

8 Success Drivers

for Strategic Workforce Planning

Many organizations are experiencing a growing need for a more strategic and effective approach to workforce planning and talent management. Some do little more than continue to discuss the fundamental principles behind these concepts — the need to link talent strategy to business strategy, the importance of segmenting the workforce and the value of prioritizing investments in people. A growing number, however, have gone beyond concept and have implemented strategic workforce planning (SWP), a rigorous business process that drives strategy execution and improves business results.

This article explores eight key lessons from three companies that have implemented SWP: 3M, The Principal Financial Group and Regence. (See “At a Glance: Three Case Studies” on page 51.)

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QUICK LOOK

- Strategic workforce planning requires a few credible and influential champions to drive, support and sustain the change.
- While a strong HR professional can be an effective champion in some organizations, our experience has shown that a champion from the business side is critical.
- At Regence, President and CEO Mark Ganz championed strategic workforce planning to ensure the organization could proactively react to changing market forces, shifts in the competitive landscape and changes in the how the organization grows and serves its members.



What Makes SWP Work?

Organizations that have adopted SWP as a core business process have found that it enables them to have the right people in the right roles at the right time at the right cost. Key elements of SWP include the following:

- Identifying jobs/roles according to how critical they are to strategy execution
- Segmenting jobs/roles according to their relative degree of impact on strategy execution
- Using new analytical tools to determine the number and type of people needed in the segmented jobs/roles over a defined period of time
- Identifying and prioritizing talent gaps and the actions and investments required to close them and ensure the enterprise has the talent it needs to achieve its business goals.

With this basic understanding of how SWP works, we turn to the experiences of three organizations that have implemented the process and what they learned. We have identified eight success drivers that are present in these successful implementations.

Success Driver No. 1: Find the Right Champion

Like all business processes, SWP requires a few credible and influential champions to drive, support and sustain the change. Whether this is defined as a special role or a key goal/responsibility of a current role, it requires accountability, ownership and commitment to implement the process and lay the groundwork for building momentum throughout the organization.

While a strong HR professional can be an effective champion in some organizations, our experience has shown that a champion from the business side is critical. Each of the three organizations included in this article had strong SWP champions from the business side. At Regence, for example, President and CEO Mark Ganz championed SWP to ensure the organization could proactively react to changing market forces, shifts in the competitive landscape and changes in how the organization grows and serves its members. By establishing the strategic importance of SWP through communications that reinforced the business need to other company leaders, Ganz established a climate for change that enabled early wins on which to build. 3M found their champion in the vice president of corporate strategy and his team.

Success Driver No. 2: First, Believe ... Then Execute and Evaluate

Most organizations that implement SWP do not need elaborate return on investment (ROI) models to make the

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case for change. They have a fundamental belief that a more strategic, rigorous and data-based approach to workforce planning is critical to strategy execution and will ultimately yield significant benefits. Moreover, they agree to measure and evaluate the impact of SWP over time.

For example, the HCP process at The Principal increased business insight. HCP improved the speed and quality of talent portfolio management decisions by prioritizing business-side and HR efforts around roles that are critical to executing the business strategy. The process also enabled human resources to make more informed and fact-based decisions on strategy, goals and objectives. It gave them greater insight into talent gaps and how to improve functional capability to support the business's human capital requirements. Furthermore, it improved the business side's accountability for managing talent.

Jan John, director of strategic workforce planning for Regence, found that demonstrating the importance of SWP to the business can be challenging when faced with resistance that occurs under resource and time constraints or even when faced with pending downsizing. What enabled John and Regence's HR team to turn the business into believers was to help the leaders realize that SWP was even more critical during these tough times. Leaders saw that by focusing on the critical talent needed for future years, they might also be able to hire key talent needed for the future from organizations that had recently undergone massive changes.

Success Driver No. 3: Segmentation Is a Disciplined Art, Not an Exact Science

Segmentation of jobs/roles often requires one or more iterations to gain leadership support. In many organizations, leaders accept the concept of segmentation, but struggle with its application. Effective SWP requires up-front explanations that this process applies only to “jobs/roles,” not “people.”

At its core, talent segmentation prioritizes an organization's needs in assessing, acquiring, allocating and developing talent. At Regence, roles identified as strategic are critical to driving the organization's long-term competitive advantage through their specialized skills or knowledge. As a result, they have

been designated corporate assets and are managed as such. Once the segmentation process has identified the strategic roles across each division/function, the highest levels of leadership own the organization's talent management decisions and investments in the areas of development, succession, employee value and rewards (although it's still up to human resources to execute these activities). Furthermore, SWP provided Regence's HR team with an opportunity to partner with the business in a more strategic manner around which roles and which feeder pools for these roles should be approached differently with regard to rewards and development.

