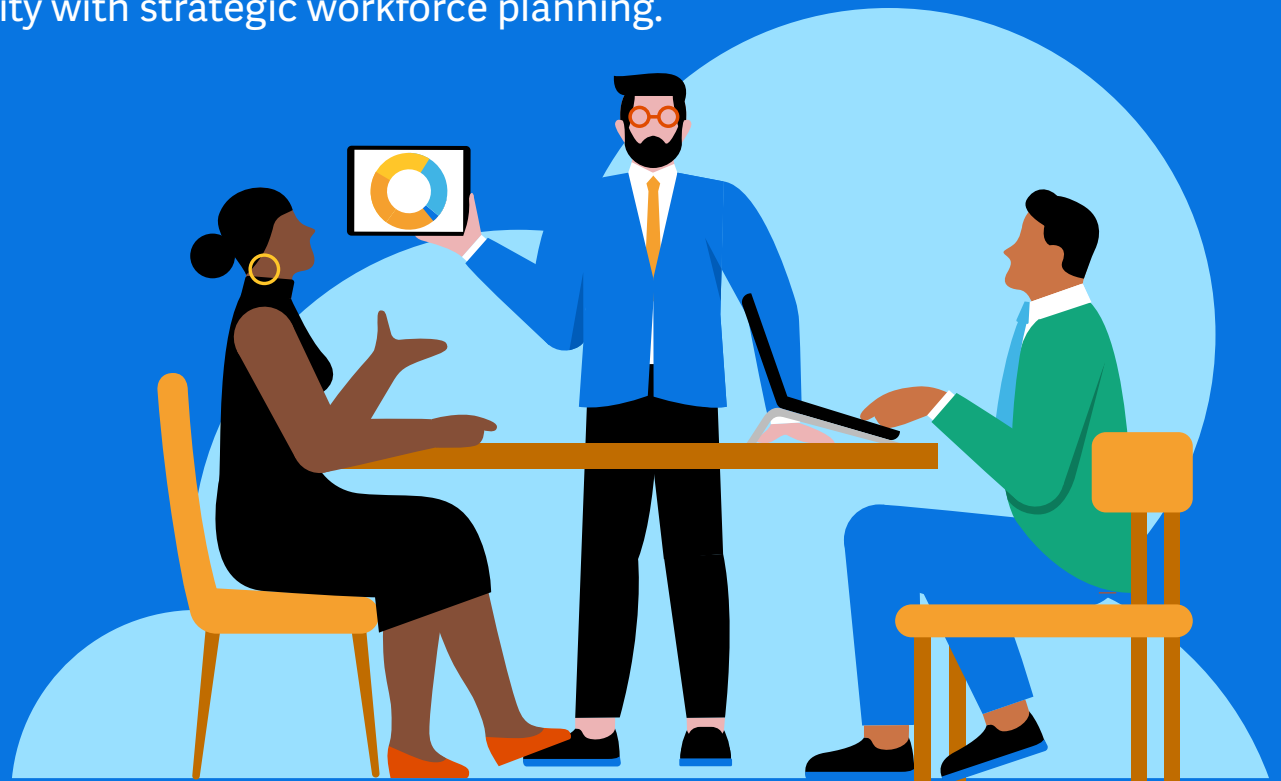


Plan Your Resilient Workforce

A guide to achieving business agility with strategic workforce planning.



Introduction

In these extraordinary times of change, organizations must operate differently if they are to succeed. HR leaders face fundamental changes in how they plan, manage, and measure the effectiveness of the workforce in service of their organization's strategic objectives.

The current global health crisis has made an impact across industries, businesses, workers, and more. As HR and business leaders, you've had to respond to the well-being and safety of your workforce. At the same time, you've had to rethink the impact of the global pandemic on the business—current, near-term, and long-term—and adjust your workforce plans to keep the business in operation.

