

Identifying Business Value in Workforce Planning

Articulating the Return on Strategic Workforce Planning



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Executive Summary

Workforce planning has been an evolutionary process. From an original focus on short-term staffing requirements, companies began to project further ahead in their workforce needs, but still in a very operational way, looking at skills required to build a new product or the headcount implications of moving to a new geography. Still, despite recent lip service, only 56% of participating companies in the Human Capital Institute's new research are actively planning in any way for tomorrow's labor force.

Yet momentum is growing, as 36% of the total companies surveyed indicate that they will begin considering more proactive planning of their labor needs within the next 12 months. However, while workforce planning has evolved from the demand-driven personnel planning of yesteryear to a more operational stance, it is in general far from the strategic planning evidenced in other areas of the business today.

There are companies that do exemplify significant advancements in the application of long-term strategic planning to their plans for the future workforce. They successfully combine use of technology with disciplined business processes and practices to create actionable workforce strategies for various future contingencies, including steady state.

What is Strategic Workforce Planning?

Strategic Workforce Planning is a holistic framework within which to assess and analyze the impact of internal and external trends on the workforce. Strategic Workforce Planning considers the current state, and explores alternate futures. This exploration of alternative scenarios — similar in some ways to the scenario planning used by the military in war games — allows workforce planners to more quickly and intelligently position an organization for changing conditions, ensuring that the right people are in place to execute the strategy. The very process of Strategic Workforce Planning surfaces new and often innovative ideas about the company, its workforce, and its future. Specifically, and most importantly, Strategic Workforce Planning provides an action plan that defines and develops a future workforce capable of delivering the organization's strategy, three to five years into the future.

Strategic Workforce Planning provides:

- ⦿ The provision of a qualitative and quantitative model that includes both internal and external factors
- ⦿ The systematic process methodology for analyzing complex issues that can impact the workforce of the future
- ⦿ The ability to readily respond to change and adapt to meet new conditions
- ⦿ The capability for corporate decision makers to better recognize a scenario in its early stages, should it actually be one that unfolds — and be prepared for it
- ⦿ A direct line of sight between the long term business strategy and the concomitant workforce required to execute that strategy
- ⦿ A decision support methodology to make workforce decisions in keeping the corporate priorities, both for workforce growth and contraction

Workforce planning as an inherent part of corporate strategy is just emerging; this research demonstrates that most companies are not actively developing plans that consider their workforces of the future, even the near future (two to three years out). Those companies that are actively implementing true Strategic Workforce Planning are primarily in the initial years of roll-out. Yet those companies anticipate that their future returns from such planning will prove significant.

Most companies researched here that are engaged in planning are mired in operational activities, hence, predictably produce operational results. They report their return on the operational planning investment in three areas:

- ⊙ An ongoing advantage in knowing what skills the organization will need and the ability to hire or develop people as needed;
- ⊙ Better preparedness for business contingencies;
- ⊙ Improved ability to adapt to meet new conditions.

These companies report that their greatest benefits from workforce planning are derived in corporate operations, followed by HR and staffing, and third, in the delivery of services. HCI concludes that despite these steps in operational planning, organizations require the discipline of better strategic planning for their workforce future. Companies that actively employed strategic planning demonstrated the following results:

- ⊙ Solid analysis of the strategies and trends which impact the workforce in the future
- ⊙ Documented insight into the trends impacting the workforce, including the effect retirements and other trends will have on the future workforce
- ⊙ Clearly defined future workforce gaps with solutions for these gaps
- ⊙ Measurable action plans to be incorporated into a human capital operating plan
- ⊙ Regular automated progress checks against plan
- ⊙ Definition of the targeted future workforce

290 participating companies provided the data for this report, which summarizes the state of the workforce planning within companies today, their plans for future initiatives, and the results they perceive.

Introduction to the Research

This study, conducted by the Human Capital Institute in the summer of 2008 included 290 respondents to an on-line survey that sought to measure the return on investment of strategic workforce planning, followed by in-depth interviews of a sampling of participants. The respondents were primarily corporate human resources professionals (74%). The companies they represented range in size from fewer than 50 to more than 10,000 employees and represent a broad spectrum of industries. Half of participating companies have below 10,000 employees and the remaining half are somewhat evenly distributed between 5,000 – 50,000 employees.

More complete demographic information on the participants in this research is in **Appendix A**.

Human Capital Institute (HCI) is a catalyst for innovative new thinking in talent acquisition, development, and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of executives, HR practitioners, and the brightest thought leaders in strategic talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise. www.humancapitalinstitute.org.



Identifying Business Value in Workforce Planning

Strategic Workforce Planning delivers people strategies that match an organization's long-term strategic plan. It includes a description of the future workforce in a variety of possible scenarios, with the creation of a measurable HR strategy to address the requirements of each scenario, were it to come to pass.

Preface

Every company has a business plan that guides its future — whether it is made up of new product plans, market expansion, global growth, or adding to or revising the services it offers. But anticipating the future is not easy and never fool-proof. This new research by the Human Capital Institute suggests that when it comes to human capital planning for the future, companies in the main are at best looking at tactical, operational staffing issues. Rarely is there investigation into the scenarios that could come into play in the future and perhaps radically impact their labor requirements.

While plans today may include “what if’s” — what if we buy another company or get acquired ourselves, what if the economy falters, or what if the cost of oil or the raw materials we use increases radically, they rarely constitute a framework for addressing those contingencies in view of the workforce. The impact of the “what if,” were it to come to pass, on the requirement for the future workforce is not even considered in the planning equation.

