

Driving Growth Through Strategic Workforce Planning



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By Robert Staeheli and Gareth Cummins

The Eurozone's double dip recession has finally come to an end, with the bloc growing slowly through 2013 and early 2014. While the recovery is patchy and core nations are faring better than smaller territories, there are strong indications that consumer confidence is increasing.

As a result, now is the time for your business to prepare for growth, including investing in your workforce. In fact, you've got a lot to address. Years of economic stagnation have resulted in:

- **A diminished workforce:** Businesses were forced to lay off resources, resulting in a loss of talent.
- **An aging workforce:** Financial insecurity led older workers to stay in place longer than they otherwise would have.
- **Outdated skills:** Reduced budgets have led to reduced training. While businesses in more vibrant economies have advanced, lower recruitment levels in Europe have caused skill stagnation.
- **Obsolescent technologies:** HR is often at the end of the queue for IT systems upgrades. Lack of access to data that provides accurate, meaningful insight into skills, talent, and risks makes it difficult to develop a modern, global workforce.

- **Inflexible work modes:** Companies have missed the opportunity to adopt new, more agile work modes that increase productivity while reducing costs.
- **Traditional business models under threat:** Entire business models are becoming obsolete or uncompetitive as new entrants harness new work styles.

To overcome these issues, you need to focus on workforce planning that strategically transitions your current workforce to meet future needs—and, by doing so, elevates HR into a leadership role in the organisation.

Leading Practices That Support Business Strategy and Operations

According to APQC, top HR performers spend 20 percent of their time on workforce planning compared to 8 percent by low performers. Since businesses live or die by the strengths

of the skills and capabilities of the people who work for them, HR leaders must thoroughly assess their current workforce and understand how they need to develop and evolve their people to meet the demands of facilitating growth while facing increased competition.

Certainly most organisations do some sort of planning at some level of detail, but how well do they do it? Successful workforce planning uses a sustainable, methodical, repeatable approach that is recognised and ingrained across the organisation.

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The following six characteristics are keys to HR taking a more proactive leadership role. Do they describe what's happening in your organisation?

- **Business Alignment:** Workforce planning requires close alignment with the organisation's business strategy development process. It includes workforce strategies and plans that cover both the near term (one year) and long term (five years).
- **Integration:** Workforce planning relies on talent functions to provide input as part of an integrated talent cycle, and helps operationalise the workforce strategy and plan.
- **Collaboration:** Inputs, data, and collaboration from multiple levels, people, functions, and systems within an organisation are essential ingredients for success. The "right" parties must be at the planning table.

- **Insight:** Insights from qualitative and quantitative sources are needed to produce a strategy and plan aligned with organisational realities.
- **Dynamic:** Workforce planning and monitoring is an ongoing process, facilitating the ability to react and adjust to changing dynamics.
- **Technology Enabled:** To routinely react and adjust with flexible solutions, planners must have access to sophisticated analytics, metric libraries, scenario planning, and robust reporting.

Getting Started

It may seem early in the game if you're still feeling the weight of recession. But, in fact, it's never too early to plan for growth. Your first job is to be clear about what you want to achieve through workforce planning. The challenges will likely include providing innovative ways to measure employee productivity and manage talent costs, developing a more flexible workforce, balancing the cost/risk ratio of in-house versus third-party resources and subject matter experts, and aligning workforce planning to specific functions, such as IT, to ensure you have the right people in place to support future technology.

It could also include understanding and preparing your business to deal with a more competitive talent environment and creating a talent pipeline, or elevating HR into the role of critical business partner from supporting player:

With your goals in place, there are six steps you can use now to set the stage for your plan:

1. Start with the basics of workforce planning and evolve to more sophisticated analysis based on experience and stakeholder needs.

2. Profile and understand current internal capabilities and, based on organisation direction, focus on the critical jobs that drive your business.
3. Create realistic short-term and long-term plans, including any investments needed to meet the future work requirements. These could include role/capability designs to adapt to changing and challenging markets, succession planning (addressing immediate and long-term risks), and recruitment/retention planning for critical organisation roles.
4. Focus on determining the best fit for your organisation and how it operates rather than strictly relying on best practices or benchmarks to make key decisions.
5. Prioritise your workforce needs based on bridging the gaps, and define a clear business case demonstrating the value this will bring to the organisation.
6. Establish a timeline and set realistic, tangible measures of success.

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Addressing an Environment of Challenges

Over the past several years, many organisations have had to deal not just with the challenges of holding a business together, but also with the recession's impact on employees. Employee torpor is a challenge many businesses face, especially in light of the decline of real wages in relation to the cost of living. HR must take part in re-motivating the workforce, but it needs the right tools and levers to help.

As the economy inevitably improves, you'll also face other challenges and risks as you implement your workforce plans. Many older workers who stayed on instead of retiring may feel more financially secure and interested in leaving. You'll be recruiting replacements from a very different generation—and managing the complexities of rapid succession planning.

Having said that, we are still seeing older workers stay on the job longer. So, you'll be addressing the needs, cultures, and aspirations of different generations. While you don't want to lose the experience and knowledge your older workers provide, you also need the innovative, creative ideas of a younger generation. Navigating this balance means developing a strategy for how to meld this mix to best meet the company's needs.

As the economy grows and more organisations begin to hire, not only will you have the opportunity to pick up talent, your competition will have the ability to do the same. The Internet and social media have made it much easier for employees to learn about workplace culture at other companies. How does your business stack up in regard to benefits, flexible working choices, social and ethical commitments, access to new technologies

and ideas, career development prospects, and opportunities to innovate, travel, or work overseas?

Finally, as mentioned above, if you want the business to view HR as a strategic partner, you must determine how you can provide the business with critical workforce analytics and insights—not just for basic operational activities but also in regard to workforce demographics and forecasting future workforce needs—and the people strategies required to achieve them. Do you have the technology in place, as well as the time and competencies, to accomplish this?

Greeting the Other Side of the Downturn

As we see a glimmer of light at the end of this vast tunnel—and, yes, it's there—HR is well placed to help lead the business forward to meet new opportunities. Your business relies on the quality of its people, making you the fulcrum of what happens

next. You have the ability to revive a diminished, disengaged workforce, cut through the challenges the recession has wrought, and take the initiative in establishing a strategic workforce plan that will help drive business strategy.

Growth is coming. Your business can't be caught unprepared. A forward-looking plan that addresses what's just ahead as well as the burst of energy to follow will set the foundation for your company's success and place HR in the position of strategic partner.

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