Workforce Planning Maturity Model

Rojes V Coalbe

Workforce Planning

Abstract— The challenges of the rapid change of technology, demography and the business models have led to the evolution of various tools and techniques that could offer help to human resource professionals in managing the resources. This practice is being referred in organizations as Workforce Planning (WFP) or Manpower Planning. Though it started as an HR function, it has now evolved into a function with its roots spread across Strategy, HR, Finance, Infrastructure, Marketing etc. The purpose of this paper is to help organizations assess the capability that they have in workforce planning and the current maturity of this capability. Such an assessment could help organizations in understanding the gap in capabilities (If any), developing new capabilities and maturation of the existing practices. This can also be used effectively for benchmarking and peer studies as well. The workforce maturity model has been developed in line with the maturity model that we see across in software industry as CMMi. The maturity model will contain levels of maturity and showcase the capabilities expected for each levels of maturity with the business context.

Key words: Workforce Planning (WFP), Manpower Planning

I. WORKFORCE PLANNING: DEFINITION

Before we start working on to develop the maturity model, it is very important to have a clear understanding of how Industry defines workforce planning. Though there are several definitions for workforce planning in different industries, this paper has identified a definition that is in line with the changing dynamics of business and suitable for most industries.

The creation of plans and strategies by which a company acquires, develops and retains the right number and types of people, with the right skills, in the right jobs, at the right time, generating the right output.

We can look at workforce planning as a short term (One year to less than a year) or a long term (multiple year) activity. If workforce planning is looked at as a short term activity, it is

- A process of forecasting the positions and the skills required.
- A process that defines the people requirement in detail.
- An enabler for recruiters to proactively plan their recruitment strategies and resource planning.
- A window to look at what we have, what we need and what our company looks like
- A control mechanism for leaders for counting and forecasting their workforce

In long term workforce planning, organizations look at 3-5-year business horizon. It provides an opportunity to look at Business Strategies, changing industry requirements, regulations and create planned set of actions to address these in terms of people requirement. Long term workforce planning is also intended to guide the Short Range Workforce Plan and annual budget cycle.

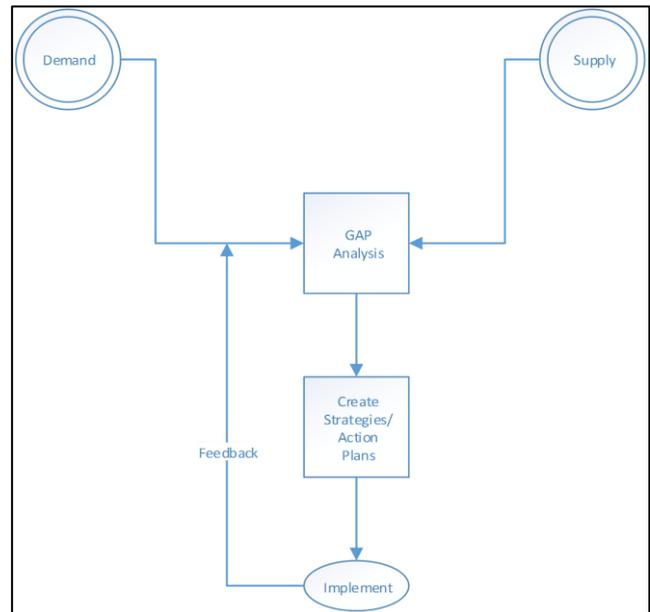## II. WORKFORCE PLANNING MODEL

Fig. 1: A simple workforce planning model

The five boxes shown here are the critical activities that needs to happen in every workforce planning cycle. Let us try to understand these activities in detail.

