

Building A Successful Organization Through Workforce Planning

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Key Components of Workforce Planning

- Understand the importance of workforce planning
- Need to assess the organization and its workforce
- Use of a workforce planning model to aid in supply/demand, gap and solution analysis
- Evaluation of the effectiveness of planned changes and impact on business performance

Assumptions

- Inclusive process, drawing enterprise wide management, budget, strategic planning, and human resources, and working in partnership with unions
- Current operating cultures and management practices may resist
- Training, coaching, technical assistance, and other support required to use/adapt models, strategies, and tools
- Effective workforce planning develops over time; large organizations should begin with a subset of workforce
- Process maintains links to programs, budget, and strategic planning

SHRM New Workforce Planning Standard

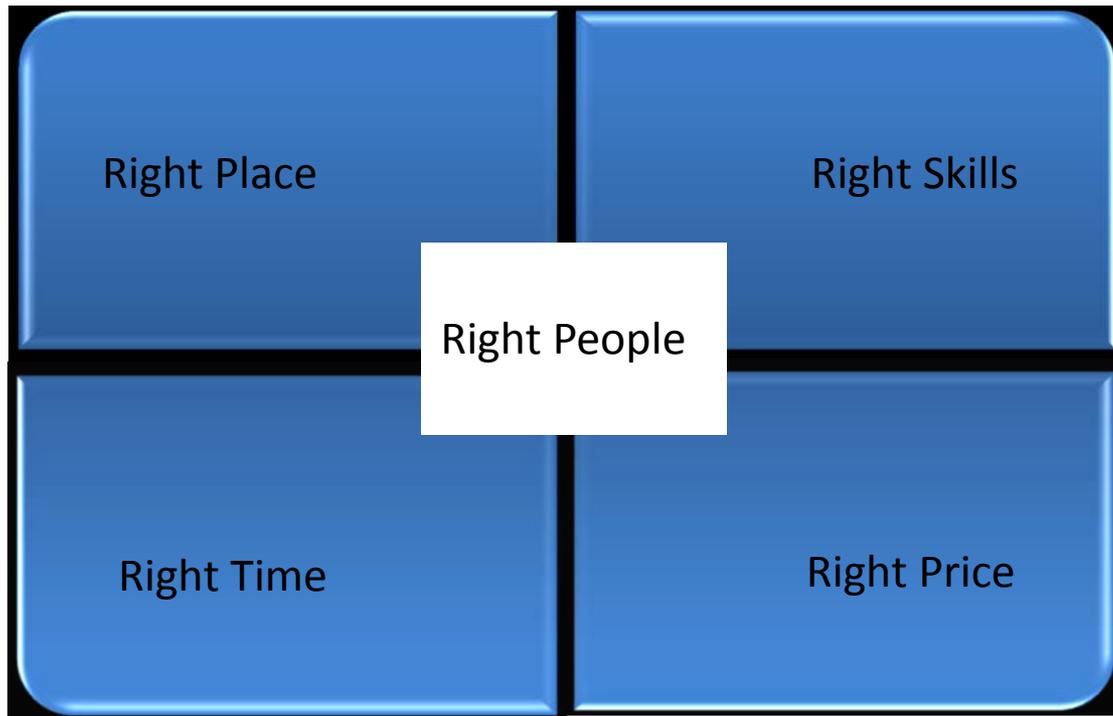
- Help employers develop and implement workforce planning
 - Establish a baseline foundation
 - Determine future workforce needs and staffing demand and supply
- Includes guidelines for governance, process, metrics, and data
- Input for draft closed in March; new standard in 2012

What is Workforce Planning?

Strategic Workforce Planning aims to reduce business strategy execution risks associated with workforce capacity, capability, and flexibility.

