

# Introduction to Workforce Planning & Analytics

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Charles Goretsky

# Agenda

- The Strategic Business Need for Workforce Planning
- An Introduction to Workforce Analytics
- What is Workforce Planning?
- Case Studies

“You have more information at hand about your business environment than ever before. But are you using it to ‘out-think’ your rivals? If not, you may be missing out on a potent competitive tool...”

Thomas H. Davenport; Jeanne G. Harris  
Competing on Analytics: The New Science of Winning. Harvard Business School Press

# Objectives

- Understand the basic concepts of Workforce Planning and Workforce Analytics and their relationship to one another
- Appreciate why strategic workforce planning is a proactive step in an effective Talent Management strategy.
- Think about how Workforce Planning & Analytics can help you understand your future talent needs and many types of talent gaps
- Gain insights from best in class organizations



**Workforce  
Planning**

**Career  
Development**

**Education &  
Training  
(Continuous  
Learning)**

**Alignment  
with  
Recruiting and  
Retention**

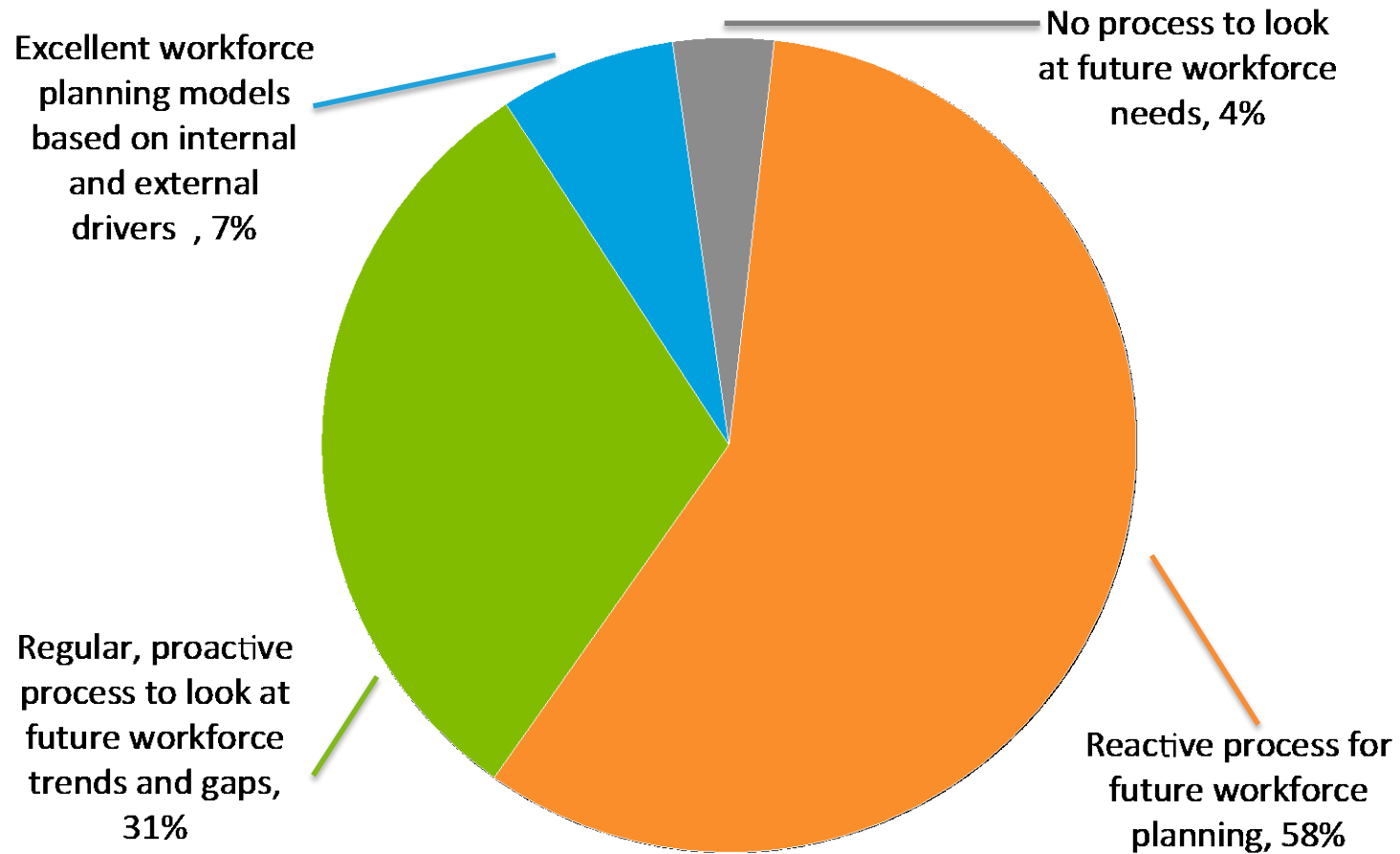
# Pillar One: Workforce Planning

Workforce planning is a set of business processes which analyze the supply and demand of talent. This discipline helps organizations understand the current state, forecasted gaps and actions necessary to close talent gaps.

**Although 92% of companies have some level of workforce planning, only 21% of companies take a strategic, long-term approach.**