Leading companies, on the other hand, explore potential futures which are less predictable. They consider various business contingencies and simultaneously consider the requirements for the workforce, given those conditions. (Consider the famed “what if the Soviet Union falls”, as explored by Royal Dutch Shell in the 1970's, creating a major competitive advantage for them).

Today's companies may look to the future in terms of their likely labor requirements: what roles must we fill, what skills do we need, and where will those future employees come from? But very few consider under what conditions — what we here call scenarios — those labor requirements would be required and from where that supply of labor would derive¹.

Today, distinctions can be identified among companies as they progress toward workforce planning, whether it is solely operational or indeed strategic. 36% of the total organizations researched do have plans to begin workforce planning within 12 months. Of those, however, that do attest to workforce planning

¹ The military used to use “scenarios” in war games — then ascertained the probability of each scenario actually happening. It thus planned for one outcome — the most likely. Strategic workforce planning is different in that it considers multiple possible future scenarios and ensures that companies identify a targeted future that creates agility to accommodate possible futures.

Duration of Workforce Planning Projects in Place

- 27% — 1–2 years
- 11% — 3–5 years
- 14% — 5+ years.

Planning is either done via a team (42%) or software (14%).

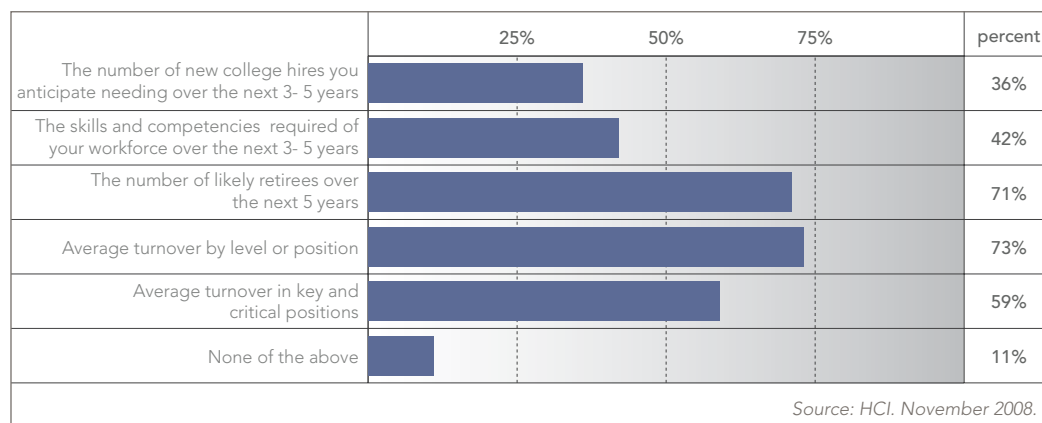
currently, most are solely operational. And there are many organizations that do no or little workforce planning for the future at all: 27% indicated they do not have any strategic workforce planning, 19% have no plans to address this area; and 34% stated that workforce planning simply is not considered a corporate priority.

Planning for the Future Workforce: Current Status

Many workforce planners are in the very initial steps of thinking beyond the day-to-day, a task made even more difficult in the current economy. However, most planning is operational — very tactical, often short-sighted, and not anticipating strategic change. As such, workforce planning is often stymied (barriers to planning are addressed in the subsequent pages). Metrics collected tend towards the standard employee and hiring data; projections into even the near future are rare.

However, much of what passes for planning today is the gathering of metrics: not bad in itself, but not sufficient. Most personnel metrics are reports of the current status (Figure 1), such as current turnover (though only 59% report that they have the means to ascertain average turnover in key positions), and far fewer can articulate the skills needed in the near future (42%), and even fewer (36%) have considered the number of new college hires they might need.

Figure 1. Metrics Collected Today



With operational workforce planning, staffing concerns are demand-driven by an activity such as a new product to be developed, a new office to be opened, or a new market or country to be targeted. Hiring and lay-offs are both addressed in real-time, rather than planned as longer-term contingencies.

The Plan is...to Plan

HCI research demonstrates that slightly more than half (56%) of companies are actively “planning to plan” for their future labor needs, either through a team chartered to ascertain the future workforce requirements (42%) or with a software solution that proactively identifies the future workforce requirements and the potential gaps that may appear (14%).

Disciplined workforce planning, however, is still in its infancy: fully 36% of respondents plan on reviewing future needs in accordance with their business strategies within the next 12 months; 21% plan on creating a formal workforce plan that is applied to the corporate business strategy within the year.

The majority of companies surveyed in this study that do engage in any workforce planning are very operational in their approach to the task. Planners try to forecast numbers needed, in much the same way that sales professionals forecast anticipated sales. Select leaders in planning, however, engage in strategic workforce planning as defined below, with more far-reaching results.