A. Demand:

This is an activity by which we identify and project the talent demand for the future. This requires a clear understanding of the forces that drive the demand as well as the changes in business scenarios that could impact the demand. Few examples could be

- Any changes to the business plan that could impact the talent requirement and talent capabilities (e.g. Changes in business growth, regulatory changes, policy changes, newer initiatives etc)
- Impact from the environment in which the organization operates and various business options that drive different scenarios on requirements
- The impact of fluctuations in work (Seasonality factor, business cycle impact etc)

B. Supply:

It is necessary to understand the internal resource status and from the external sources.

From an internal point of view, organizations need to have an understanding of:

- Current supply available for transfer, promotion, re-skilling & re-deployment
- Attrition predictions and reasons for the same
- Movement within the organizations
- Retirement predictions
- Demographic analysis
- Workforce productivity and improvement initiatives
- Current skill sets and skill sets under development

From an external point of view, organizations to have an understanding of:

− Market conditions
− Competition
− Labor availability and forecast
− New hire turnover predictions
− Micro and macro trends (e.g. generational differences)

C. Gap Analysis:

Having gathered the relevant data on demand and supply, it is very necessary to identify the talent gaps/mismatches existing between demand and supply. Future development of such scenarios need be evaluated as well.

This requires:

− Work Force models with supply/demand
− Current and future gaps
− Key impacts and key levers to be identified
− Creation of scenarios based on business options
− Cost impact study

D. Create strategies:

Having identified the gaps/challenges (present and future) it is necessary to develop a strategy (or set of strategies) to:

− Address key impacts and use key levers
− Develop a sourcing strategy & recruitment plan
− Develop a retention plan
− Develop a productivity improvement plan
− Develop talent management plans
− Identify impacts on policy and total rewards
− Articulate business plan integration & communication approaches

E. Implement:

Organizations need to implement the strategies that got created.

− Communicate – To Business and to people impacted
− Strategy to be closely integrated to business activities
− Execute the strategies

To support and direct these activities and to adjust for changes in the surrounding reality two additional functions are required:

F. Feedback & Impact Assessment:

It is necessary to capture the impacts of various strategies that got executed, make required changes to the model and assumptions (If any) based on the feedback. This need to be an ongoing process. This includes:

− Monitor the KPIs and metrics used in the model
− Periodic check on gaps and their closure
− Benchmarking with external sources
− Update of the various WFP models

G. Governance and accountability:

It is required to establish governance mechanism and accountability framework for workforce planning to ensure that.

− All the roles are clearly defined
− All the resources are in place
− The processes are well developed and maintained and improved over a period of time
− Results are achieved

This model helps to articulate the capabilities required to successfully establish a Workforce Planning practice in an organization and provides framework within to measure the development of the practice.

III. A WORKFORCE MATURITY MODEL:

Let us now try to understand through model about how the capabilities required for WFP are applied within an organization and the steps taken to achieve desired business results. It is a fact that drive towards a 'mature' condition of the WFP practice is driven by the need for improved business outcomes/results in the face of perceived failings in the current match of the workforce and business needs. Typically, organizations turn to WFP to deal with:

− Labor shortfalls
− Delays in hiring leading to talent gaps
− New geographies/locations
− High attrition
− Poor employee (skills) fit
− Productivity issues

All are factors seems to be show stoppers for an organization from achieving its goals. Attempts are then made to develop a WFP practice to the point where the organization has processes in place that match the human resources present to business needs such that business goals and objectives are efficiently achieved.

A comprehensive workforce planning effort is required to move ahead in today's challenges while supporting organization to

− Align themselves with long term business objectives
− Use the data driven insights to arrive the current and future skill needs
− Being in more focus and efficiency to talent management initiatives
− Integrate talent and financial data.

The model shown in Figure 3 introduces five stages or levels that may occur along the journey from initial attempt to fully mature application. The five levels shown may be characterized by the approach to the activities needed to produce a Work-force plan.

Fig. 3: Workforce Maturity Model

1) Level 0: No Planning

This is a reactive model of planning. The end result is short term action lists and crisis management.

