



Workforce Planning: A Forward-Looking Approach to Getting the Right People in the Right Jobs

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Contents

Introduction 3	Business Challenges Driving Workforce Planning 4	The Survey Demographics 6	The Workforce Planning Challenges - Data 7
	Workforce Planning - Methods and Tools 9	Skills Gaps - Current and Talent Needs 14	Conclusion 18



Introduction

How will organizations develop and retain employees with the critical skills needed for future success? This strategic challenge lies at the very heart of workforce planning, and this HR role has never been more complicated. Even a cursory search for “best practices” can lead you to such a wide array of methods, tips, suggestions and thought leadership that the whole challenge feels overwhelming for many organizations and professionals. We conducted a survey during the fall of 2016 to gather information about the current state of workforce planning.



Business Challenges Driving Workforce Planning

The data around the changing workforce creates a compelling business case for organizations to develop and then execute effective workforce planning initiatives. The total demographics of today's overall workforce illustrate one aspect of the planning challenges confronting organizations.

The generational mix of the workforce is changing by the day. According to Pew Research, in 2015, the number of workers in millions by generation was: Millennial (born 1981 to 1997) - 53.5 million, Gen X Born 1965 to 1980) - 52.7 million, Boomers (1946 to 1964) - 44.6 million, and Silent (1928 - 1945) - 3.7 million. Yes - it's finally happened. The youngest generation, Millennials, are the largest group of employees in the American workforce.¹

At the other end of the spectrum, Baby Boomers are creating interesting challenges for organizations, some of which are bucking traditional trends. For instance, more Boomers are planning to work longer and to an older age than any generation before them. There are many reasons ranging from improved health and increased life expectancy to personal finances. There are also large numbers of Boomers retiring every day. The number most frequently cited is 10,000 per day.²

1 <http://www.pewresearch.org/fact-tank/2015/05/11/millennials-surpass-gen-xers-as-the-largest-generation-in-u-s-labor-force/>
<http://www.cnn.com/2013/11/06/us/baby-boomer-generation-fast-facts/>

2 <https://www.washingtonpost.com/news/fact-checker/wp/2014/07/24/do-10000-baby-boomers-retire-every-day/>

As Boomers retire, there is a massive drain on institutional knowledge, experience and high-end skills leaving the active workforce. The sheer number of Boomers still working, and by extension retiring, makes development of effective workforce planning strategies crucial.³

