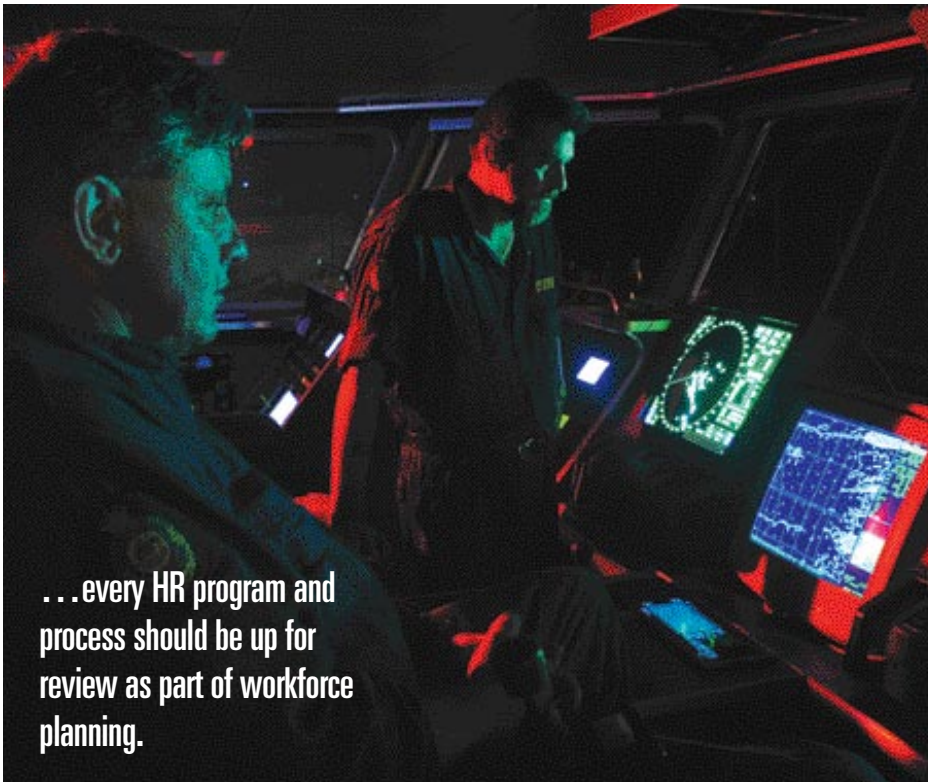
Well, step back for a minute and look around. The Australian Bureau of Statistics is forecasting, universities are forecasting, “gurus” are forecasting. Futuring is a valid and growing tertiary discipline. Inside, companies are forecasting growth and sales, accounting departments are forecasting profits, and marketing departments are predicting all sorts of interesting things about customer behaviour and new products and markets. No crystal balls required.

Good workforce planners are always informally wondering “what if?” Before you start formal scenario planning, you already have a picture of your workforce and the labour landscape in front of you. Start formally by getting the right people together to interact about the organisation's strategic direction and desired future state. Everyone develops a deeper understanding of the issues important to the future of the business. You are exploring what might happen, what is likely to happen, and how that will impact on your workforce.

For Talbot, this integration with business planning, budgets and with the business as a whole is critical. “You have to engage people and demonstrate why workforce planning is important and how it can assist with aligning the business strategy and planning process.”

Your workforce plan, like the business plan, is not a “do once and forget” activity or an exercise you start from scratch every year. It's an ongoing process which you adjust as your situation changes. It's OK for forecasts to be off the mark; it's not OK to neglect checking and modifying them. You might review every six months or annually, but don't start afresh each time.

Just as the business planning process puts a stake in the ground about how the future of the business will be, so must the workforce planning process define how the future workforce will look—a targeted future state. How different is your ideal future workforce



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from what you have today? What key capabilities do you need to fulfil your strategy? What kind of people do you need to build the right workforce? What people will be available to you? More specifically, how will your current programs, processes and practices work for those people?

This is not just about recruitment, but learning, job design, infrastructure, compensation and so on—every HR program and process should be up for review as part of workforce planning. You need to build comprehensive action plans and set clear measures and check points. Customs continuously monitor internal and external impacts and challenges, ensuring alignment of their HR policies with their strategic workforce plan.

The Customs Service's strategic HR framework has a central statement: "Building future organisational capability to deliver business outcomes." Because that, says Talbot, is what HR has to do.

Is that what you do?

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