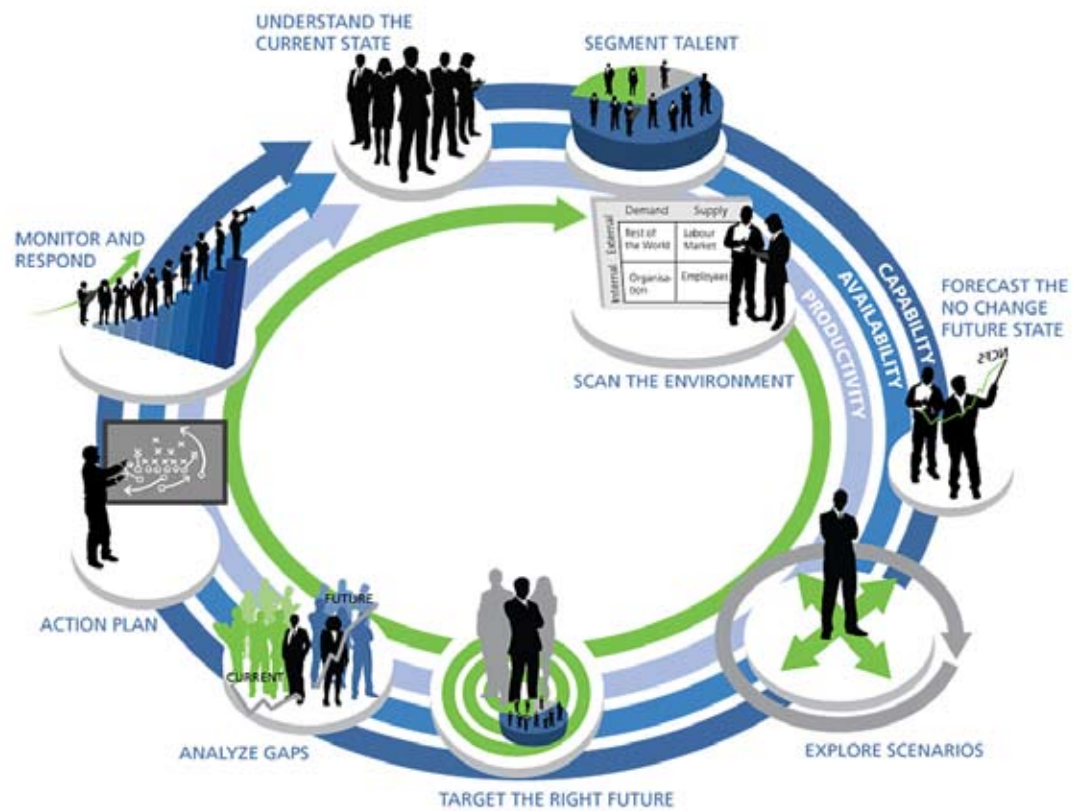
Strategic Workforce Planning

Strategic workforce planning surpasses operational planning in several important ways:

- ◎ It is a methodology that reviews the intersection of future business and labor needs through a structured process.
- ◎ It reviews business risks and alternatives, based on possible future scenarios
- ◎ It identifies the capabilities of the workforce, the availability of people with those capabilities, and the productivity goals and assumptions for each future scenario
- ◎ It results in a description of the future workforce under alternative scenarios, and a measurable HR strategy to achieve each.

In strategic workforce planning, business leaders apply a methodology to ascertain what the requirements for their future labor force would be under differing conditions. Through use of technology to routinize the collection and rapid access to operational and planning data, and by application of a structured business process through which to consider future business scenarios and the implications of those scenarios on the composition and size of its workforce, leading companies have achieved greater preparedness for changing conditions and greater agility in meeting that change.

Figure 2. The Strategic Workforce Planning Example Framework



Source: Aruspex, November 2008.

Strategic planning begins with the business: planners must identify which groups within the company are the most critical to the organization — those without which the business could not succeed. HR professionals and managers are accustomed to thinking about employees as A, B, or C players — here the concept is applied to the divisions within the organization. Companies consider scenarios that could apply in their future; they then assess the workforce ramifications and skill sets required under each scenario. Only then can vital skill sets in vital areas in the organization can be ascertained.

Aetna, a leading example of strategic workforce planning, uses the methodology to assure long term workforce solutions will be in place to address its future business needs. The company seeks to position its initiatives and solutions to ensure each business area will have the right people to deliver its strategy. The company views strategic workforce planning as a practical, useful approach to keep pace with changing workforce and business conditions, with the end goal of ensuring the right people with the right skills in the right place

at the right time. Workforce planning actions inform the strategic and operating plans, defining future workforce gaps, and presenting solutions with measurable action plans.

Strategic Workforce Planning: Factoring the Future

How an organization views the future of its business is an underlying factor in looking strategically at its future work force. Perceptions of industry stability, likelihood of growth, views of risk, and the dynamism of the particular organization all come into play — and good strategic workforce planning questions these perceptions and guides the business leaders to take alternative viewpoints.

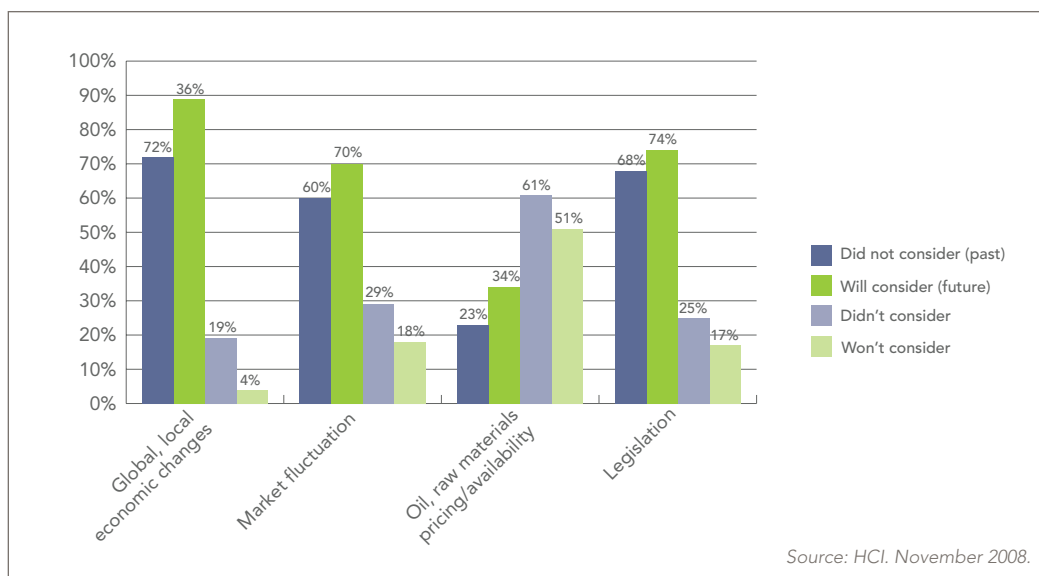
Some results in this study are surprising. Despite recent market upheaval, 13% of respondents felt there was no reason to think their future ability to acquire and retain employees would be any different than it is today. Others indicated that their workforce was in fact very stable, with below-industry turnover, and that today's needs were more pressing than tomorrow's (such as current turnover management, revamping performance management, or implementing a workable succession plan). And while planning for continued steady state is one option, it does not prepare the company for agilely facing a changing environment.

