Two midmarket companies the same size in the same industry with competing products or services are pondering geographic expansion or entering a new market. One will succeed for a compelling reason—it has effectively planned for the business initiative, quickly mobilizing the appropriate workforce of diverse skill sets to seize the opportunity.

We all know Workforce Planning is important, yet according to Deloitte’s 2015 “Global Human Capital Trends” report, only five percent of HR professionals say their Workforce Planning process is “excellent,” while one-third say it’s “adequate” and nearly 60 percent describe it as “weak.”

A plan is a documented roadmap to get from point A to point B successfully. Merchants in Renaissance Venice had plans. Christopher Columbus had a plan. Today, businesses have plans for nearly everything: one-to-three year plans, strategic plans, financial plans, project plans, marketing plans, disaster recovery plans, even Six Sigma Control Phase Plans… yet somehow Workforce Plans are ignored.

People are a company’s most important asset. It’s perplexing that so many business leaders are comfortable with addressing people needs as they arise rather than developing a well thought-out plan in advance. People are what bring a new strategic initiative to life. If the initiative does not take into account the volume and types of employees necessary to bring the plan to fruition, it will lose momentum, cost more than expected, and possibly fail to achieve the intent.

Getting Workforce Planning right requires a smart balance of technology tools, scenario planning, advanced analytics and strategic insight. Hudson’s latest report will guide you through the process of identifying the triggers and obstacles of Workforce Planning. It provides practical advice on building a commercial case for Workforce Planning as well as how and when to implement and measure Workforce Planning within your organization.
THE COMMON OBSTACLES TO WORKFORCE PLANNING

Today’s workforce composition can alter in a minute. Employees retire, are drawn away by competitors, and/or become distracted in their work for personal reasons. The loss of just a single salesperson can punch holes in the bottom line. A superb manager who retires can affect the team spirit of his or her colleagues and team. Everyone realizes that the workforce at the end of a fiscal year will always look different than the plan at the outset. But, is your company prepared for the consequences of such events or their impact on planned growth? Most aren’t.

COMMON OBSTACLES TO STRATEGIC WORKFORCE PLANNING

- Lack of a business case and necessary tools to support Workforce Planning within the business.
- The value and purpose of Workforce Planning have not been properly articulated to senior management.
- Workforce Planning does not have CEO sponsorship or business-unit buy-in.
- Workforce Planning is misunderstood and perceived as informal, ad hoc and only in terms of budgeting and headcount.
- The focus is on building the business in the short-term and less on the talent needed for long-term success of initiatives.
- The dialogue about new initiatives and their commercial goals needs to change in order to develop an informed Workforce Plan.
THE BUSINESS CASE FOR WORKFORCE PLANNING

No one should think Workforce Planning is easy. If it were, everyone would do it. Most middle-market organizations are aware of it and agree it is important, but they are overwhelmed at the prospect of actually undertaking it. They’re accustomed to recruiting on an ad hoc basis—filling a vacant position or hiring a volume of people when the need arises. There is nothing wrong with this process, as long as the availability of talent far outpaces the demand. This is typically not the case, however.

TYPICAL TRIGGERS THAT IT’S TIME TO IMPLEMENT STRATEGIC WORKFORCE PLANNING

1. HIGH COST-PER-HIRE
2. HIGH TIME-TO-FILL METRICS
3. UNDESIRABLE EMPLOYEE CHURN
4. SIGNIFICANT COMPANY EXPANSION
5. HIGH EMPLOYEE DEMAND IN YOUR MARKET
6. PEOPLE FAILING TO ACHIEVE DESIRED LEVEL OF PRODUCTIVITY WITHIN A REASONABLE TIMEFRAME
7. COMPANY IS SLOWER TO REACT TO NEW BUSINESS OPPORTUNITIES
8. ADDED PRESSURE ON CURRENT EMPLOYEES COVERING FOR OPEN ROLES
ENERGIZE CURRENT EMPLOYEES

Companies can expect substantial improvements in employee engagement and retention efforts. Workforce Planning includes internal mobility, succession planning and professional development. The awareness that a planning process exists to identify internal people for positions before reaching out externally will engage and energize current employees. When external talent must be secured, the organization will have a more compelling narrative to recruit the best-of-the-best. This value proposition also helps build a more robust talent pipeline.

No company should ignore the business impact of a complete Workforce Planning process. The return on investment is substantial—a skilled workforce aligned in a shared mission to grow the business. By recognizing which skill sets are needed to move the organization forward, and rapidly having them where they’re needed, the organization is fully armed to carry out the planned initiative.

