

CAHRS Working Group Strategic Workforce Planning

Hosted by HP, Inc.
Palo Alto, CA | May 9, 2018

Participating Organizations:

Amgen
Cornell University
DowDuPont
E&J Gallo Winery
Ecolab
General Electric
General Mills
Hewlett Packard Enterprise
HP
McKesson
Microsoft
Optum
Workday

Key Takeaways:

1. Strategic workforce planning (SWP) activities occur across a continuum, ranging from the strategic (long range forecasts), to the tactical (e.g., yearly planning), and operational levels (e.g., daily work planning). Different companies focus on different levels depending on their strategy and objectives.
2. Participants noted several aspects that are critical to the success of SWP efforts: (1) gaining alignment and support for SWP; (2) using data and visualization to persuade; (3) mastering “capacity planning” before moving onto more complex approaches; and (4) being clear about the potential value of (“predictive”) analytics to SWP.
3. Going forward, companies will continue to face challenges in this area: how to move beyond headcount towards measuring skills, how to leverage the right data at the right time, how to manage SWP in an evolving legal/ethical climate, and how to ensure the readiness of Human Resource Business Partners (HRBPs) to contribute to the conversations involving SWP.

Opening Discussion: What Are the Key Issues?

The opening discussion focused on identifying participants’ key questions and challenges related to strategic workforce planning (SWP). Numerous issues surfaced, including:

- How to execute strategic workforce planning in a dynamic organization that is undergoing significant change (for example: merger, planned spinoff, high growth);
- How to balance competing goals of *customizing* workforce planning initiatives (for example: per business or geography) versus *standardizing* practices across the entire organization;
- How to handle contingent resources in the SWP process;
- Understanding the value and role of analytics in workforce planning efforts;
- How best to structure roles and teams in support of workforce planning;
- Whether any external benchmarks can be leveraged for workforce planning;
- How to integrate SWP with business activities and priorities; and
- How to ensure the readiness of Human Resource Business Partners (HRBPs) to be actively involved in workforce planning.

Following the opening discussion, Professor John Hausknecht presented an overview of workforce planning definitions and frameworks, noting that most SWP activities have five



basic elements:

- (1) identifying the company's strategic direction,
- (2) forecasting demand,
- (3) determining talent needs,
- (4) assessing talent supply, and
- (5) taking action to resolve gaps.

Further, SWP activities can be conceptualized into different types, depending on the level of focus:

- **Strategic:** long-term, multi-year forecasts of skill needs (focus on building talent pools);
- **Tactical:** more granular supply-demand forecasts (focus on actual headcount needs for a period such as the coming year); and
- **Operational:** optimizing scheduling/staffing levels at a micro level (could be daily or hourly).

The first part of the session revealed that workforce planning is one of the more challenging activities that organizations face—setting the stage for further sharing among participants.

Further Reflection

During our discussion, participants provided greater detail on their challenges, successes, and opportunities related to strategic workforce planning. These comments are categorized below based on key underlying themes:

Gaining Alignment/Support for SWP

- ◇ At one company, one member of the group noted how SWP can help integrate the business with HR, sparking alignment discussions between business leaders and HR;
- ◇ Another member stressed that gaining business leader support was critical to the success of SWP—having an advocate who can influence others to see the need to invest in SWP activities was seen as essential;
- ◇ Others reported finding value by using business (versus HR) language as much as possible and sharing success stories involving SWP before moving on to larger challenges; and
- ◇ Another stated that SWP involves decisions about the *platform* and *process*, but also requires significant *executive sponsorship* in order to be successful.

Using Data and Visualization to Persuade

- ◇ A key element, shared by many, involves the need to find the right format for presenting data related to SWP. Members discussed the importance of using data visualization tools (Power BI, Tableau) to show patterns and trends and to be able to tell a compelling story;
- ◇ Some organizations have moved further along by centralizing their data and automating access for key stakeholders; and
- ◇ Some companies are leveraging external data sources (such as LinkedIn) to sharpen understanding of talent supply.

Differentiating “Capacity Planning” from Strategic Workforce Planning

- ◇ One member pointed out key differences between the idea of “capacity planning” and SWP. Capacity planning tends to focus on the numbers—such as when companies use historical data and trends to estimate headcount needs for an upcoming period. In contrast, strategic planning involves asking questions about whether an organization has the right skills and may involve a change in focus

depending on anticipated market shifts;

- ◇ One suggestion for organizations just getting started was to begin with capacity planning as a baseline effort, and then move into (more complicated) approaches related to strategic workforce planning; and
- ◇ Adding to this, one member mentioned that advancing SWP must begin with pilots/prototypes to gain support and momentum for further investments.

Predictive Analytics: Does it Apply to SWP?

- ◇ A key discussion topic centered on the use of analytics (and the potential for “predictive” analytics) to drive SWP efforts. Breakout groups considered how they are using data today in their SWP activities. Most reported making efforts to predict attrition for key employee groups, some experimenting with newer approaches such as organizational network analysis (ONA). Some of the factors that companies have examined as turnover determinants include tenure, location, compensation, and engagement;
- ◇ Professor Hausknecht raised the question of what we really mean by “predictive analytics,” both in general, and as applied to SWP. Although it is often touted as the highest level of analytics sophistication, “predictive” models still involve analysis of historical data and trends, and are therefore not much different from decades-old approaches used within workforce planning (and in analytics and HR more generally). In other words, analysis of historical data, whether called “analytics” or “predictive analytics,” still cannot predict what will happen in the future regarding talent supply and demand; and
- ◇ Ultimately, predictive models hold best when the future looks exactly like the past; unfortunately, many participants believe that the future workplace—one filled with competitive pressures, technological disruption, automation, and the like—is likely to look very different than it has previously.

Future State: What’s Ahead for SWP?

To conclude the second CAHRS working group on strategic workforce planning, participants noted several key issues that lie ahead for strategic workforce planning:

- ◇ **Moving beyond headcount to address skills.** A common focus within workforce planning is to think about talent in terms of headcount and cost. Many noted the need to move beyond a “cost and heads” approach to think about how we capture essential information about the skills, fit, or other dimensions that reflect the quality (versus quantity) of talent.
- ◇ **Gaining access to the right data at the right time.** Another aspirational goal is to advance organizational capabilities around gathering and using the right data for SWP activities. Most companies reported having limited data access and/or fragmented data to support SWP. Members hope that SWP systems and tools will improve.
- ◇ **Addressing potential ethical/legal concerns.** Several members of the group noted current and future concern around data access/usage as it relates to SWP. Companies are also concerned about potential legal exposure. For example, not taking action after learning that certain classes of employees do not advance as quickly as others could damage a company’s reputation and/or lead to charges of discrimination.
- ◇ **Evolving the HRBP role.** A common theme throughout the day was that HRBPs must be prepared and ready to contribute to conversations involving workforce planning. Several individuals reported that HR will need to be a thought partner with business leaders to best align business demand with talent supply. Additional training on SWP for HRBPs was noted as a key need going forward.

The session closed with participants sharing key insights drawn from the day. Many reiterated the value of linking SWP with the business, the need for reliable data and sound analytics, and the need to translate SWP into language that others can understand. Others mentioned that going “back to the basics” is a good strategy, rather than chasing the latest technology or fad. Perhaps most often, attendees commented on how refreshing it was to learn that most others in the room were in a similar position regarding their challenges and opportunities surrounding workforce planning.

This Summary Report was prepared by John Hausknecht for use by participants of the Strategic Workforce Planning Working Group.

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