To assess changes in perception of “strategic workforce planning” over time, we asked what factors the respondents considered in planning for their workforce in the past and which they would consider as part of their planning activities going forward.

These are organized in three areas: factors that are external to the organization over which the company likely has no control; those that may be unique to the business itself (a buyout, for example), and those factors that are internal to the organization. Here are some examples of each — note that there are many more factors a company will want to consider.

The external factors considered as examples were local or global economic changes; market fluctuation; fluctuation in oil or raw materials pricing or availability; and the impact of legislated regulations. The changes in what companies considered in the past and will consider in the future are shown in **Figure 3**.

Figure 3. Sample External Factors and Their Impact on Past and Future Planning



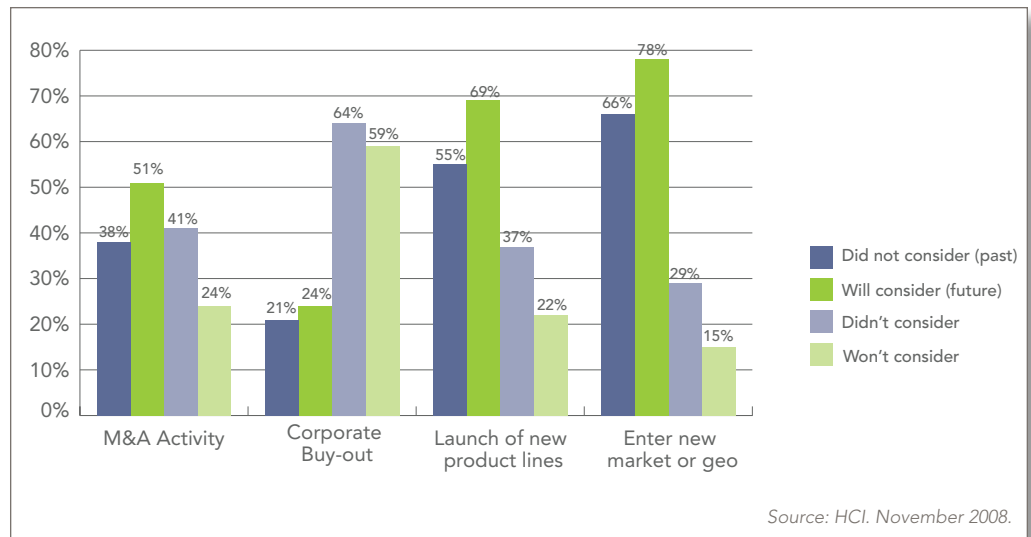
In general, planners are going to consider each these aspects more than they did in the past, with the very least attention to fluctuation in oil or raw materials pricing or availability. Yet, given the current state of global economic turmoil, it is significant that 17% did not consider local or global economic changes in their planning and 10% of respondents didn't know if they did or not. Significantly, 90% of workforce planners intend to consider such economic changes in the future.

60% reported that they did not consider changes in oil prices or the cost and availability of the raw materials they might rely on in their workforce planning. Perhaps the impact of issues such as oil prices seem too remote for those chartered with workforce planning, but the area bears investigation if their workers are involved in shipping or hauling, territory-wide direct selling, or commuting. It also may be that HR professionals, which were the largest group of respondents in this research, are unaccustomed to evaluating eternal factors such as oil prices in the light of its potential effect on their workforce and ability to attract or retain employees, and create policies that potentially work around such issues (such as telecommuting or increased video-conferencing).

In addition, the effect of oil alone on many raw materials is significant, as is the cost of those materials themselves, and relevant for both discrete and process manufacturing. This item had the largest number of respondents that did not consider it and the least that thought it merited consideration in the future. The largest planned growth as an area for strategic planning is the effects of local or global changes in the economy, apparently perceived as unrelated to cost of oil or raw materials for the majority.

In all cases, respondents reported that they intend to consider business factors in their workforce planning to a greater extent than they had in the past (Figure 4). Areas of greatest planning — both previously and intended for the future — are in the more tangible areas of growth: either through the launch of new product lines or expansion into new geographies, as these that may well require either different skill sets or new hiring initiatives. Less attention is given to issues which the planners may themselves not want to face — buy-outs or acquisitions — or to those issues where the workforce impact is not readily apparent, thus not considered. In fact, the lack of attention to the effect of a company buy-out — and the fact that most do not plan on addressing the possibility of that scenario, is a demonstrable lack of strategic planning.