Even before COVID-19, analyzing and planning the workforce for better business agility had been driving HR's digital transformation. Now, in a constantly evolving business landscape, how can HR and business leaders make better workforce decisions faster, plan more effectively, and pivot quickly when they need to?

One key is to be better stewards of the most important asset: their workforce. For organizations, this means knowing what their talent looks like, where they are located, the depth and diversity of their collective skills, and where their organization's skills gaps are. Company-wide workforce planning enables the CHRO and teams to comprehensively plan their workforce across the entire employee lifecycle—from recruiting and onboarding to developing skills and optimizing organizational deployment. It also equips them to apply every available lever for identifying, retaining, and cultivating their best workers.

This 360-degree view enables HR organizations to plan based on skill sets rather than head count. It also enables the HR function to have a complete picture of its talent, the supply and demand for that talent, and what talent is still needed to achieve business goals. The result is the ability to drive better

planning decisions faster, freeing teams from repetitive data consolidation efforts for more value-added, strategic activities.

What we're describing is strategic workforce planning, and it has become much more than a business goal. Now more than ever, it's a business imperative. Strategic workforce planning helps align people with corporate objectives, tears down silos that hinder collaboration, and delivers the level of agility needed to respond quickly to challenges and pursue opportunities as they arise.

In this eBook, we explore the critical components of your workforce planning success, beginning with the need for increasing your organization's business agility and having a strategic (and integrated) HR function. We then look at how to build the systems that enable a persistent focus on attaining and cultivating the kind of workforce an agile business needs.



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Planning and Execution: Why Agility Is Critical

To navigate and succeed in a complex, quickly changing environment, organizations must embrace a fundamental commitment to become more agile. To get there, organizations need:

- Visibility to see what's happening
- Insight to form a strategic plan in response
- Control to execute meaningful, coordinated action
- Listening instruments to measure the results

Agility happens when these qualities are all working in harmony, enabling businesses to create new strategies, operationalize them into plans, and then execute them quickly and easily. In doing so, organizations can more easily adapt to rapidly changing conditions.

The ability to adapt is more important today than ever before. [Research shows](#) how businesses that recognize the importance of agility—and equip themselves to achieve it—do better than those that don't. Companies report stronger performance when they embrace agile ways of working, including building a workforce with modern skills and eliminating data and process silos. In fact, those companies are 10 times more likely to react to shifts in the market with agility and speed.

Much more than a cost center.

The execution engine behind all this activity—behind every business operation in the company—is your workforce. Though usually representing the largest line item on the annual budget, your workforce is more than just a cost center—it's your most strategic asset.

And as the engine of your business, your people dictate, in a very real sense, how well or poorly your organization navigates digital disruption. To thrive in the face of this disruption—to anticipate seismic industry shifts, capitalize on new opportunities, and avoid sudden icebergs—businesses need to roll out proactive planning on the ground, as well as in the boardroom.

As stewards of your people function, HR must take a leading role. Other parts of the business increasingly rely on HR for a deeper understanding of its data, including insights into head count, skills and skills distribution, locations, remunerations, bonuses, attrition rates, the balance of full-time workers versus contractors, and more.

And as an emerging strategic partner to decision-makers throughout the business, HR leaders now must be able to cross-reference that granular workforce data with the broader view of what's happening elsewhere in the business, of upstream and downstream challenges and events, and upcoming projects and initiatives.

An emerging strategic force.

In other words, HR must know what's happening in every area of the business. It must understand the impact people have on all those areas, and the impact a changing work environment is having on the workforce.

This means HR needs to forge a close, strategic partnership not only with finance, but with the rest of the business. It must identify and target the high-impact skills and roles that will help the organization deliver on key business strategies and objectives. And it must know exactly where the business stands today—and what it will take to achieve the resilient, skills-driven workforce that will drive success tomorrow.

Clearly, this goes well beyond head-count planning.