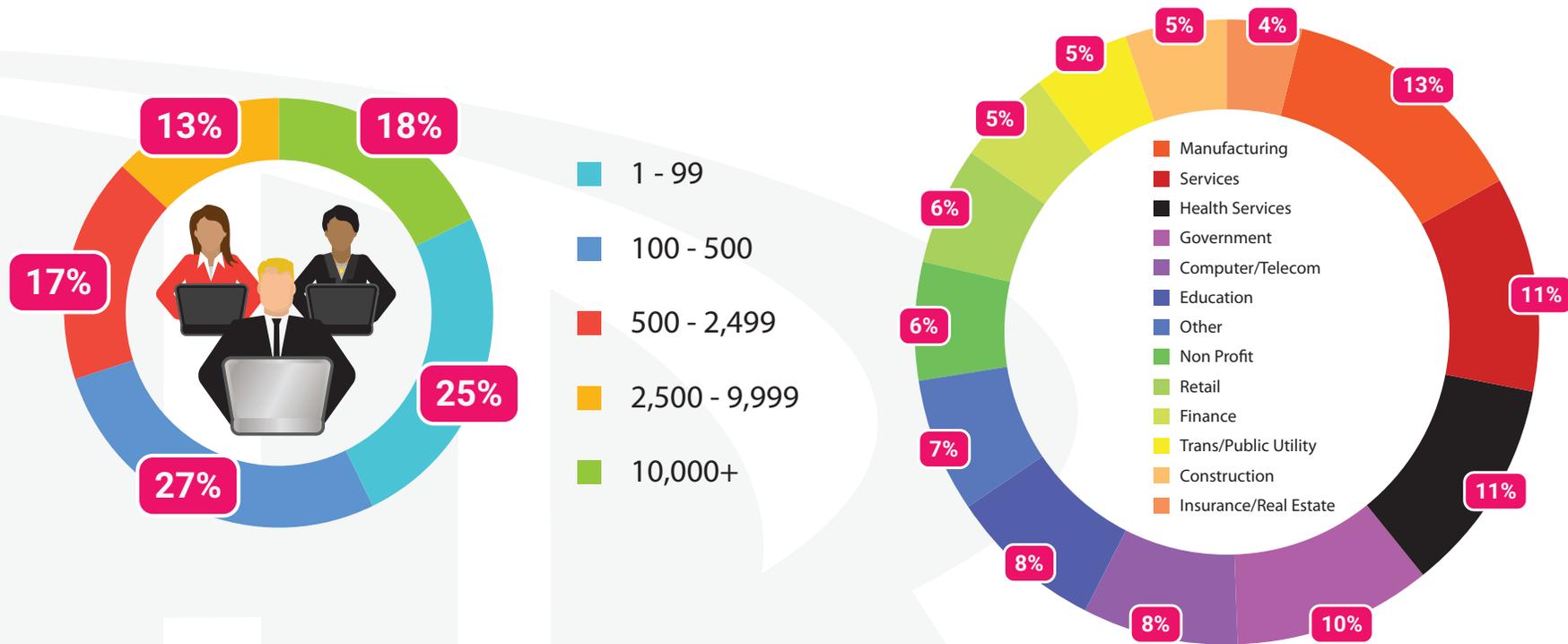
3 <http://money.usnews.com/money/blogs/planning-to-retire/articles/2016-02-12/5-baby-boomer-retirement-trends>
<http://fivethirtyeight.com/features/what-baby-boomers-retirement-means-for-the-u-s-economy/>



The Survey Demographics

Our inquiry explored these important strategic areas: data, tools, methods and skills gaps. The findings are a fascinating glimpse into the current state of workforce planning, and we believe we can offer some guidance to help you improve the quality of your workforce planning efforts in each area.

As you can see, we have a very balanced demographic represented by the participants: 52% work in organizations with fewer than 500 employees, and 48% work in larger organizations.



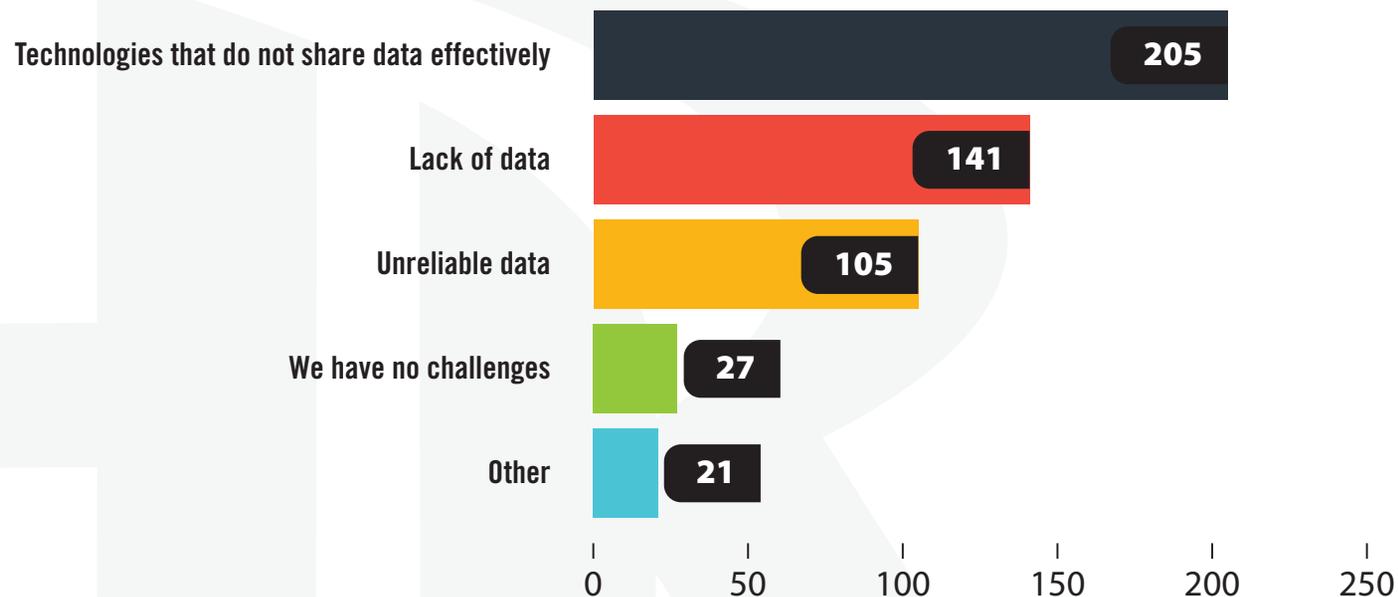
The Workforce Planning Challenges - Data



