

Grappling with Workforce Planning

By Andrew Simon

Introduction

It's probably both a cliché and an understatement to say that we operate in an increasingly complex business environment. International geo-political events as well as domestic socio-political and economic circumstances act as significant and complex variables, which can interact or converge with each other to impact on agencies in unexpected ways. With new and evolving service delivery models, increasing stakeholder demands, technological development and a competitive market for talent, we probably find ourselves struggling to come to grips with operating environments which are deeply complex and challenging for all business functions including people management.

Organising and sustaining a large group of employees in the midst of such competing and often conflicting demands in a way that will result in a flexible, committed, happy and skilled workforce, that will become the key form of capital for the achievement of agency outcomes is itself a constant and complex challenge. Yet, it is unsurprising to suggest that in such complex environments, employees and their leaders play a pivotal role in helping agencies achieve their outcomes in a way which no other organisational asset can, simply because people formulate and implement policies and programs and make innate things, systems and other assets work. Indeed the term "human capital" accentuates the reality that people are the only "active" and truly intelligent form of capital, which when deployed well, can maximise and leverage all other forms of capital such technology, money, infrastructure etc for superior business and organisational performance.

Within such a context therefore, workforce planning can be viewed as *a blueprint for organising people* to meet the complexities and demands of the contemporary agency.

The concept of workforce planning

The concept of workforce planning is a recognised management tool in the human capital management field through which agencies can approach the articulation of how its human capital would need to be acquired, developed, deployed, retained and refreshed to achieve its stated outcomes and business directions in a formal yet useful manner.

A useful workforce plan would serve at least 2 key functions:

1. Provide accurate and appropriate HR input into budgetary/ funding mechanisms, such as purchasing agreements;
2. Provide leaders and managers with guidance on matters concerning the acquisition, development, deployment, retention and refreshment of its workforce in a way that cascades from and is closely supportive of agency outcomes and business directions. For contemporary, outcome-focused agencies with significant devolved HR functionality, workforce planning becomes even more important as it can serve as a practical framework or collection of policy settings for devolved HR activity.

Benefits of Workforce Planning

As described in *Planning for the Workforce of the Future-a better practice guide for managers* published by the ANAO, workforce planning can help agencies continue to deliver business outcomes by:

- ✓ Strengthening organisational capability to support the achievement of business outputs and outcomes now and in the future.

Agencies need to successfully recruit and retain highly performing people for a reasonable period with the required skills and expertise. This will enable the attainment of business objectives. Making workforce planning an integral part of the agency's strategic planning processes establishes a direct link between business outcomes and programs and the people required to achieve them.

- ✓ Encouraging an understanding of the agency's workforce profile, based on an analysis of rigorous and useful workforce data.

However, as many agencies have already found, good workforce planning processes do not just identify current workforce demographics and capability profiles. Good workforce planning should also help identify the nature of the desired future workforce. A future oriented analysis will help agencies develop ideas of what HR policies and practices would need to be put in place to enhance and utilise the capacity of the existing workforce and to incrementally shape its desired workforce of the future at the same time. Without this future orientation, HR strategies and practices risk becoming reactive and hence unresponsive and ineffective in improving individual and overall agency capability and performance.

- ✓ Facilitating rapid and strategic response to change.

Planning in a strategic way for a range of possible futures can mean that agencies are in a better position to respond quickly to changing circumstances. Quality workforce information which is an output of workforce planning, can assist managers to assess to what extent the capabilities of the existing workforce can

achieve the changed business objectives, and what HR strategies need to be put in place to shape the workforce, going forward.

- ✓ Assisting in the identification and management of people with the knowledge critical for effective and efficient business operations.

HR strategies can be used to effectively capture and share/transfer individual and organisational knowledge; identify knowledge gaps and improve the agency's capacity to capture critical knowledge especially in devolved environment. The maintenance of corporate memory is essential in the light of an aging employee and population profile. However, in a changing environment not all-previous corporate knowledge is relevant. There is a considerable cost associated with the loss of intellectual capital and it can impact markedly on the efficient and effective delivery of agency programs and services, at least in the short to medium terms.

- ✓ Providing a mechanism for directly linking expenditure on people with business outputs and outcomes.

People related expenditure is often the most significant proportion of agency expenses. As a result, the costs associated with recruitment, development and turnover are considerable. Workforce planning can help agencies make resourcing decisions, which ensure that investment is targeted in a way, which would add value to the organisation. An appropriate workforce can help the agency deliver quality business outcomes in the most cost effective manner.

When does workforce planning occur?

Workforce planning enables agencies to think about and plan for how it will use its human capital to achieve its goals. Using such plans then as inputs for organisational funding will ensure that HR activities are reasonably forecasted, planned, targeted and budgeted for, and are tied closely to agency outcomes.

For this to occur, initial workforce planning should occur before or as part of the agency's strategic planning and budget planning activities and continue as an evolving process through out its business cycle.

Approached this way, workforce planning becomes a key strategic HR activity cascading from the agency's strategic planning process and flowing into its strategic budgetary process.