Overall recruitment costs can be expected to decline, as there will be less of a need to engage employment agencies. And by having a clearer sense of overall costs before the recruitment process commences, budgeting can be more precise.

BENEFITS OF WORKFORCE PLANNING

<table>
<thead>
<tr>
<th>Delivering ROI</th>
<th>Understanding of known and unknown attrition</th>
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<tr>
<td>Agency spend reduction</td>
<td>Greater visibility into technology support needs</td>
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<tr>
<td>Improved process efficiency</td>
<td>Enhanced succession planning, internal mobility, employee engagement and retention</td>
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<tr>
<td>Improved budgeting accuracy</td>
<td>Proactive talent pipelining of actual business need</td>
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<td>Role specific information gained</td>
<td>Anticipated costs before the recruitment process starts</td>
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<tr>
<td>Scalable team size according to need</td>
<td>Benefits of being able to plan hiring across the business</td>
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<tr>
<td>Accurately defined roles attract better talent</td>
<td>Better positioned to execute new business initiatives successfully</td>
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ALIGNED WORKFORCE PLANNING WITH STRATEGIC PLANNING

Improved process efficiency can also be expected. Leveraging technology to obtain a more holistic view of current and future attrition, Recruitment and Talent Acquisition can quickly determine talent gaps. This enhanced visibility can assist the development of a scalable workforce in specific skills-driven roles across different types of workers, such as temporary, permanent, contract, contingent, outsourced or through a partnership or acquisition.

These are bounteous benefits. Nevertheless, a strong resolve is needed to align Workforce Planning with strategic planning. Most important is ensuring the right technologies and processes are in place to ascertain current skill sets against future needs. Workforce Planning is data-driven, integrated with other planning processes, and repeatedly measured for overall effectiveness. To achieve this, Recruitment and Talent Acquisition requires clear visibility into total recruitment.

QUICK METHOD TO BUILD A COMMERCIAL CASE FOR WORKFORCE PLANNING

**STEP 1**
Select a handful of roles for which you can measure the value of 30 days of revenue-generating work. Likely these will be sales roles.

**STEP 2**
The value of the 30 days is what you will “earn” by filling that role 30 days faster.

**STEP 3**
Determine how many of these roles you fill per year.

**STEP 4**
Multiply that number by the 30 days’ value to demonstrate the hard savings of decreasing time-to-fill by 30 days.

**STEP 5**
Explain that a proper Workforce Plan will allow you to build a talent pipeline in advance or undertake other activities that will cut down time-to-fill... while last-minute notice on vacancies will not.
PUTTING WORKFORCE PLANNING TO WORK

For Workforce Planning to achieve its purpose, the CHRO either needs to have a seat at the strategy table or be apprised of important business initiatives at their inception. Executive leadership knows where it wants to grow the business; the CHRO must be perceived as a chief ally in carrying this out.

What does this require? Obviously, it insists upon CEO sponsorship of Workforce Planning, based on the clear acknowledgment that people are the organization’s key assets and essential to business success. The CEO’s backing assures the attention and support of business unit leaders, in addition to the allocation of resources needed to develop a Workforce Planning process. Once in place, the onus is on HR and Talent Acquisition to understand and interpret the business strategy. In collaboration with business unit leaders, HR and Talent Acquisition must pull together the optimal workforce to achieve the desired outcomes.

The goal is to align long-term workforce needs with long-term strategic goals. Senior business leaders typically develop three- to five-year strategic plans; HR and Talent Acquisition need to forecast workforce demands against this projection, identify challenges and ensure that needs are met. Since strategic plans are not static, this process must be dynamic. The evaluation of skill sets in relation to growth initiatives must be continuous.