# Less than 40% of Organizations have a Proactive Workforce Planning Process



Source: Bersin by Deloitte, High-Impact Talent Analytics, 2013

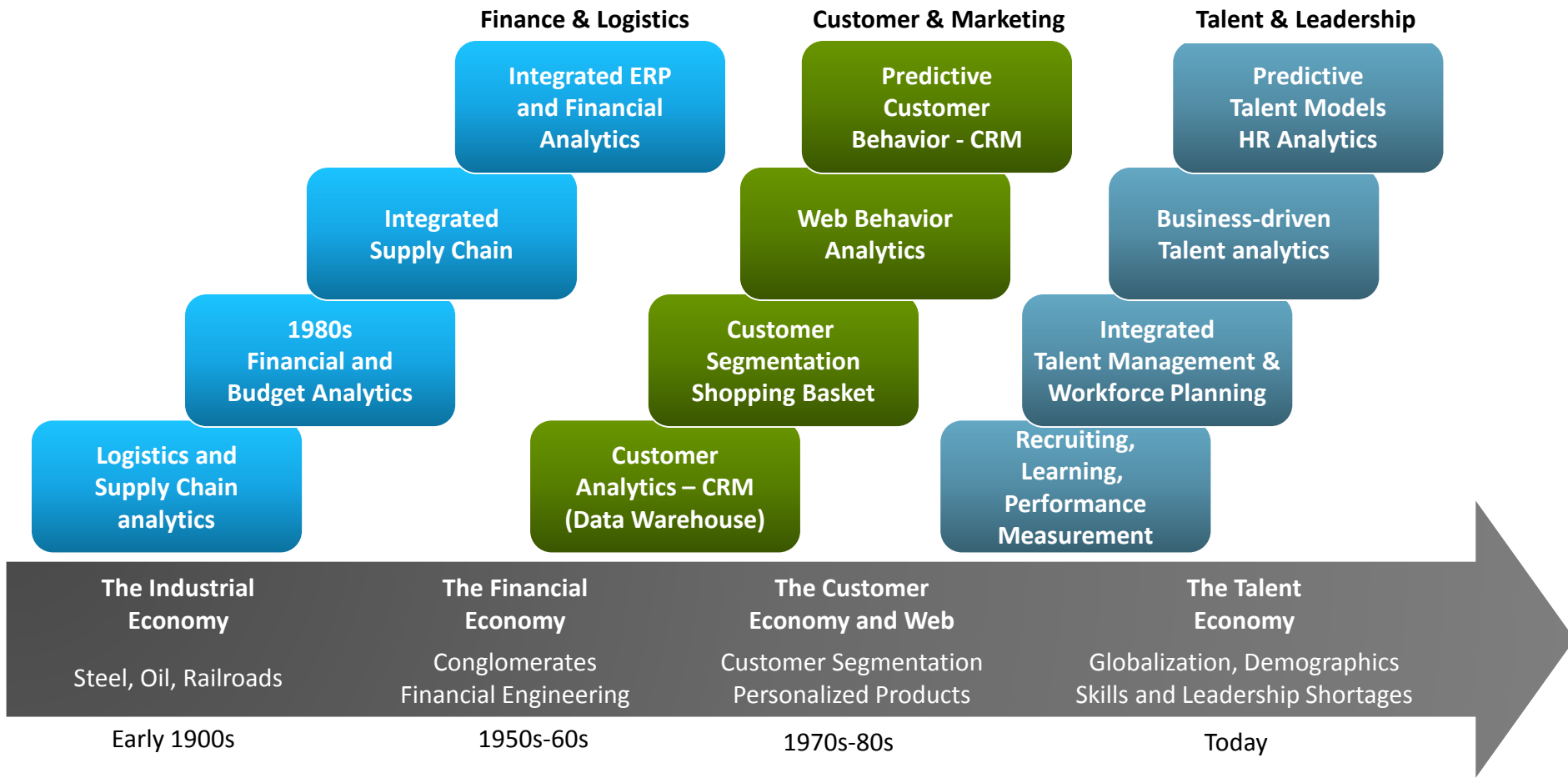
# Concerns Among Business Leaders

**Figure 1: Greatest HR Challenges Faced by Today's HR Leaders**



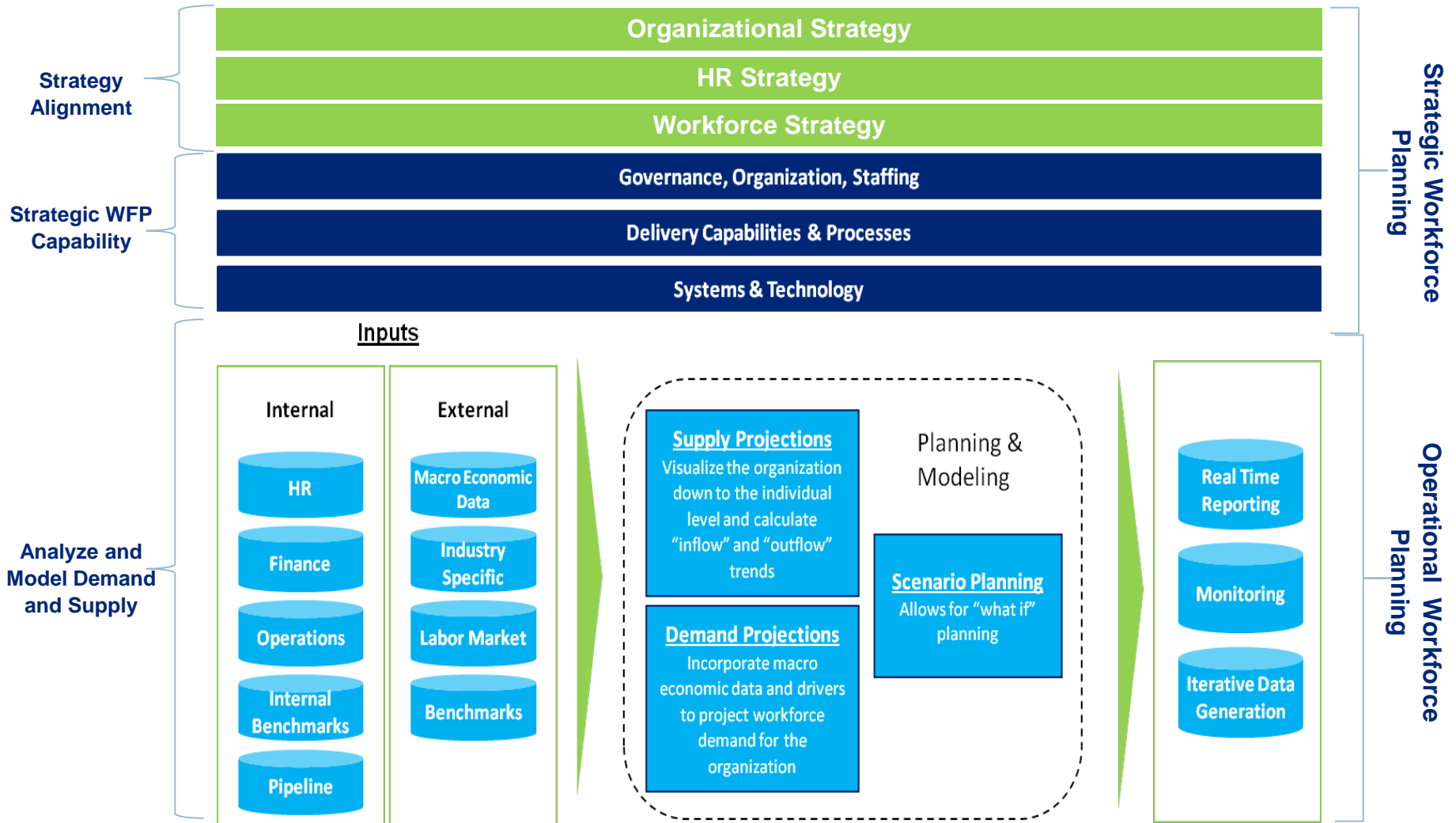
# Analytics is Coming to HR

HR Analytics has lagged behind other business processes

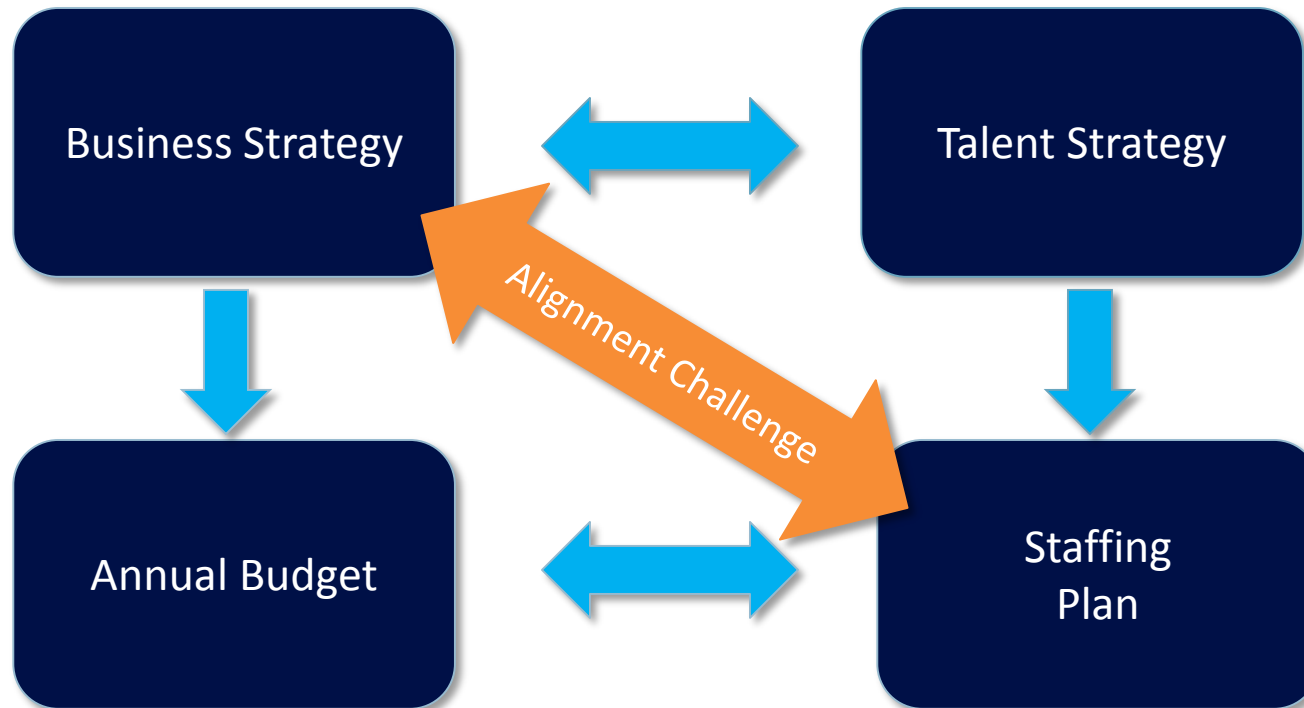




# Strategic vs. Operational



# Strategic Workforce Planning in Context



# Need for Workforce Planning



# Workforce Planning Capabilities

Generate an insight in the basic organizational demographics of your workforce, make ratios and cross sections of your workforce, and understand how your demographics are related

Determine optimum bench strength & talent gaps

Quickly assess the ability of employees to adapt to changes

Set an general and integrated talent management strategy, for building leadership bench strength for key positions

Provide strategic direction to the function's talent management activities by identifying and forecasting talent gaps aligned with the business future needs

Model the impact of talent strategies (productivity improvement, retention, buy vs. build) on mitigating risk to functional strategy execution



