

HCI

Optimize
Your
Talent
Strategy

ORACLE[®]

Human Capital
Management Cloud

STRATEGIC WORKFORCE PLANNING: PREPARING FOR TOMORROW, TODAY

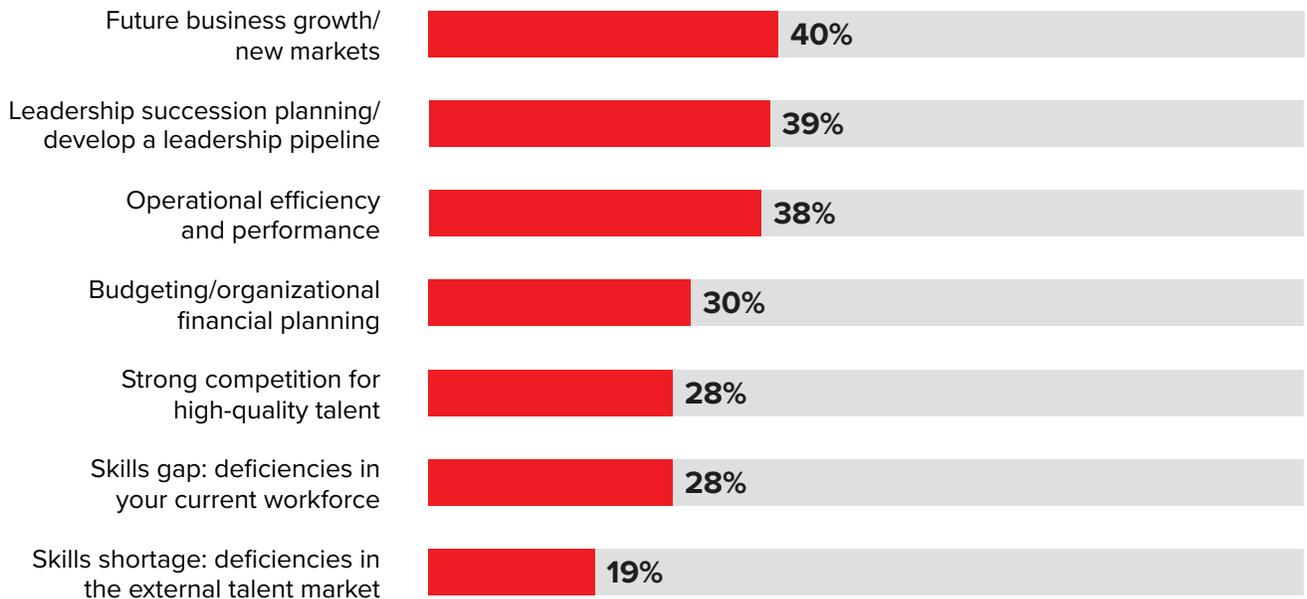


STRATEGIC WORKFORCE PLANNING MEETS THE NEEDS OF PEOPLE AND THE BUSINESS

Strategic workforce planning (SWP) is the process of deploying mission-critical talent needed for organizational alignment.¹ To be successful, SWP must provide more than an understanding of current roles or a means for anticipating fluctuations in headcount. It must also assist in identifying the new roles needed for the future and in assessing whether an organization’s talent can be trained, reorganized, or enlarged to optimize performance and spur business growth. It is this concern for the future growth of the business that has remained the top reason for investing in SWP year after year (Figure 1).² This is followed closely by operational efficiency and performance, as well as skill gaps in the current workforce, which have ranked among the top five reasons for SWP investment over the past five years.

