

Expert Insights



The Executive's Guide to Strategic Workforce Planning

Profiles  International ^{SEA}
imagine great people®

©2009 Profiles International, Inc. All rights reserved.

July 2009
www.profiles-sea.com
www.profilesinternational.com

The Executive's Guide to Strategic Workforce Planning. Copyright 2009 by Profiles International. Printed and bound in the United States of America. All rights reserved. No part of the report may be reproduced in any form or by any electronic or mechanical means including information storage and retrieval systems without written permission from the publisher.

Publisher
Profiles Research Institute
Dario Priolo, Managing Director
5205 Lake Shore Drive
Waco, Texas 76710-1732

Profiles International
(800) 960-9612
www.profilesinternational.com

Profiles International South East Asia
Contact us via email: sales@profiles-sea.com
www.profiles-sea.com

Acknowledgements
CEO, Co-founder, Profiles International: Jim Sirbasku
President, Co-founder, Profiles International: Bud Haney
Editor-in-Chief: Dario Priolo
Managing Editor: Carrie D. Martinez
Creative Director: Kelley Taylor



Although 92% of companies have some level of workforce planning, only 21% of companies take a strategic, long-term approach.

Source: Bersin and Associates

Why strategic workforce planning matters to you

Strategic Workforce Planning is a process that ensures that your business has the right people in the right jobs at the right time to achieve your expected results. This discipline helps organizations understand their current state, forecast talent gaps and take the necessary steps to close those gaps. It is a core business process that is often handled by the HR department, but it is so important to the success of a business that business leaders should approach it proactively and take ownership of it.

We've all heard the saying that "failing to plan is planning to fail." The traditional strategic planning process often focuses heavily on large capital expenditures, technology and marketing investments to implement business strategy. But the traditional process focuses too little on the organization and the human resources necessary for sound execution.

It is almost as if the business takes for granted that it already has people with the necessary capabilities. The truth is that it can take several months, if not years, to get the right people in the right jobs, and this can seriously hinder the execution of even the most well thought out strategy. We polled our experts and asked them to define a simple, straightforward strategic workforce management process.

The steps in the strategic workforce planning process are:

- 1. Establish where your business is going**
- 2. Understand where the labor market is going**
- 3. Understand your future talent demands**
- 4. Assess your current talent inventory**
- 5. Identify your talent gaps and strategies to close them**
- 6. Implement your strategies**

This report elaborates on these six steps and offers some common sense advice for undertaking this important process.

The Executive's Guide to Strategic Workforce Planning

1. Establish where your business is going

Business strategy drives the organizational structure and jobs

The first step in the strategic workforce planning (SWP) process is to have a clear understanding of your business strategy. At the end of the day, your workforce is there to implement the strategy and achieve the expected business results. Elements of your business strategy that will have the greatest impact on your talent strategy include:

1. Areas of your business that you want to grow
2. Areas of your business that you want to maintain but make more profitable
3. Areas of your business that you want to divest or exit

What does this changing strategy mean for the business?

This is a crucial question that must be understood at the executive level, the business unit level and the front-line operational level. Strategic change fails when the people implementing the change don't know what they need to do differently in order to support the new strategy. These disconnects create confusion, conflict, and stress, and put even the best people in a position to fail. Make sure that you have thought through the operational details of your strategy, and that you have sufficient facts and the support necessary to make a good decision.

How far, how fast?

Know how far and how fast you can reasonably move. It takes time, money and thought to design and build technology infrastructure, production facilities and distribution capability. Similarly, it takes time to source, deploy and train talent. This is even more true when your workforce requires special skills or credentials, or when your jobs are located in a talent-poor or highly competitive region.

The bottom line is that you need to know your business strategy, and the impact of that strategy, before you can create a meaningful workforce plan.



The Executive's Guide to Strategic Workforce Planning

2. Understand where the labor market is going



Scanning the market helps you identify talent supply and limitations

Understanding the labor market for the jobs necessary to drive your strategy will help you better understand the length of time it will take to fill a job, the salary you should expect to pay for the job and potential challenges to filling the job. For example, maybe there is a need for a new school in a growing suburb, but the area is expensive and it is difficult to attract teachers. You need to take these factors into account as you build your SWP.