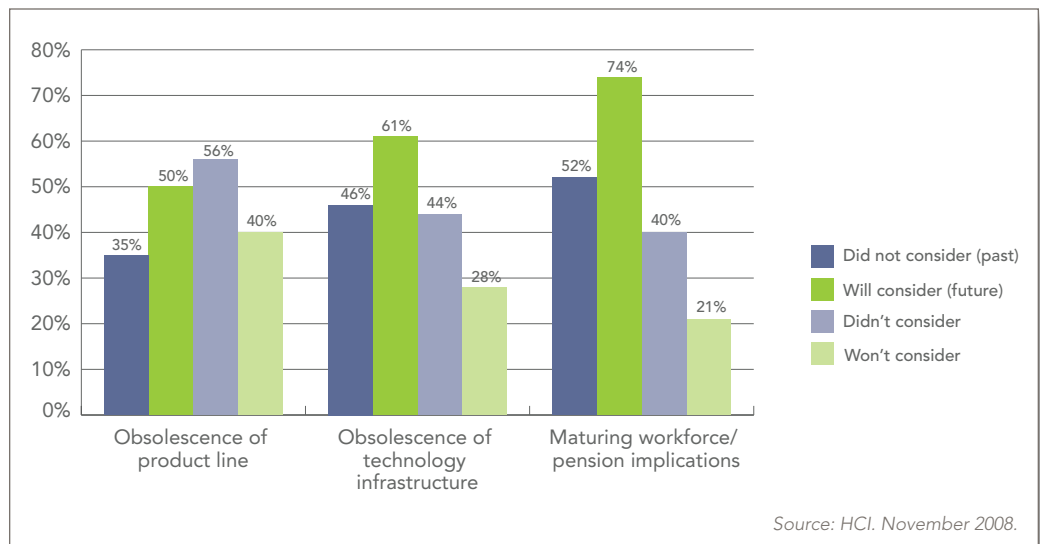
Figure 4. Business Factors Company Considered or Will Consider



There are also areas internal to the company that very likely affect the future and the workforce (Figure 5). These represent different kind of aspects of business in which the future can impact the workforce, hence should be planned for strategically:

- ⊙ What if our product line becomes obsolete and wholly new skills are required in our engineering or manufacturing employees?
- ⊙ What will the ramifications of our maturing workforce be for the future?
- ⊙ What if our technology infrastructure becomes obsolete? The ramifications may be a move to outsourcing, telecommuting, and software as a service, offshore manufacturing — all of which would impact the workforce plan.
- ⊙ What if we restructure a business division to require totally different skills?
- ⊙ What if we relocate our headquarters or our manufacturing plants?

Figure 5. Internal Factors and Their Impact on Past and Future Planning



Only 52% considered planning for and around a maturing workforce previously — now fully 74% state they will consider the maturing workforce in their plans — a tardy response, to be sure.

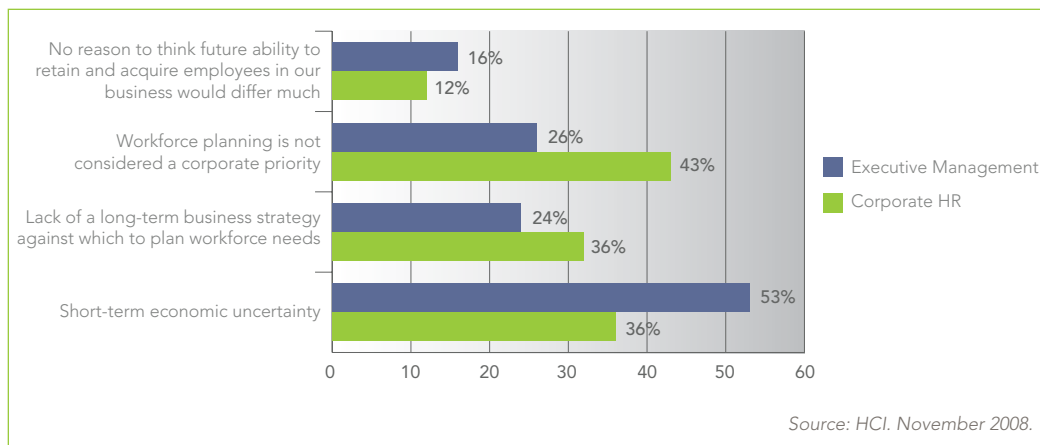
Barriers to Strategic Workforce Planning

In this study, three main issues militate against the ability for an organization to develop a longer-term labor strategy:

- ⊙ Workforce planning is not a corporate priority (34%)
- ⊙ Lack of a long term business strategy against which to plan workforce requirements (29%), and
- ⊙ Short term economic uncertainty (41%).

However, corporate executives had a slightly different view than HR professionals, as shown in **Figure 6**.

Figure 6. Perception of Barriers to Workforce Planning by Role



Ironically, 74% of executives consider workforce planning a priority in their organizations, while only 57% of HR professional perceived it as a corporate priority.

Perceived impediments to workforce planning also varied by the size of the company. This comparison is shown in **Table 1**.