FIGURE 1

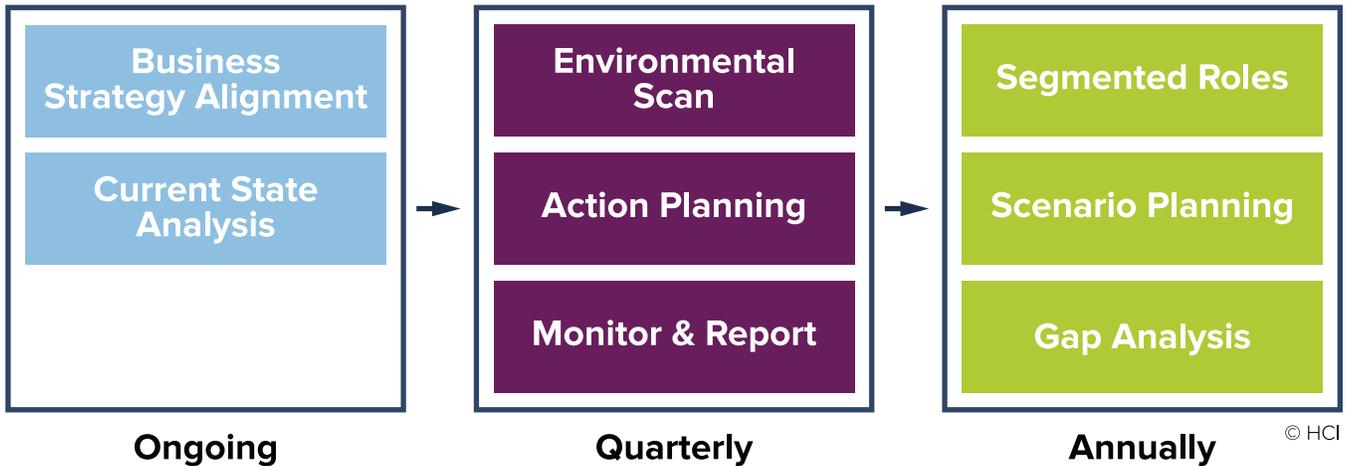
What are the top reasons as to why your organization spends money and time on strategic workforce planning? (Select your top three reasons.)



Eight separate activities characterize a comprehensive SWP process. Different organizations adapt these steps to fit their needs, and the owner of each activity can vary, but every SWP process needs to begin and end with understanding the business strategy.

FIGURE 2 Human Capital Institute’s Strategic Workforce Planning Model

HCI STRATEGIC WORKFORCE PLANNING MODEL



THE EIGHT STEPS IN THE HCI SWP MODEL

- ✓ **Articulate the business strategy** to connect workforce planning processes that support and sync talent and business outcomes.
- ✓ **Segment roles** to determine how each position contributes value and which roles are a priority versus those on the periphery.
- ✓ **Conduct an environmental scan** to continuously identify and monitor trends that affect the workforce and the organization.
- ✓ **Analyze the current state** to evaluate, benchmark, and inventory today’s workforce.
- ✓ **Construct a detailed future** of how the organization, environment, technologies, and operational norms will look in the coming years.
- ✓ **Identify gaps** between the current and desired future workforce and organizational state.
- ✓ **Create an action plan** to address, design, and/or reshape elements of an organization’s structure and talent initiatives.
- ✓ **Monitor and report** with quantitative and qualitative benchmarks and milestones that are identified in the action plan. Report findings to stakeholders and management.

HIGH-PERFORMING ORGANIZATIONS MAKE STRATEGIC WORKFORCE PLANNING A PRIORITY

There are multiple factors that set high-performing organizations (HPOs) apart from their industry competitors.³ Not only do they report better profitability and shareholder value, they also boast stronger leadership bench strength, higher employee engagement scores, and greater labor productivity.

Building these business, talent, and organizational benefits results from a well-considered, focused approach to planning that aligns strategy with resources. It's no coincidence then, that **HPOs are 3 times more likely than other organizations to make SWP a priority.**⁴

The SWP process at HPOs is different from that at other organizations and can be summed up by:

- ✓ Quicker pace of the SWP process to more readily cope with change
- ✓ Cross-functional participation in SWP activities
- ✓ Better equipped with technology solutions to share and analyze data and report results

These differentiators enable HPOs to rapidly adapt to change with agile business models and processes.

HPOs are significantly more likely than other organizations to have shorter SWP cycles that allow them to **detect and respond to changes** more quickly.

PACING OF STRATEGIC WORKFORCE PLANNING ACTIVITIES

Seventy-five percent of HR practitioners report that their organizations are in a constant state of flux, marked by continually evolving priorities and strategies. In response to changes in the business and talent environment, the cycle of strategic workforce planning activities has become progressively shorter. In our 2014 study, 55 percent viewed SWP as an annual process; but in 2018, only 29 percent reported an annual process, with more organizations reporting quarterly, monthly, and even weekly SWP cycles.