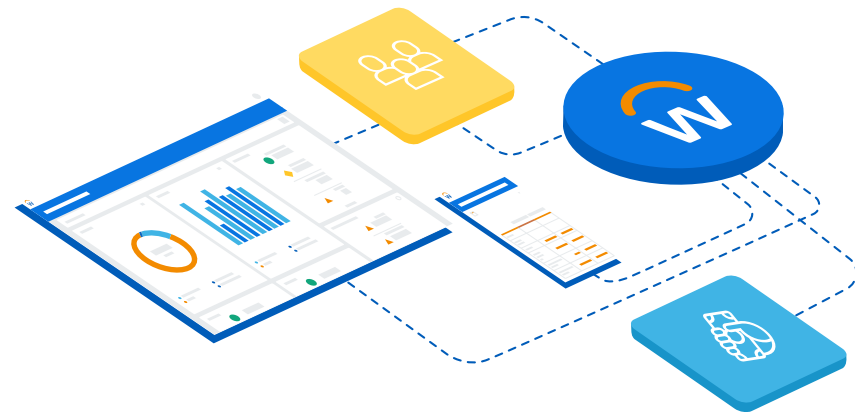
Not just for the global 500.

Strategic, proactive planning isn't just for large enterprises. In fact, it may be especially vital for the medium enterprise that “may not have the same degree of focus on talent management and career advancement that larger firms do,” according to [a report](#) from the National Center for the Middle Market. Because they lack the resources of larger enterprises, “their capabilities might be less robust, causing them to lose qualified candidates to other firms.” In the battle for talent, a strategic workforce planning environment can make enterprises of all sizes competitive with larger businesses.

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Four out of five organizations defined as ‘agility leaders’ have full access to data across the enterprise.

Organizational Agility at Scale: The Key to Driving Digital Growth, Workday



The Costs of Disconnected Workforce Planning

One good thing about your workforce's top spot in the annual budget is that it doesn't have to work as hard to compete for attention among senior executive and finance decision-makers.

However, that doesn't mean it's easy to have productive conversations. You might attract the attention of a senior audience, but that doesn't guarantee strategic thinking.

In most organizations, the primary conversation around human capital management focuses on cost. Finance understandably engages in assessing the financial impact of employing people. This is traditional head-count planning. The problem is that it's largely disconnected from the workforce planning contributed by HR, which is broader and more holistic—and usually involves HCM and related data that finance often can't or doesn't access. Ideally, those engaged in workforce planning will partner with finance to incorporate market realities into their planning process, which makes it easier to allocate the right people resources at the right time.

Seizing a competitive advantage.

Companies that leverage workforce planning to anticipate present and future needs will have a competitive advantage over those stuck in a static, siloed, legacy approach to planning the workforce. These agile organizations will evolve from tactical head-count planning to more comprehensive workforce planning, informing more strategic decision-making.

This isn't just a case of upskilling in certain areas and downsizing in others. Digital transformation often changes the identity and culture of a company. Software companies become managed service providers. Manufacturers adopt more robotics and automation. Retailers become supply chain operators.

Planning through those transformations requires integrating workforce plans with all the other plans within a business—corporate strategy, financials, operations, departmental organization and forecasts—everything.

Integrated workforce planning, where real-time data from throughout the company informs workforce plans and vice versa, is critical to understanding the evolving nature of productivity. For example, it's generally assumed that providing workers with more tools enhances productivity and employee satisfaction, and [some research](#) proves this. But sometimes unchecked proliferation of digital resources can have the [inverse effect](#). Integrated workforce planning can help businesses determine how their own digital transformation has impacted productivity and where—and in cases where the effect is detrimental, how to improve it.

To align your workforce with corporate strategy, ask the right questions:

- Where can I find locations deep in available talent for the skills we seek, or can I find them internally?
- Which parts of our workforce are more productive working remotely, and which are more productive on-site?
- What skills must we add to improve our customer engagement metrics or other KPIs?
- How can we augment our workforce with current or emerging technologies, and how will this impact expenses and productivity?