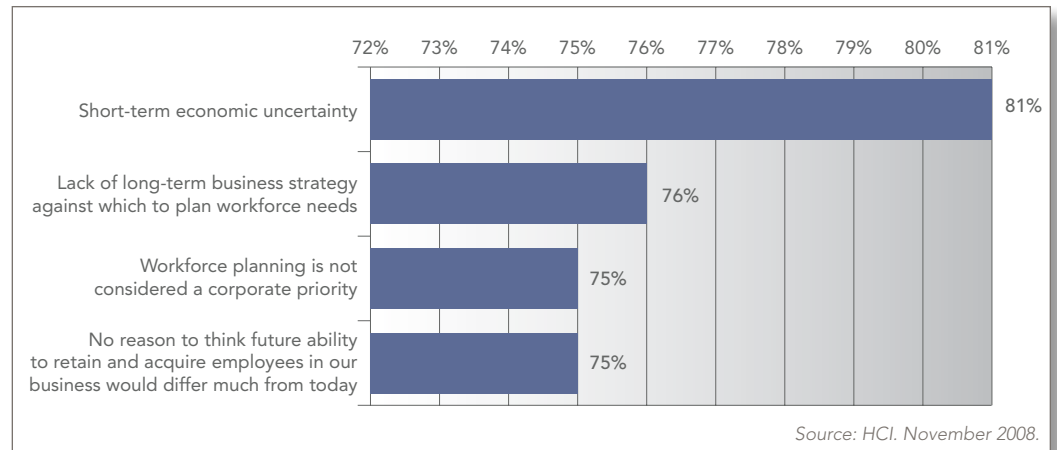
Table 1. Barriers to Planning by Company Size

Greatest Barrier to Planning	Company Size							Total Respondents
	Fewer than 50 employees	50 to 100 employees	100 to 500 employees	500 to 2,500 employees	2,500 to 5,000	5,000 to 10,000 employees	Over 10,000 employees	
Short term economic uncertainty	11%	9%	15%	15%	12%	14%	25%	117
Lack of a long term business strategy against which to plan workforce needs	7%	5%	20%	15%	12%	10%	32%	82
Workforce planning is not considered a corporate priority	5%	4%	20%	22%	8%	11%	29%	96
No reason to think future ability to retain and acquire employees in our business would differ much from today	11%	8%	19%	14%	14%	11%	24%	37
None of the above	19%	-	11%	11%	14%	3%	43%	37
Other	5%	5%	5%	28%	15%	8%	33%	39

Source: HCI, November 2008.

Of the 29% who cited that the lack of a long term business strategy against which to plan workforce requirements was their major barrier (82 respondents), 20% were in federal, state or local government, with 43% in corporate HR, and 32% in organizations exceeding 10,000 employees. Astoundingly, in those organizations exceeding 10,000 employees, lack of a long term business strategy against which to plan workforce needs was perceived as the major barrier by 76% within that size range (**Figure 7**). This may well speak to a severe disconnect between corporate executives and the HR professionals who work with them, or, less likely, a lack of articulated strategy on the part of these companies.

Figure 7. Greatest Barriers to Workforce Planning in Companies with More Than 10,000 Employees



Participants, however, noted many other challenges, some of which are fairly common: lack of resources, lack of software that will integrate with the operational programs, anticipated turnover of baby-boomers and the issues of transfer of knowledge, and a pervasive belief that workforce planning is only about recruitment and not about all the encompassing talent management strategy, altering delivery of services, or use of technology to make up for an anticipated talent shortfall.

One company reports that it is challenged in carrying out a workforce plan because of continued turnover in its existing staff. It has over 8000 employees of retirement age — 35% of its workforce. Further complicating this is the fact that 49% of those are managers or supervisors, comprising 75% of the top leadership. Here is a case where the scenario planning that is inherent in strategic workforce planning would have assisted the company in preparing for this contingency. The lack of a “line of sight” between the corporate strategy and the HR plan, likely an operational view of staffing, failed to provide guidance when it is most needed.

Other challenges are staff-related, organizational, and technical, and cover the planning team, the breadth of planning, and the tools at hand to accomplish it (Table 2).

Table 2. *Barriers to Strategic Workforce Planning*

Personnel Issues	Organizational Issues	Technology Issues	External Issues
<ul style="list-style-type: none"> ⊙ No dedicated team ⊙ Lack of executive sponsorship ⊙ Lack of skills in those working with business unit leaders to build talent plans ⊙ Belief that workforce planning is only about recruitment ⊙ Continuity — leadership is retiring 	<ul style="list-style-type: none"> ⊙ Workforce planning is haphazard and inconsistent across the company ⊙ Lack of established processes for effective planning ⊙ Planning is departmental and only shared for budgeting; finance pushed for cost-cuts ⊙ Inability to define how comprehensive workforce planning needs to be for our organization 	<ul style="list-style-type: none"> ⊙ Lack of established tools for effective planning ⊙ Lack of sophisticated software that would make the work easier and be able to easily modify and update ⊙ Lack of a software solution that will integrate with current operational programs to capture appropriate data for analysis 	<ul style="list-style-type: none"> ⊙ Inability to project growth in international markets ⊙ Government policy ⊙ Tightened labor market ⊙ Changing workforce demographics ⊙ Global impact uncertain

Source: HCI, November 2008.

Workforce Planning: Talking the Talk

While we categorize companies based on the research results below, it is important to realize that these are not stages, phases, or “levels” of progression in becoming strategic. There is not a ladder to be climbed, rather a choice to be made: an organization with no prior workforce planning can apply strategic planning methodology; it is not the end point on a continuum of previous tactical or operational planning.

