Strategic Staffing – Pay It Forward

Best Practice Presentation for ACI-NA
2009 HR Conference
May 13, 2009 – 1:15PM
Session I: Presentation Outline

- Introduction
- Executive Summary
- Strategic Staffing Framework & Model
  - Internal Focus
    - Requirements, Utilization, and Talent Inventory
  - External Focus
    - Talent Universe: Market, Pipeline, and Pool
  - Strategic Staffing Tools
  - Typical Top Management Action Steps
- Common Conclusions

- Business Case Study – Rita Wetterstroem, Cincinnati/Northern KY Intl Airport
Crowe Horwath LLP (Crowe) is one of the top ten accounting/consulting firms with offices across the US and the world.

We appreciate this opportunity to share this best practice presentation and look forward to your questions during the panel discussion to follow.
Executive Summary

• **Who does workforce planning?**
  - Leading organizations that are proactive and talent-driven
  - Organizations that place value on their culture, competencies, and industry metrics
  - Those who seek win/win solutions that leverage local talent pipeline networks

• **What does a plan include?**
  - Key data includes:
    - Organization performance, organization structure and workforce data,
    - Metro/regional demographic data, and
    - Industry statistics
  - A workforce planning formula that can be used to forecast employment needs over an upcoming multi-year timeframe (e.g. 3 years, 5 years, 10 years)

• **Why would a workforce plan be helpful?**
  - Staffing levels that will align with long-term capital and operational plans
  - Strategy and tactics that allow an organization to be more disciplined and less reactive in making staffing changes
Executive Summary (continued)

- **Where does a workforce plan focus?**
  - Ideally, on strategic positions
  - The geography of the talent market

- **When should a workforce plan be prepared?**
  - Ideally, before significant changes in staffing occur
  - Simultaneous with strategic planning and budgeting

- **How is a workforce plan developed?**
  - Starting point is a strategic staffing framework composed of work requirements, current staff utilization and current staff inventory to prepare a workforce planning template that would forecast future staff inventory needs.
  - **Key data components for a workforce plan formula include:**
    - Current workload and projected workload based on key outputs/outcomes, capital projects, and regional growth rates;
    - Current staff utilization based on human capital ratios, technology available and desired, employee engagement, process improvement goals, and span of control ratios;
    - Current staff inventory based on employee census, position descriptions, levels, EEO categories
    - Future staff inventory based on projected staff reductions (due to turnover and retirements) and predicted changes in workload requirements and staff utilization
Strategic Staffing Definition

- **Staffing** – Formal process for matching committed work to qualified individuals who are recruited, selected, and managed in specific job assignments

- **Strategic Staffing** – Projecting staffing needs beyond current demands to ensure the right people are at the right place at the right time with the right skills
  
  - Right people are often referred to as “A” players
  
  - Right place are often called “strategic positions”
  
  - Right time is before a vacancy
  
  - Right skills include technical & interpersonal skills and cultural fit
Requirements: Capabilities

Organizational Requirements

Organizational Capabilities
Strategic Staffing Formula

- Decisions in four areas:
  
  **R** – Requirements – the anticipated or committed work.
  
  **C** – Capabilities of staff – a function of:
  
  **U** – Utilization of staff – Productivity improvement possible?
  
  **I** – Inventory of staff – Enough people now and in future?

- What is the relationship between **R** and **C**
  
  - If **R** > **C**, increase **U** and/or **I**
  
  - If **R** < **C**, decrease **U** and/or **I**
  
  - If **R**=**C** refer to organizational strategic plan
Strategic Staffing Model

Identifying Requirements

**Vision**
A customer service and/or product quality statement

**Mission**
To be a competitor in your industry and the organization of choice for your stakeholders

**Core Values**
May be many with a focus on those impacting and expected of the workforce

**Requirements:**
- Facility, technology, & service plans.
- Capital Budget.
- Project List.
- Regulations.

**Primary Impact:**
Direct Labor and/or customer-facing workforce
Ideally, the most strategic positions that directly impact the achievement of long-term organizational goals

**Secondary Impact:**
Indirect Labor and/or “back office” positions that could potentially be outsourced
OR
are more easily filled
Requirements from two perspectives

- **Organization-Wide Perspective (or Top Down)**
  - Annual revenue/budget growth by major product/service
  - Capital Planning
  - Regulator/Community requirements
  - Peer Group Standards

- **Position/Functional Perspective (or Bottom Up)**
  - Transaction-based output measures
  - Productivity or Process Improvement Projects
  - Core competency needs for current and future work
Utilization

- **Productivity Improvement identified across employee groups with greatest gains possible in:**
  - Workforce motivation –
    - through performance reinforcement;
  - Decisiveness –
    - improved decision-making processes; and,
  - Interpersonal relationships –
    - better conflict management practices.