The Power of Integrated Workforce and Financial Planning

Integrated workforce planning makes it much easier to keep the composition of your workforce aligned with your strategic objectives—a major competitive advantage and a huge enabler of agility. For starters, it improves both sides of the personnel question—head-count cost-effectiveness and forward-looking workforce planning—because it rolls conversations about strategy and cost into the same process and system.

But more significantly, when your HR, finance, and operations teams can plan collaboratively—using a single system and the same real-time data—everyone can work more effectively and iterate faster to arrive at the right decisions.

With integrated planning, everybody wins.

HR's collaboration with finance and other business units creates dynamic and flexible plans that support corporate goals:

- HR and hiring managers can immediately understand the full operational and financial impact of staffing up
- Finance, HR, and hiring managers can work together to plan for new hires, promotions, and merit increases
- Stakeholders can anticipate generational and skills-based changes within their workforce, as well as their operational and financial impact on key performance metrics underpinned by accurate and robust data



Finance can also gain an enriched perspective of workforce metrics for top- and bottom-line impact, including:

- Salary, attrition, retention, turnover, cost of benefits, and time to hire, but now augmented with metrics on those key skills needed to grow the business
- A more informed ability to partner with the business and HR, asking questions that traditional metrics aren't set up to answer:
 - What kinds of people do we want to attract?
 - What skills will we need in the future that we don't have today?
 - How do we build a culture that engages workers fully, and identify areas in the business where attrition is especially high?
 - Do we have the optimal mix of experienced and entry-level staff to support current operations, as well as succession plans?
 - What kinds of learning and development opportunities should we provide to our workers?

Finance and HR often look at workforce issues through different lenses, but now both groups can understand how their roles and actions affect your company's financial performance. Turnover is costly, and so are skills gaps that can impact your revenue capacity in all the wrong ways. By collaborating closely with finance, HR professionals can help model these inevitabilities to prevent unexpected costs and reduce risk—strategic goals for both organizations.

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Real-time data really matters...getting your data house in order feels boring and somewhat like back-office work, but in times like this it's more important than ever.

Josh Bersin,
10 Lessons from the World's HR Leaders



Talent and Skills Planning

Relying on traditional methods to address anticipated changes within your workforce limits your ability to adapt to the dynamic realities of the business. For HR, that could mean failing to keep pace with decision-makers.

And a failure at that fundamental level could dramatically impact the business. Hiring is simply too important to get wrong, and fluctuations in the labor market won't make it any easier. And regarding its analysis of recent national labor force data, Accenture's Jeni Fitzpatrick, managing director, Talent & Organization Practice, says, "As much as \$11.5 trillion in potential opportunity could be lost if we don't evolve how we think about applying technology to capture the potential opportunity that exists."

To do hiring right, you need to push beyond traditional head-count planning and bring data together to:

- Determine the critical skills for achieving your strategic initiatives and how far you are from acquiring them
- Predict where to source the right talent—both within and outside of your company
- Identify successful career paths within the organization for improved retention
- Understand the company-wide impact of every new hire—including office space, tech support, and energy costs
- Identify the resources needed to grow your current talent to support key initiatives

Skills are the most important currency.

The economy may expand and contract, but the skills gap, particularly for certain critical skills, remains an issue for organizations. Three-quarters (75 percent) of companies [report a shortage of skilled workers](#)—creating a

situation that negatively impacts productivity and employee satisfaction and worsens turnover. That means acquiring the right new skills, while taking care of your own existing workforce, is as critical as ever.

Professional services firm PwC understands this imperative. In fall 2019, [PwC Global Chairman Bob Moritz announced](#) the firm was investing \$3 billion into job training for its 275,000 employees over the next three to four years.

Companies like PwC recognize that they can't simply hire their way to the skills they need. They must examine where talent and skills planning, business strategy, and head-count planning meet. How? By using the richness of their people data to move past head-count planning and factor in the skills and talent they already have within their organization.