# Relationship Between Workforce Analytics and Planning



Source: Visier Corporation

# Analytics Can Shed light on Business Problems

Why is turnover high in some areas?

What is the training or hiring profile we need to drive greater productivity?

How do we assess ROI and returns on leadership development and other HR programs?

What will our talent gaps be next year based on retirement rates?

How can I retain and engage my top talent?

How do we assess the "right" candidates?

How can we globalize our employment brand and talent programs??

What is the pipeline for our leaders?

How much revenue do you lose to poor alignment of your workforce to your business needs?

How do we increase women and diversity in leadership?

Which skills are most in shortage and what factors are contributing to these shortages?

What is the return on investment on human capital initiatives, for example learning and training?

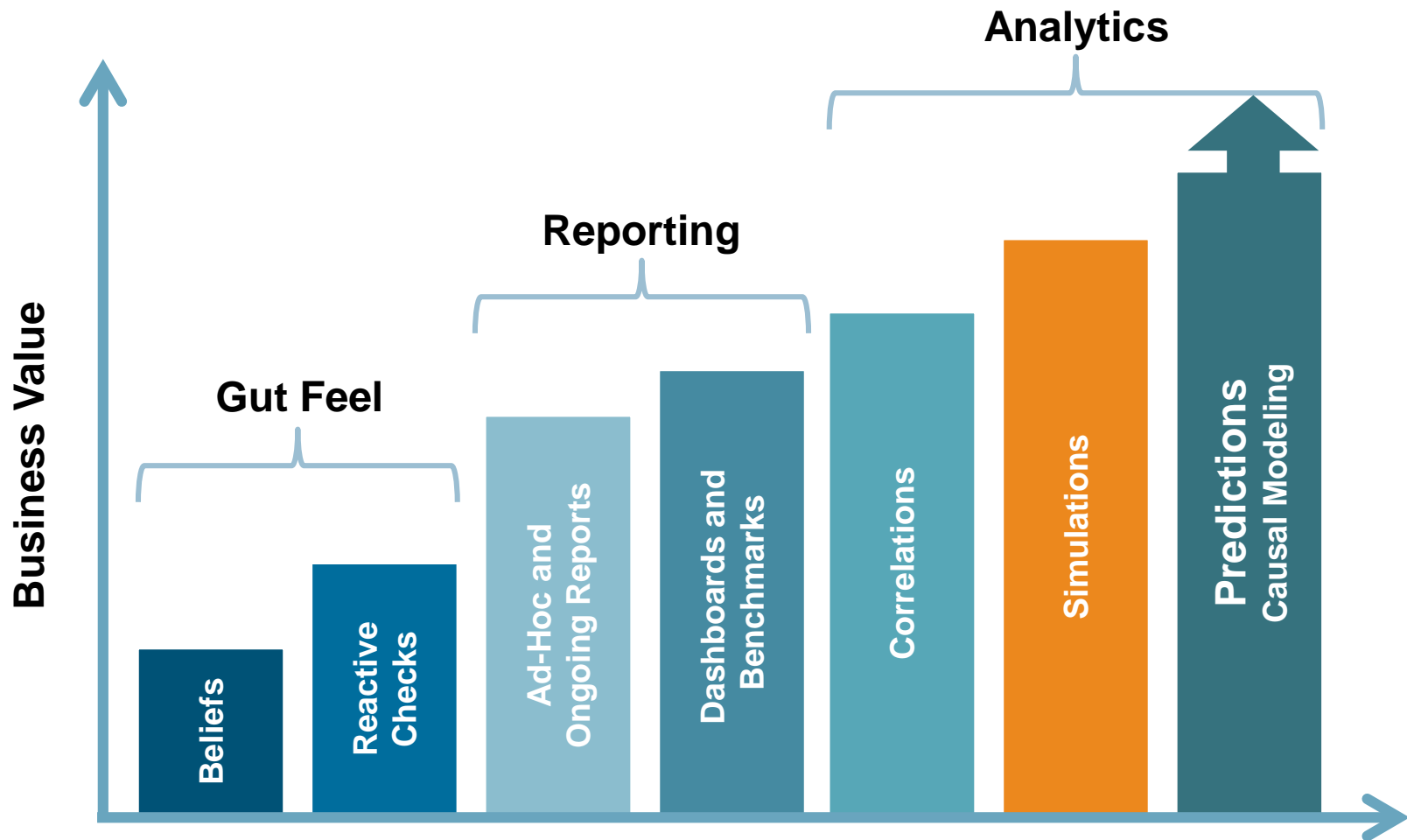
How do I plan the workforce in the future in order to meet the organisational strategy?

What is the demographic composition of the workforce?

What factors are contributing to the increases in payroll?

How do I know which employees are at highest risk of leaving my organization and when?

