

# 8 Steps to Workforce Realignment Planning in Uncertain Times





- ✓ Workforce analytics and planning software and services firm
- ✓ Thought leader in linking human capital to financial results
- ✓ Cost and value driver insights to optimize workforce spend

- ✓ Advanced business impact analytics for HR
- ✓ 1,000s of metrics link workforce investment to business outcomes
- ✓ Leverages Azure AI machine learning and natural language processing

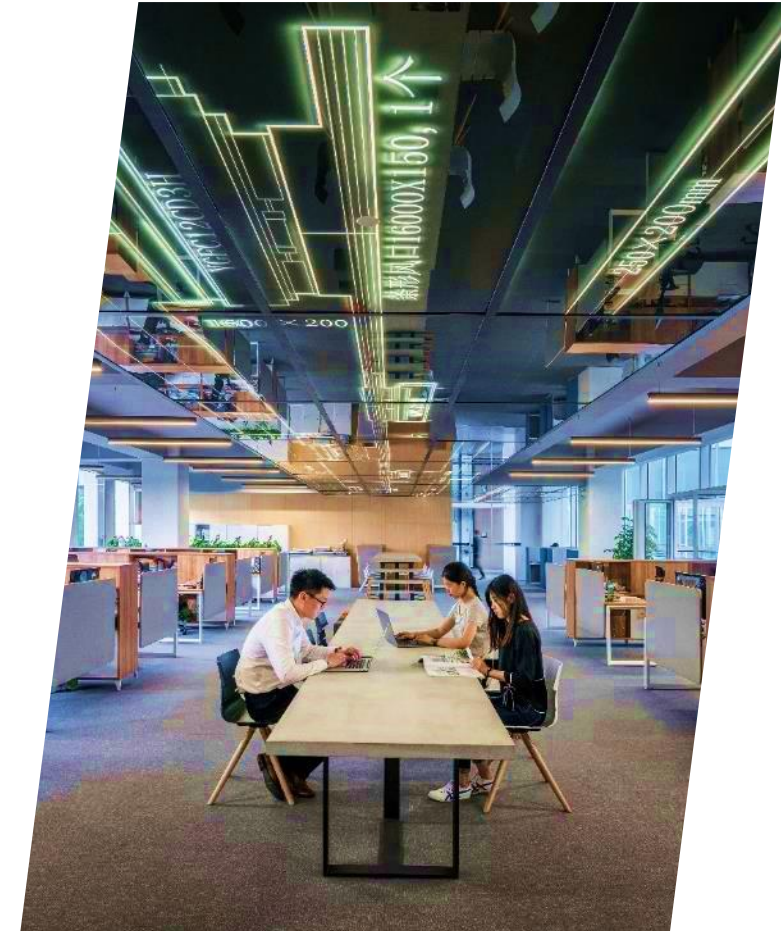


# Benefits of Workforce Realignment Planning

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Expert workforce knowledge = (demographics, critical roles, top talent sources, performance / engagement / retention drivers, internal + external labor market)

- **Optimize workforce size/cost/productivity**
  - Use Total Cost of Workforce (TCOW)
  - Surgical cuts vs. “across the board peanut butter” cuts
  - Optimize costs/use of regular, contract and temporary labor
- **Execute superior scenarios to stay ahead of market changes**
  - Implement low cost workforce or top talent workforce strategy
- **Strategic talent arbitrage (i.e. “Money Ball”, by Michael Lewis)**
  - Rapidly re-deploy key skills/talent to fill needs
  - Optimize internal vs. external hiring strategy



