

The background of the cover is a blurred industrial scene. In the upper right, a large orange robotic arm is visible. In the lower left, a person's hand in a red and white plaid shirt is working on a piece of machinery. A digital display in the background shows '75 Energy' and '89 Performance'.

Workforce Planning for Business Success at a Mid- Sized Manufacturing Company

A Case Study

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INTRODUCTION

The Challenge

- Create a 3-year workforce plan to meet production targets and financial goals.
- Increase manufacturing capacity while controlling labor costs.
- Navigate the post-COVID business environment.

SOLVE™ Benefits

- Quickly evaluate all scenarios to find the optimal workforce plan.
- Easily discover drivers of labor cost and manufacturing performance.
- Automate and standardize workforce reporting.

Impact

- Find the most efficient way to increase workforce capacity to achieve manufacturing targets.
- Develop an achievable workforce plan for post-COVID targets.

Mid-sized manufacturer, **Product Co.** (pseudonym) struggled to find a workforce plan that could help them keep up with their growth while navigating the post-COVID business environment.

By connecting various types of HR with Financial and Operations data in SOLVE™, a complex workforce size, mix, and cost analysis was enabled, allowing management to link their workforce strategy with business outcomes.

This resulted in a workforce plan that was strategic, feasible, and profitable.



THE CHALLENGE

Prior to **SOLVE™**, Product Co. was using a mix of manual spreadsheets and inflexible legacy tools to run recurring talent reports and perform workforce planning. The process was slow, and the data wasn't integrated, making it challenging for management to find a workforce plan that was well-aligned with their strategic and operational goals.

With these challenges in mind, Product Co. set out to find a workforce analytics and planning solution that could help them assess their workforce demand and create a 3-year workforce plan.

Their objectives included:

1. Find the optimal workforce size, cost, and structure for efficient manufacturing production.
2. Discover drivers of labor cost and forecast the workforce for the next 3 years.
3. Create, project, and evaluate various scenarios to find an optimal workforce strategy.
4. Automate workforce report creation and updating processes.



