

PERSONNEL NOTEBOOK

For Your Most Important Resource—The Human Resource

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WORKFORCE PLANNING

Part I – WHY YOU NEED IT AND WHAT IT IS

The world of work is changing and the changes now forecast for the future are already coming to pass.

The Human Resource professional is strategically at the center of that world. Work is so integral to our lives and our future, that when HR professionals create a workforce plan, they become 'Futurists'.

'Futurist' is an actual job title and refers to a professional that analyses current events and trends and forecasts how they will develop. This is not 'Fortune Telling' or 'Crystal Balling'. Futurists deal in reality, but they can use observations and analysis to forecast the most likely outcomes.

When we see that 'Baby Boomers' are ageing, the birth rate dropping and people living longer, healthier lives, we can then forecast that our workforce is going to be made up of more older workers. HR professionals then know that they must focus future recruiting on older candidates. They can then also determine where to recruit, how to attract and train older workers and what kind of benefits they will need.

Workforce Planning is essential to HR professionals. Without it, they will spend most of their time playing 'catch-up', reacting to emergencies and putting

out fires, while they focus on what's urgent instead of what's important. In fact, few HR departments do any Workforce Planning at all. In part, I think, because they do not understand why they need it or what it is.

John Sullivan, the Head and Professor of the Human Resource Management College at San Francisco State University, has conducted much research on the subject of Workforce Planning. Some of his findings are represented in the following material.

I Why You Need Workforce Planning

A. Economics

The main reason for doing Workforce Planning is economics. If done well, Workforce Planning can increase productivity, cut labor costs and dramatically cut the time it takes to bring new services and products to your market, because you'll have the right number of people, with the right skills at the right time. It works because it forces everyone to look into the future, to better understand the business, to be prepared and to prevent surprise..

B. Being Prepared Is Better Than Being Surprised

Workforce Planning is a systematic, fully integrated process that involves every department in the company. It involves planning ahead to avoid skill surpluses or shortages. It is based on the premise that a company can be staffed more efficiently if it forecasts skill needs as well as the availability of those skills when you need them.

When you can avoid the need for layoffs or panic hiring, you become more efficient. Business people who wait until events are upon them and then react to them as emergencies, cannot thrive for very long. Today's standards require that HR provide managers with warnings and action plans to head-off problems before they become more than blips on the radar.

You need to manage the skill and talent inventory (your present workforce) you now have and to make your skill pipeline (to your source for workers) more efficient. Most other departments in your company, purchasing, production and even the mailroom have developed effective 'pipelines'. HR must as well.

C. HR Should Be Aware Of The Business Cycles

Everyone knows that the business cycle has ups and downs. Beyond the seasonal changes that affect business, there are periods of growth and recession every few years. What business cycles affect your business and in what way?

HR professionals need to prepare the necessary 'customized' approaches to accommodate the different phases of the business cycles. We tend to do things the same way regardless of the economic climate. HR departments tend to operate independent of the business cycles. That's because they have no strategy, no plan that participates in the company's

agenda. HR's image looks bad to other departments when they appear to be unprepared for these changes, even when they have so often experienced them in the past.

HR often fails to see the big picture. Their actions often do not begin until the crisis occurs. More than 90% of HR departments are estimated to have no planning or forecasting function beyond the financial budget.

There are two distinct advantages for HR to do this planning. One is to lessen the impact of the 'Bust and Boom' cycle on the company. The second is that it reinforces the responsibility for HR to manage the skill and talent pipeline for the company. It is their job to manage it effectively. Crisis management is seldom effective management.

HR, however, is usually blamed for over hiring and then for not having the capacity to reduce the workforce down to necessary levels without inflicting significant damage to employee morale. When the business cycle is high HR often cannot handle the overload requirements of high volume hiring and retention.

Instead of the whipsaw of 'Feast and Famine' or 'Boom and Bust', HR can offset and manage these crises by instituting Workforce Planning.

