eQ8

Strategic Workforce Planning (SWP)

The Path to Transformation and Organizational Effectiveness

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Ahhh, Strategic Workforce Planning, may I please call you by another name? After working with you for so long, I feel the time has come my misunderstood friend. You need a rebrand. You see, it's not you – it's them. People just don't get who you really are.

Some think you are rostering, workforce management, project management, budget planning or Future of Work projections. Others believe they can put their fingers in the air and qualitatively guesstimate the future size and shape of their workforce, and call it by your name. Many think you are too hard, that you are just not worth it or that you are some passing fad, like fidget-spinners.

I know that you are the key to linking the business plan to the workforce, that you are the true path to transformation and organizational effectiveness. The market just doesn't get you. They just don't DO you.

OK, so before people think I have lost my mind (too late?) I will stop the conversation with SWP, but really we need to talk about SWP. The thing about SWP is that yes, it is about the workforce – but that doesn't mean it is another item in the "best-practice toolkit" or laundry list for HR. SWP defines that list in the first place! And not just for HR, but for the whole business,

who are relying on the capabilities and skill of the workforce to deliver its transformation, digitization or growth agendas. The workforce is the key execution vehicle for most organizations (and as we already know, their biggest asset, largest cost) and SWP is the way to optimize the workforce – so why so misunderstood? Why so not done?

Let's take a look at the common reasons we come across . . .

" The benefits are unknown for the time/cost of SWP "

The impact of SWP is HUGE. Unlike many initiatives around the workforce which can deliver cost optimization, SWP does this (and better IMHO) but also delivers top-line impact – think revenue growth and ROE. Sierra-Cedar puts companies who do SWP at an average of 10% higher business outcomes such as revenue per employee, ROE or profit per employee. Plus 12% higher talent outcomes such as engagement, succession and retention. Not optimizing the workforce, too much of the wrong capabilities or wrong cost base – significant. Missing business goals, milestones or customer demand . . . catastrophic!

66 SWP is not as important as my other stuff 99

For too long, HR has been asking for the "seat at the table". Then often sitting in that seat, we become just good at listening to the business decide things and taking away orders to implement – what a business partner!

But are we bringing our own, commercially driven, business-focused viewpoint to shape strategy, transformation and direction? The answer is often no. Did you know that SWP is now firmly on the Board agenda? AICD tells Directors to ask their leadership teams:

> "What skills does our business need to meet its current objectives and how might this change over time?"

> "Are we satisfied that they have the skills available to meet their resource needs and is there a plan in place to ensure that these skills are developed or acquired to satisfy future demand?"

Digitization and transformation on the agenda? McKinsey has cited lack of requisite skills and lack of leadership alignment as massive blocks in achieving successful transformation, both of which can be overcome through SWP.

HR Must Evolve Into a Strategic Transformation Partner

STRATEGIC TRANSFORMATION PARTNER

HR participants in senior leadership discussions and helps shape the organization's strategy and transformation agenda, including:
- Framing and elevating strategic employee and organizational issues and priorities
- Adapting the HR operating model to enable HR to engage with the business as a strategic transformation partner

TRANSFORMATION ENABLER

HR supports the business transformation, including:
- Understanding the business transformation requirements and how these will impact employees and the organization
- Assessing its capability and capacity to respond across each HR discipline and addressing any gaps
- Mobilizing HR resoures and operating in an agile way

FUNCTIONAL EXPERT

HR provides expertise and advice in core disciplines, including:
- Recruiting
- Compensation and benefits
- Learning and development
- Diversity and inclusion
- Performance management
- Mobility

SERVICE PROVIDER

HR delivers reliable and efficient core services, including:
- Payroll
- Employee data and record keeping
- Training documentation
- Time and expense management

Source: BCG analysis.

