BusinessManagement DAILY

JUNE 15, 2022

5 workforce planning tools and how to use them

Like many smart businesses, Parker and Johnson Ltd. has come to the realization that strategic workforce planning is a necessity for the organization. Baby Boomers make up a significant portion of the company's current workforce, and their retirement over the next few years could cause serious staffing shortages in key positions. And, with hopes to expand Parker and Johnson's presence in the global marketplace within the year, leaders know they soon need to figure out if they possess sufficient internal talent with the skill sets necessary for this major initiative.

While both C-suite business leaders and the HR department at Parker and Johnson want to begin tackling these issues, getting started is not easy. Knowing that you should assess future needs in terms of human capital is one thing, but actually coming up with how to do so is quite another. This is where the importance of workforce planning tools comes into play.

The role of tools in the workforce planning process

Strategic workforce planning (SWP) involves a detailed examination of an organization's current workforce to forecast what changes will be necessary in order to fulfill upcoming business goals. Analyzing the gap between present staffing and future workforce needs enables filling it in an orderly, cost-effective manner that keeps productivity and growth on track.

Factors that HR professionals and others performing HR analytics look at as they attempt to build the "right workforce" for given business needs include:

Headcount

Are there enough employees to accomplish objectives? On the flip side, will automation or changing priorities render some workers unnecessary?

Skills gap

What type of competencies will our future workforce need? Who already on staff possesses these abilities, or which team members may make good candidates for training based on their past performance and attitude?

Attrition and retention

How long can we expect to keep the workers we have? How will things such as age and a strong labor market for workers impact our talent management strategies?

Competition

How might the actions of competitors influence our decision-making and workforce needs? What compensation and benefits may be necessary to convince new hires to come to our company and current workers to stay?

Gathering and interpreting such information is not a simple process. Thus, HR teams often turn to strategic workforce planning tools for assistance. Tools run the gamut from manually produced spreadsheets to workforce planning software with extensive capabilities. Which specific ones human resources at a given company chooses to put in its toolkit depends on factors such as money, company size, and business needs. In the remainder of this article, we will look at some common options.

Strategic workforce planning map

Strategic workforce planning is a means of helping an organization fulfill its “big picture” goals. But, a business first must know where it is going before it can build the right workforce to take it there.

Creating a vision goes well beyond the HR department. Top execs and leaders from all departments contribute to the formulation of business goals. Only when objectives become clear does it make sense to begin mapping out how current and future human capital fit into the blueprint.

Mapping involves systematically plotting from the top down how every role in the company contributes to the overall organizational strategy. It paints a picture of where the workforce currently stands and where efforts will need to be directed to bridge skill gaps. To simplify and enrich the process, many companies nowadays use strategy mapping software

With a solid business strategy in place, HR has an easier time creating a people strategy. Figuring out things such as where to focus recruitment dollars or which individuals on staff should be targeted for professional development become clearer decisions when looked at in light of the desired end results.

9-box grid (also known as the performance-potential matrix)

This workforce planning model maps out the performance and potential of employees in a visual grid. The x-axis (horizontal) assesses each individual’s past performance as low, medium, or high. The y-axis (vertical) ranks the employee’s future potential as low, medium, or high. Based on the combination of these two evaluations, employees fall into one of nine boxes:

- Low performer, low potential
- Low performer, moderate potential
- Low performer, high potential
- Moderate performer, low potential
- Moderate performer, moderate potential
- Moderate performer, high potential
- High performer, low potential
- High performer, moderate potential

7600 Leesburg Pike, Suite 300, Falls Church, VA 22043-2004 (800) 543-2002

- High performer, high potential

This ranking system tells business leaders a great deal of information critical to performance management. It assists in identifying strengths, weaknesses, and holes in the current workforce. For example, a plethora of employees falling into the low performer/high potential box invites questions as to what actions might make these diamonds in the rough shine. Or, seeing that you have a good selection of high-performing/high-potential employees already on staff may encourage grooming them for leadership positions rather than worrying about recruiting from outside the company.

HR dashboarding

Good stats assist in making sound business decisions. While reports can be compiled by manually pulling data, this method often proves inefficient, cumbersome, and time-consuming. Thus, modern companies increasingly turn to specialized HR dashboarding software.