We mentioned some of the broad social and economic challenges facing organizations, but the survey delved into more tactical and day-to-day challenges. What emerges is equally interesting and concerning.

Survey Question: What workforce planning challenges do you face as a high-performing organization?

The fact that such a large cohort of participants (63%) cited technology issues as a major challenge to the goal of being a high-performing organization is troubling. There are a large number of technology solutions on the market that range from basic HRIS and ATS (Applicant Tracking Systems) to massive enterprise resource planning (ERP) solutions. Based upon the response to this question, these systems are largely failing or are creating more challenges than they solve.



Another surprise in the results is that 77% of the participants point to data-related problems: 44% cite a lack of data and 33% cite unreliable data. It's very difficult to make informed decisions when the technology tools organizations need don't really help, or when the data is either missing or unreliable for whatever reason.

We also asked about specific data challenges by posing the following three questions.

- Do you have access to the workforce data you need? 54% said, "Yes." 46% said, "No."
- Do you consider your workforce data accurate? 59% said, "Yes." 41% said, "No."
- Are you able to interpret your data? 21% said "Very Effectively." 64% said, "Somewhat Effectively," and 15% said, "Not at all."

So the questions about the quality and usefulness of the data track closely to the ratio of participants citing data as a challenge - that figure was 77%. In the series of three questions about the actual data, 75% said they could "somewhat" or "not at all" interpret the data at their disposal.

Best Practices Tip: Make sure your technology tools are easy to use and interact effectively with all of your current or planned HR systems. Then check to make sure you have the data you need to answer the questions facing your workforce planning teams, and double check the accuracy of the data you share and use.



As we mentioned at the start of this report, there are numerous “best practices” in the workforce planning space. The key for you and your organization is to first make some sense of the most frequently used methods and tools, and then match the methods and tools to your specific workforce planning challenges.

Workforce segmentation is a methodology used by only 31% of the survey participants. It’s possible that more organizations actually use some form of workforce segmentation when we look at the conventional definition of the term:

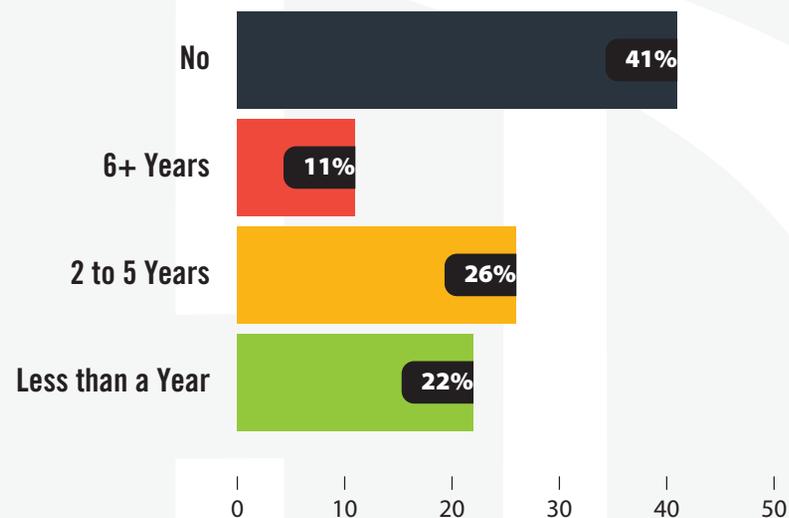
The process of subdividing the broader employee population into groups with one or more similar characteristics or needs.
Bersin by Deloitte