Common factors to consider include:

- 1. Macroeconomic forecasts**--A vibrant, growing economy usually increases demand for talent and raises the cost of employment. Conversely, a challenging economy often increases the supply and affordability of even the very best talent.
- 2. Demographic trends**--The age of the available workforce can be an indicator of the capability and availability of workers in an area. Therefore it may be desirable to locate a technology business near a college town as opposed to a retirement community.
- 3. Regulatory changes**--Think about what would happen if the US government suddenly offered universal healthcare. People who work for larger organizations because of the health benefits may choose to enter business independently, and this changes the employment mix.
- 4. Talent movement trends within your industry**- Who's moving, where are they moving and why? This can be driven by many external factors such as better job security, better pay or the opportunity to do the most interesting work.

The Executive's Guide to Strategic Workforce Planning

3. Identify your future talent demands



Business strategy drives organizational and job design

Once you have translated your business strategy into operational requirements, you must design the organization and the jobs necessary to implement the strategy. If you contrast this with your organization and jobs as they stand right now, you can identify jobs you will need to create, jobs you will need to phase out, and the optimal timing of your transition.

Focus on what really matters to avoid “paralysis by analysis”

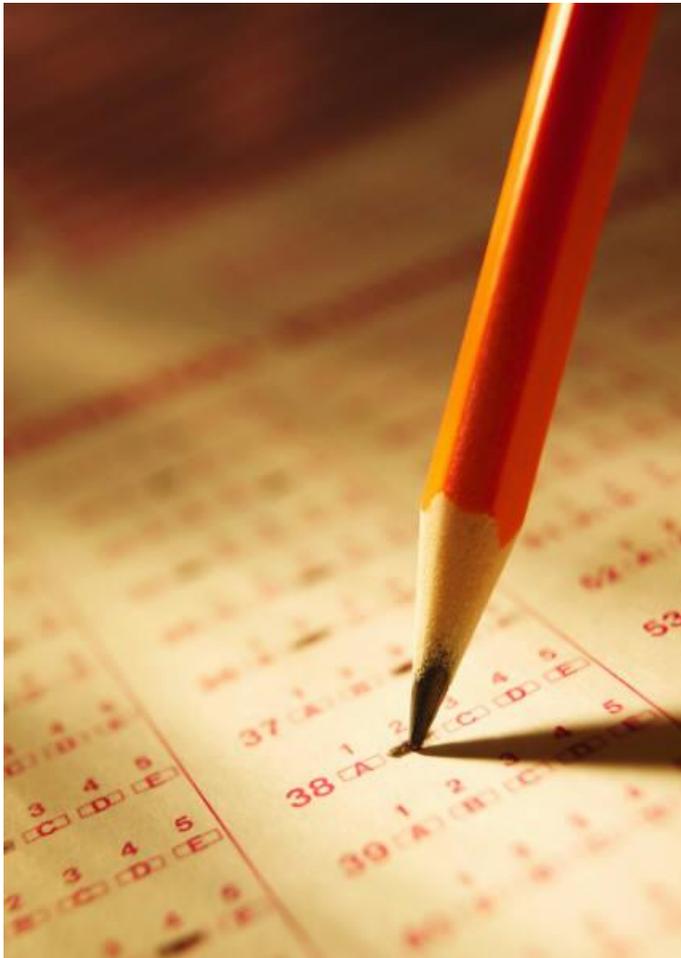
As with most forecasting efforts, identifying talent demands can be part art and part science. We need to make certain assumptions when we develop our business strategies, and the further ahead we plan, the more uncertain those assumptions become. Rather than getting bogged down in the minutiae, we recommend focusing first on critical roles and critical employee segments.