PITFALLS TO AVOID

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<tr>
<th>Pitfall to Avoid</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>LACK OF COMMITMENT</strong></td>
<td>This is not a short-term exercise or one-time event. It’s important to secure the appropriate commitment from the CEO, the business line leaders and the Workforce Planning Team.</td>
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<tr>
<td><strong>GOING TOO JUNIOR</strong></td>
<td>You won’t reach the desired outcome if the Workforce Planning Team consists of junior people. Senior leaders must drive the initiative forward and flag changes in business strategy to alert Talent Acquisition of possible workforce consequences.</td>
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<td><strong>IT’S AN “HR PROBLEM”</strong></td>
<td>The CHRO often spearheads Workforce Planning and is a key player, but the business must own the process since it is tied to business strategy.</td>
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<td><strong>ALL OR NOTHING</strong></td>
<td>If you try to do too much at once, the process will become overwhelming and the team will give up. Start with a manageable pilot and grow from there.</td>
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<tr>
<td><strong>OBSESSING OVER STATS</strong></td>
<td>We’ve seen teams take one year to pull together stats. Use what you’ve got. Sometimes it’s a best guess, but don’t let the data derail the project.</td>
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<tr>
<td><strong>REACTIVE RECRUITMENT</strong></td>
<td>One major advantage of Workforce Planning is that the company moves out of reactive mode. If the recruitment team is still only reactive, something is broken.</td>
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<tr>
<td><strong>EXTERNAL-ONLY RECRUITMENT FOCUS</strong></td>
<td>Don’t forget the wealth of internal skill sets already in the company. A good process includes internal mobility, succession planning and professional development. Include internal employees in the recruitment plan.</td>
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<tr>
<td><strong>NO TRAINING BUDGET</strong></td>
<td>Part of Workforce Planning involves identifying internal talent you can move into key roles with some basic training. If no training budget exists, this internal talent cannot be leveraged.</td>
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While HR and Talent Acquisition must spearhead Workforce Planning, the business must own this transformative process given the direct impact to the bottom line. Once the CEO has championed the rationale, a team-based implementation approach is advisable. Teams should include representatives from Executive Leadership, HR, Talent Acquisition, Finance and IT.

Why Finance and IT? Because they are the best possible partners. Finance can assist a keener understanding of tax, accounting, regulatory issues and pro forma studies pertaining to different types of labor. IT can gather the data needed to assess internal attrition rates, time-to-fill statistics, the percentage of positions that remain open beyond a certain threshold, and other insightful workforce analytics guiding more informed decisions. At the same time, IT can be called upon to undertake similar analyses of the external talent market in different geographic regions.

When it comes to Workforce Planning, it truly “takes a village.” It is not a one-department event, but rather everyone’s opportunity to enhance talent planning.

**TYPICAL COMPONENTS OF WORKFORCE PLANNING**

1. Create Workforce Planning Team Consisting of Key Stakeholders Across the Business
2. Work with Business Leaders on Company Strategy and Growth Needs
3. Research Internal Talent Pool
4. Research the External Market and Competitive Landscape
5. Assess Existing Supply and Planned Demand Resource Pool and Identify Gaps
6. Model the Workforce Against the Business Objective
7. Define Workforce Requirements
8. Develop Resourcing Strategy
9. Devise Resourcing Plan
10. Implement and Measure
Recruitment and Talent Acquisition can provide data on which positions stay open longer than others and why this is the case, who may be expected to retire over the next five years, which people internally are prepared to step in, and who may require additional training to perform in these capacities. The goal is to model the future workforce against the proposed business initiative to determine what is needed talent-wise, which feeds the resourcing plan to fill in the holes. If positions cannot be filled internally through succession management, training programs or the talent pipeline, Recruitment and Talent Acquisition can reach out to external recruitment sources for help.

This approach requires traditional project management skills like the setting of objectives, assumptions and deliverables that are reviewed and challenged at specific milestones. It also insists upon the use of sophisticated technology tools to aggregate needed data for analysis, such as time-to-fill rates, costs-per-hire, worker age rates, and other data sets critical to making informed, assured decisions.
Once CEO sponsorship is secured, focus on building the Workforce Planning team. The team depends on the size of the business, but ideally it consists of:

- HR Leader (who also has a seat at Business Planning table)
- HR Strategy point person
- Talent Acquisition professional
- Senior executive representing the overall business
- IT professional to access the required data
- Finance executive for input into tax incentives for operating in particular markets

The CHRO leader can spearhead the team, but all stakeholders must feel ownership for the plan. The stakeholders must be senior-level enough to ensure the team is informed quickly of business strategy changes. The project teams for implementation must be accountable to the heads of the business lines and head of the CHRO.

During this process, HR and Talent Acquisition provide a critical central view. For example, one segment of the business may be downsizing while another needs to hire. HR and Talent Acquisition can connect these groups to avoid redundancy costs by redeploying people to the open roles (as appropriate).