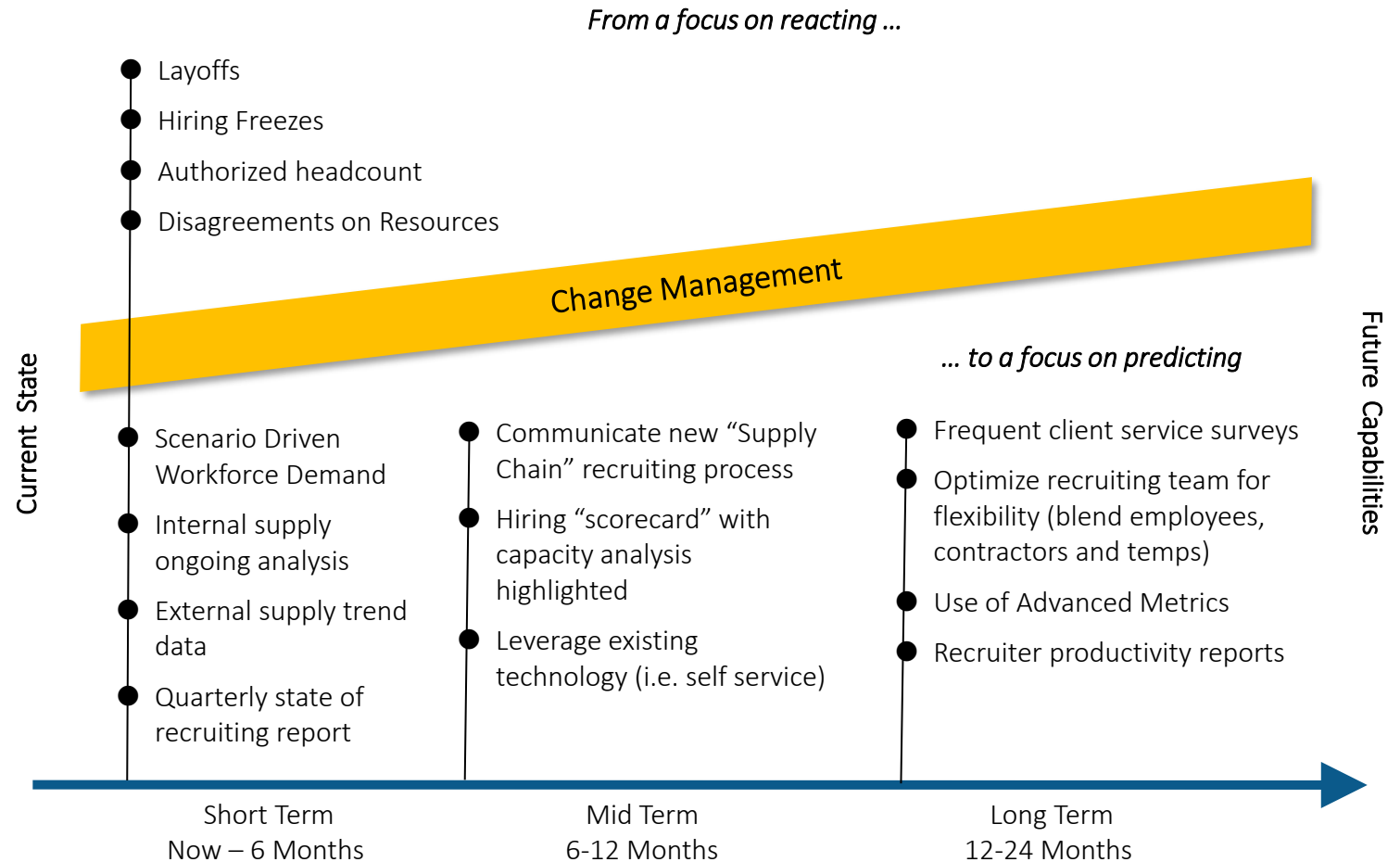
# Moving from Reactive to Proactive Workforce Decisions

Workforce realignment planning protects against potential reactive missteps

## Example Workforce Planning Intervention Strategy

### Improve Talent Acquisition(Hiring ) Function:

- **Goal** - Improved hiring efficiency (*i.e. time to start, cost per hire*)
- **Goal** - Predicting how many to hire (*i.e. workforce plan*)
- **Goal** - Hiring the right people (*i.e. quality of hire*)



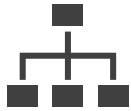
# 8 Steps to Building a Workforce Realignment Plan

Components of a workforce plan



## 1. Background and Current State Issues

- Key Human Capital questions to be answered
- Top Human Capital pain issues to be addressed or solved



## 2. Scenario Name and Future Vision State with Critical Talent Risks

- Top Human Capital pain issues to be addressed or solved
- Define core workforce strategy



## 3. Demand Forecast Macro (Top down) = Strategic Plan + Focus Groups/Interviews

- Demand forecast data input = focus group/interview
- Top down headcount, labor cost, productivity, financial goals + other management metrics (*i.e. span of control, tenure*)



## 4. Demand Forecast Micro (Bottom up) = Surveys/Focus Groups/other

- Bottom up forecast headcount, labor cost + other management metrics (*i.e. span of control, diversity, tenure*)
- Identify critical roles, core vs. noncore and feeder job families/groups + basic career pathing



## 5. Supply Forecast Internal - Micro, Job Families/Critical Job Roles

- Internal Hires, Terms, Promotions, Transfers “Expected Hires” aka Human Capital Flow Statement
- Quantify natural internal workforce change rates + use of “Build”, “Buy”, “Borrow aka Rent” for talent



## 6. Supply Forecast External – External Talent Availability by Geography

- Future supply of critical and core talent roles by key geography/market. Is there a talent supply constraint?
- Is it possible to get better fit or better performing talent that costs less?



## 7. Talent Gap and Scenario Interventions “What-If” Modeling

- Linking Scenarios important organizational or financial metrics is key to creating “reality based” workforce plans



## 8. Finalize Workforce Plan and Key Scenario(s) with Implementation Timing

# Workforce Questions to Ask the Business

Workforce Planning questions HR should ask the business

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1. What is organization's strategic plan and business budget? Is there a strategically aligned workforce plan?
  - *What is our workforce strategy? "buy the best", "low cost workforce"*
2. What workforce is needed to meet immediate challenges and position us to achieve our future strategic vision and goals?
  - *Is this different than the current workforce? How so?*
3. What future scenario(s) have we anticipated?
  - *What playbook changes do we have for the scenario(s)?*
4. What size & cost of workforce do we need vs. what can we afford?
5. Do we need new skills, better talent, more talent, cheaper talent or 'all of the above'?