Critical roles are those jobs that are mission critical to your future business strategy. If you don't have a solid plan for filling these roles with capable people, the business strategy simply won't come to life. For example, a new cardiac ward in a hospital needs cardiologists and acute care nurses in order to function.

Critical employee segments can include mature workers, visible minorities, members of Gen Y, ethnic groups, veterans, aboriginals, and others. They can be strategically important to certain organizations that need to fulfill requirements for certain types of government contracts or grants, or that want to meet the needs of key customer groups. For example, a retail organization wants to position itself in areas with a growing Latino population. Having Latino employees is necessary to accomplish this aspect of the strategy.

The Executive's Guide to Strategic Workforce Planning

4. Assess your current talent inventory



Who's on first; What's on second?

Once you understand future demand, the amount of change needed, and the optimal timing of that change, you should take inventory of your current talent pool. This will eventually help you determine how to transition people into these new roles. It will also give you insight into who won't fit into the new organization and help you create an exit plan.

There are three key questions you need to answer:

- 1. How well will the worker “fit” the new job?** You need to know if she has the behaviors and interests to be productive in the job. For example, if the new job requires her to think more strategically and less tactically, does she have the DNA and the desire to make that leap? If she doesn't fit well, you might be able to place her in a different job that fits her better.
- 2. Will the worker have the “skills” to perform the new job?** It is much easier to teach skills than to change behaviors. However, you need to know what skills the learner needs to acquire and how long it will take to acquire these skills. This helps you focus your training investments most effectively. There are a number of very effective assessments to help you answer these questions.
- 3. How is talent currently moving in your organization?** You need to understand how long talent stays in your organization. This can be accomplished by analyzing demographics to identify who is nearing retirement and when they might retire, and by understanding your voluntary and forced attrition.

The Executive's Guide to Strategic Workforce Planning

5. Identify your talent gaps and strategy to close them



The age-old strategic planning questions: What? When? and How?

Once you have assessed your internal talent inventory and understand the jobs you will need in order to execute your new strategy, you can identify your gaps, determine a timeframe for closing those gaps, and create specific tactics for closing gaps.

We mentioned earlier the importance of focusing on critical roles and employee segments. The next step is to run scenarios in order to understand how the availability of these critical roles or segments impacts the rest of your business plan. Then determine how your workforce plan will be impacted. Timing is important, which is why we examined the labor market earlier in the process.

You typically have 4 options as you seek to fill these roles. They are “The 4 Bs”

1. Build: Developing your internal talent helps you build a cohesive culture and sends a strong message to your people that you are committed to them. It also mitigates risk because you know the employee, the employee knows you, and the transition can be relatively quick.

2. Bounce: Redeploy talent from obsolete or redundant jobs, as well as people who don't fit well with the new jobs that they may be qualified to fill. This can also mean bouncing the employee from the organization altogether.

3. Buy: Recruit outside talent. This can be expensive, slow and risky. Recruiters are often involved, the process may be long, due diligence takes more time, and it is still difficult to predict whether the outside hire will be successful in your organization.

4. Borrow: Procure contingent or contract labor. This is increasingly popular for new ventures because it is highly flexible and you can “try before you buy.”

The Executive's Guide to Strategic Workforce Planning

6. Implementing the process



Process is the key word to remember

Strategic workforce planning is a process, not a one-time event. Like other business processes such as Total Quality Management (TQM) or 6-Sigma, SWP requires a continuous improvement mindset. By standardizing our approach to a very important and challenging business problem, we reduce errors and better understand the factors that drive success. This ultimately reduces costs and improves effectiveness.

Below are three key lessons that will help your SWP efforts succeed.

- 1. Secure top-level executive sponsorship.** Although the name “strategic workforce planning” is bound to get the attention of the HR department, its scope far exceeds the mandate of most HR departments and even senior-level HR executives. HR can facilitate the process, but the business and functional leaders need to be intimately involved to ensure that their needs are met. If they lose confidence in the process, they will resist it.
- 2. Don't attempt to swallow the entire elephant at once.** As we mentioned, SWP is a process that reaches broadly within an organization and requires a continuous improvement mindset. It is best to focus on the critical roles or most significant pain points first, and build positive momentum through quick wins. Use focused pilot projects to learn how the process will work in your organization before reaching out more broadly.
- 3. Establish and track leading metrics.** Inspect what you expect, starting with a few key metrics to set goals and measure progress toward them. Start simple and stay the course. This discipline will help you make informed decisions that maximize benefit to the business.