THE SOLUTION

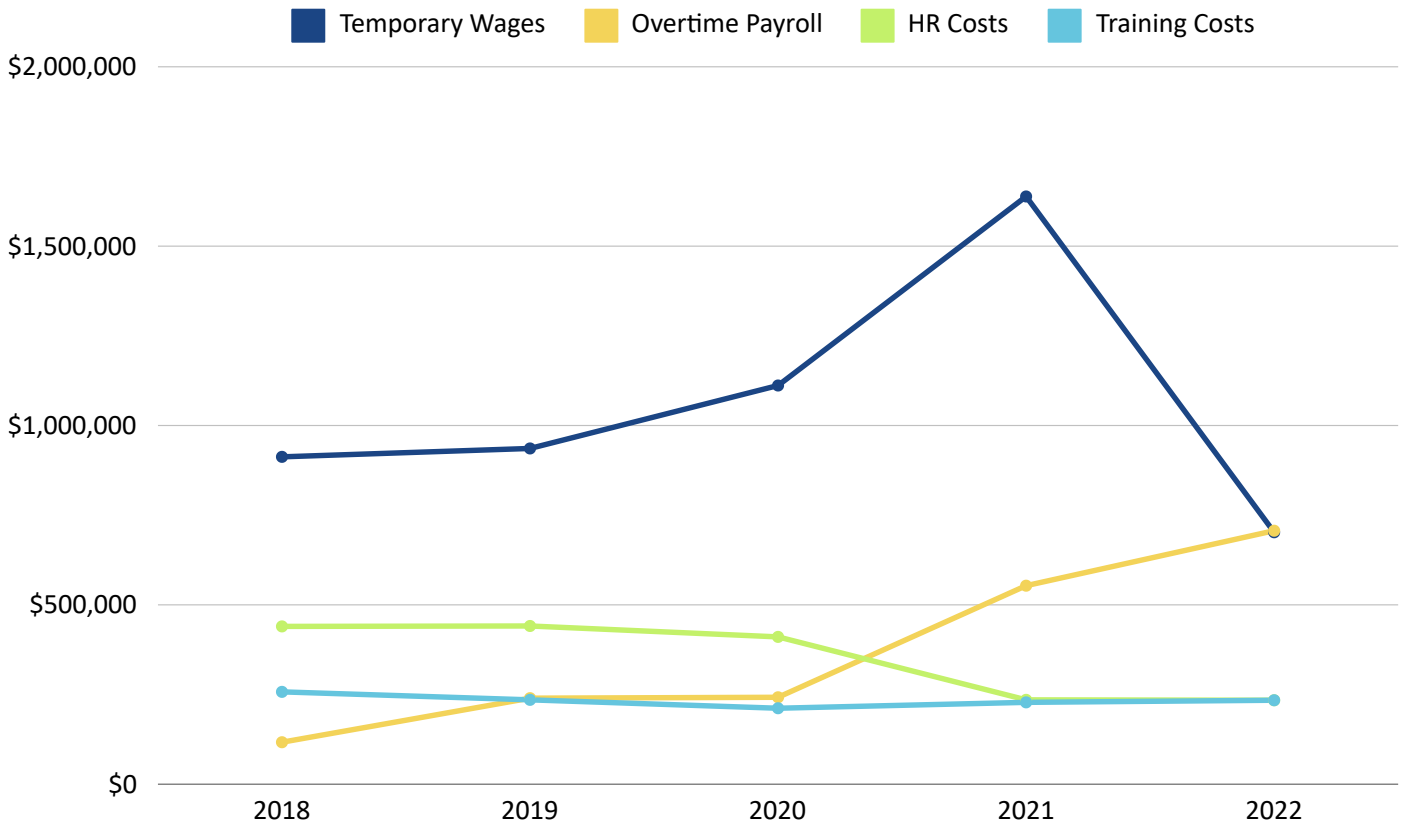
With SOLVE™'s pre-built and highly configurable platform, Product Co. was able to link various aspects of talent management such as overtime hours, manufacturing targets, temporary labor, and employee costs with workforce plans and business outcomes. SOLVE™ empowered Product Co.'s HR team with insights and analyses to anticipate market changes and create various intervention scenarios in real time.

In response to the post-COVID business environment, Product Co. had to adjust their staffing levels according to the projections given by the operations and finance team to achieve manufacturing goals while controlling cost growth to manageable levels. This original plan included large cuts to temporary labor costs and an increase in the overtime budget for existing employees. With the initial workforce cost forecast, this seemed like a promising plan.

Product Co. relied on SOLVE™ to integrate operational and financial data with HR metrics to forecast costs and evaluate the feasibility of their workforce plan. Several key issues were unveiled:

- Temporary labor was more cost-efficient than overtime when adjusted for cost per hour.
- The existing temporary labor budget reduction would necessitate a 49% cut in temporary labor.
- Overtime had already increased 146.3% in the prior fiscal year.

Original Business Plan Budget



If they were to move forward with this plan, Product Co. will have to meet a 13.8% improvement in manufacturing production per worker to meet manufacturing targets without any plan to achieve that increase