# Key Workforce Realignment Planning Questions

Sample Workforce Planning questions to consider

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1. What size & cost of workforce is needed for the strategic plan? What can we afford?
2. What can be done today to optimize the workforce for tomorrow?
3. Is workforce productivity improving? If so, how much? How do we stack up vs. peers?
4. Where does our best talent come from? Do we build, buy, or rent this talent?
5. What are strategic (game winners) vs. operational (keep us in the game) critical roles?
6. What is our 1 – 5 year retirement risk? What is the impact of lost skills/experience?
7. What is our turnover, new hire, time-to-full-productivity supply chain? Can we improve it?
8. What strategic or critical skills do we need tomorrow that we do not have today?
9. Can we predict turnover, engagement, performance? What is our risk vs. opportunity?
10. What is our bench strength? What percent of workforce has a defined career path?
11. Which skills and competencies will the organization need to meet business objectives?
12. What are some of the biggest workforce challenges currently impeding business goals/strategy?





# Workforce Realignment Planning in Action - Case Study

## Scofield Financial Services (Pseudonym)

### Descriptions

Scofield Financial Services is a growing regional bank with more than 5,000 retail locations in the west coast of United States.

### Finding

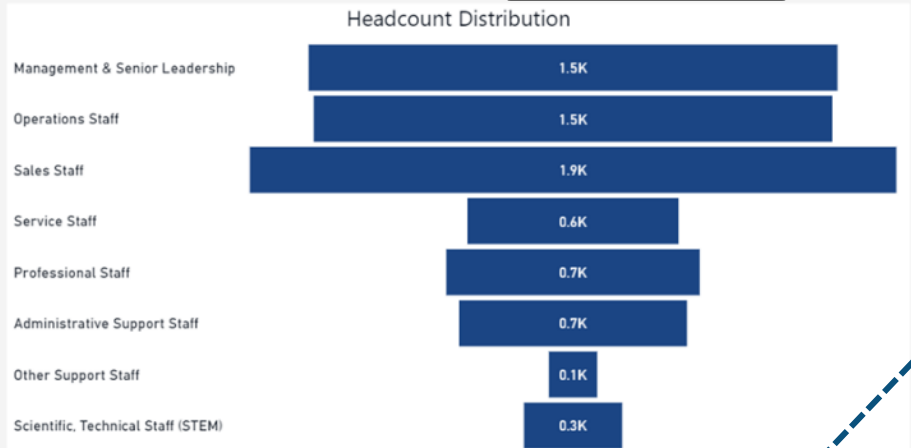
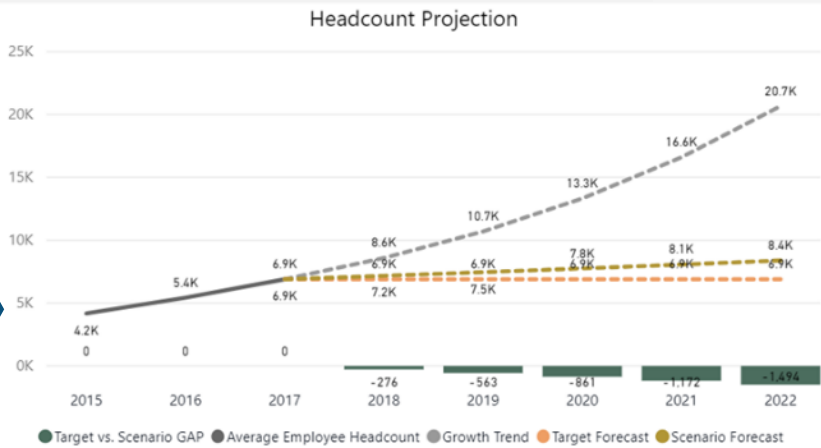
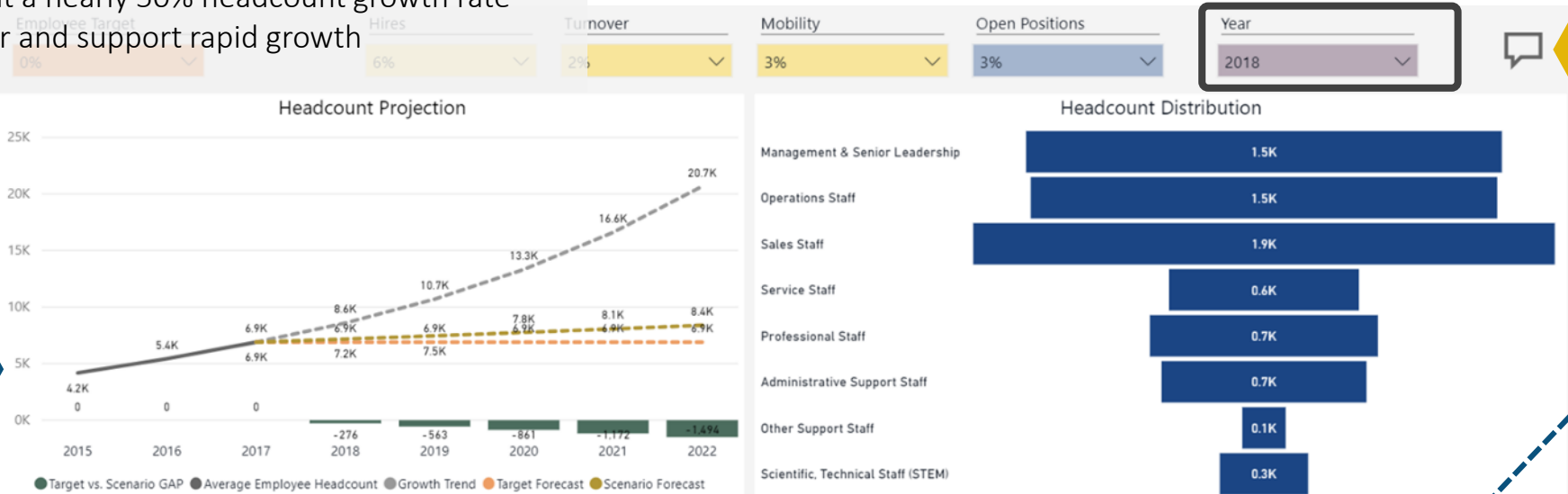
- Projections are based on historical trends as well as company strategic plan growth, revenue and profit targets.
- Overall target is to grow revenue 3% and profits 6% annually.
- No change in workforce size is planned and management has asked for a target of -2% total labor costs due to technology changes and automation from 2019 to 2022.
- Based on a projection of over 3,500 hires per year and 20% average annual employee turnover rate.