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50% of organizations plan to upskill at least half of their workforce by 2024 to adapt to changes in the working environment.

Organizational Agility at Scale: The Key to Driving Digital Growth, Workday

With a new outlook, the equation becomes a multi-pronged approach to acquiring the right skills:

Buy. Hire new permanent staff.

Build. Retrain existing employees and set expectations for employees to acquire new skills on the job. Industries such as teaching and financial services, for example, have ongoing opportunities to earn credentials.

Borrow. Outsource projects to external contractors with the needed skills.

Automate. Use technology such as machine learning to automate components of workflows and work processes, and to identify and fill in skills gaps.



Don't let HR risk become a burden on the business.

To be viewed as the valuable and strategic force it can be, it's up to HR to ride this new wave of modern information systems and technologies to gain a deep understanding of the entire business. With a comprehensive view of the enterprise, HR can drive skills distribution by location, compensation strategies, attrition rate analysis, training return on investment assessments, and succession planning. Add to this the need to be mindful of global trends in compensation and skills availability, and it's clear why strategic workforce planning is the answer for HR professionals who are struggling to keep up with the needs of business in the age of urgency.

Building Your Workforce Planning Capabilities

So what does your checklist for workforce planning success look like?
How do you get started?

Every organization is different, so each will have its own unique set of workforce planning needs. But a few considerations are common across businesses and industries.

As in any classic implementation approach, it helps to view this effort by the key components involved: people, process, and technology.

People

- Gain the support and sponsorship of your executive team for building an analytics and planning competency in HR—or for tapping into an existing one to directly support HR. Remember: the most critical element to elevating the HR function to a more strategic role is gaining access to better and more timely insights into your people data.
- Identify key stakeholders in the planning process, then cultivate them as advocates for the benefits of continuous, company-wide workforce planning. Emphasize how strategic workforce planning helps increase business agility. Include both finance and business leaders: buy-in and collaboration with these stakeholders will accelerate the time-to-value of your workforce planning investment.

Process

- Achieve an early win by finding a use case that addresses your organization's biggest and most urgent workforce planning pain point—it will also bring the biggest value and build the momentum you need to build your workforce planning maturity. See the graphic on pages 12 to 14 to help discover the right one or more for your organization.
- Whether your organization's approach is to start with a top-down or bottom-up planning process, be sure you have the ability to negotiate variances, which is most easily accomplished with a modern planning and analytics solution.

Technology

- Understand the role and benefits of enterprise-grade systems and tools to:
 - Surface the right level of people data to inform your planning efforts
 - Model multiple scenarios and immediately see their cost and timing impact
 - Enable company-wide collaboration for faster planning and decision-making
 - Put plans and decisions into motion through more seamless connections with your HR transactional systems

Want to score an early win? Choose your most pressing use case.

One way to identify your most urgent workforce planning use case is to step back and look at your HR programs in the arc of the employee journey—from talent acquisition and onboarding, to learning and development, to deployment, to retention.

Is your key pain point in delivering against hiring goals? Reskilling or upskilling your current workforce to address skills gaps and succession plans? Improving your head count and cost planning synchronization with finance? Benchmarking your compensation structure against the market at large?

Choose one or two most pressing needs, and then map out how you will approach the people, process, and technology aspects needed to resolve those pain points.



Planning the Employee Journey



Ready to get started? Choose your use case.

HR leaders often first look to use cases like head-count and cost planning, resource capacity planning, and organizational planning. From there, they'll expand to strategic workforce planning or skills-based planning. Other organizations, driven by an acute need for critical skills planning, will start first with skills-based planning.