HR dashboards take information from various sources (payroll, applicant tracking systems, and human resource records, to name a few) and allow stakeholders to view the current state of the workforce. People can easily find the metrics they desire in a convenient, easy-to-use platform. A leader at Parker and Johnson, for instance, would be able to quickly find a breakdown of the ages of its employees in order to get a firmer grasp on the possible number of upcoming retirements and make succession plans.

Dashboards make it simple to monitor and track data vital to effective workforce planning.

Some metrics that companies often include on a dashboard are:

- Time to fill open roles
- Application-to-offer ratios
- Cost per hire
- Overall attrition rates
- Amount of voluntary turnover
- Absenteeism
- Employee performance ratings
- Employee satisfaction ratings
- Diversity

Some dashboards even contain machine learning (ML) algorithms that can assist in predicting the future by providing insight into individual employee behavior. Knowing in advance, for instance, which employees are at most risk for quitting can be quite helpful when formulating long-term plans.

Compensation and benefits analysis

Unsure what you should offer potential new hires or how to determine wage increases for current staff? Compensation and benefits analysis can help by taking into account average industry pay, labor market conditions, competition for talent, performance, and other factors critical to effective compensation.

When evaluating job openings, salary is one of the first things candidates consider. Companies should know how what they are offering compares to industry standards. Being above the benchmark should aid in attracting applicants. Being below might necessitate touting exceptional benefits such as stock options or unlimited paid time off as well as non-financial perks such as remote work and flexible schedules. It also might mean rethinking the base salary in order to have a chance of landing talent with hard-to-find skill sets. For easy-to-fill positions or during times when labor is plentiful, seeing if you are offering too much and adjusting accordingly can save money.

In terms of existing staff, compensation and benefits analysis often involves using payroll and performance data to compare how much an employee gets paid relative to his value to the organization. The overall goal is to overpay overperforming workers and underpay underperforming ones. Improper compensation of top talent increases the risk of losing them to a competitor who will pay their true worth.

On the spectrum’s other end, paying low performers too much poses the risk of them staying because, face it, why bother leaving when you have a good thing going? Getting greater alignment between pay and performance improves the bottom line both at the moment and looking forward. It also improves morale and

7600 Leesburg Pike, Suite 300, Falls Church, VA 22043-2004 (800) 543-2002

productivity as workers see performance efforts translate into rewards.

Another plus of compensation and benefits analysis is fairness. With growing concern over equal pay for equal work, correcting any potential discrepancies based on gender or race can prevent reputation problems or even legal action.

Scenario planning (also known as contingency planning)

When businesses set goals, they do so given current conditions and probable future developments. As the COVID-19 pandemic vividly illustrated, however, unforeseen things can happen.

Scenario planning involves envisioning multiple futures, not just the one you think will exist. Maybe hurricane season will cause significant delays in receiving shipments of raw materials. Perhaps the market for your energy drink will shrink when multiple reports get released about potential health hazards. Or, maybe a new competitor will emerge in your industry that forces you to redesign your marketing strategy.

While nobody possesses a crystal ball, brainstorming possible uncertainties and the impact they could have on the company puts the organization in a better position should such events occur. Identifying the most plausible "what if" scenarios and the ones that would most significantly affect the business allows the formulation of contingency plans that can go into place if necessary.

As thinking about multiple possible futures can feel overwhelming, businesses frequently turn to scenario planning software to facilitate the process.

Such programs can walk stakeholders through steps such as:

- Identifying key issues at the core of the uncertainty.
- Examining industry and external factors that could impact your team.
- Pinpointing the most critical possible scenarios.
- Narrowing down which scenarios merit action plans.
- Taking each scenario to its logical end by formulating answers to the questions that would come up if it happened.

Companies engaging in scenario planning keep their action plans on hand to facilitate quick response should they need to move in that direction. It also pays to examine the agility of your workforce. Building teams capable of responding to change or new demands is always a sound idea.

7600 Leesburg Pike, Suite 300, Falls Church, VA 22043-2004 (800) 543-2002