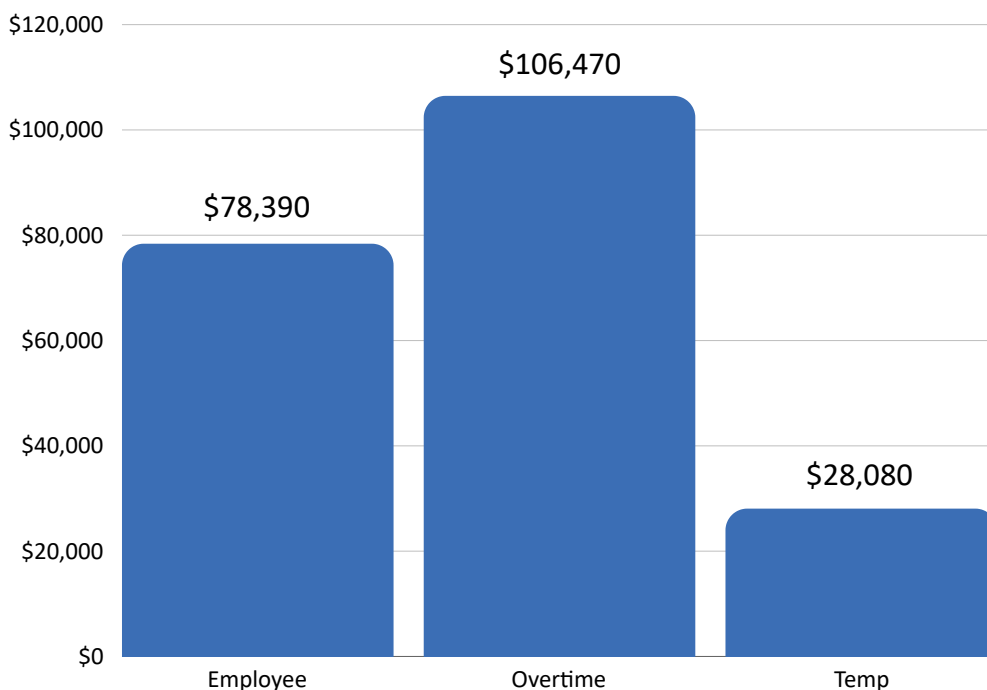


THE IMPACT

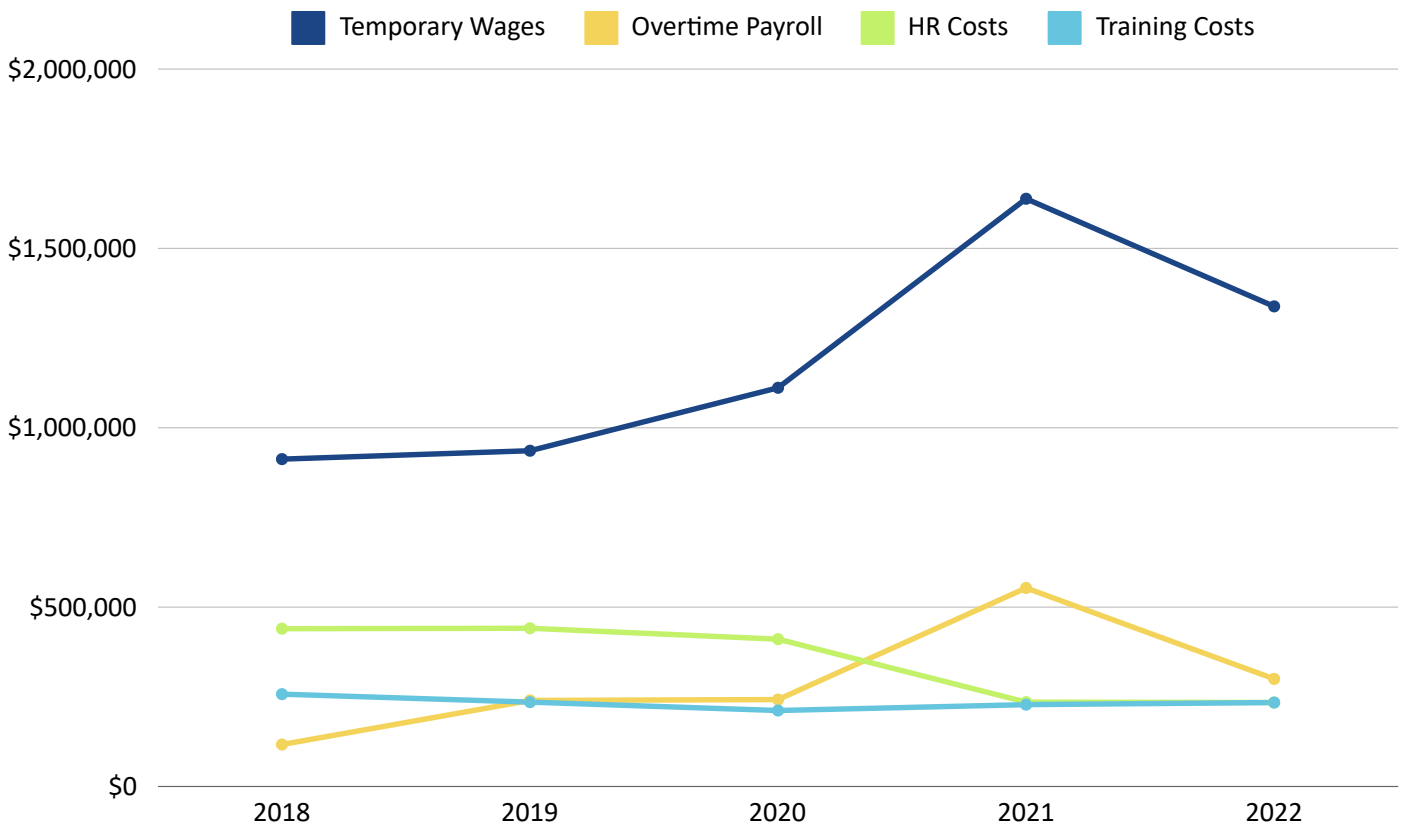
With the support of SOLVE™ and HCMI experts, Product Co. quickly evaluated how their current business plan would affect their workforce cost, size and structure. SOLVE™ also helped the HR team compare various scenarios to find the most optimal solution. The result was a new workforce plan that is far better at allocating human capital investments and increased manufacturing capacity.