# What is Workforce Analytics?



# The Value of Analytics

86% of organizations are focused primarily on reporting

Just 10% of organizations have taken the next step toward advanced analytics — helping business leaders solve their talent challenges through statistical analyses

A mere 4% are using predictive analytics to forecast future talent outcomes

## Mature analytics organizations are:

- 2x more likely to improve recruiting efforts
- 2x more likely to improve their leadership pipelines
- 3x more likely to realize cost reduction / efficiency gains
- 2.5x more likely to improve talent mobility: moving the right people into the right jobs



# Talent Analytics Maturity Model®

## Level 4: Predictive Analytics

Development of predictive models, scenario planning  
Risk analysis and mitigation, integration with strategic planning

4%

## Level 3: Strategic Analytics

Segmentation, statistical analysis, development of “people models”;  
Analysis of dimensions to understand cause and delivery of actionable solutions

10%

## Level 2: Proactive – Advanced Reporting

Operational reporting for benchmarking and decision making  
Multi-dimensional analysis and dashboards

30%

## Level 1: Reactive – Operational Reporting

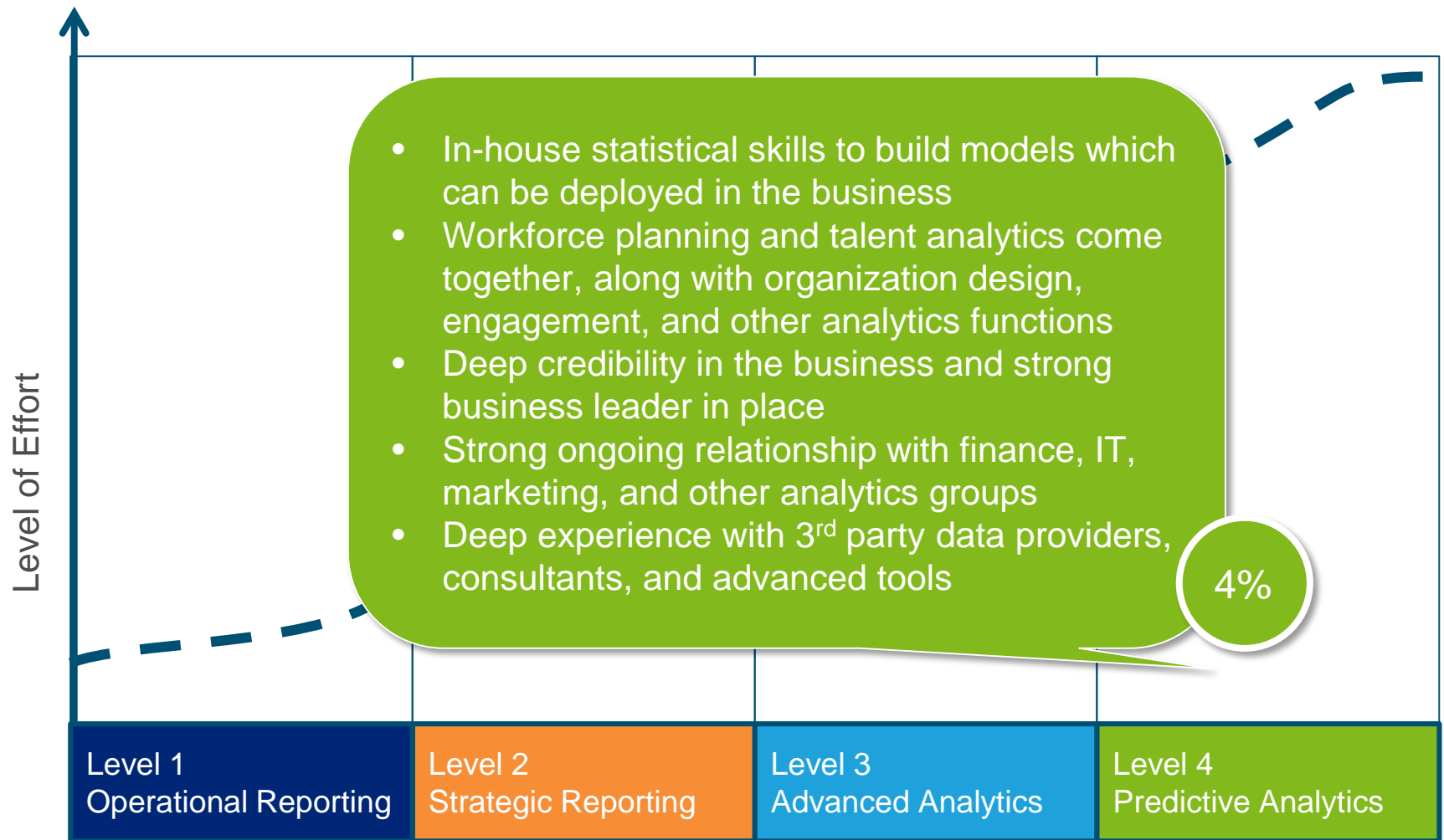
Ad-Hoc Operational Reporting  
Reactive to business demands, data in isolation and difficult to analyze

56%

# Moving Up the Model



# Moving Up the Model



# Examples of Insights from Analytics

Focus Area	Key Concerns	Wouldn't it be great to have insights into...
Talent Acquisition	<i>"...Attracting top quality candidates is critical for Amway to differentiate ourselves from competition."</i>	What are the most effective strategies for attracting critical talent? How can we predict the best candidates (most likely to be hired or rise in the organization)?
Career & Succession Planning	<i>"...Career and succession planning for each key position is critical for Amway to prepare for the future of the company."</i>	What percentage of our key positions have identified successors? What percentage of our workforce is promoted annually? How are we developing leadership experience?
Learning & Development	<i>"Keeping up with the ever-changing landscape of technology is critical for eBay to stay ahead of the curve."</i>	What are the top learning needs for our employees? What is the most effective way to deliver training in Amway? Are employees putting learning into action?
Retention	<i>"...Losing our top performers to high growth start up companies has been an increasing concern."</i>	Why talented employees may be leaving the company? Which categories of employees and which specific employees are at flight risks?, and, Why?
Workforce Planning	<i>"...Specialized and technical talent needs are high. Contractors are hired at high costs to fulfill skill needs."</i>	What are the critical workforce segments based on current and future business needs? How should we expect the inflow/outflow of talent to change, and meet the demand?
Performance Management	<i>"...Top performers expect to grow and get compensated based on their performance and objectives."</i>	How are our critical workforce segments performing? How do we tie compensation to performance in order to incentivize and retain them?
Demographics & Diversity	<i>"...The ratio of women in the workforce is relatively low in the Technology industry."</i>	Where are the gaps in employee diversity? How does a diverse workforce create greater value?
HR Effectiveness	<i>"...HR productivity and impacts are typically hard to quantify and measure."</i>	How effective are our HR functions? What are the key areas of improvement that would show the greatest results? How effectively is HR integrating with the business?

# Leading Practice Examples

## Company Approach:

A State Medicaid Department analyzed supply and demand for critical clinical workforce segments to anticipate the inability to provide adequate care in the future

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A global auto manufacturer analyzed existing workforce planning capabilities to determine how to develop a sustainable planning capability going forward

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A government-run health system with over 1.4M employees used Deloitte's Subscription Analytics service to develop an advanced enterprise workforce planning capability