Using this very transactional definition, it’s understandable why segmentation would not be a useful tool in best practices workforce planning. What is the value in segmenting employees into groups based solely upon department, job role, pay scale, etc.? The answer is that there is little value in such efforts.

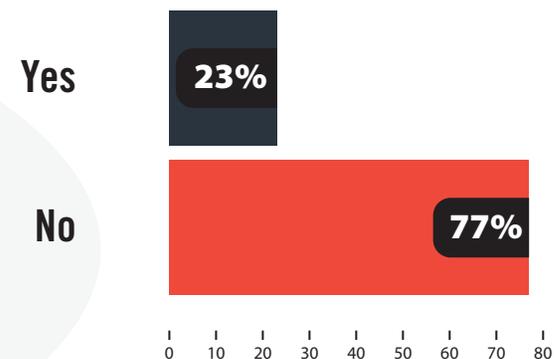
On the other hand, a skills-based approach to employee segmentation might be a very useful tool in helping you develop a future-oriented workforce planning strategy. To learn more about skills-based workforce segmentation, you should look at an article by Colin Beames called, “Workforce Segmentation: Analyzing and Understanding Your Workforce,” at HR.com.⁴ This approach will help address the next questions and challenges explored in the survey.

We asked two questions about templates. We wanted to know whether participants used current state and future state workforce templates.

How long have you had a current state workforce supply group template?



Do you have a future state template?



⁴ http://www.hr.com/workforce_segmentation_article

This data is absolutely fascinating. Slightly more than three quarters (77%) of the participants do not use a future state template, but 59% use a current state template.

A current state workplace is a very valuable and useful analytical tool. There are many variables and types of planning tools available, but at a minimum a current state workforce supply template should be populated with information and data that addresses the following strategic areas:

- Current state of workforce skills, demographics (e.g. coming retirements, number of new hires, turnover rate, etc.)
- The targeted state of the workforce should also be included. You could include elements that cover desired rate of attrition, voluntary turnover, skills needed for future success, etc.
- Gap analysis between your current and future state.
- Plan with specific action items to address the findings of the gap analysis.