# Current State View Highlights Potential Risks

Top down workforce planning shows potential talent and cost gaps

Historical workforce of over 6,820 employees had a turnover rate of over 20% with rapid growth in headcount hiring at a nearly 50% headcount growth rate to replace turnover and support rapid growth



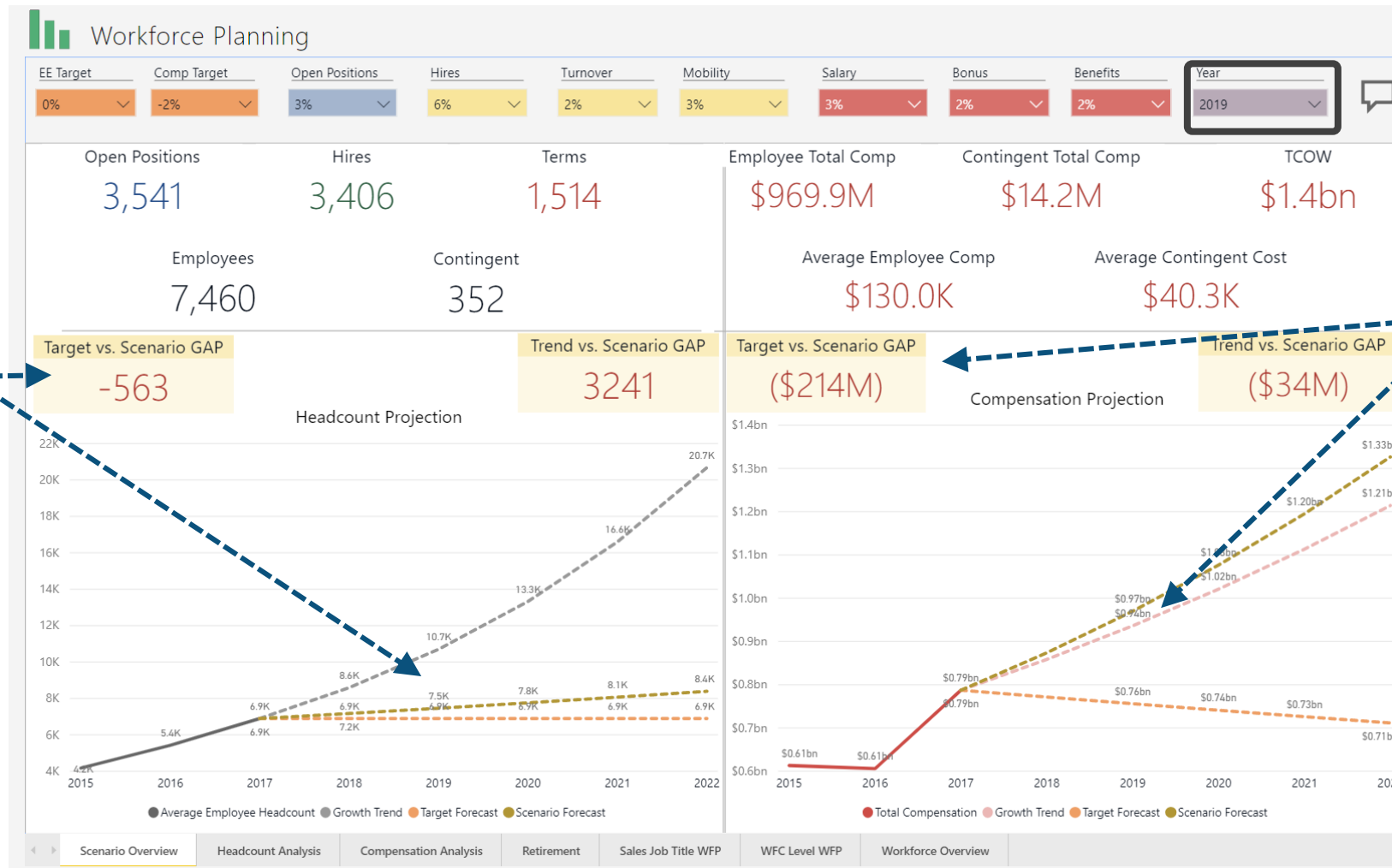
Year 2018

Strategic Plan calls for slower more profitable growth from 2019 to 2022

The company churns through a lot of workforce. What can be done?

WorkforceCategory	Prior Year EE	Prior Yr Contingent EE	Prior Year Open Positions	Current Year New Hires	Current Year Terms	Current Year Mobility	Current Year EE	Current Yr Contingent EE	Current Year Open Positions
Administrative Support Staff	613	5	381	364	119	382	656	6	392
Management & Senior Leadership	1,424		291	332	210	1,007	1,524		300
Operations Staff	1,396	66	793	653	241	802	1,494	69	817
Other Support Staff	130	141	67	73	44	87	139	147	69
Professional Staff	652		242	253	100	417	730		249
Sales Staff	1,741		1,278	1,072	576	682	1,863		1,316
Scientific, Technical Staff (STEM)	264	80	40	112	50	160	282	84	41
Service Staff	568	31	229	340	129	420	608	33	236
<b>Total</b>	<b>6,820</b>	<b>325</b>	<b>3,321</b>	<b>3,199</b>	<b>1,469</b>	<b>3,957</b>	<b>7,298</b>	<b>338</b>	<b>3,421</b>