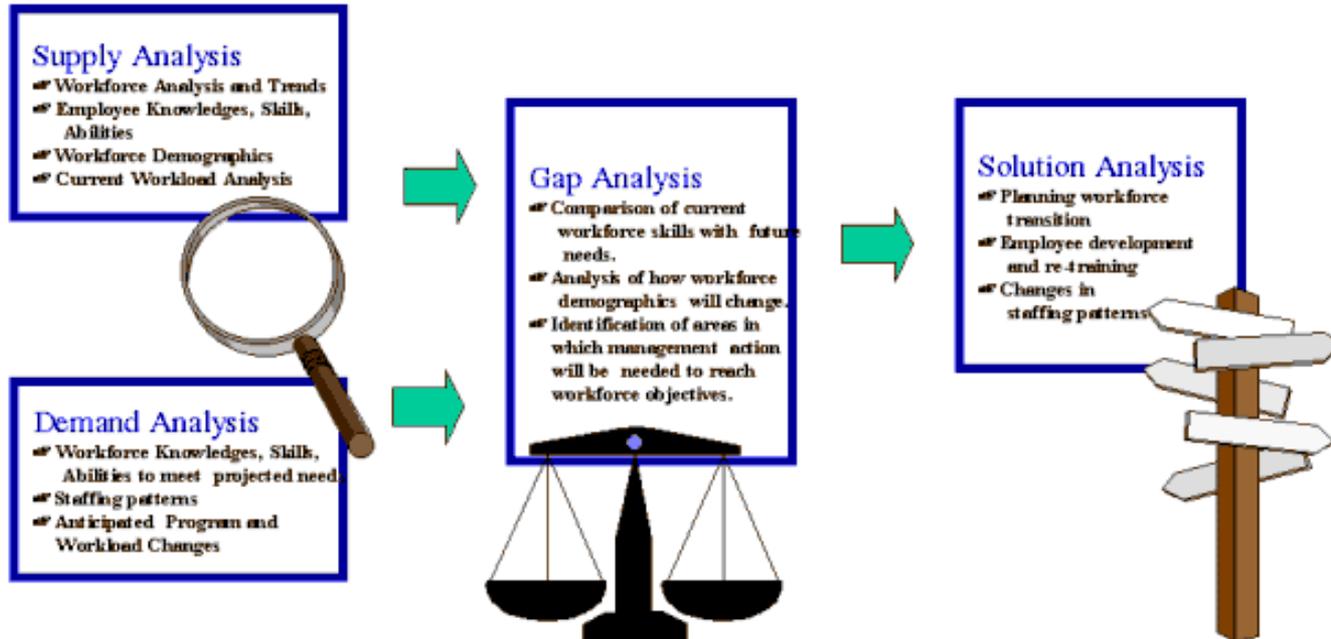
- Identification of the GAP between demand and supply for staff – workforce numbers, job roles and skills – and the resultant degree of business RISK
- A critical part of corporate planning and a DRIVER for high impact HR strategy
- A PLAN to inform business decision-making (action and accountability)
- An ONGOING process to identify the workforce needs for the future

Strategic Workforce Planning



Workforce Planning Model

HHS Workforce Planning Model



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Supply Analysis & Forecasting

Understanding your workforce profile is critical for strategic workforce planning:

- Need to understand the current composition of your workforce and trends within it as they align with the organization strategy
- Important to know whether or not the current workforce will have the capacity and capability to deliver on the organization's future strategy

Supply Analysis Components

- Workforce Analysis and Trends
- Employee Knowledge, Skills, and Abilities
- Workforce Demographics
- Current Workload Analysis

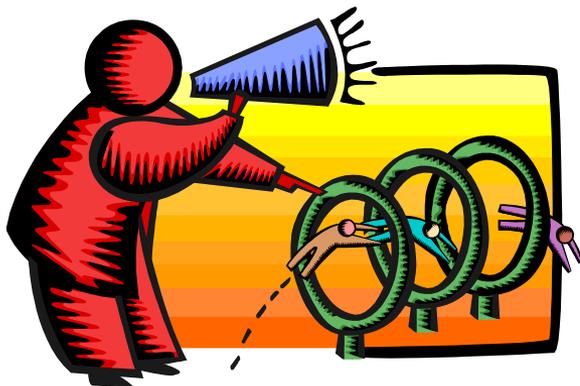


Demand Analysis

- What type of workforce will be needed to be able to deliver on business goals?
- Focus includes functions that an organization must perform
- Example:
 - If we know where we want to take the business (e.g. grow revenue by 25%) how many and what type of employees will we need?

Demand Analysis Components

- Workforce knowledge, skills, abilities to meet projected needs
- Staffing patterns
- Anticipated growth, program and workload changes



Gap Analysis

The gap (supply minus demand) assists in identifying the **key workforce risks** for both capacity (numbers) and capability.