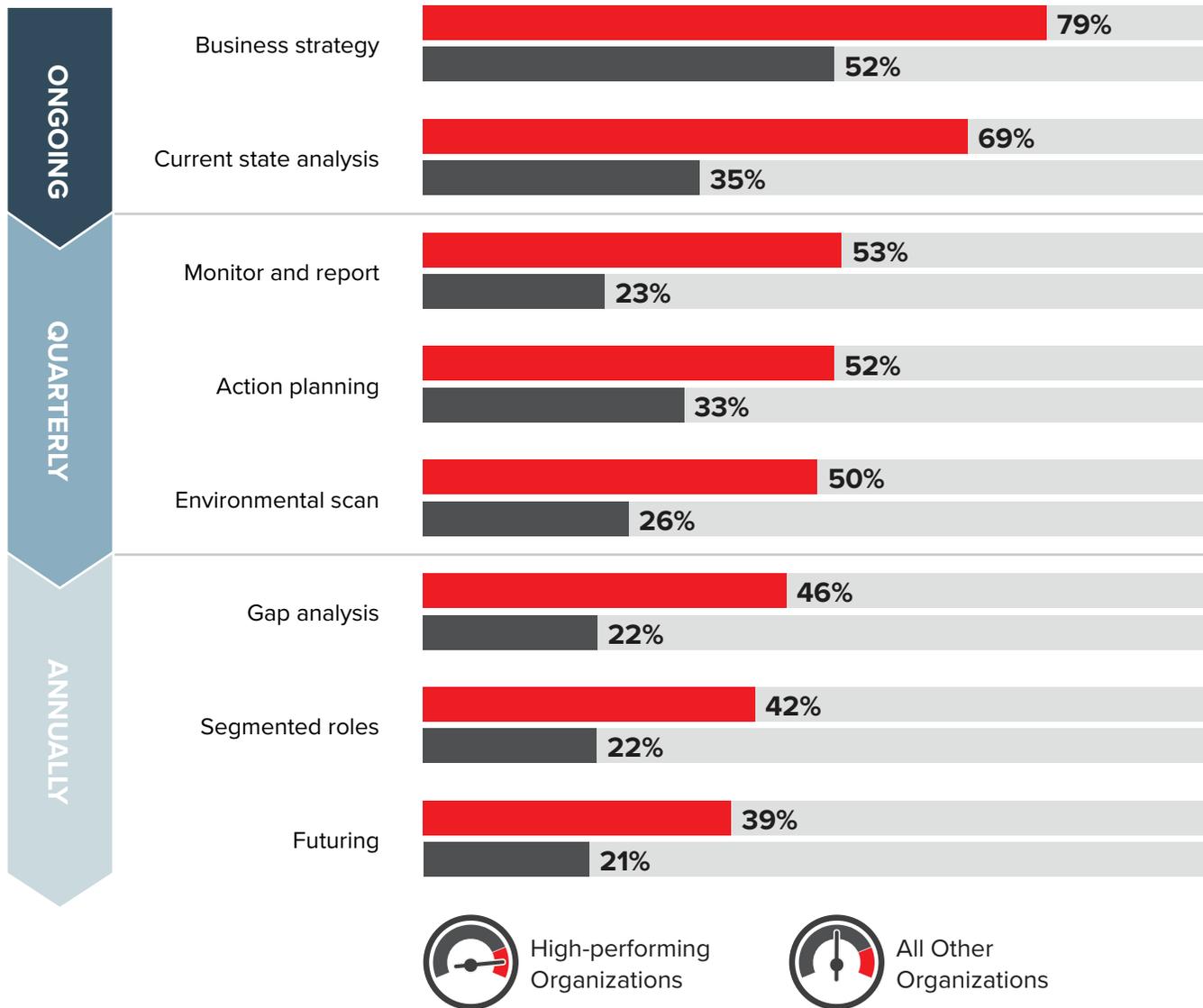
HPOs are significantly more likely than other organizations to have shorter SWP cycles that allow them to detect and respond to changes more quickly.⁵ Because of the accelerated pace of their SWP cycles, HPOs consistently report spending more time than other organizations at each step of the SWP process.