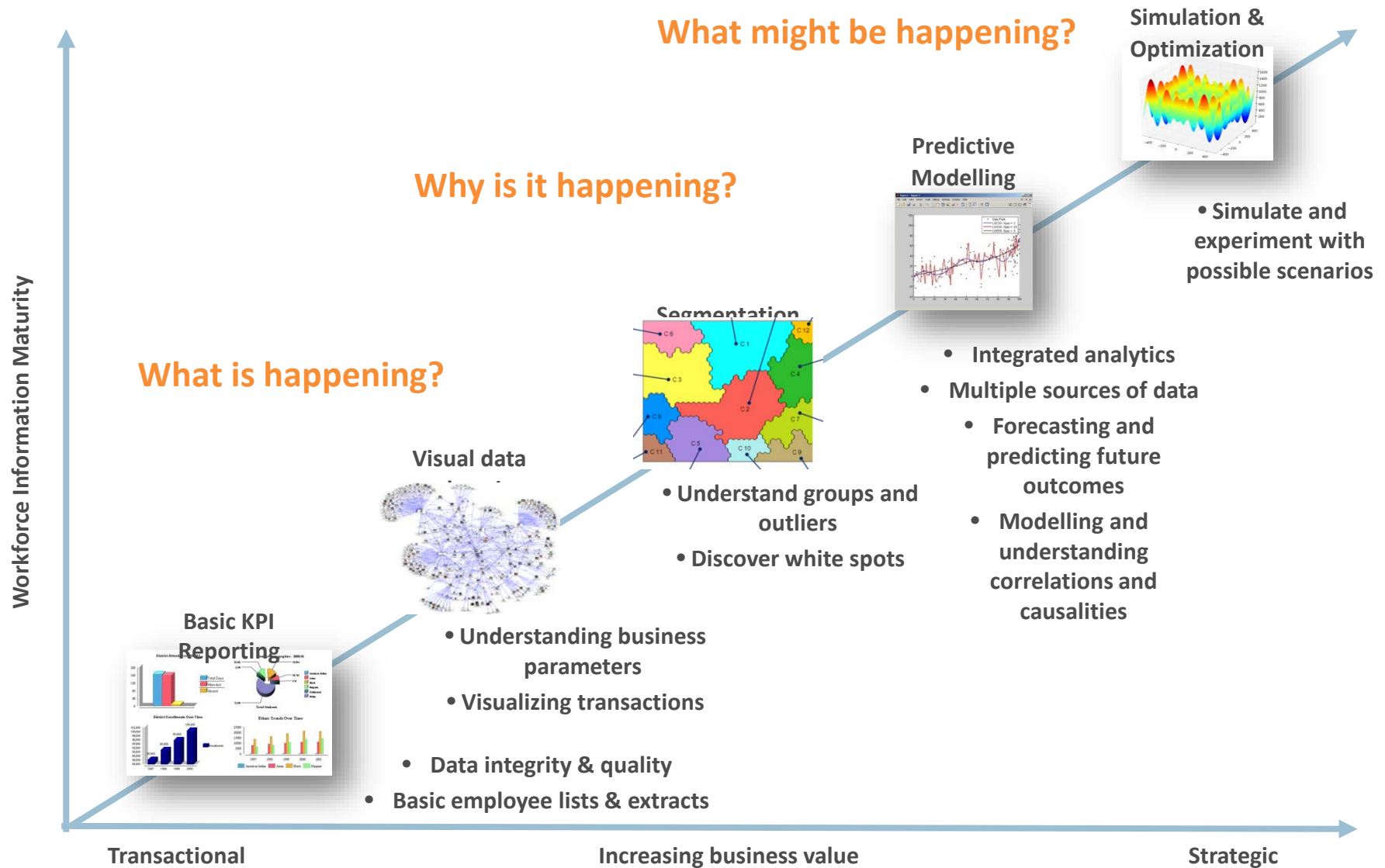
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## Leading Practices:

- Visualization tool to view gaps by workforce type / location
  - Roadmap with 11 specific areas to proactively address gaps
  - Detailed assessment of planning maturity across key enablers
  - Organizational roadmap to mature workforce planning capability
  - Sample algorithm to prove out supply / demand analysis
  - Multi-tenant workforce planning application to cover the entire 1.4M+ employee base
  - Access to advanced analytics
  - Low cost of ownership for leading edge planning technology
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# Examples of Methods & Tools



# Workforce Planning Maturity Model<sup>®</sup>

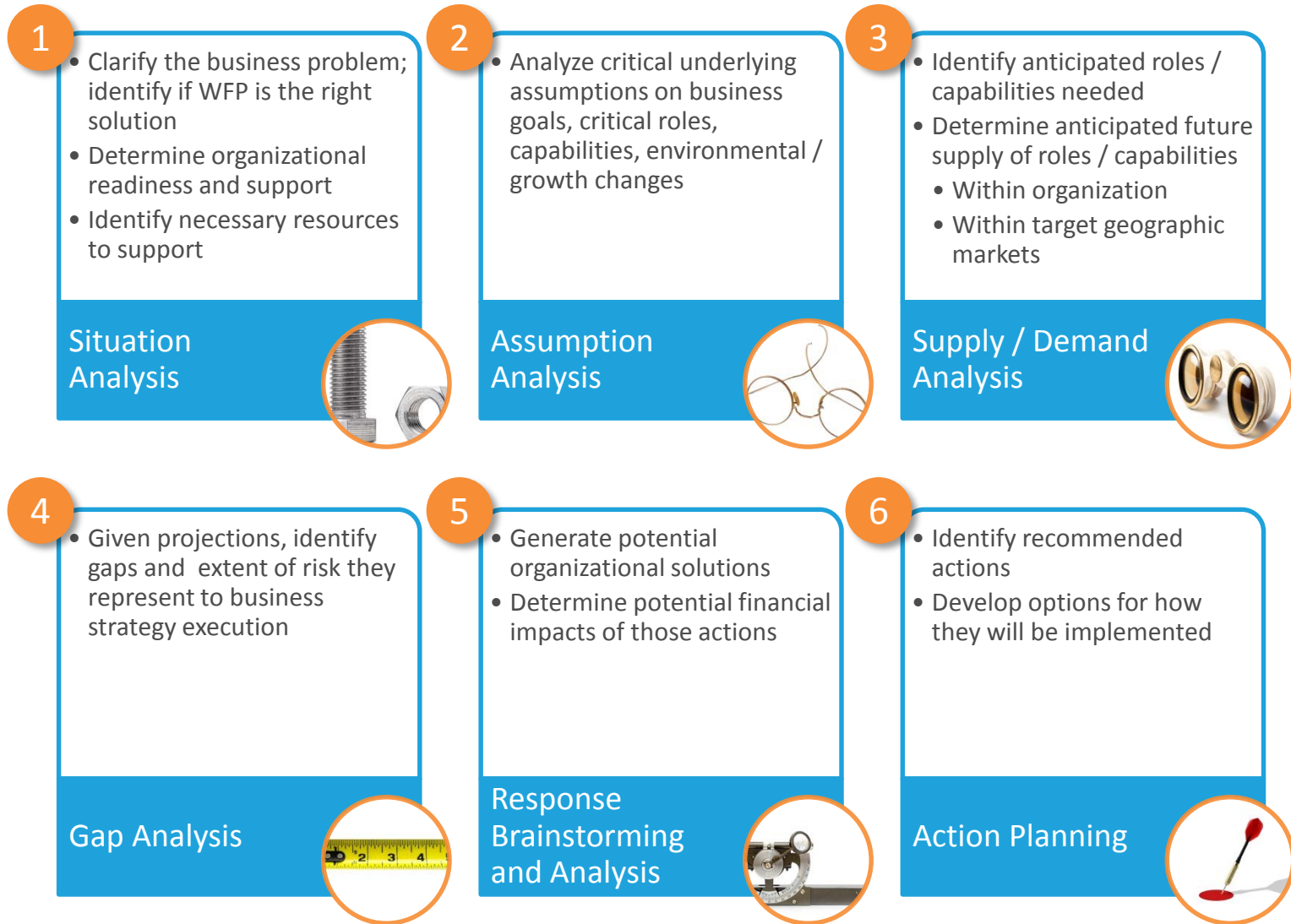
**Level 4: Enterprise Strategic Workforce Planning**  
Strategic Workforce Planning on an Organization-wide Level

**Level 3: Strategic Workforce Planning**  
Alignment with Business Strategy and Workforce Segmentation

**Level 2: Workforce Analytics**  
Workforce Skill Gap Analysis, “What If” Scenarios

**Level 1: Headcount Planning**  
Head Count Data Collection, Head Count Analysis, Static Data Reporting

# Overview: The Workforce Planning Process



Note: Six steps based on interviewed organizations' experience using both home-grown and vendor solutions.