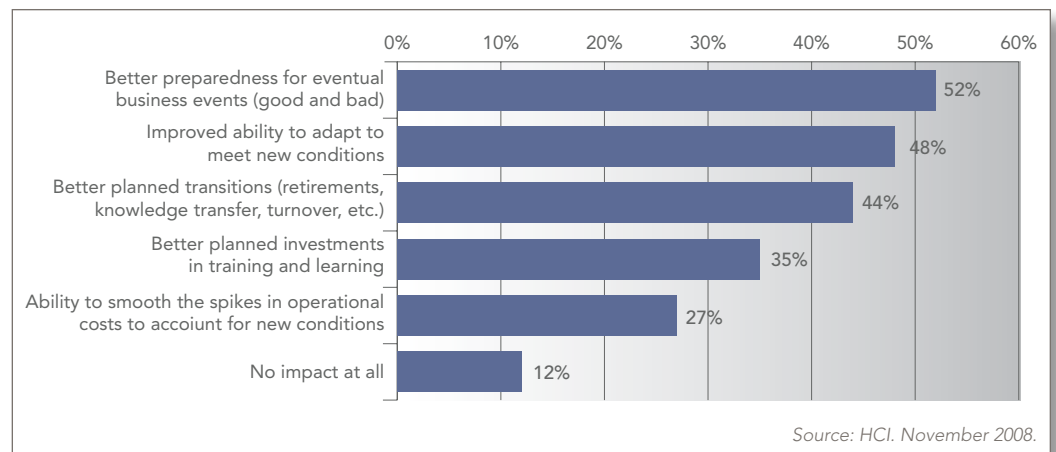
This research identified four groups of companies in terms of their current planning behavior:

- ⊙ The laggards who have no ability to plan for the next five years or no intent to do so
- ⊙ Companies that are just entering the workforce planning arena; they are primarily beginning to collect hiring-related data

- ⊙ Companies with operational workforce planning that likely have performance management, succession planning, workforce development, and recruiting strategies down pat and are ready to “really plan.” They “talk the talk,” but as yet don’t “walk the walk.”
- ⊙ Companies in which the wheels of real strategic workforce planning are turning. These leaders in terms of true strategic workforce planning are fully engaged today.

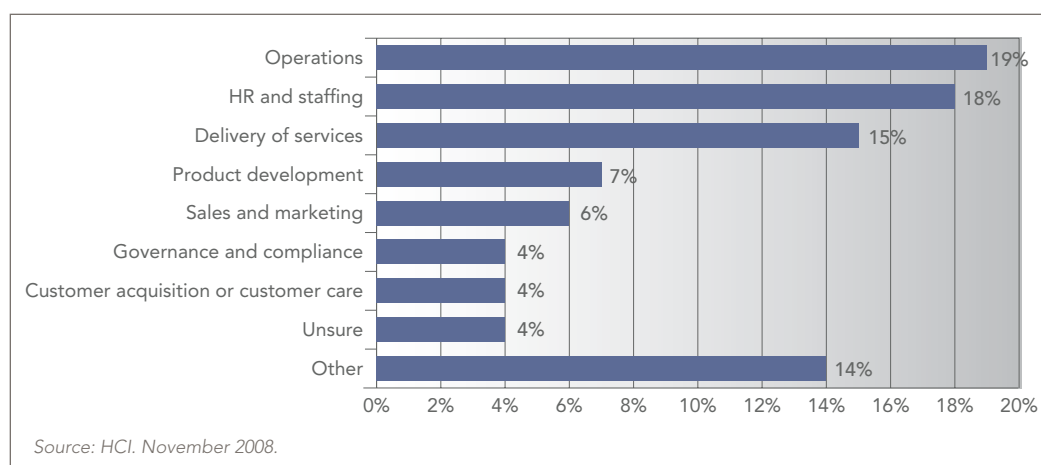
In general, companies that are planning for the future workforce see benefits, even if they have not made as much headway as they desire (Figure 8). But these are indeed companies who “walk the walk.”

Figure 8. Perceived Impact of Workforce Planning



Respondents felt that the business divisions that were most positively impacted from workforce planning to date were operations (19%), HR and staffing (18%), and services (15%) (Figure 9). Areas of least impact were finance and accounting, customer acquisition and customer care, and governance and compliance. 14% did not know where or if the impact from their planning was realized.

Figure 9. Areas of Positive Impact from Workforce Planning



The Business Value of Workforce Planning

Preparedness for changing conditions and the agility to meet the requirements of those changes are key aspects of strategic workforce planning. In order for that preparedness to occur, companies must be able to articulate the possible future states and anticipate the ramifications of that state and of potential other outcomes on their workforce requirements. This articulation of future possibilities (war, recession, business boom, global expansion, political upheaval as it would relate to their workforce) and the creation of a plan for the consequences is the key differentiator between the majority of companies researched in this study and the few who emerged as leaders in strategic workforce planning. The former generally had historical information and the ability to look backward with great accuracy, but only with the focus on strategically planning for the future labor force did the leading companies move beyond operational forecasting. Those looking strategically tended to follow three primary steps:

- ⊙ Quantitative Futuring: Articulating the future and what the workforce for it would look like were steady state likely to continue
- ⊙ Qualitative Futuring: Identifying potential alternative business futures (“scenarios”) and identifying the capabilities and demographics to deliver the business strategy to meet each
- ⊙ Target Futuring: Analysing the resulting content and fine tuning it to develop a targeted future with a measurable plan of action

“The Benefit of the Strategic Workforce Planning process is that the business unit and the people in it come up with the solution.”