Checklist: The Strategic Workforce Planning Process

1. Establish where your business is going

- a. What is your business strategy?
 - i. Areas to grow
 - ii. Areas to maintain
 - iii. Areas to exit
- b. What does this change mean for the business?
 - i. Executive level
 - ii. Business unit level
 - iii. Front-line operational level
- c. Expected speed of change

2. Understand where the labor market is going

- a. Macroeconomic forecasts
- b. Demographic trends
- c. Regulatory changes
- d. Competition for scarce resources
- e. Talent movement trends in your industry

3. Understand your future talent demands

- a. Organizational structure necessary to support future strategy
- b. Jobs necessary to support the future organization
- c. Obsolete jobs to phase out
- d. Critical employee segments

4. Assess your current talent inventory

- a. Behavioral fit for new future jobs
- b. Skills to perform new future jobs
- c. Internal talent movement
 - i. Retirement
 - ii. Attrition

5. Identify your talent gaps

- a. What positions will you need to fill?--Scenario analysis
- b. When will you need to fill them?
- c. How will you fill them?
 - i. Development of internal talent
 - ii. Redeployment of redundant resources
 - iii. Recruitment from within or from outside
 - iv. Contingent and contract labor

6. Implementation

- a. Secure top-level executive sponsorship
- b. Don't attempt to swallow the entire elephant!
 - i. Focus on critical roles or most significant pain points
 - ii. Build positive momentum through quick wins
 - iii. Learn through a focused pilot
- c. Much more than an HR initiative

imagine great people[®] TM

Profiles International – Who We Are

Profiles International helps organizations worldwide create high-performing workforces.

Through our comprehensive employment assessments and innovative talent management solutions, our clients gain a competitive advantage by selecting the right people and managing them to their full potential.

Where We Are

Profiles serves 122 countries around the globe and has material in 32 languages.

Contact Us

Profiles International South East Asia

Via email: sales@profiles-sea.com
www.profiles-sea.com



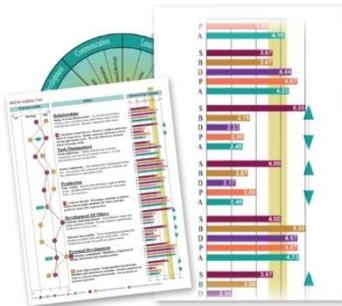
About Profiles International

Products of Interest



ProfileXT®

PXT – The **ProfileXT®** is a ‘total person’ assessment that has a myriad of uses. It measures job-related qualities that make a person productive – thinking and reasoning style, behavioral traits, and occupational interests. These qualities in an individual directly affect her productivity and the productivity of her entire team. An added benefit? The ProfileXT provides 10 reports from one fifty-minute assessment: individual report, placement report, succession planning report, candidate matching report, coaching report, job analysis report, sales placement report, sales management report, summary reports and graph reports.



CheckPoint 360°™

CheckPoint Management System combines direct feedback from direct reports, peers, supervisors, and customers, with a personalized program for developing specific leadership skills based on that feedback. This assessment process highlights a manager’s job performance in 8 skill clusters: leadership, communication, personal development, development of others, production task management, relationships, and adaptability. The CheckPoint 360° uncovers the following productivity killers: ineffective management practices, poor communication, inadequate leadership skills, distrust of management, inability to delegate, low motivation, lack of commitment, low performance standards, and workplace conflicts.

About Profiles International

Additional Reports from Profiles Research Institute



America's Most Productive Companies

In economics, “productivity” is a measure of output per unit of input. For purposes of this study, we defined labor productivity in terms of revenue produced per full-time employee. Calculating this required us to analyze financial data from over 1,600 publicly traded companies that we then organized into over 175 sub-industry groups.