2) Level 1: Adhoc Planning

At level 1, the planning is limited to headcount data collection, headcount analysis, static data reporting etc. Characterized as one time or intermittent effort to develop a workforce plan to address immediate requirements, with substantial effort to obtain data, information and develop models.

Typically results in short term tactical strategies. Focus tends to be limited to a few departments or superficially for the total company.

3) Level 2: Business Unit Level Planning

The activities in this stage includes the workforce skill-gap analysis, "What if" Scenario analysis etc. This stage is characterized as having workforce models for most of the key units. Consistent and repeatable approach to planning, regular monitoring of model/strategy/actions and KPIs, systematic collection of data.

4) Level 3: Enterprise Planning

Here we have the clear alignment with the business strategy. The workforce segmentation is enabled. This is characterized as having in place prognostic short term and multi-year workforce models at unit and organizational level. Broader, deep, all-inclusive, multi-year strategies that influence the organization to meet Business Strategy goals are put in place. Unfailing approaches to planning, benchmarking across unit and external boundaries, use of KPI's and benchmark assessment.

5) Level 4: Strategic Planning

Strategic workforce planning on a companywide level is put in place. Considered as having in place prognostic short term and multi-year workforce models for diverse scenarios at the unit and organizational level. Model will capture dollar value impact and industry trends. Modes of internal and external integration/co-operation have been recognized. Models are used in development of organizational Business Strategy and tactics which flows to the implementation of overall organizational strategy, focuses internal/external people strategy and is regularly monitored for success. Owned and sponsored by the CEO/COO of the organization.

It is also possible to look at the model from the point of view of what drives the transition from one state to another.

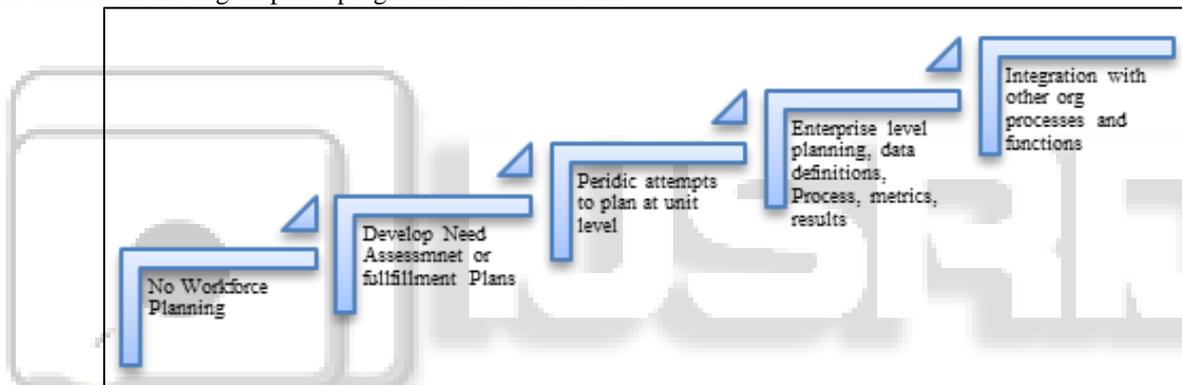In Figure 4 explains the transition from one stage to another

Fig. 4: Workforce planning transition

Given the dynamics of the technology sector, a fast growing technology company may have different workforce planning requirements as compared to a slow growing, mature Hardware Company. For the former, a three year planning window may be too far out in the future to predict with any uncertainty as the technology market changes very rapidly. But for the latter, even a three to five year planning window would look apt given the slow pace of industry change. The greatest ROI for the talent management process comes from the integration of talent process into the business planning process (As shown at Level 4)

IV. CONCLUSION

The models presented in this paper allow for managers and practitioners to develop an under-standing of the current state of the Workforce planning discipline within their organization, to communicate the current state of practice to peers, colleagues and management and to propose actions to develop plans to bring the state of practice to the desired point where benefits are maximized in their business context.