# Forecasting Identifies Near Term Gaps



Small Headcount Gap Shortage Forecast in 2019

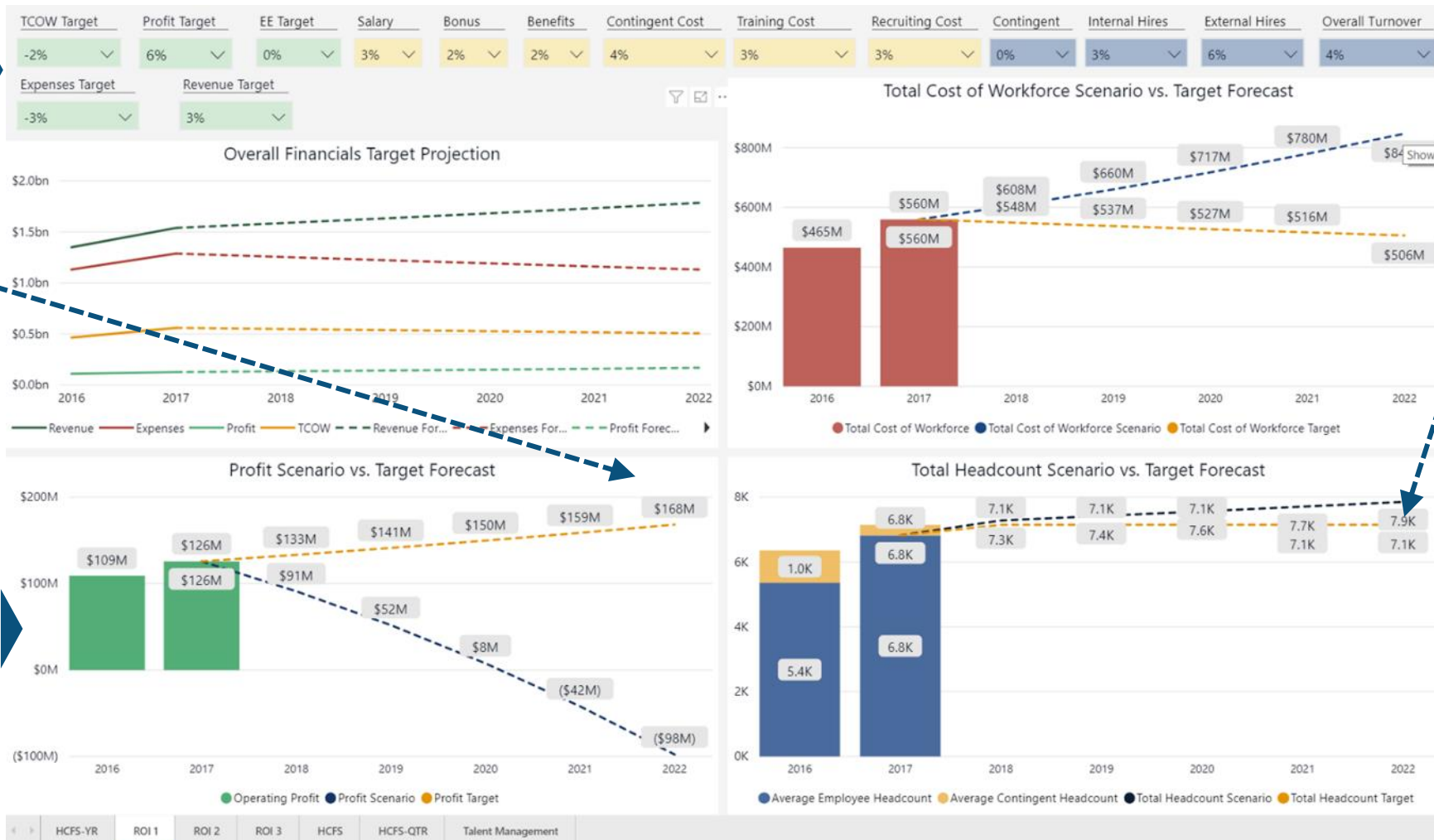
Year 2019

Small Cost Gap Forecast in 2019