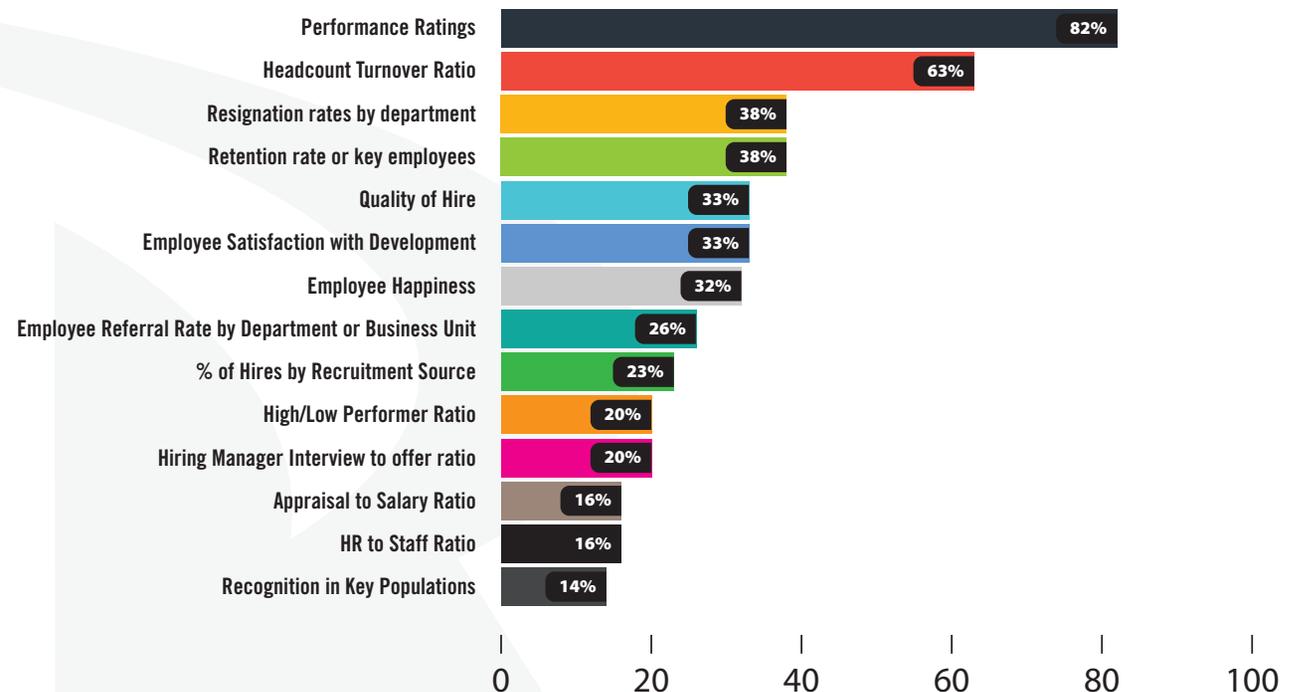
A future state workforce template addresses the specific strategic needs of the organization looking ahead, usually in increments on 6, 12 and 24 months. The time can vary depending upon each organization's specific situation. But the essence of the future state template is to document the anticipated workforce needs going forward in terms of number of new hires, new hires by job role, skill gaps that you believe exist to prevent the organization from achieving long-term goals and an action plan to address the various elements of the template. From a purely strategic perspective, the future state template is the more important of the two templates.

We expressly asked about some important data points organizations usually cover in these templates.

Do you use your workforce data to keep track of common items, i.e., number of hires, turnover rate, time-to-hire, how long positions remain unfilled? The great news is that 72% of the participants replied, "Yes." So the vast majority of participants are gathering important data for a current state template, but this also means that nearly 3/4 of the participants are laying the data driven foundation for developing an effective future state template.

Further supporting our belief that the participants in the survey are well-positioned for effective future state planning are the responses to this question:

Which of the following are considered common items in your organization?



Some important aspects of employee suitability for future success are clearly being gathered. Further, with some of these data points HR teams can make in-depth evaluations about their hiring process and future hiring needs. An important ratio (20% of the participants) is the high-to-low performer ratio. As Boomers retire, there will be demand for high-performing employees to be ready to take on roles with greater complexity and responsibility. Identifying bench strengths like this can be very useful to address future skills gaps.

Best Practices Tip: Take advantage of the resources available to you to develop a strategic set of documents to address, evaluate and understand the current state of your workforce and the desired future state. With these strategic elements in place, your organization will be in a much better position to take the steps you must take to fully prepare your people and entire organization for the challenges ahead that threaten the long-term success of your organization.