While as many as 28 percent of organizations report poor integration of their SWP activities with business strategies and processes, HPOs avoid this problem by emphasizing the business strategy as their core focus.

HPOs conduct environmental scans of the market, business, and talent environment. These reviews provide context for action plans as well as monitoring and reporting on benchmarks and milestones.

The information gathered through each of the preceding activities can inform role segmentation, gap analysis, and scenario planning. These activities require a large critical mass of information and so are often staged at more infrequent intervals.

FIGURE 3 **The proportion of HR professionals indicating they spend “a lot” or “a great deal” of their time on these SWP activities.**



HPOs not only include more contributors to SWP from across their organizations, but they are more likely to view their **cross-functional collaborations** in SWP efforts as effective.

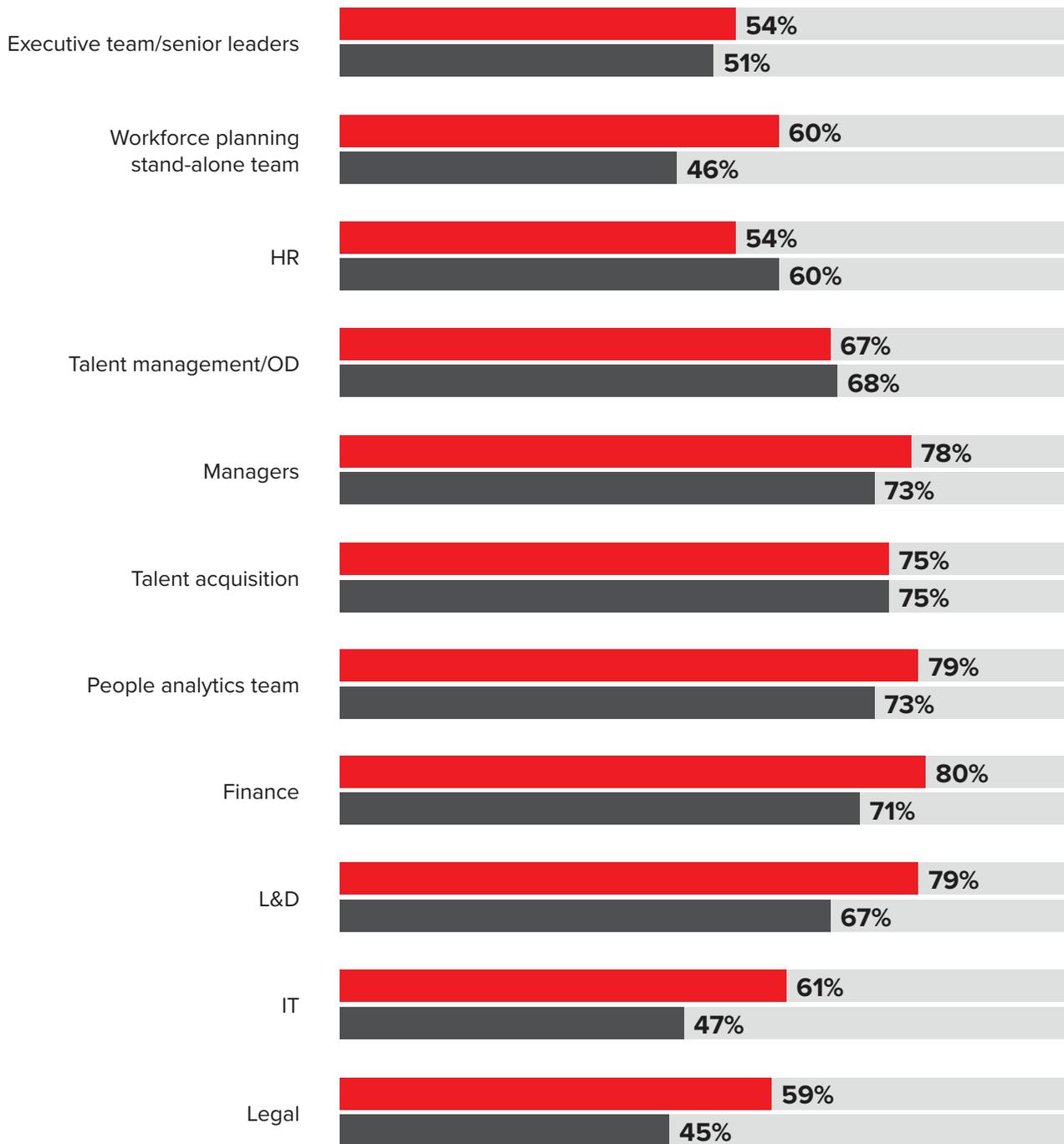
CROSS-FUNCTIONAL PARTICIPATION IN STRATEGIC WORKFORCE PLANNING

Information important to the SWP process is often gathered by different functions across an organization. The success of SWP relies on drawing together the owners of this information to form broad cross-functional teams. HPOs not only include more contributors to SWP from across their organizations⁶, but they are more likely to view their cross-functional collaborations in SWP efforts as effective.⁷

Although HPOs are similar to other organizations in their involvement of senior HR leaders and their talent management strategies, they are more likely to invite greater involvement from L&D, Legal, Finance, and IT functions. Creating this level of buy-in relies on the ability to communicate the stakes of SWP for the organization. HR professionals at HPOs may be more adept at story-telling with data to reveal business value and actionable insights from strategic workforce planning.⁸

These efforts ensure HPOs have the right people involved in these collaborations. Fifty-six percent of HPOs agree that the relevant functions do contribute to their SWP process (compared to 31 percent from all other organizations).