# What-If Scenario Modeling Targets Needed Action

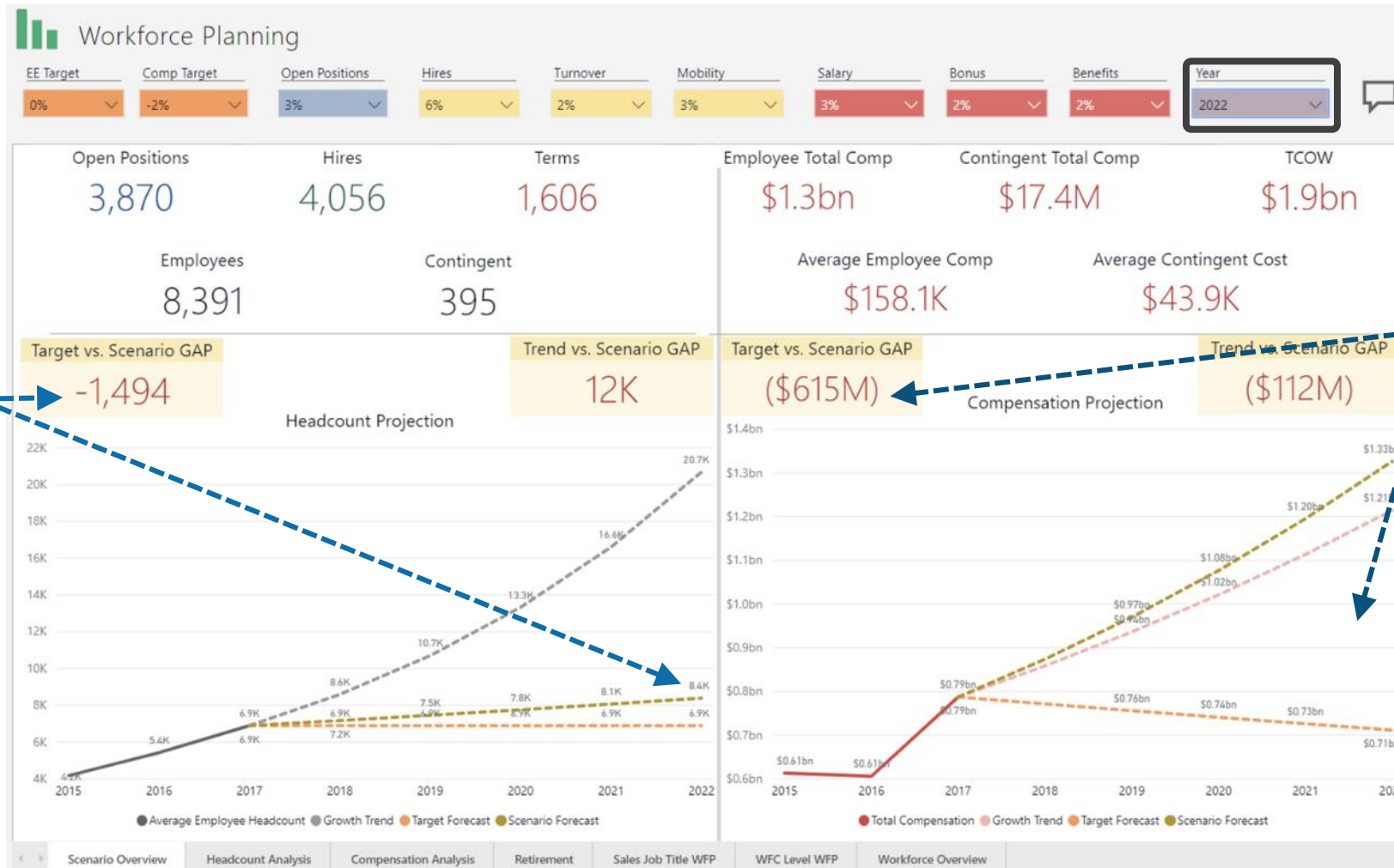
Strategic Plan calls for slower more profitable growth from 2019 to 2022