The workforce modeling and forecasting in SOLVE™ showed that, for many positions, temporary workers were far more cost-effective per hour of labor than overtime, and that both temporary and overtime costs spiked during COVID. This finding forms the foundation for their new “controlled growth” workforce scenario. This scenario spreads the decrease in labor budget and costs in a more balanced way between temporary and overtime.

Production Labor Cost per FTE (Adjust for Hours)

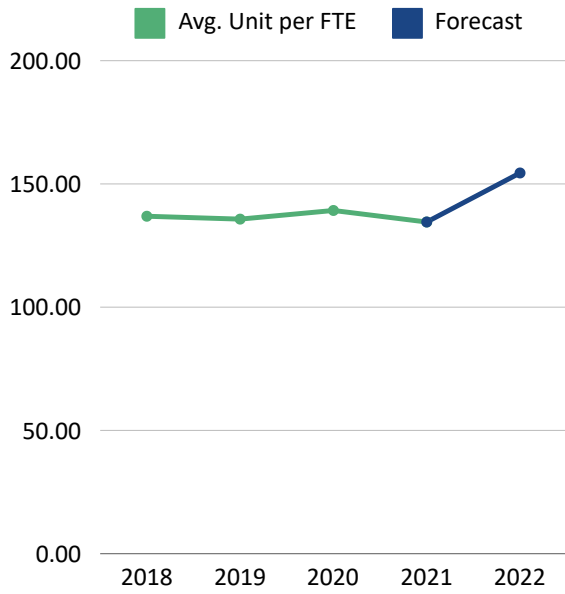


Controlled Growth Plan Budget



Because the temporary workforce is not cut as much in this scenario, Product Co.'s production team will be approximately 10% larger for nearly the same cost. For this larger team to meet production goals, it only needs to increase manufacturing production per FTE by a much more achievable 4% rather than 13.8%. Any further improvement would allow manufacturing targets to be surpassed.