D. The Impact Of Good Workforce Planning

Some of the most significant advantages are:

1. Eliminating Surprises

HR should eliminate the stressful trauma related to the surprises that occur when there is a lack of planning. But HR needs to be given the time to prepare those plans. This is not a short-term assignment but an important, ongoing part of the HR function. HR needs to provide

Rapid skill and talent replacement and the ability to respond more quickly when unexpected and unavoidable terminations occur. Planning for unexpected turnover is not an art, it is a science. How many terminations did you have last year? How many over the last 5 years? How many were unexpected? Did you learn anything from that?

2. Smoothing Out The Business Cycle.

That's part of good HR management, keeping a responsive control over the skills pipeline. This means few if any delays when production goals need more people.

Having the right skills available is necessary. Not just warm bodies, but skill-ready people or those that can be elevated or transferred to fill the needs.

Employee development is part of the formula. Giving the company the ability to meet increased needs because training has been initiated to provide the skills and talent when needed.

3. Identifying Problems Early

Like a smoke detector that alerts you while the problem is still small, HR needs to develop a system of 'alerts' to warn you and your managers of minor problems before they become major problems.

4. Preventing Problems

Fixing major problems is expensive and painful. The best approach is to prevent them.

Lower turnover. Continually identify, groom and develop potentially promotable employees for future opportunities. Prepare for a smooth transition.

Lower labor costs. Develop the capability to reduce labor costs

without the need for large-scale layoffs of regular employees.

5. Taking Advantage Of Opportunities

Given sufficient lead time, you can provide skill resources to take advantage of bursts in business as well as taking advantage of opportunities to acquire a sudden availability of talent that you know you will need.

Can you arrange a cooperative arrangement with another company to acquire from them or to refer to them workers when necessary? Can you do that with a competitor?

6. Improves Your Image

In order to look professional you must act professionally. Being constantly on a frantic state does not inspire confidence in your HR department or in your company's image to its clients.

II OK, What Is Workforce Planning?

Frankly, if you asked 10 different companies that question, you would get 10 different answers. It really can be different for every company. Sometimes it depends on just what functions are assigned to HR in a specific company. Some companies feel that it's only about recruiting. You can generally categorize 4 basic areas of Workforce Planning:

A. The Skills Forecast

This is the process of predicting upcoming changes in the demand for and the supply of skills and talent. You need to estimate:

1. The increase in company growth, output and revenue.
2. The addition or deletion of products or services.
2. The change in skills and talents that comes from those changes.
3. Projection of future vacancies. This includes the normal

turnover and loss of workforce you normally experience.

4. The internal and external availability of the skills needed to meet those forecasts.

This report, or workforce plan, will provide Managers a heads-up about what they should expect and prepare for. It will also provide them with good information on the availability as well as the supply and demand of skills across the industry and/ or your local area.

B. Workforce Action Plans

This is the identification of specific actions that will be taken to address the skills forecast, the needs for people.

These plans must be designed to:

1. Identify the forecasted needs for the coming season or year. (and/or the coming 2 to 5 years?)
2. Identify the gap between the forecasted needs and the present skills inventory.
3. Identify the sources of those needed skills. (internal or external)
4. How to attract and recruit them.
5. Identify the numbers and specific jobs to be included.
6. Identify the assignment of responsibilities for the actions, timetables and results.

C The Implementation Plan.

How each of the actions in the plan will be implemented. How they will be communicated, when each will start, what assistance or support is needed and how to motivate everyone's participation.

D. The Integration Plan.

Integrate the plan into the entire system. That is to say, determine what supportive or related issues must also be included. How will these plans affect compensation, benefits, training needs, employment policies, cash flow, facility needs, work

space, tools, equipment, supplies, cafeteria space, meeting facilities and communication needs?

The people don't become the company. The company *becomes* the people it chooses to work with. As the people changes so does the company. What changes must also be made to accommodate the effects of your Workforce Planning?

As Secretary Of State Collin Powell stated "You can't have bubbles in the personnel pipeline"

In Part II of Workforce Planning we will cover more specifically the individual elements of a good plan. We will also take an updated look at what the experts are forecasting as the long-range changes in the workforce as well as the future HR department.

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