We then identified the companies that ranked highest in each category and took a closer look at the practices that enable them to out-produce their peers. By understanding these practices, we hope to educate ourselves and our clients about the practices that can help them run more efficiently and become more competitive in the marketplace.



5 Critical Management Derailers: Symptoms and Remedies

Why do front-line managers fail and what can be done to avoid failure? We polled our experts to identify our top five most common management derailers. They are:

1. Poor interpersonal and communication skills
2. Inadequate leadership skills
3. Resistance to change
4. Inability to deliver expected results
5. Inability to see beyond their functional silo

This report elaborates on these five issues and offers some common sense advice for helping your managers avoid them.

About Profiles International

Additional Reports from Profiles Research Institute



Selection Strategies for Re-organization, Re-deployment and Recovery: Comprehensive Report of Findings

Profiles International researchers conducted a comprehensive review of organizational design and talent management practices to identify over 50 “best practices” in the context of organizational restructuring. We then asked several experts to rank order their top 20 best practices from this list. From this, we determined our “Top 10” best practices list.



Selection Strategies for Re-organization, Re-deployment and Recovery: C-level vs. Non-C-level Comparison Report

Profiles International researchers conducted a comprehensive review of organizational design and talent management practices to identify over 50 “best practices” in the context of organizational restructuring. We then asked several experts to rank order their top 20 best practices from this list. From this, we determined our “Top 10” best practices list. From these “Top 10” best practices we designed a brief 10-question survey to poll our clients on how well they believed their organizations followed these practices and how well they would be prepared for a major re-organization and re-deployment event. Nearly 800 people (over 30% in companies with over 500 employees; 50% of participants had Director-level roles or higher) participated in the study.

Our findings highlight some considerable differences between the perspective of C-suite and non C-suite participants on nearly every dimension we measured. This heightens concerns that the C-suite may be out of touch with what is actually happening on the front lines as it relates to re-organizing and re-deploying talent in the midst of change.

About Profiles International

Additional Reports from Profiles Research Institute



Four Essential Tactics for Optimizing Organizational Talent

Now more than ever you have the opportunity to optimize your organizational talent. While cost cutting may be inevitable, it's important to avoid some of the common traps that will put you at a disadvantage when the economy turns around. The bottom line is that you need to know your human capital inventory well enough to make the best decision. Our researchers have identified four essential tactics to optimize your organizational talent. These are:

1. Remove your chronic underperformers
2. Remove your bad apples
3. Uncover your hidden gems
4. Never stop your hunt for high-quality outside hires

This paper elaborates on these four essential tactics.



5 Lessons for Upgrading Talent with Outside Superstars

The supply of talented individuals, many of whom were cultivated and trained by some of the world's most innovative and productive companies, has never been so plentiful or affordable. Throughout the last 20 years we have learned from our clients' experiences, and we have summarized five key lessons to help optimize the upgrading process:

1. Identify your current and future internal stars first.
2. Align your hiring decisions with your need for current and future talent.
3. Temper your expectations; high performance isn't always portable.
4. Don't let eagerness short circuit your selection process.
5. Underpromise and overdeliver

The report drills deeper into each lesson to guide you through the talent upgrade process and help you avoid common mistakes.

About Profiles International

Additional Reports from Profiles Research Institute



Seven Factors for Building Extreme Customer Loyalty

We all know it costs a whole lot more to acquire a new customer than to maintain an existing customer. Existing customers play an even greater role in our ever-changing global economy – we must keep them and grow them. We know that there are actions we can take and behaviors we can measure that create long term relationships between sellers and buyers. You build loyalty when your customers are aligned on seven key factors:

1. Emotional Dependence
2. Structural Dependence
3. Business Dependence
4. Satisfaction
5. Performance
6. Economic Value Proposition
7. Alignment and Fit

This report expands on these seven indicators, and will help you go beyond simply satisfying customers to protecting and growing your strategic accounts.