66 I already am doing SWP 99

Are you? Really? For starters, SWP is complex. Sierra Cedar says it is "the most complex analysis efforts undertaken by HR functions." It is true, it is really complex. This is because there are just so many moving factors that need to be brought together and integrated properly to deliver this. For example, we have:

- **Internal Business Context**
  business strategy, competitive advantage, value chain, segmentation, activity drivers, BAU (does that still exist?), transformation, digitization, consolidation, acquisition, growth and so on

- **Internal Workforce Context**
  workforce size and shape, capability mix, employment mix, demographics, mobility, turnover, performance, engagement, productivity, efficiency, learning and development

- **External Environment Context**
  Future of Work and 4th IR, technology and automation, globalization, regulation, geo-politics, social responsibility, economic factors

- **External Workforce Context**
  demographics, changing worker values, gig economy, labor supply chain, education changes, entrepreneurship

How on earth do you bring all of that together? SWP. That is because the bringing together of all of these elements needs to be done quantitatively – unfortunately conceptual discussions stay just that – conceptual - rarely do they incite action. SWP is the only way I have seen companies be able to effectively and proactively navigate the vast and accelerating change we are all facing. You need the ability to bring all of these elements into dynamic scenarios in order to make the right decisions.

66 Finance have it covered 99

OK, if you have looked at my LinkedIn profile, you will see I am a Chartered Accountant who started my career in Finance. Whilst partnering with Finance is essential, for the majority of organizations we see running "workforce planning" through their finance teams only, the focus is very much on getting a financial view of the workforce only ie. budget and cost focused. The insight into capabilities, skills, job neighborhoods and the whole employee lifecycle is usually absent. Oh, and the fact that there are actual human beings attached to those numbers . . .

66 Strategy have it covered 99

Similar to above, the lens with which other functions view the workforce can be limited. This is not an uncommon dynamic. It is very typical for leader (and humans in general) to view the world through their own lens. Hence, we often see strategies set with an assumption that the requisite workforce will just materialize and appear right as needed, with leaders unclear on what any given strategy really means for their part of the business aka "Strategy Struggles". One of my often (too often if you ask my business partner Chris) quoted faves from Joseph Jaworski in Synchronicity "a managers' inner model never mirrors reality...it is always a construct. The scenario process is aimed at these perceptions inside the mind of a decision maker". I have been in rooms in large listed companies where the dialogue and scenario planning of SWP has uncovered serious misalignment in business direction between CEO, COO and CFO and then brought them back together again. The scenario planning process of SWP is critical in creating alignment amongst leadership and driving superior decisioning for business success.

" I have it covered another way "

There are some great data sets out there. Really cool. All about the Future of Work, automation, the robots are coming...or not (if you are really special and your role is safe!) These range from online tools - you can enter your job into and see whether you need to chuck it all in and become a Maxillofacial Surgeon (apparently low robot risk, go figure) - right up to super pretty, complex and comprehensive datasets. The problem is that is often missing your business context and is only a bit of the picture – refer "I am already doing SWP" where you will see that there are whole set of other puzzle pieces stuck to the bottom of the coffee mug and heading for the sink.

" I haven't been asked to do this "

We hear this all the time. Most don't ask for it because many don't understand it in the first place (refer paragraph 1), let alone think HR can do this. The problem is that this stuff is critical. As above, discussions around lack of skills and future of work are firmly embedding themselves into C-Suite and Board agendas. SWP is THE key recommendation by the World Economic Forum to deal with the Future of Work and the "re-skilling revolution". McKinsey puts organizations that use scenario modeling as 2.4x more likely to have successful digital transformation, with those having a dynamic and co-owned plan 2.9x more likely. SWP delivers this! This is why we are increasingly finding SWP being taken over by COO, CIO or whole new functions dedicated to transformation. What C-Suite executive would not want to drive this kind of an impact? HR, if it realizes its full potential, is the rightful leader of this conversation as the custodians of the workforce, but it must act now.

" I can get by with Org Redesign/Restructures "

SWP is about being proactive. We are not talking about the organizational restructuring that companies have been doing (annually, quarterly, monthly!?!?) for decades. The problem with org redesign/restructures is that they are inherently reactive, usually top-down and often short-term fixes. How many of us have lived through restructures to see the following:

- **Rehire then Fire**
  React fast to lower the cost base, getting rid of roles that are critical. Then, oops, we actually needed them – hire them back (or bring them back as consultants/contractors and pay them heaps more)