- **Technology Improvements identified across the organization**
  - Departmental applications
  - New accounting system
  - Information management & retention

Enterprise System/ERP
Utilization Improvements

- Employee engagement
  - Motivation
  - Delegation
  - Conflict resolution

- Span of Control
  - Internal workforce only = Overall and by BU
  - Internal + Outsourced Staff = Overall and by BU
    - Additional 10% to 200%

- Human Capital Measures
  - Employee expense per product/service offering
  - Employee expense as % of revenue

Versus peers and Over time within Org.
Utilization Key Question

“How many do we need to hire?”

“It depends. What options do we have to improve utilization first?”

Consider and project a % of productivity improvement through improvement/engagement initiatives.
### Potential "Worst Case" 5-Year Profile by Category

<table>
<thead>
<tr>
<th>EEO Category</th>
<th># of Category Positions</th>
<th># of Position Incumbents</th>
<th>AVG Seniority</th>
<th>AVG Age</th>
<th>Potential Retirees</th>
<th>Planned Additions</th>
<th>Planned Reductions</th>
<th>Potential T/O</th>
<th>Potential Placements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sr Level Officials &amp; Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-Level Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First Level Managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professionals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technicians</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paraprofessionals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled Crafts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>109</strong></td>
<td><strong>283</strong></td>
<td><strong>9.7</strong></td>
<td><strong>45.4</strong></td>
<td><strong>116</strong></td>
<td><strong>6</strong></td>
<td><strong>1</strong></td>
<td><strong>117</strong></td>
<td><strong>121</strong></td>
</tr>
</tbody>
</table>

Inventory – Today and Near Future
Inventory Loss Projections

• 2008 YTD turnover annualized 3% (lower than previous years)
  • Breakdown by BU

• Current potential retirement rate 5% to 20%
  • x eligible for normal retirement now
  • y eligible for early retirement now
  • Key skills including executive, public safety, skilled trades, accounting, construction, IT

• 2009-2013 potential 40% retirement rate (x eligible)
Inventory Issues By Area

Data based on manager interviews and employee survey

- Overall – Common Themes
  - Pay
  - Time to hire
  - Retention

- BU and/or Position Specifics
  - Unique/competitive competencies,
  - Diversity goals,
  - Pending retirements
Inventory Recommendations

Ensure identification of best entry level candidates
- Relationships with educational institutions
- Relationships with trade schools

Ensure retention through enhanced orientation, training, and support:
- Culture clarification and alignment
- Mentors
- Conflict resolution and teamwork
- New manager coaching
- Link to performance evaluation
- Continue total rewards communication (“re-recruiting”)

Shared Responsibility for HR and Line Management
Talent Market Population

Metropolitan/Regional area growing (x counties)

- # of wage & salary jobs; # of employers
- Population & employment growth rates
- Growth rate in comparison to U.S. average
- Future growth rate projections
- Labor market outlook
- Specific skills that will be most competitive
Talent Pipeline

Area institutions with programs related to your organizational requirements

- Direct Labor
- Indirect Labor
- Unique Competencies
- Skilled trades
- Learning Communities
- Government directors of career and technical education
- Regional Career Advancement Center
- Other
Talent Pool

How far to go through the process in advance?

Depends on number needed and advance notice of vacancy.

- Application screened
- Applicant interviewed
- Applicant tested
- Applicant background checked
Typical Planning Resources

- Industry Peer Group Analysis
- Educational Institutions and Programs
- Effective Culture Survey Results
- Management Interview Guide
- Area Labor Market Data
- Organizations Notified of Vacancies
- Orientation Template
- Process Checklists
- Roles & Responsibility Charts
- Sample Staffing Plan
- Secondary Schools Program Contacts
- Workforce Planning Template
## Typical Top Management Action Steps

<table>
<thead>
<tr>
<th>Task</th>
<th>Owner</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1. Confirm assumptions and prepare FY Multi-Year Workforce Plan</td>
<td>HR Leader</td>
<td>Pre - FYB</td>
</tr>
<tr>
<td>#2. Review and Approve FY Workforce Plan</td>
<td>Executive Team</td>
<td>Pre - FYB</td>
</tr>
<tr>
<td>#3. Monitor Quarterly, and revise as necessary</td>
<td>Executive Team</td>
<td>Qtly during FY</td>
</tr>
<tr>
<td>#4. Prepare Next FY Workforce Plan (repeat planning cycle)</td>
<td>HR Leader</td>
<td>FYE</td>
</tr>
</tbody>
</table>
Common Conclusions

\[ R:C \ U + I \]

- Requirements known. Projected growth or decrease.

- Requirements to Capability gap measured.

- Utilization opportunities understood:
  - Work schedules
  - Continuous Improvement processes
  - Employee Engagement Survey follow-up
  - Information technology applications

- Inventory is available. Building relationships is managed.
Next: Business Case Study

Rita Wetterstroem

Cincinnati/Northern Kentucky International Airport