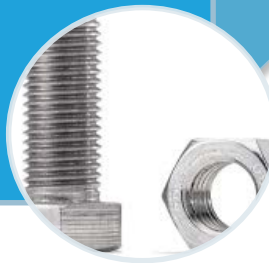


# Step 1: Understand If Your Organization Needs Workforce Planning

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- Clarify the business problem; identify if WFP is the right solution
- Determine organizational readiness and support
- Identify necessary resources to support

Situation Analysis



Data Sources: Internal & External

Talent Analytics Maturity

Multi-disciplinary Team

# Examples of Data Elements Used for Analytics

## Employee Data

- Tenure
- Job Role/Level
- Competencies/Skills
- Demographics
- Engagement/Satisfaction scores
- Supervisor tenure, ratings
- Compensation
- Performance ratings

## Financial/Operational Data

- Revenues
- Profitability
- Production
- Safety incidents
- Worker compensation claims
- Theft or leakage
- Customer satisfaction
- Complaints

## HR Data

- Headcount
- Turnover
- Retirements
- Promotions
- Transfers
- HR data (e.g. spend per employee)
- Learning data (e.g. hours per learner)
- Recruiting data (e.g. time-to-fill)

## External Data

- Labor stats / forecasts
- Economic forecasts
- Skills supply projections
- Education trends
- Demographic trends
- Market compensation
- Industry production trends
- Competitor information

# Step 2: Understand where your organization wants to go

2

- Analyze critical underlying assumptions on business goals, critical roles, capabilities, environmental / growth changes

Assumption  
Analysis



Business goals: growth initiatives, forecasts, investments needed

Required skill sets and scarcity or abundance of them in the future

# Example: Attrition in Critical Segments

Critical workforce segments by region where voluntary attrition had been elevated							
Voluntary attrition (2 years)	Region/BU						Overall CWS attrition
	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	
Field support specialist							
Toolpusher							
Second engineer							
Driller							
Chief mechanic							
Electronic technician							
Master							
Electrician							
Chief Electrician							
Mechanic							
Hydraulic technician							
Installation manager							
Rig manager							
Chief engineer							
Technical coordinator							
Control room operator							
Chief electronic technician							
Total BU/Region vol. attrition							

# Step 3: Understand implications of current and desired future state

3

- Identify anticipated roles / capabilities needed
- Determine anticipated future supply of roles / capabilities
  - Within organization
  - Within target geographic markets

Supply / Demand Analysis

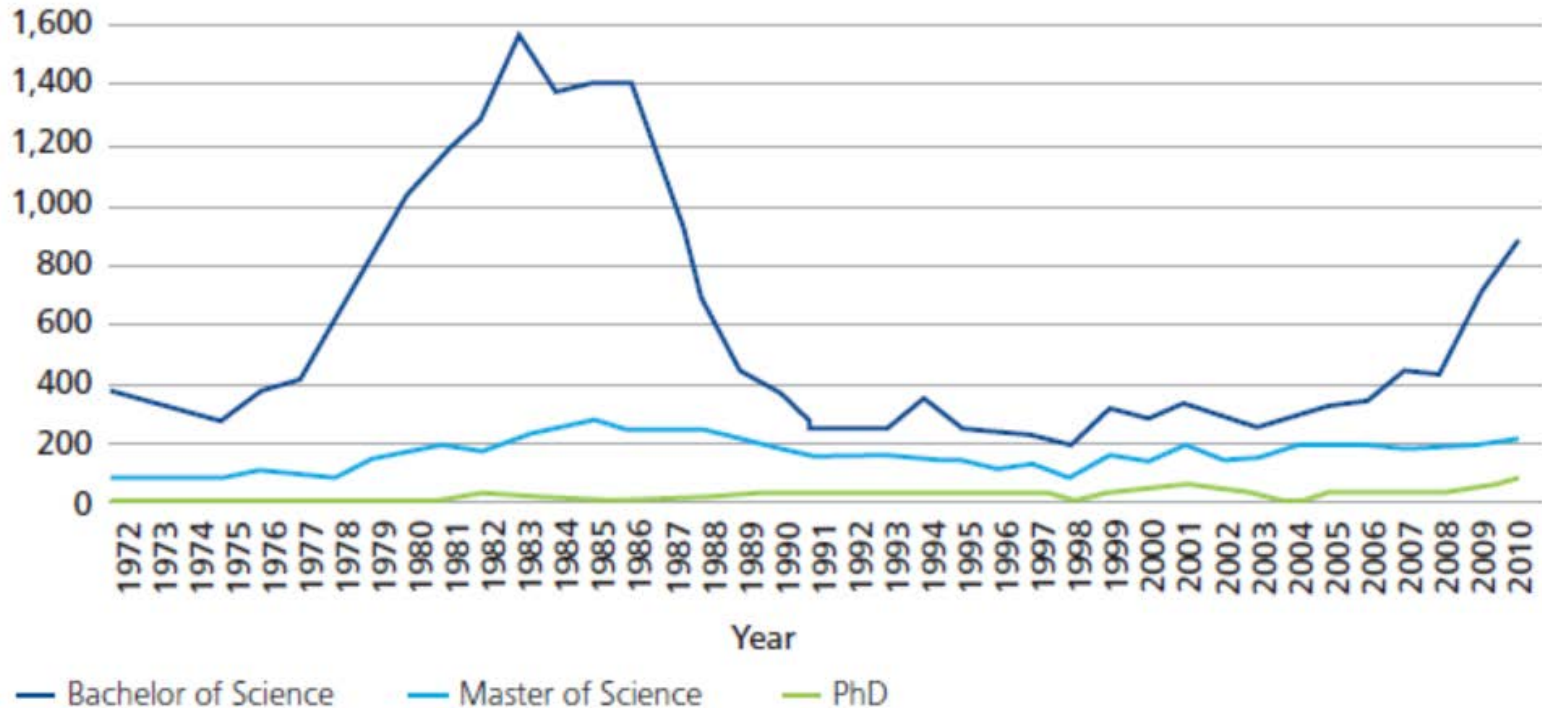


## Scenario planning

- Internal factors
- External factors

# Example: Forecasted Growth in Business Unit

## U.S. Degrees Granted



Source: Society of Petroleum Engineers

Source: Sample data only

# Step 4: Gap Analysis

4

- Given projections, identify gaps and extent of risk they represent to business strategy execution

