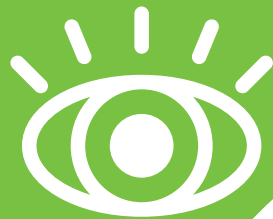


Workforce Planning Pitfalls

Six tips for delivering the workforce of the future for consistent business success





Workforce Planning Pitfalls

Executing talent management activities before they're needed is an earmark of a successful business. With aging workforces and a shortage of critical talent being among the biggest challenges facing today's businesses, strategic workforce planning – the discipline of forecasting future gaps between demand and supply of critical talent, to ensure that you have the appropriate workforce mix three, five or ten years from now – has become one of HR's most important responsibilities.

HR executives new to this process should be aware of a number of pitfalls to avoid when engaging in strategic workforce planning.

PITFALL NO.1: EXPECTING HR TO "OWN" WORKFORCE PLANNING

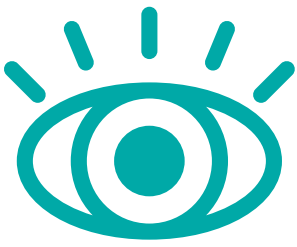
Yes, you read that correctly: workforce planning should not be owned by HR. After all, the goal of workforce planning is to reduce the risk to business strategy execution associated with workforce capacity, capability and flexibility. The foundation for workforce planning is the business strategy; therefore workforce planning should be owned by the business units. The business units are responsible for the success or failure of their strategic plans, and the human capital requirements of the strategy are no less a part of their responsibility than the financial, technical, operational or other requirements.

HR does play a critical role, and that is one of stewardship. HR Managers need to be the content experts and consultants in the workforce planning process, articulating the value, providing the necessary tools and processes, and driving accountability. HR must ask challenging questions that compel managers to think about what drives workforce demand, and help the business translate its strategies into human capital needs. HR must also ensure that the required workforce is delivered. Success requires the expertise of both business leaders and workforce planners – which may mean that new competencies should be developed within the team (see Pitfall No. 6).

PITFALL NO.2: FAILING TO SEE THE BIGGER PICTURE

Workforce planning is a strategic exercise, not a short-term budgeting endeavor. Ergo, the goal is not to slot employees onto project teams or into schedules, but to ensure talent managers prepare a future workforce to execute company objectives. As a rule of thumb, the time frame of the forecast should be equal to the time required to source and fully train an employee. This is usually somewhere between two and five years. Of course, there are exceptions – energy sector companies often need to plan ten years or more into the future.

It is also critical for the workforce plan to estimate the impact of business changes that are expected to occur beyond the forecast time frame. For example, a technology organization recently conducted a workforce planning exercise with a four-year planning horizon. But the company was planning to implement a new technology that would change its entire operations after five years.



Workforce plans that did not take the technology change into consideration would have been obsolete in the long term, and were therefore considered invalid.

PITFALL NO.3: TRYING TO RUN BEFORE YOU CAN WALK

Attempting workforce planning for an entire organization in the first iteration will almost certainly become overwhelming and limit program success. Starting small - with five to ten critical job roles, for example - is recommended, allowing time to refine the process before expanding company-wide. It typically takes three workforce planning cycles to understand how to make the process work effectively within a company's culture and planning cycles.

Additionally, starting small will help build internal credibility and solidify support. And, as organizations expand workforce planning to include more job roles, workforce planning software can help make the overall process easier and more transparent for a wide set of users, resulting in a better partnership and the ability to deliver on the desired outcomes.

A few years ago, a major financial services firm wanted to implement workforce planning but had to seek out business units and convince them of the value. Once workforce planning had run successfully for a few managers, others began to approach HR requesting the process. Today, that HR team has constant demand for workforce planning from across the company, with universal acceptance of the process and the value it delivers.

PITFALL NO.4: TALKING IN A DIFFERENT LANGUAGE TO THE BOARD

HR Managers must be able to translate the impact of the workforce plans into financial value and business success. This enables business leaders to make workforce decisions based on the same criteria used in other areas of strategic planning. It also demonstrates the value of the workforce planning function, building credibility and support for the process going forward.

One major technology company built its workforce planning department around these metrics, augmenting business decisions with workforce profitability predictions. The head of workforce planning now holds a monthly meeting with the CFO to discuss the implications of corporate strategies on workforce costs and how risks can be mitigated.

However, the majority of organizations struggle to quantify this impact, making it impossible for senior management to understand the value of workforce planning to the business. HR Managers should be able to answer questions about the plan's return on investment (ROI):

- What are the costs associated with vacancies in critical job roles, in terms of lost revenue, missed deadlines or increased contractor costs?
- What are the estimated costs and savings of reductions in voluntary turnover for critical job roles and/or tenure groups, in terms of reduced training and talent acquisition costs?
- How much return will be recognized from an investment in tools or training to enhance productivity and reduce the overall workforce demand?
- What savings can be realized by developing employees internally rather than recruiting externally?
- What impact does exporting labour to cheaper markets have on the total cost of workforce into the future? How are the costs of labour changing in these markets?



PITFALL NO. 5: FALLING AT THE LAST HURDLE: IMPLEMENTATION

The most important element of workforce planning is putting in place the processes to bridge the gap between current workforce (supply) and future needs (demand). Too often, the workforce plan becomes an academic exercise, another HR activity or a document that grows dusty on a shelf and never get actioned.

Organizations that start too big exhaust themselves (see Pitfall No. 3) and often do not even get as far as developing the right strategies. Some develop strategies, but do not move to the next step to create and implement an action plan. In other instances, HR develops strategies without input from the business (see Pitfall No.1), and the necessary managerial buy-in does not exist.

To avoid this pitfall, each business unit should have an owner accountable for seeing the plan implemented. This facilitator will manage the outline of specific tactics, time frames, budget, check-in dates and, most importantly, a set of metrics for monitoring progress. The original workforce planning team should be briefed periodically to evaluate the success of the strategies and to make adjustments where necessary.

PITFALL NO.6: PLANNING WITHOUT THE RIGHT SKILLS

Workforce planning is a business process that requires a unique blend of skills and capabilities. At the core of workforce planning is the business strategy, so the core capability of a successful workforce planner must be business acumen. Finding people with these attributes can be difficult, and finding people who have these skills and previous workforce planning experience can be even harder.

This is the primary reason why companies get started with outside consultants, who train HR and the business in workforce planning, provide technology and support the first few planning iterations. Once the process is in motion, the expertise will develop internally, and companies usually find they can successfully manage the process independently.

Workforce planning will continue to grow as a critical element of business success. It will be important for workforce planners to understand how the process works, how to demonstrate the impact and how to avoid the common pitfalls.

Doing so will enable organizations to focus on what really matters: having the right people, in the right place, at the right time, at the right price to execute business strategy.

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