1

Head-Count and Cost Planning

- Model hiring, transfers, and retention plans—and instantly see cost impact
- What-if on salary, bonus, raise and more

2

Resource/Organizational Planning

- Allocate workers to meet demand
- Optimize org structure as needed

3

Strategic Workforce Planning

- Tie workforce plans to strategic initiatives
- Model by job, family, cost, location, or ramp-up time
- Identify capacity-to-demand gaps and build/buy/borrow options to close them

4

Continuous Talent Planning

- Model critical skills capacity, demand, and gaps by location, cost, and ramp-up time
- Identify internal skills to optimize talent sourcing



Planning for what's next.

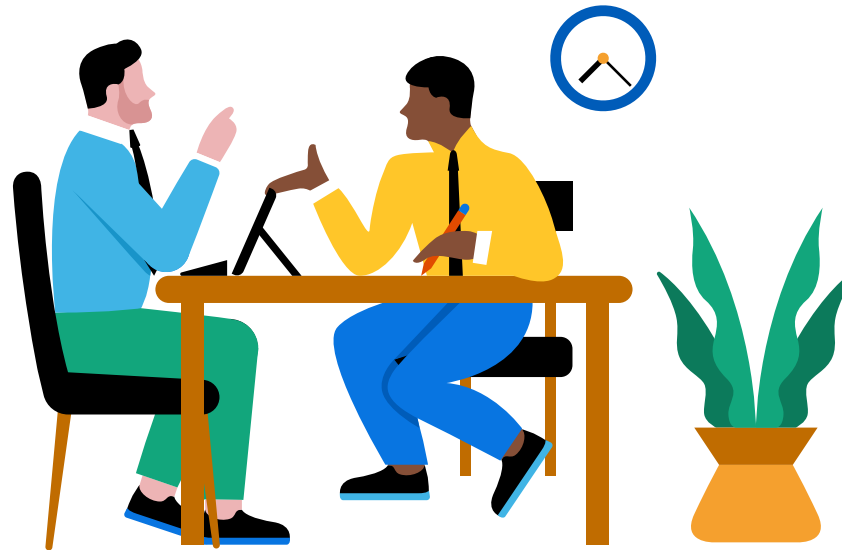
As the business landscape continues to rapidly evolve, the ability to plan for any outcome is emerging as a crucial navigational element.

To achieve this, HR and its business partners should model what-if scenarios to anticipate the likely outcomes of various situations. Then they prepare contingency plans to address the company-wide impact of these scenarios. For example, a business might model:

- The full cost of reskilling employees in specific functions
- The productivity effects of long-term remote working
- The implications of various build/buy/borrow mixes for key skills
- The financial and operational impact of different employee retention initiatives

Scenario Planning 101: Pick your battles.

You'll want to limit the number of scenarios you model. Often, businesses will model worst case, best case, and most likely case versions of the same scenario, which prepares decision-makers for an array of outcomes. But you're not stuck with just those three: modern planning solutions allow you to iterate quickly. So if a particular scenario you've modeled begins to take shape, you can quickly refine and iterate your models to gain a more confident picture of outcomes.



Conclusion: Harnessing the Disruptive Power of Business Agility

Planning is a basic human instinct. It's how we make sense of the world around us—the things that have happened, our present circumstances, and our desires for the future. And we need it now more than ever.

The future is, of course, unpredictable, which makes the job of CHROs and their teams particularly challenging. In the wake of the COVID-19 pandemic, the very nature of the workplace has shifted from on-site to remote work and then—in some modified fashion—back to on-site. In this unprecedented climate, a company-wide workforce analytics and planning platform enables the CHRO and leadership teams to gain critical insights to triage immediate needs, then recover to build an organization and workforce that is more adaptable and resilient.

This is why strategic workforce planning is essential to keep your organization agile and ready for any market condition. Resource allocation, combined with identifying talent gaps and closing those gaps through the right combination of build, buy, and borrow will help you model your best workforce mix. It will allow you to plan, optimize, and adjust current and future workforce resources to reflect shifts in the labor market while helping to execute corporate and financial goals.