FIGURE 4 **Contributors to strategic workforce planning**



High-performing
Organizations

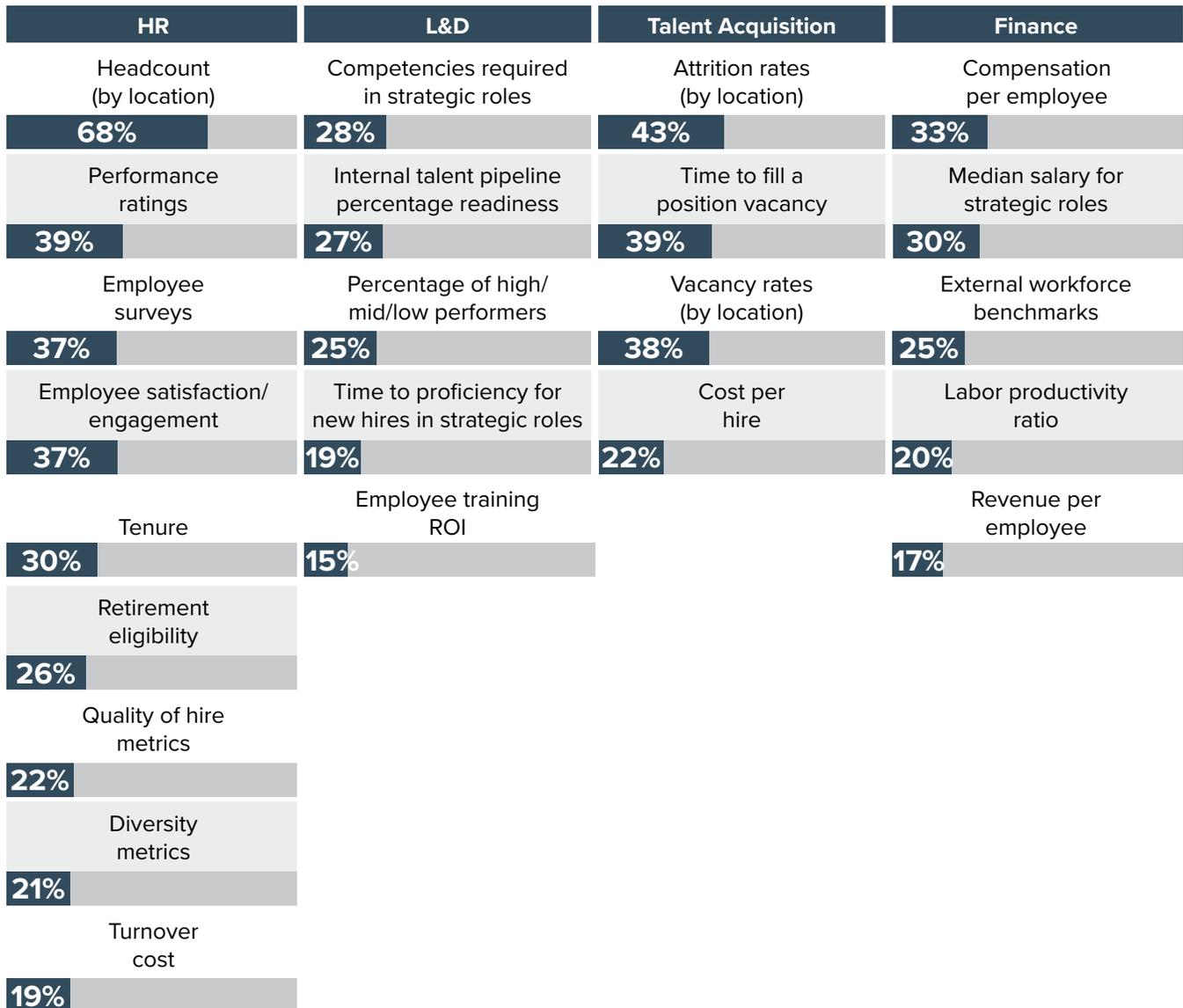


All Other
Organizations

COLLECTING AND SHARING DATA

HPOs identify the metrics the organization needs to generate meaningful workforce plans. They not only collect more data points in their SWP process than other organizations,⁹ but they also are committed to capturing data across the entire talent lifecycle. To do this, they draw data from at least four separate functions, including Finance, HR, Learning and Development, and Talent Acquisition (Figure 5). Each collects metrics that are integral to strategic workforce planning and provide a balanced view of the talent needs of the business over time.