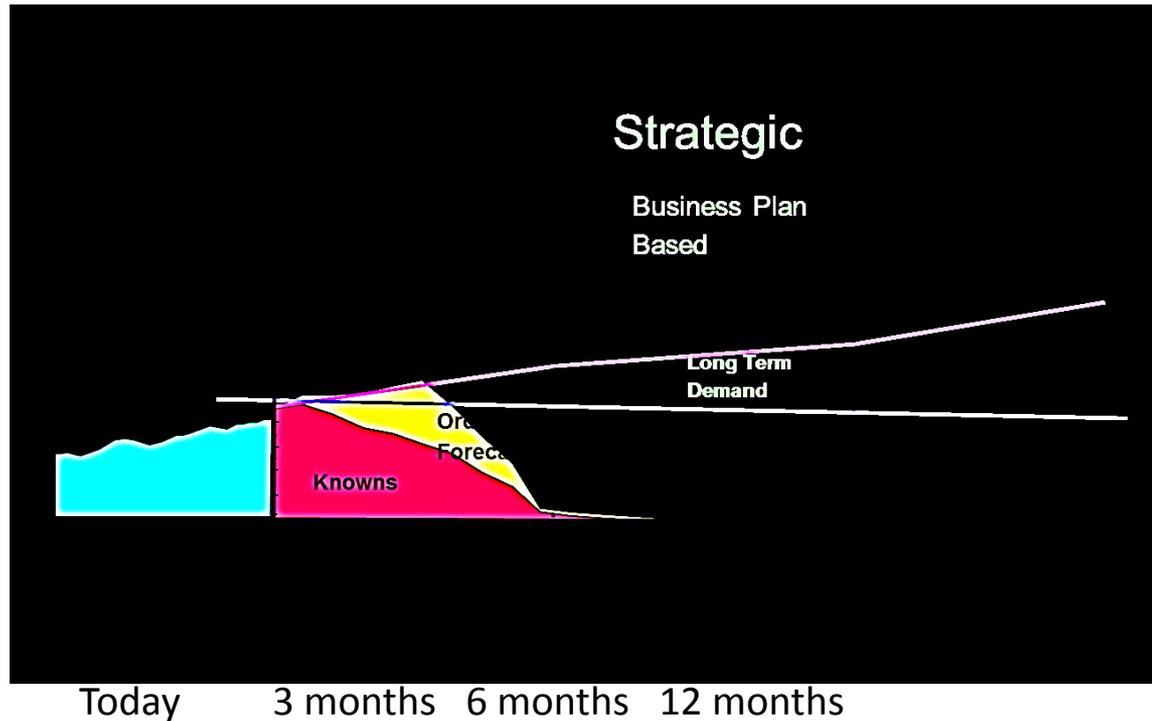
- Comparison of current workforce skills with future needs
- Analysis of how workforce demographics will change
- Identification of areas in which management action will be needed to reach workforce objectives

Key questions:

- Where are the surpluses/shortages?
- What is driving the shortage/surplus? (growth, resignations or retirements)
- Is the gap bigger when you consider skill changes?

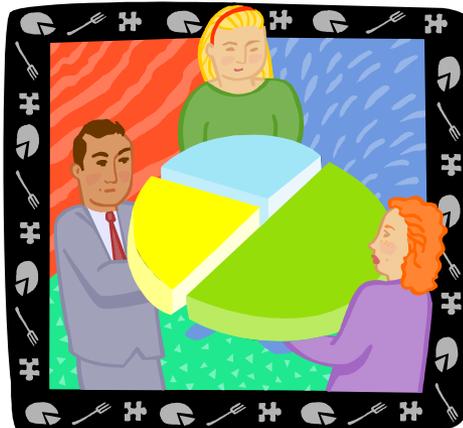
Workforce Planning Output

Understand your demand profile - tactical or strategic?



Data Points

- Data provides a fundamental starting point for workforce planning
- Data requires both inputs and outputs
- Several data types, each used for different analytical and forecasting purposes



Employee Demographic or Descriptive Data

- Job and Job Family (this would be a link to a common / standard list of jobs)
- Current Location
- Job History - previous jobs and locations (include start and end dates)
- Demographic information
 - Age
 - Gender
 - Ethnicity
 - Years of Service (tenure)
- Retirement target age, based on retirement rules that are specific to contract / employment type
- Current annual costs
 - Salary and other cash compensation
 - Benefits (excluding training)
- Skills and competencies (with date acquired)
- Education/certifications

Employee Event Data – Rates of Change

Employee event data where there are changes in demographic or descriptive data (e.g. hiring, termination, transfer, new skill acquired, certification obtained)

Primary rates of change:

- Voluntary termination
 - Retirement
 - Other resignation
- Involuntary termination
- Leave of absence
 - Injury
 - Maternity / parental
 - Other
- Application for another position (internal filling rates)
- Internal transfer rates
- Changes in pay
- Performance ratings

Operational Data

Used to determine the overall direction of the organization and the future skills and competencies needed to meet the strategic plan. The data is used in demand analysis and gap analysis.