*Di Hailstone
Federal Sector*

Companies that are strategically planning for their future shared what they saw as key success factors. Some, such as executive sponsorship, apply to any planning initiative, or in fact, any corporate initiative. Respondents identified the following as key to success:

- ⊙ Executive sponsorship for strategic workforce planning
- ⊙ Leaders championing the process who were divergent “big thinkers”
- ⊙ Business units owned the strategic workforce planning charter with help from HR
- ⊙ The C-level executives chose which groups, divisions, or business units were the initial priorities
- ⊙ All relied on software that explicitly supports strategic workforce planning (rather than just collecting metrics)

Strategic Workforce Planners Report Results

Immediate results reported included efficiency, as the software helped the team focus on the task at hand, and in some cases, reduction of labor costs because the software could deliver statistics rapidly within various scenarios, whereas a team of human resource staff members had to try to figure it out manually in the past. Although many of these companies state that it is too early in the process to measure return, predicting that ROI is likely to be exhibited by Year 3 at the business unit level and by Year 5 across the entire organization, others report results now:

- ⊙ Solid analysis of the strategies and trends which impact the workforce in the future
- ⊙ Documented insight into the trends impacting the workforce, including the effect of retirements and other trends on the future workforce
- ⊙ Clearly defined future workforce gaps with solutions for these gaps
- ⊙ Measurable action plans to be incorporated into a human capital operating plan
- ⊙ Regular automated progress checks against plan
- ⊙ Definition of the targeted future workforce

Emerging Best Practices

Participants who are actively involved with strategic workforce planning have shared their successes and the methods behind them with us. Here we synthesize those into the best practices we have seen in companies that stood out from the pack: those that actively plan for a variety of future contingencies and whose planning goes beyond simply staffing concerns.

- ⊙ **Ensure executive sponsorship.** Strategic workforce planning cannot be a bottoms-up initiative. Whether one executive or a team, there has to be corporate level support behind a successful planning methodology that is taken seriously by the business units.
- ⊙ **Create a corporate mindset for future thinking.** Strategic workforce planning is a framework for thinking — a mindset for the future. Planning for “what ifs” creates discussion and innovative thinking about the future of the organization.
- ⊙ **The business unit collaboration with HR is essential.** Successful companies cited the collaboration between HR and the business representatives as key; after all, it is the business unit member who best knows the skills required in that area and the business unit that must own the plan.
- ⊙ **Scenario planning is critical.** Relaying today’s metrics is not strategic. Employee workforce planning is knowing the current data about your workforce; strategic workforce planning is evaluating the impact of events in the future and ensuring that the workforce is prepared to address that future.
- ⊙ **Measure your return.** As you evaluate scenarios and create plans to address them, also identify what the criteria for measuring success will be — then measure it. Today’s strategic planners are just beginning to measure success; ensure that you have the criteria in place to demonstrate results when they occur.

Employee workforce planning is knowing the current data about your workforce; strategic workforce planning is evaluating the impact of events in the future and ensuring that the workforce is prepared to address that future.

Summary

Long term workforce planning is in its infancy. Companies just beginning to look long term can look at operational planning, that focuses on a tactical approach, or strategic planning, which provides the discipline of considering different “futures” in detail and then plan for those futures. The result of the latter for planners, although only few in this research population are there yet, is the determination of business criticality, and the preparation of a workforce plan to address changes in that criticality should they occur over time. Strategic Workforce Planning is a methodology, centered in the business units, that provides the HR professionals charged with workforce planning a direct line of sight into the business strategy, a key factor lacking in operational planning.

The exercise of planning through scenarios has proved a valuable decision support tool in the current economic crisis. Because companies focus on what is core to their business strategy, and ascertain the workforce needed to execute on that strategy, they are also better able to right size intelligently without undercutting their vital ability to conduct their business.



Appendix A

About the Research

The 290 companies participating in this research covered the breadth of industries, with larger numbers clustering in professional services (legal, accounting, consulting, for example), financial services (banking, finance, insurance, investment), and federal, state and local government, each sector representing 12% of the total respondents.

The distribution by participant function is shown in **Figure 10**, with the majority in corporate human resources.

Figure 10. *Participants by Functional Area of Responsibility*

	25%	50%	75%	n	percent
Executive management				38	13%
Division or program management				12	4%
Operations				7	2%
Technology				3	1%
Sales or marketing				2	1%
Finance				1	0%
Corporate HR				106	37%
Corporate workforce planning				28	10%
Workforce recruiting/hiring management				26	9%
Training and development				23	8%
Other human resources				28	10%
Other				9	3%

Figure 11. *Company Size of Respondents*

	25%	50%	75%	n	percent
Fewer than 50 employees				28	10%
50 to 100 employees				16	6%
101 to 500 employees				43	15%
501 to 2,500 employees				54	19%
2,501 to 5,000 employees				33	11%
5,001 to 10,000 employees				27	9%
Over 10,000 employees				89	31%

n=290



About the Author

Dr. Katherine Jones is a member of the Human Capital Institute Research Board and a frequent contributor to many forums concerning workforce management and talent acquisition. She founded Independent Consulting Services in 1993 to provide marketing and research services to high tech companies. She was a research director at Aberdeen Group in Boston for eight years, focusing on research and consulting services in talent acquisition and workforce management, ERP, and mid-market companies. She has written widely on many areas of talent management, technology and business practices.

Previously the Director of Marketing for NetSuite, Inc., a Bay Area company that provides integrated ERP solutions as a hosted service to middle market enterprises, Jones is a veteran in enterprise applications, responsible for technical product marketing and strategic alliance management in several computer companies since 1984. Prior to a high technology career, Jones was a university dean, involved in academic administration, research, and teaching.

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Aruspex

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Aruspex's workforce planning software is a proprietary quantitative and qualitative workforce assessment and planning system that guides the company in planning and build future workforces. The system is complemented by Aruspex Advisory Programs that provide clients with hands-on education and ongoing guidance. For more information, visit www.aruspex.com.

The logo for Aruspex, featuring the word "ARUSPEX" in a blue, serif, all-caps font.

Human Capital Institute

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