Gap Analysis

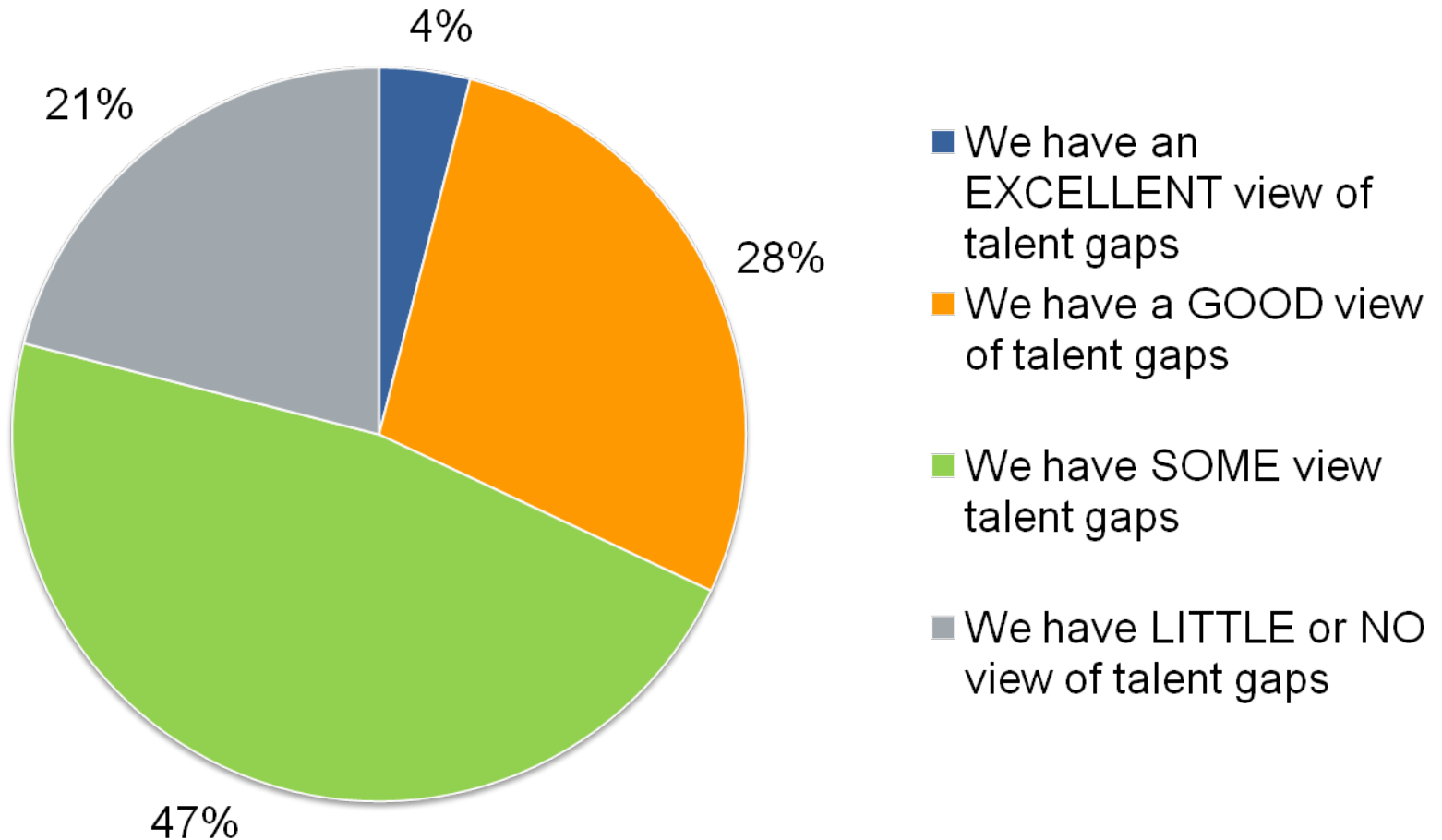


Shortages of Key Positions

Ability to Fill Skills Gaps

Impact on Business

# Fewer than 1/3 of Organizations Understand Their Talent Gaps



Source: Bersin & Associates, *The Modern Approach to Workforce Planning*, April 2009.



# Step 5: Determine how your organization should respond

5

- Generate potential organizational solutions
- Determine potential financial impacts of those actions

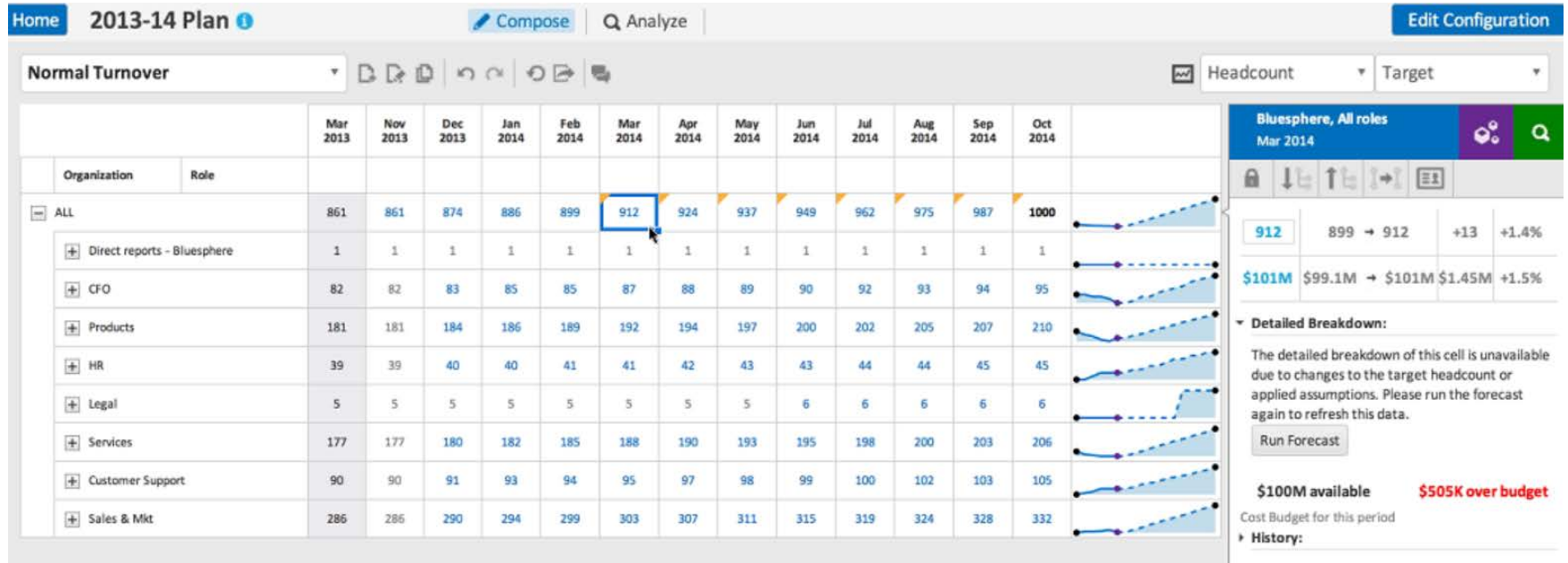
**Response  
Brainstorming &  
Analysis**

Cost-benefit analysis  
of available options

Analysis of options  
given business  
strategy



# Example: Modeling Scenarios



Source: Visier Corporation

# Step 6: Plan for your organization's next steps

6

- Identify recommended actions
- Develop options for how they will be implemented

## Action Planning



Workforce planning  
action plan

Updating of talent  
management strategy /  
plan given  
recommendations

# Case Studies


Workforce Development  
Leading Best Practices



# Leading Practices – Financial Services

Company	Background	Leading Practices in Workforce Planning & Career Development
<b>A Mutual Funds Company</b>	<p>This mutual funds company partnered with Deloitte to address challenges with retention and internal climate related to career progression and career development. The company was interested in taking a more formal look at their workforce planning process, determining who their most critical workforce groups were and assessing the current workplace relative to the needs of those critical workforce members.</p>	<ul style="list-style-type: none"><li>■ Developed an initial three-year Talent Management Roadmap. Deloitte conducted an intense half-day workshop, which led to the identification of Critical Workforce Segments and the Value Drivers to enable business objectives. Career Progression Planning emerged as an immediate priority, and a Career Development Framework, methodology, and approach were created based on internal assessment results and external leading practices.</li><li>■ Design and facilitate customized Talent Management Workshop.</li><li>■ Validate Critical Workforce Segments.</li><li>■ Validate Value Drivers and HR Programs (such as Career Progression Planning) which will enable the Critical Workforce Segments to achieve their business objectives.</li><li>■ Design initial three-year Talent Management Roadmap.</li><li>■ Prioritize Critical Workforce Segments to establish implementation activities as part of the overall roadmap.</li></ul>