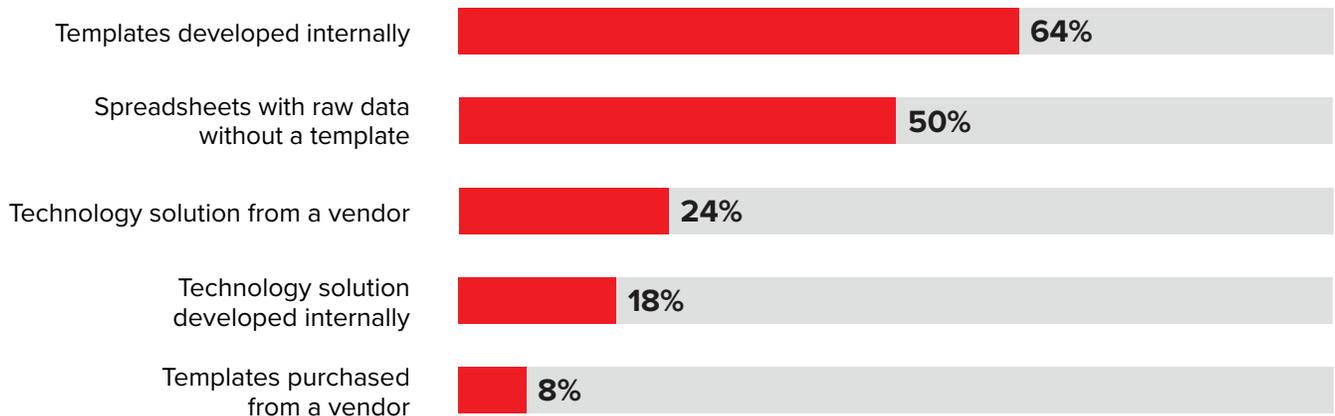
FIGURE 5 Data used in strategic workforce planning efforts



The switch to a solution that empowers the collection, sharing, and analysis of people data is one of the most important steps an organization can take to improve their SWP process. While most organizations have access to a solution, many still rely on simple spreadsheets or templates to do the work (Figure 6). As many as 27 percent of organizations report having inadequate technology to manage the SWP process and roughly half still rely on manual or spreadsheet-based planning capabilities.