Implications for not planning for the workforce

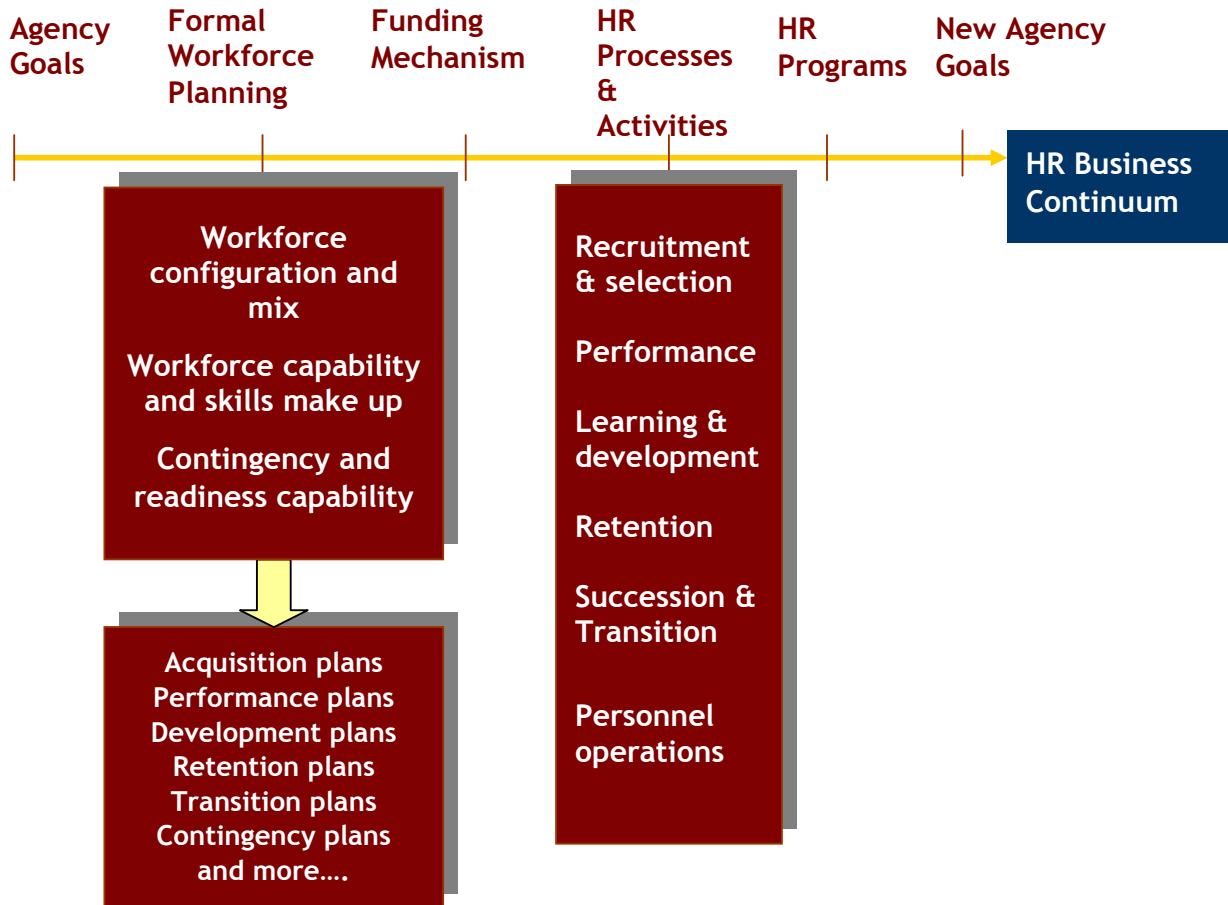
The implications of HR related activities occurring with less than optimum levels of formal workforce planning could include:

- misalignment of workforce issues with business requirements;
- excessive management time and energy spent on reacting to HR and workforce issues;

- piecemeal, regional approach to general or common workforce issues where an integrated or national approach may be more appropriate and vice versa;
- lack of focus on human capital development activities and opportunities for individuals with possible negative implications for performance;
- loss of strategic influence and perceived usefulness by the HR function on business goals and activities;
- lack of visibility of the extent of possible HR risk and liabilities;
- important features about the workforce may not be considered nor catered for at an earlier stage for a more proactive approach to human capital management. These features could include:
 - appropriate workforce size required to achieve goals in a cost-effective manner;
 - appropriate mix of staffing classification and types of engagement;
 - generic and specialist skills required by employees;
 - requirement and selection methodologies to attract, acquire and recruit desired talent;
 - kinds of training which will be required and by whom, as distinct from types of training actually conducted;
 - how performance and commitment will be sustained;
 - how the workforce will be refreshed through transition and succession planning;
 - contingencies which can be anticipated and what the workforce will need to meet them.

Addressing these features in a proactive manner will result in the construction of a workforce plan, which would inform and guide HR practice at all levels. Further such a plan would serve as a basis to evaluate the effectiveness of HR/ workforce activities, its contribution to business goals and to calculate the returns on investment made in HR and workforce areas. Fig. 1 depicts where workforce planning might fit within the HR business continuum.

Fig1. Workforce planning and the HR business continuum



Conclusion

Approached this way or in other appropriate ways, workforce planning and the people strategies, which would cascade from the plan, would set the agenda for HR activities and determine HR policy settings across the agency. The intention of workforce planning for a goals focused agency is not to prescribe detail, but to ensure that workforce activities are aligned with business goals, are accountable and justifiable and are proactively carried out to entrench the agency's ability to continue to respond to complex and unexpected situations in efficient and cost-effective ways.

References

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Useful website

<http://www.opm.gov/workforceplanning/>

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