Examples:

- Sales, Revenue targets
- Product Strategies
- Market and competitive position
- Emerging Technology
- Globalization

External Labor/Market Data

- Assists in assessing the availability of talent
- Useful future hiring, retention, labor market availability, and emerging skills
- Use of external market data can help organizations understand how external labor market factors might impact the organizations future workforce
- Application of these sources requires case-by-case evaluation associated with reliability and appropriateness



Forecast Workforce Data

- The data available from a forecast will be used to support a wide range of analysis and decisions. This class of data is the output of analysis. It should be as comprehensive and flexible as practical and cost-effective.
- Data is structured so that it may be viewed in a hierarchical manner, though the following levels:
 - Organization wide
 - Lines of business
 - Department(s)
 - Location
 - Job Family
 - Job
 - Position-by-position (or employee-by-employee)
- Filters should be available so that analysis can take place through any combination of reporting levels necessary.

Forecast for Each Time Period

Data produced in the forecast could include, for each time period...

- **Workforce supply**
 - Staff availability (current and forecast);
 - Movement forecast (i.e. anticipated promotion and transfers); and
 - Hiring trends and profile of new staff
- **Workforce demand reporting viewed from any dimension where supported by data, such as**
 - By job;
 - By job family;
 - Department; and
 - Location
- **Gaps by:**
 - Number of staff; and
 - Competencies
- **Cost**
 - Direct compensation and benefit costs;
 - HR program costs (e.g. training)

Metrics

Metrics focus on:

- What that data looks like
- How it is reported to executives
- Use of metrics as a means for analysis and recommendations
- How the HR organization ensures that the governance processes are followed



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Types of Metrics

DEMAND

Generation Ration: Silents & Boomers/Generation X&Y

Net Hire Ratio

Net Hire Ratio: Silents & Boomers/Generation X&Y

Retention Rate

Span of Control

Staffing Age Profile

Staffing Rate: Approaching

Retirement Age

Staffing Rate: Tenure > 15 years

Termination Rate (Voluntary & Involuntary)

SUPPLY

Careers Path Ratio

Cost per Hire

Internal Placement Rate

Quality of Hire

Staffing Rate: < 30 in Age

Staffing Rate: Tenure < 1 Year

Successor Pool Coverage Rate

Termination Rate < 1 Year

Tenure

Time to Fill

Workforce Growth Rate

GAP

Absence Rate (Overall & Unscheduled

Available Workforce %

Cost of Turnover

HR Staffing Rate

Knowledge Transfer Efficiency

Recruitment Source Ratio

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Strategies & Solutions

Transition implementation involves:

- Recruitment Strategies
- Placement Planning
- Retention
- Knowledge Transfer
- Staff Development
- Leadership Development
- Succession Planning

Workforce & Succession Planning

- Workforce planning and succession planning are closely related. Both involve changing the workforce.
- Workforce planning deals with changing the size, distribution, and composition of the workforce to meet future needs.
- Succession planning focuses on developing individuals' skill sets to meet the future needs of the organization.



Skills and Competency Assessment

- Set of behaviors that encompass skills, knowledge, abilities, and personal attributes
- Critical to successful work accomplishment
- Identified organizationally - core competencies
- Individual basis - functional performance



Identifying Competencies

- Competencies focus on attributes that separate high performers in defined job context
- Gather input from employee questionnaires, focus groups, interview with managers and employees
- Two key elements to identify competencies:
 - Workforce skills analysis (skills required to carry out a function)
 - Anticipate how nature of work will change and future requirements
- Process spans the supply analysis and demand analysis aspects of workforce planning

Resources & Guides

1. Society for Human Resources *Workforce Planning*
2. FDL Area AC 2010-2011 *Retirement & Departure Intentions Survey Report*
3. U.S. Department of the Interior *Workforce Planning Instruction Manual*
4. U.S. Department of Health & Human Services *Workforce Planning Resource Guide*
5. Workforce Planning for Wisconsin State Government
6. State & Local Office of Economic Advisors
7. Wisconsin Labor Market Information
8. Bureau of Labor Statistics
9. Competitive Wisconsin, Inc. *BE BOLD 2 Work*

Economic & Workforce Development

Moraine Park Economic and Workforce Development builds and maintains a competitive workforce in collaboration with our communities through a future-focused learning environment.

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