Your competitors aren't standing still. The longer you hold onto rigid, siloed, and head-count-focused workforce planning, the further you'll be left behind. Employees are your greatest asset and your greatest strategic opportunity. Planning for, training, and retaining your workforce using holistic, dynamic, data-driven processes creates a powerful engine that fuels innovation and collaboration, and prevents you from being caught unprepared in the face of market changes.

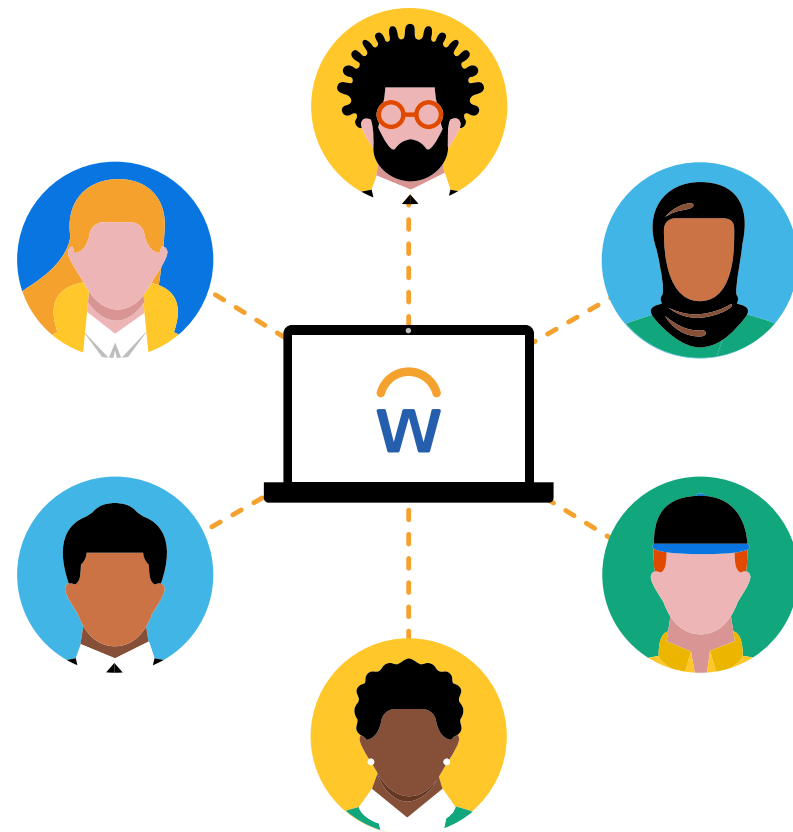
From Diverzify, a lesson in agility.

In 2019, Diverzify, a leader in commercial flooring solutions, prepared itself for disruption by developing scenario plans for finance, workforce, and operations based on possible downturns that could impact construction and real estate—two industries that drive much of its business. “It was important for us to have recession models,” notes CFO Julie Bishop McCollum. Then in early 2020, when the COVID-19 pandemic emerged as both a health and economic threat, McCollum's team pulled out its models and got to work. “We put one of them into action in early March. At the time, we didn't know if construction would be considered essential, so we had to be ready.” Using those scenario plans, executives knew exactly what they needed to do. Careful, decisive cost-cutting and limited workforce reductions kept the company operating without interruption. And even now, Diverzify plans to quadruple its size over the next three years.

The future belongs to the agile.

Almost all the talent capacity HR delivers will be reinvented over the next 5 to 10 years, and probably amid successive waves of abrupt change. If you handle these transitions correctly, you will find yourself at the very center of your business. If not, many HR teams might have to continue to prove their relevance to corporate leaders.

Businesses that can create an agile, responsive, and properly skilled workforce will have a measurable advantage over those that stick with the same approach and hope for a different result. The future demands agility, and it's up to the workforce to deliver it.





+1-925-951-9000 +1-877-WORKDAY (+1-877-967-5329) Fax: +1-925-951-9001 [workday.com](https://www.workday.com)

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