If nothing changes headcount and costs could destroy all profitability



Small Cost Gap Forecast Need to reduce labor cost, better retain talent and find better fit talent at lower overall cost in 2019

# Forecasting Identifies Future Year Gaps

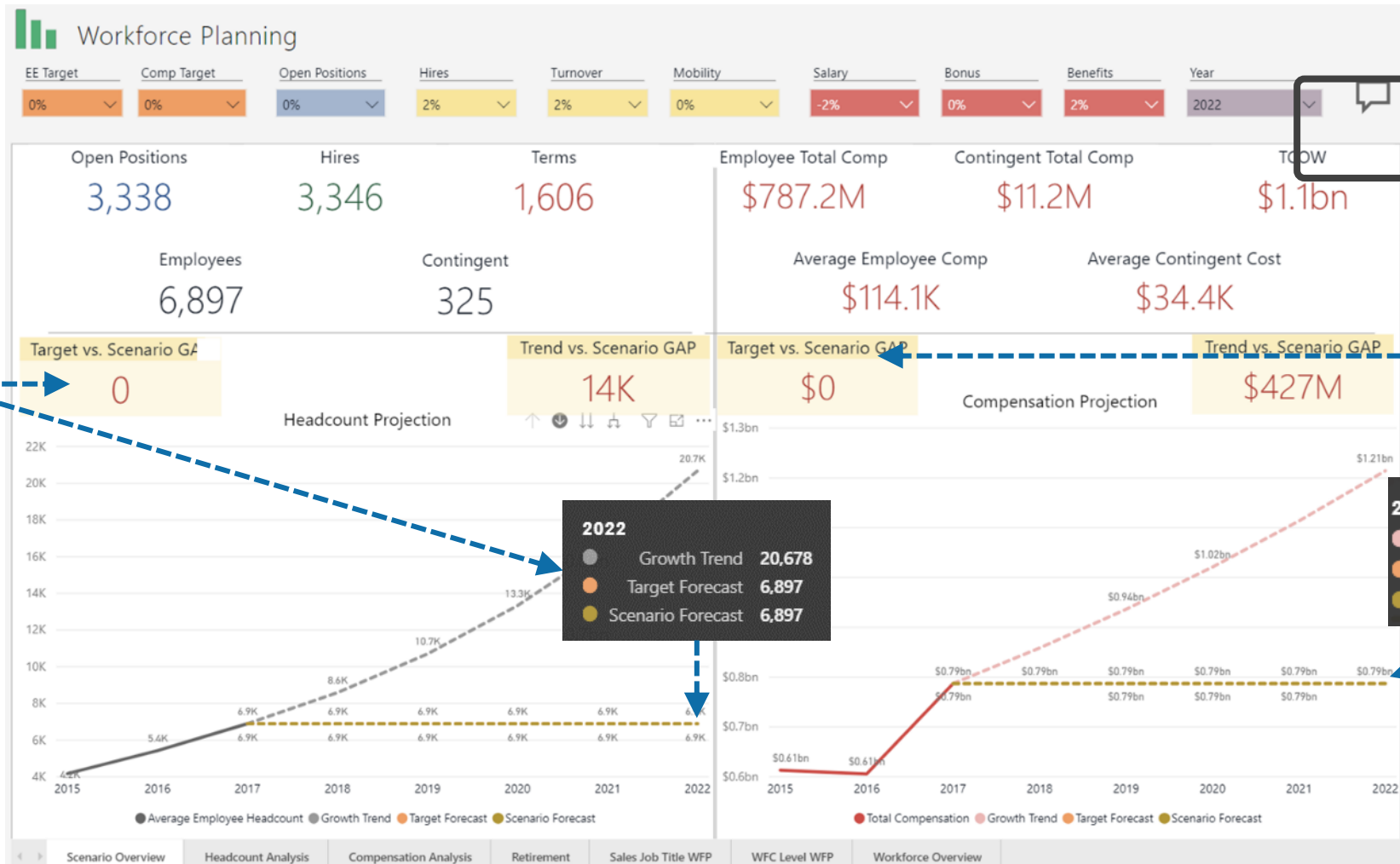


Moderate Headcount Gap shortage Forecast by 2022

Major Cost Gaps Forecast by 2022

Year 2022

# What-If Scenario Modeling Applies Targeted Actions



0 Headcount Gap Forecast in 2022

Year 2022

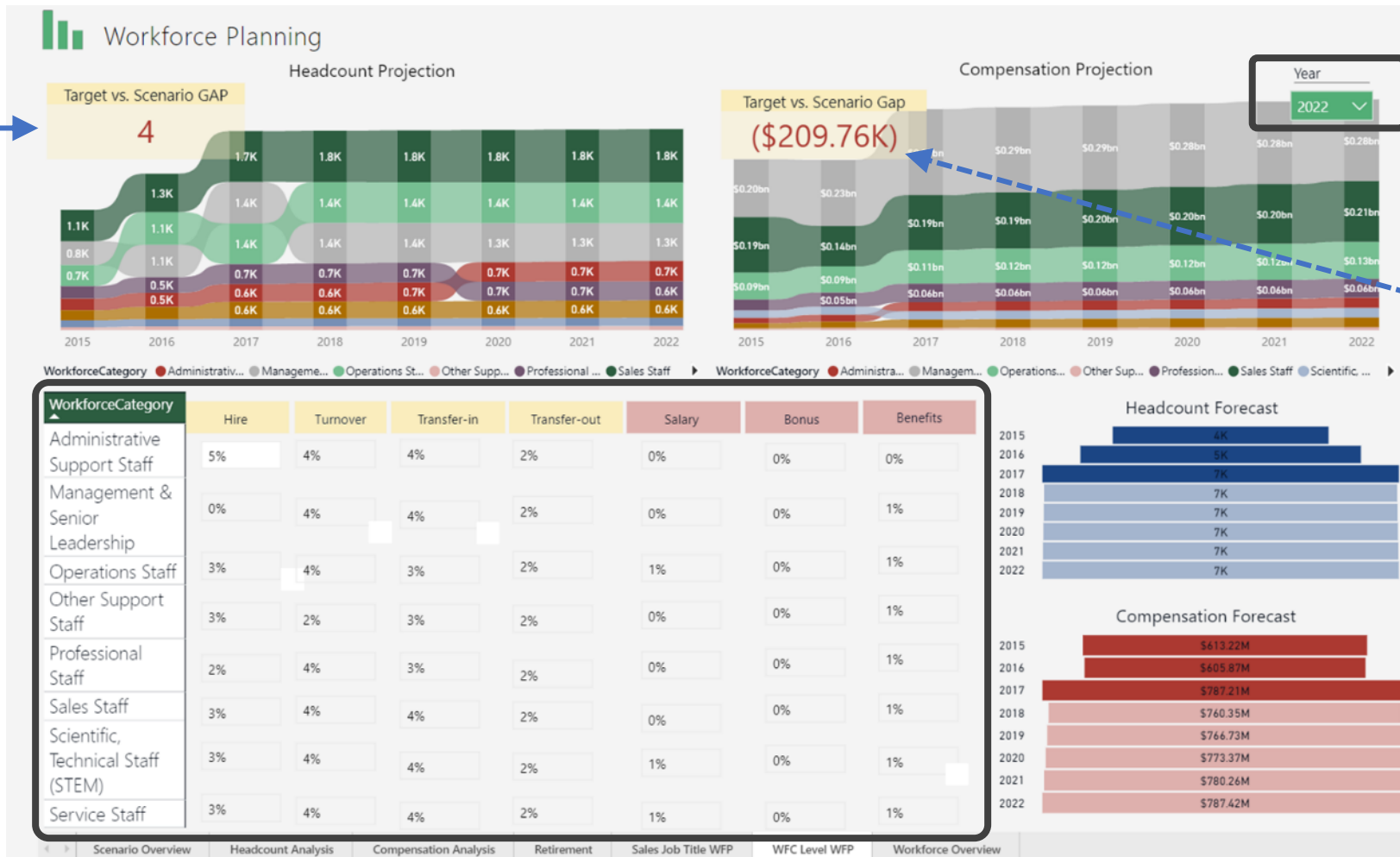
\$0 Cost Gap Forecast in 2022

2022

- Growth Trend \$1,214,113,525
- Target Forecast \$787,211,545
- Scenario Forecast \$787,211,544

# Workforce Realignment Plan Resolves Gaps

4 Headcount Gap Forecast in 2022 at micro level



Year 2022

\$200k Cost Gap Forecast in 2022 not material



SOLVE™ is an advanced business analytics platform for human resource management that drives competitive advantage through higher workforce productivity, smarter workforce spending and better talent management.

SOLVE™ helps companies measure, predict and optimize the financial and business impact of their workforce investments using our ROI focused Workforce Analytics and Planning framework.

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