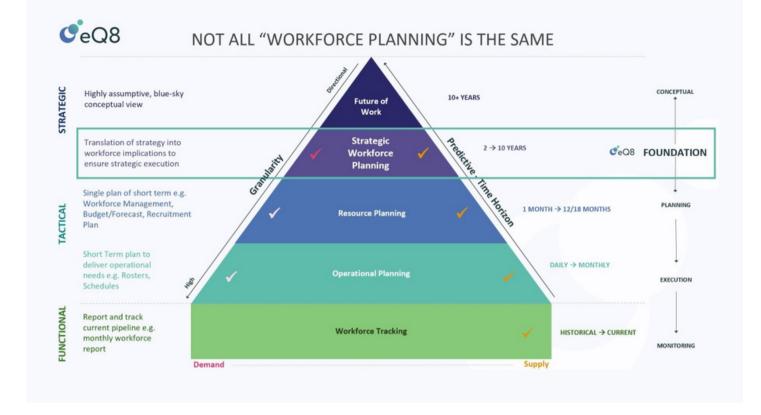- **It will be cheaper, trust me**
  Cut the workforce too far and meet the still needed demand through things that actually increase costs - overtime, contingent labor at premiums or impact on those remaining carrying increased workload and burning out, absenteeism [aka build, buy, borrow gone wrong]

- **Death by 1,000 cuts**
  Let's restructure, then again, then one more time . . . how many times have we seen years of building an organization's culture and engagement wiped out through poorly planned, reactive programs like this.

- **Same, Same . . . but different**
  Let's just reshuffle the same resources around but not really impact much at all, then wonder why nothing's changed.

eQ8 NOT ALL "WORKFORCE PLANNING" IS THE SAME

STRATEGIC

Highly assumptive, blue-sky conceptual view

Translation of strategy into workforce implications to ensure strategic execution

TACTICAL

Single plan of short term e.g. Workforce Management, Budget/Forecast, Recruitment Plan

Short Term plan to deliver operational needs e.g. Rosters, Schedules

FUNCTIONAL

Report and track current pipeline e.g. monthly workforce report

Directional

Future of Work

Strategic Workforce Planning

Resource Planning

Operational Planning

Workforce Tracking

Granularity

Predictive. Time Horizon

High

Demand

Supply

10+ YEARS

2 → 10 YEARS

1 MONTH → 12/18 MONTHS

DAILY → MONTHLY

HISTORICAL → CURRENT

eQ8 **FOUNDATION**

CONCEPTUAL

PLANNING

EXECUTION

MONITORING

"We will do it . . . later"

Yes we all are busy, busy, busy, and caught up in the urgency of what is front of us and will get to that other "planning for the future" stuff later. But what if later is too late? Your business model is outdated, you haven't been able to innovate and change and adapt? (think Kodak, Blockbuster, Toys R Us, Borders et al.) You may think that is not the role of HR, or can be written off due to external forces. But think again. Who drives innovation? Who drives and executes change? Who transforms and adapts? People. Who are people? The workforce.

"I can't because I don't have the right… [insert reason]"

Data. People. System. Planetary Alignment… whatever the reason, it's just an excuse. The reality is, there is never perfect data; you will be waiting forever. People with a good understanding, let alone experience in true SWP are like unicorns, and if you find them – everyone else wants them too. As for systems, until recently I have been doing SWP for years in cobbled together (one well-known industry expert calls them "home-made") solutions which has still been effective. The problem with systems is that the home-made versions invariably start with good old excel (which don't get me wrong I LOVE) which is inherently unscaleable, unsustainable and does not really break down silos effectively for cross-organizational views. Or many system alternatives to home-made options may be called SWP, but really just look like excel (give or take some functionality) and/or do other workforce planning types (refer main image).

Until now... you knew it was coming right? (Whilst it is a vision of mine to one day provide free SWP to organizations, for now we still are firmly skating out of not-for-profit territory.) You don't have to wait for that perfect data and team, as we have just released an amazing SWP platform, eQ8, that solves all the excuses and problems. Well, maybe not planetary alignment – if mercury is in retrograde, you're on your own!

So for now, my dear SWP, I will continue to call you by your name – I just don't think they could handle another business jargon term right now. But I sure do hope they see that you are the critical enabler of transformation and organizational effectiveness before it is too late . . .

Want to learn more about how eQ8 can help you transform your organization to thrive in this complex and rapidly changing world? Chat with eQ8 today.

Alicia is a leading voice in the world of Strategic Workforce Planning and Analytics. Alicia is responsible for creating eQ8 and our approach combining Strategy, Finance and HR. Alicia is particularly unique in her combination of analytic and artistic skills. She believes strongly that visualization of data is necessary to unlock better decisions.

For More Information

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