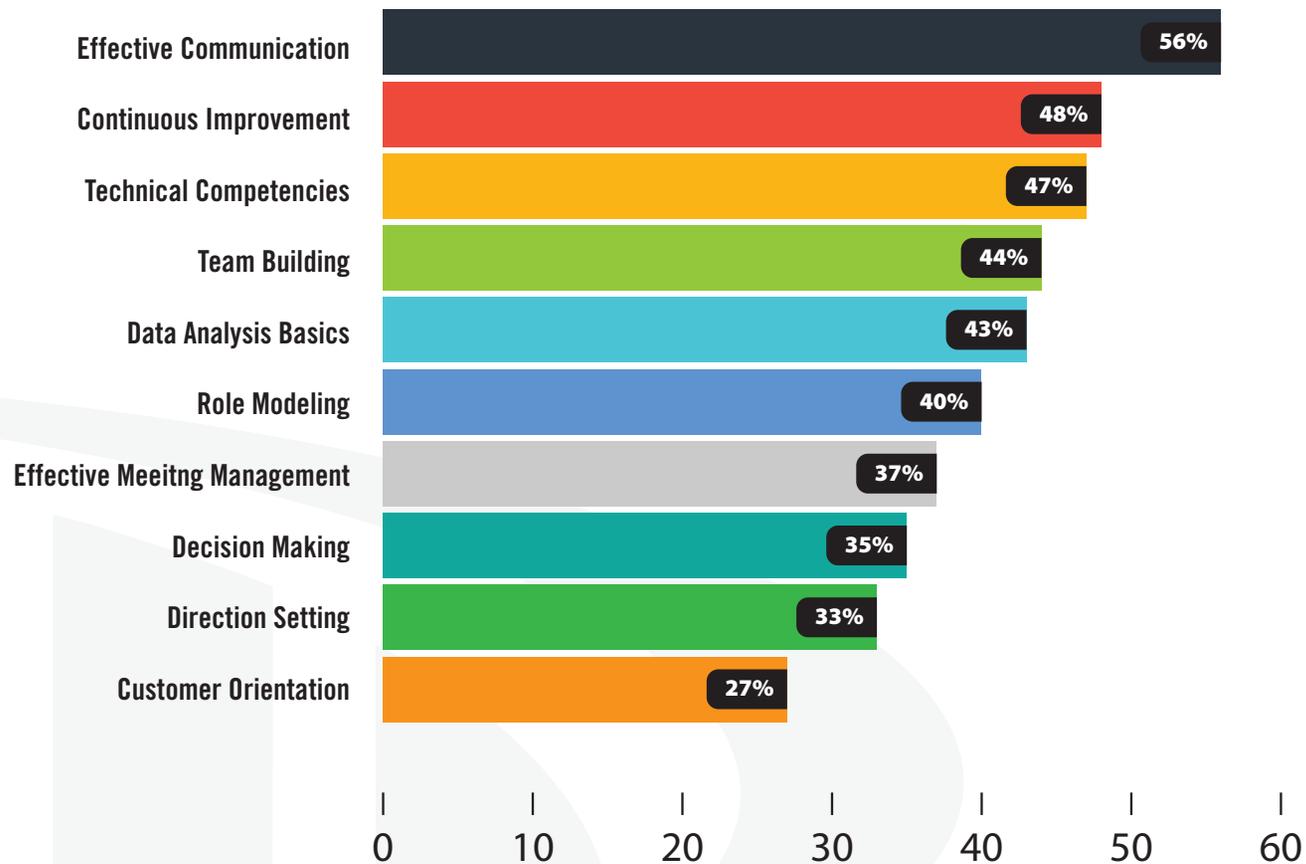


Skills Gaps - Current and Talent Needs

What skills gaps exist in your organization?