Workforce Planning is best done in conjunction with business planning and budgeting so that it informs the business planning exercise. This allows HR and Talent Acquisition leaders to challenge time frames and business assumptions made in the plan based on their knowledge of talent availability and time frames for hiring new talent. It also ensures that proper funds are allocated to recruitment and training.

If you are just getting started and it’s outside of the business planning cycle, it is better to begin than do nothing. However the objective should be to eventually align Workforce Planning with business planning.
If you are introducing Workforce Planning and it isn’t mapped to a particular expansion project, begin by focusing on something manageable, such as all of your director levels for example, to get people engaged and demonstrate value before taking on larger pieces. Engage with the business leaders by presenting a strong business case alongside their one- to five-year plans and forecast against that.

Naturally if the Workforce Plan is mapped to a particular strategic expansion project, begin with the talent needs for that project.

HOW HUDSON CAN HELP
Hudson has tools, processes and templates that can help you engage with your business leaders.
STEP ONE
Regardless of the scenario, kick off the plan with a robust analysis of current internal capabilities by doing a talent inventory. Leverage these exercises as a way to engage employees:

• Examine the internal talent pool. Identify the available skills within your organization. Check performance reviews and current job descriptions.
• Identify opportunities for internal mobility? Are resources flexible to relocate? What are the relocation costs?
• Does a succession planning process exist? If so, is it adequate?
• With the right training and development, can the current workforce fulfill the anticipated skill needs? Craft a professional development plan.

Based on this information, evaluate if you need to supplement the workforce through hiring or manage attrition to meet the requirement.

HOW HUDSON CAN HELP
Hudson has the ability to work with you to identify, develop and track all the various facets of the internal talent inventory.

STEP TWO
Once you have determined any internal gaps in talent needs, conduct an external analysis of the talent marketplace in the desired geography to understand the availability and cost of acquiring talent.

Conducting an internal analysis shines a light on skills gaps, which will make your external recruitment plan more effective and efficient.

HOW HUDSON CAN HELP
Hudson has the tools and expertise to conduct external market mapping, analysis and pricing. We can source, develop candidate pools or provide the full suite of recruitment services to fit your needs.

STEP THREE
Conduct a cost benefit analysis, which is instrumental in identifying the most effective method in obtaining or training the necessary talent.

HOW HUDSON CAN HELP
Hudson can support the cost benefit analysis with talent management or talent acquisition services.

STEP FOUR
Focus on the action plan to get from point A to point B. This will consist of developing training plans, retention management programs, succession management and the talent acquisition plan.

HOW HUDSON CAN HELP
Hudson has an extensive track record of working alongside client teams to develop and execute tactical plans.

STEP FIVE
Develop an implementation plan. Establish the objectives and required participants, map out the milestones, deliverables, timeframes and begin the work. Be sure to create a process for evaluating plan effectiveness along the way.

HOW HUDSON CAN HELP
Hudson can assist in identifying key stakeholders and creating and executing the implementation plan. We offer tools to identify at-risk employees to enhance talent retention efforts, and we’ll support your ongoing plan evaluations and provide guidance on adjustments if the underlying variables change.
• Number of permanent employees, location, role type, salaries
• Number of contractors, location, roles, pay rate
• Prior work history information to identify additional skill sets. Some companies require employees to register within the HRIS so that Talent Acquisition may search for skill sets when needed. Without an HRIS, it may be challenging to obtain this information. For mid-market companies this is a bonus, but for companies with more than 50,000 this is critical for Workforce Planning.

As a general rule, here are the key statistics to benchmark as you execute the Workforce Plan:

• Retention statistics (identify areas with turnover issues)
• Time-to-Fill Statistics
• Cost-Per-Hire
• Percentage of open positions. How long?
• Predictive analytics about who is at risk

HR and Talent Acquisition should review the Workforce Plan every three months, and meet with the formal Workforce Planning team every six months to keep them engaged in the process. Naturally, the Workforce Planning team would meet to respond to any major market changes or shifts in the business plan.

As you continuously evaluate the outcomes, analyze the Workforce Plan effectiveness along the way. Are roles being filled faster? Is retention improving? Are we achieving the expected results? Are we getting the necessary cooperation from the field?
Hudson is a global talent solutions company. We help transform the workplace and unleash the full potential of organizations and individuals. Our expert team and proprietary tools provide you with unique insights and services that help you maximize your success. Across 20 countries, we deliver a range of recruitment, talent management and recruitment process outsourcing solutions to get you and your business where you want it to be. More information is available at http://us.Hudson.com.