Strategic Workforce Planning

Jeff Lindeman, SPHR
Chair, ACI-NA Human Resources Committee

Director, Human Resources
San Diego County Regional Airport Authority
Agenda

• What is “strategic” anyway?
• Human Capital Analytics
• Strategic v. Operational Workforce Planning
• Model for Strategic Workforce Planning (SWP)
• Risks
• Activity
• Q & A
Strategic Human Capital Decision Making

• Strategic Management definition:
  – Sweet spot between market demand and organizational core competence

• Human Resources
  – Organizational function focusing on talent optimization
Evolution of strategy as a basis for human capital decision making. . .

Compliance → Fads & Fashions → Equality → Strategic Logic

Rules, regulations & standards → The latest and greatest. . . → Equality vs. fairness → Using a decision framework linked to business strategy

Strategic Value

Beyond HR; The New Science of Human Capital. 2007. Boudreau & Ramstad
Metrics and Analysis

• We already track employee turnover, recruitment costs, healthcare costs, etc.
• HRIS houses data – what goes in, should come out. . .
• Analysis and calibration of future actions are key to being strategic
• Future of metrics/analysis:
  ➢ Workforce knowledge, skills, and abilities (a.k.a., organizational capability)
Human Capital Analytics

• **Talent Supply Chain:** Rapid adaptation and scaled recruiting supply channels and targets to meet changing and varied business conditions, objectives and competition

• **Strategic Workforce Planning:** Develop causal models and identify leading indicators to forecast business requirements and staffing requirements

• **Customize Employee Value Proposition:** predict employee preferences and behaviors, tailoring HR practices to attract and retain talent

• **Focus HR Investments:** differentiate action(s); manage critical workforce segments accordingly

• **Talent Management:** identify and manage critical talent (e.g., high performers, high potentials, pivotal workforces)

• **Employee Database:** build comprehensive employee database to track skills and performance

Strategic Workforce Planning

- Alignment with business plan
- Workforce Segmentation
- Define futures with qualitative data

Operational Workforce Planning

- Modeling various futures based on internal trends
- Annual staffing forecasts

Workforce Analytics

- Quantitative current state
- Understanding internal past and present trends

Headcount Planning

- Internal data collection
- Headcount data analysis
- Stable environment

Strategic Workforce Planning v2. 2010.
Human Capital Institute
## Operational vs. Strategic Workforce Planning

<table>
<thead>
<tr>
<th></th>
<th>Operational</th>
<th>Strategic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Timeline/Planning Horizon</strong></td>
<td>1,3,6,12 month focus</td>
<td>2-3+ years – aligned with organization's strategic plan</td>
</tr>
<tr>
<td><strong>Input</strong></td>
<td>Internal data; some management decisions</td>
<td>Diverse internal and external information including: demographics, business strategies, global context, etc.</td>
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<tr>
<td><strong>Outputs</strong></td>
<td>Staffing plans, skill gaps</td>
<td>Human Resource People Strategies</td>
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<tr>
<td><strong>Scenario Planning Approach</strong></td>
<td>Uses variables to explore different models of staffing such as a sales forecast</td>
<td>Utilizes “futuring” to question current assumptions and explore various futures not necessarily aligned with today’s approach</td>
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<tr>
<td><strong>Focus</strong></td>
<td>Operational Management</td>
<td>Strategic Management</td>
</tr>
<tr>
<td><strong>Alignment</strong></td>
<td>Business Plan</td>
<td>Strategic Plan</td>
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Strategic Workforce Planning

To ensure strategic orientation, SWP activities must:

✓ Be aligned with business strategy
✓ Differentiate roles by contribution to biz strategy
✓ Focus, first, on roles with greatest impact on biz strategy
✓ Leverage quantitative and qualitative workforce perspectives – current and future state
✓ Use futuring to imagine and design a targeted future state
✓ Result in action planning that is owned, monitored, and maintained by the business unit(s)
✓ Become embedded in the broader enterprise-wide strategic planning process
HCI’s SWP Model

- Business Strategy
- Segment Roles
- Environ. Scan
- Current State Analysis
- Scenario Planning
- Targeted Future State

- Futuring
  - No Change Future State

- Gap Analysis
- Monitor and Report
- Action Planning

Strategic Workforce Planning v2. 2010.
Human Capital Institute
Business Strategy

✓ Ideal if workforce competence and capability are incorporated into development of business strategy
✓ Maintain linkage between strategic workforce planning and business strategy
Role Segmentation

✓ Critical step to strategic workforce planning
✓ All roles are not equal
  ➢ Critical (~15%)
  ➢ Core (~20-25%)
  ➢ Supportive (~60-70%)
  ➢ Misaligned
✓ Workforce planning should begin with roles most critical to executing business strategy
Environmental Scanning

✓ Identify/monitor labor force trends
✓ Continuous process
✓ Qualitative AND quantitative
✓ Engage line leaders to determine crucial sources of information and professional/industry trends
Current State Assessment

✓ Define quantitative and qualitative views of each role
  ➢ Business: what do we need and who do we have?
  ➢ Talent: who are we and what do we want?
Futuring

✓ Should lead to a targeted future for a specific role
✓ Utilize quantitative and qualitative techniques to envision possible futures
  ➢ Choices driven by environment, culture, etc.
  ➢ Scenarios bring future possibilities to life
Gap Analysis

✓ Gap analysis examines difference between current state and targeted future
✓ Prioritize gaps relative to criticality
Action Planning

✓ Planning belongs to the entire team
✓ Execution belongs to the business leaders
Monitor and Report

✓ Leverage the tools and techniques most appropriate to your organization
✓ What gets measured gets managed
✓ Maintain continuous communication and change management throughout
Risks

• 10% of all organizations execute their strategy successfully – *Kaplan and Norton* (*authors of The Strategy Focused Organization* and *The Balanced Scorecard*)

• The real differentiator between successful and unsuccessful companies is their ability to execute strategy – *Bossidy and Charan* (*authors of Execution and Confronting Reality*)

• Eight out of ten CEOs anticipate significant changes for their organizations over the next three years. Their biggest concern – having a workforce in place that can adapt to an increasingly volatile future. - *IBM, Enterprise of the Future, 2008*
Activity: What will be your take aways?

At your table:

• Identify one thing that you will take back to your organization

• Name one thing that will be the greatest challenge within your organization

• Identify the biggest skill or ability that you would need to further develop in order to be successful in Strategic Workforce Planning
Questions?