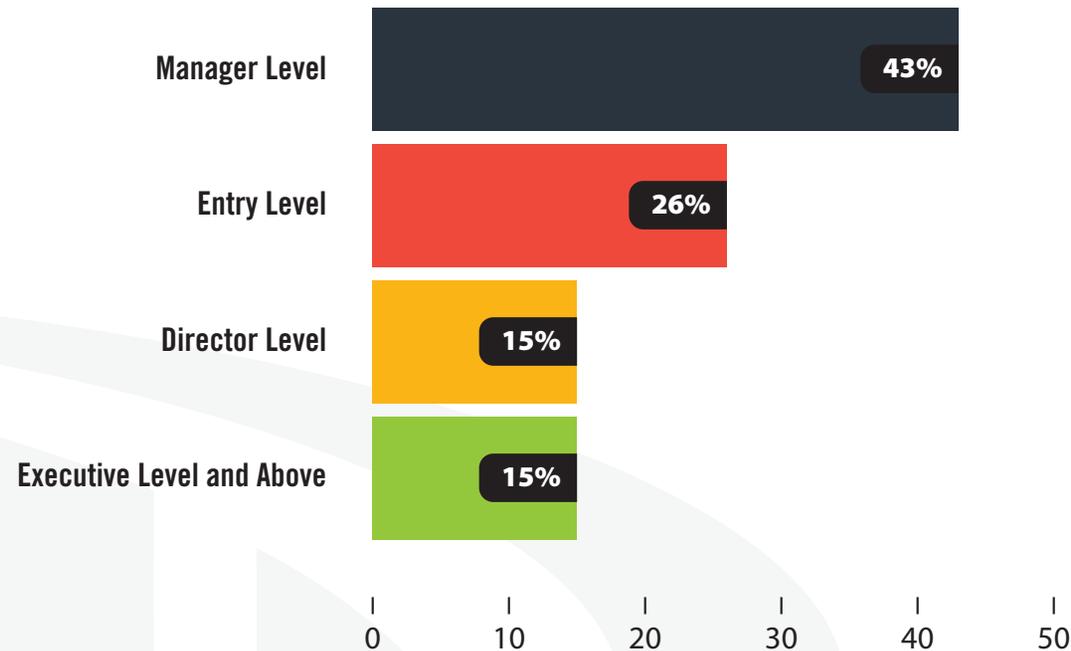
The participants identified the skills where the most significant or important gaps exist within their organizations. The results indicate a wide range of skills where gaps are currently impeding organizational success. The great thing about this data is that these skills could be used to build an employee development curriculum for both current and future managers. These same skills could likewise form the basis for skills-based assessments as you consider the next roles for your high-performing employees. Finally, a hard look at the current state compared to the desired future state of mastery of these skills can help you complete your workforce planning templates.





The next question, which is closely linked to the specific skills gaps, asked about where participants see the need for higher levels of talent to drive future success.

What talent will your organization need to reach the next level of your strategic plan?



This specific data, when looked at in conjunction with the skills gap answers, paints a very clear picture of how participants see meeting the challenge of generating the future success of their organizations. It's all about managers.

That specific role gathered the most responses, and when you examine the skills gaps you will see managerial skills dominate that list: communication, role modeling, decision making, team building and effective meeting management are all core managerial competencies. Now if we add to these elements the broad social, market and demographic changes coming at organizations, it's easy to see why these skills for these employees are so important. As Boomers retire in greater numbers, those leadership roles and that knowledge must be replaced and filled. That's likely going to require higher levels of performance from managerial employees.

Best Practices Tip: The skills gap is a real thing, and it's something that really falls into two distinct categories: competencies (skills, knowledge and ability) needed for success, and skilled talent at the right role. Start succession planning with this information in hand as quickly as you can. If you are already conducting succession planning, test the development curriculum against your current and future state templates to ensure you are driving high potential employees to gain skills in strategically important areas.



Conclusion

Workforce planning does not have to be mysterious or complex. You already have a lot of the data you need. It's just a matter of getting the right data management and reporting tools in place so you can use and interpret the data in meaningful ways. You need to be able to apply your data to answer questions about where current improvements are needed and to identify and understand your future workforce requirements. There are methodologies you can find and adapt to suit your needs, so you don't need to find or build exotic solutions to accomplish the important workforce planning work ahead of you. Finally, the skills gap exists in two parts - performance-based competencies and talent that's ready for future promotions. Simplify your thinking into these three strategic areas, and your workforce planning efforts will deliver the type of value and business benefits your executive leadership wants to see.