Recent studies confirm that data management and database structures often reflect outdated models of workforce analytics.¹⁰ HPOs make it an imperative to update solutions to enable predictive analytics and its integration with strategic plans. The result is that a growing number of HPOs (28 percent) report that they effectively use technology to manage the SWP process, compared to 20 percent of other organizations.

FIGURE 6 Tools for managing and conducting strategic workforce planning efforts



STRATEGIC WORKFORCE PLANNING AT THE HIGH-PERFORMING ORGANIZATION

The SWP process at HPOs shares three consistent features that enable them to nimbly adapt with change while driving the organization towards the business strategy.

1

The pacing of SWP activities is faster at HPOs

Analyzing the current state and working with the business strategy is occurring on an ongoing basis to create seamless integration of SWP activities with business strategies and processes.

2

Cross-functional participation in SWP activities has greater breadth at HPOs

The SWP process at HPOs is more broadly collaborative across functions both within and outside the traditional domain of HR, including finance. Contributors to the process keep data and resources that are directly relevant to SWP.

3

The collection and sharing of data is more extensive at HPOs.

HPOs have identified the metrics needed to generate meaningful plans. They draw on data from sources across the organization to understand the whole talent lifecycle. They also use technology solutions that integrate analytics with strategic plans.

ENDNOTES

1. Filipkowski, J., Heinsch, M.F., & Wiete, A. (2018). Talent Pulse 5.1: Strategic Workforce Planning 2020. Retrieved from: <http://www.hci.org/lib/talent-pulse-51-strategic-workforce-planning-2020>
2. Distributed in December of 2017 and January of 2018, 454 HR professionals completed a 23-item survey about their workforce planning practices. Seventy-four percent of the respondents' organizations are headquartered in North America. Seventy-three percent are at the manager or above level.
3. HCI defines high-performing organizations using their index of 14 organizational outcomes for evaluating the relative strength and weakness of respondents' organizations. These include seven talent outcomes and seven critical business dimensions. For this survey, the top 25 percent of the scores on this inventory are considered high-performing organizations. These are diversely represented across industry, headcount, and annual revenue.
4. $r = .219, p < .01$
5. $r^s = .288, p < .01$
6. $t = 4.03, p < .001$
7. $t = 5.05, p < .001$
8. Toghiani, J. & Rasmussen, T.H. (2017) Toward Evidence-Based HR, *Journal of Organizational Effectiveness: People and Performance*, 4(2), 127-132.
9. $t = 3.45, p < .01$
10. Bourdreau, J. & Casico, W. (2017). Human Capital Analytics: why are we not there? *Journal of Organizational Effectiveness: People and Performance*, 4(2), 119-126.

ABOUT THE RESEARCH PARTNERS

ORACLE® Human Capital Management Cloud

Oracle Human Capital Management enables organizations to digitize HR with an engaging and mobile portfolio of talent-centric, collaborative and insightful solutions.

Oracle HCM Cloud provides end-to-end talent management and human resources to enable HR leaders to find, develop and retain key talent. It delivers insight with enterprise-wide KPIs, embedded decision making tools, and predictive analytics. Oracle HCM is socially enabled to support today's work world of open communication and collaboration. The user experience is engaging and intuitive to increase HR process adoption and service delivery. Oracle HCM Cloud helps HR leaders streamline global processes, comply locally and quickly adapt to organizational and legislative changes.

Oracle's Human Capital Management solution is designed for organizations of every size, industry, and region. Oracle Human Capital Management has been the HCM solution of choice for over 20 years, with 18,000 customers in over 140 countries—6,000 of whom are in the cloud.



At HCI, we believe that strategic talent management is the only long-term, sustainable competitive advantage left today, and that most organizations around the world are struggling in this critical area. At our best, we change both paradigms and practices, and enable executives to make better, faster decisions than they could on their own.

HCI seeks to educate, empower, and validate strategic talent management professionals to impact business results through the acquisition of insights, skills, and tools that are contextualized through research, practice, expert guidance, peer learning, and self-discovery. Visit [HCI.org](https://www.hci.org) to learn more.