# Leading Practices – Healthcare & Life Sciences

Company	Background	Workforce Groups Studied
<p><b>Commonwealth of Kentucky Cabinet for Health and Family Services</b></p> 	<p>Kentucky currently has an estimated 640,000 uninsured individuals (~16% of the state's 4.4 M population) and it is expected that: 300,000 could be eligible for Medicaid expansion 220,000 could be eligible for some type of premium assistance Pent up demand from this uninsured group may exacerbate workforce shortages KHBE secured Deloitte to identify:</p> <ul style="list-style-type: none"> <li>• Current and future health care workforce shortage areas</li> <li>• Legislative and administrative policy changes that may be needed to increase the supply of health care providers to improve population health</li> <li>• Recommendations and strategies for recruiting, reconfiguring through leverage, and maintaining an adequate and available health care workforce</li> </ul>	<p>The following clinician groups were determined to be essential to the study with licensing data and benchmarks adequate enough to determine potential workforce shortages at the county and/or state level:</p> <ul style="list-style-type: none"> <li>• Physicians</li> <li>• Dentists</li> <li>• Advanced Practice Registered Nurses (APRNs)</li> <li>• Physician Assistants (PAs)</li> <li>• Registered Nurses (RNs)</li> <li>• Licensed Practical Nurses (LPNs)</li> <li>• Nurse Aides (NAs)</li> <li>• Optometrists</li> <li>• Mental Health Providers (MHPs) including:</li> <li>• Psychologists</li> <li>• Licensed Clinical Social Workers (LCSWs)</li> <li>• Licensed Professional Counselors (LPCs)</li> <li>• Marriage &amp; Family Therapists (MFTs)</li> <li>• Alcohol &amp; Drug Counselors (ADCs)</li> </ul>

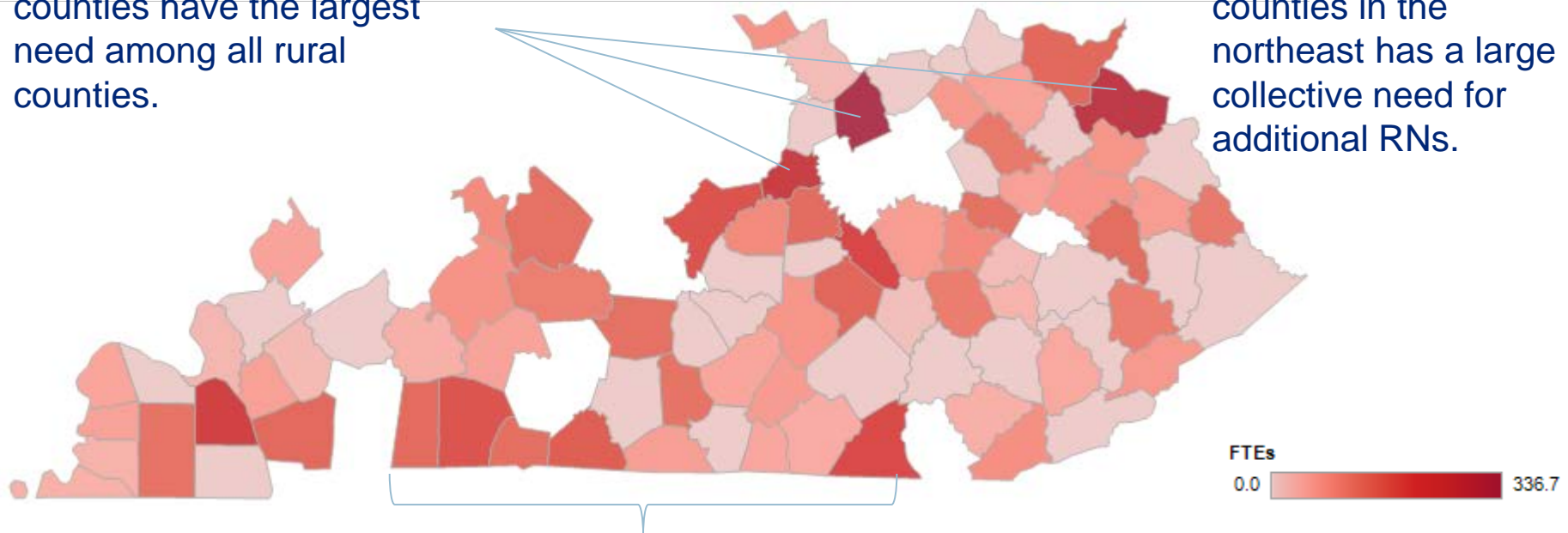
# KHBE: Sample Workforce Planning Need

The current need for additional Registered Nurses (RNs) across the state is 5,635 FTEs, representing a 12% increase in the total RN workforce. The need is pronounced across the southern border and in the northeastern corner of the state.

## Rural Kentucky RN Need – 2012

Scott, Carter and Anderson counties have the largest need among all rural counties.

This cluster of rural counties in the northeast has a large collective need for additional RNs.



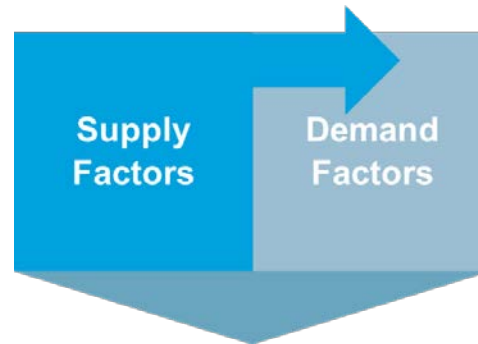
Many contiguous rural counties across the bottom of the state show a strong need for more RNs.

# KHBE: Sample Recommendations

## Enhancing the overall supply of Workforce + Reduce demand through more efficient use of productive workforce time

### Supply Recommendation Examples:

- *Legislation/Policy:* Address potential J-1 Visa shortages through State and/or Federal lobbying
- *Compensation/Benefits:* Provide additional reimbursement / salary benefits to encourage attraction and retention
- *Education:* Develop a business case for MD/OD class size expansions



### Demand Recommendation Examples:

- *Process Efficiency:* Develop training programs that support more efficient sharing of responsibility between physicians and mid-levels
- *Technology:* Pilot new or enhanced uses of TeleHealth technologies in rural areas
- *Career Pathing:* Create learning opportunities for current workforce to transition into higher value roles



# Quick Recap: Key Takeaways

- ✓ Strategic workforce planning is a proactive step in an effective Talent Management strategy. It may take several years to implement.
- ✓ Workforce Planning and Workforce Analytics are closely related and both required for success
- ✓ Workforce Planning & Analytics can help you understand your future talent needs and many types of talent gaps
- ✓ Organizations can not only mitigate costs of unpleasant surprises but sometimes eliminate them all together.
- ✓ Mature organizations are able to leverage Workforce Planning & Analytics to partner with Strategic Planning