Manufacturing Units per FTE - Previous Plan



Manufacturing Units per FTE - Revised Plan

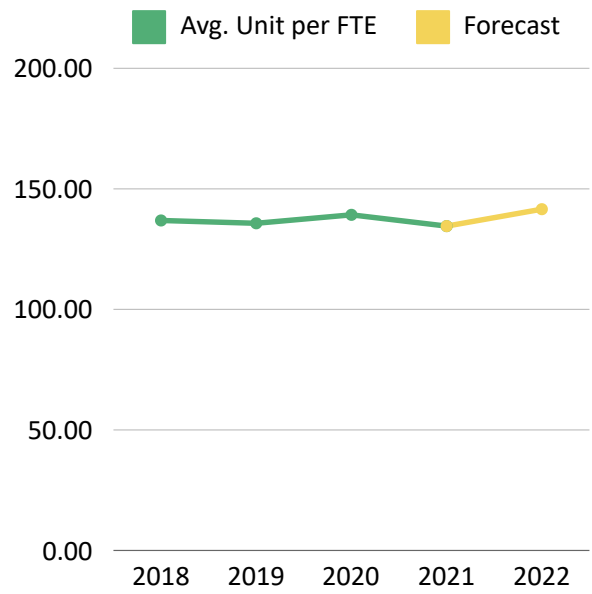


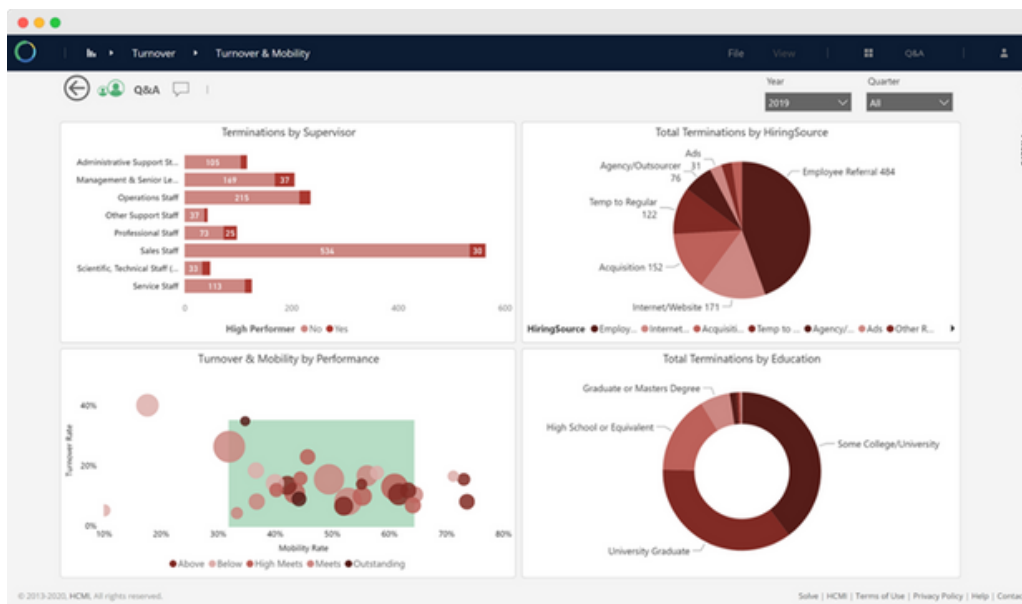
Figure 2. Comparison of Manufacturing Expectations: Previous Plan vs. Revised Plan



WHY SOLVE™

Previously, when there were changes in talent demand or supply assumptions, it took Product Co. a few days to put together a new workforce plan. With SOLVE™, it takes less than five minutes to come up with additional adjustments in forecast variables, allowing for a wide variety of scenarios to be explored and optimized. SOLVE™'s pre-built and highly configurable platform helped Product Co. quickly discover their optimal workforce plan for enhanced operation efficiency.

With another budgeting cycle approaching, the implementation speed became critical for the HR team's success. While other solutions take up to 12 months for implementation, SOLVE™ required only 6 weeks for the completed implementation, and less than 4 weeks for the first module to go live.



Data visualizations showing key turnover breakdown at a fictional organization

REACH OUT TO US



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