Success Driver No. 4: Sound Judgment Is Still Required

SWP is a decision-support mechanism, not a decision-making expert system. It requires the use of data, fact-based assumptions, analytical rigor and sound leadership judgment. Organizations that have implemented SWP mine existing data and, in the absence of data, apply sound, fact-based judgment in making needed assumptions. They recognize that while their first foray into SWP will not be perfect, more complete data will be available in future cycles. Moreover, they understand the output of the analysis is not a decision or set of decisions, but a new level of information that enables leaders to make better decisions.

The application of workforce planning analytics at 3M is a good example of how analytics can yield insightful information for business planning decisions. For example, workforce planning analytics uncovered disconnects between the business plans to grow in certain markets and the talent availability within those same markets. At the same time, workforce analytics identified opportunities to improve productivity in some developed markets, said Human Capital Planning Manager Brian Ronningen. As a result, 3M was able to successfully increase productivity in developed countries — allowing for increased human capital investment in developing countries — despite a need to keep global headcount flat.

Success Driver No. 5: Think Globally, Start Locally

While SWP is most effective as an enterprisewide process, most organizations launch it in one or two business units that serve as pilots. This requires a unit (or units) that fundamentally believes in the power of SWP, possesses strong leadership that is influential at an enterprise level and reflects an element of readiness to begin the journey.

Regence, 3M and The Principal each used a pilot approach to test SWP before implementing it more broadly. They were

able to gather feedback from the pilot groups about the effectiveness of the process as well as potential modifications to improve implementation. In addition, the pilot serves as a critical learning stage for the organization to modify standard approaches to the nuances of its operating model, decision-making style and culture.

Success Driver No. 6: Integrate, Integrate, Integrate

Long-term sustainability is linked to the degree to which SWP integrates with other key processes, including strategic planning, operations planning and talent development. Most organizations that have successfully implemented SWP have done so as a critical overlay on their strategic and operating planning process, aligning specific steps and deadlines, linking inputs and outputs, and engaging with the same leaders and groups that oversee strategy development. At The Principal, for example, SWP champions met with the owners of the strategic planning process early in the pilot project to identify linkages, shared deadlines and common executive review forums, said Gary Walljasper, head of organization development.

Success Driver No. 7: Human Resources Sets the Table

While an organization's business leaders play a critical role in leading SWP, human resources is just as important in supporting and facilitating the implementation and ongoing management of the process. Moreover, SWP represents an opportunity for human resources to engage with business leaders in an initiative that links to strategy execution and drives business performance. As the process moves from concept to practice, HR staff will need to develop new capabilities, including process management and facilitation skills as well as business and talent planning acumen.

At 3M, the talent management organization drove the implementation of workforce planning, introducing the process throughout the organization. Having a global view of its talent portfolio has enabled 3M to identify human capital trends and challenges and take action before they affect its ability to achieve its strategic plan. Human resources now develops and presents strategic workforce plans annually to the board of directors. At The Principal, the implementation of HCP aligned with the organization's enterprisewide initiative to transform human resources into a consultative business partner to the business units. The company discovered that the HR team's business consulting, project management and teaching/coaching skills were critical to help steward the effort across the organization.

At a Glance: Three Case Studies

The three cases that are featured in this article all implemented SWP during the past three years. While the general approach was similar in each, the unique business needs of these organizations present a balanced perspective on how to take SWP from concept to practice.

3M

Overview

A global diversified technology company.
Revenue: \$24.5 billion. Employees: 75,000.

Business challenges

3M's future depends on innovation and expansion in global markets, and the success of this strategy depends on having the right number, type and quality of talent to drive product innovation and support global expansion.

Solution

3M implemented an SWP process that enables human resources and line leadership to:

- Identify the talent required to effectively implement innovation and global expansion initiatives, enabling them to prioritize talent requirements based on business need.
- Determine the number of people needed in each segment based on future staffing needs and analysis of the current talent portfolio.
- Identify key talent gaps (by skill set and staffing level) and make “build or buy” decisions based on the size and urgency of the gap.
- Assess the effectiveness of current talent management processes to determine what they must do to attract, develop, retain and redirect the talent required to execute the business initiatives.
- Identify human capital issues that must be addressed to ensure the organization makes the best use of its current talent portfolio.

Results

Line leaders and human resources can make better talent investment and business decisions that enable the organization to more effectively manage its talent portfolio based on business need.

The Principal Financial Group

Overview

A leading global financial company offering businesses, individuals and institutional clients a wide range of financial products and services. Revenue: \$11.1 billion, as of Sept. 30, 2008. Employees: More than 16,000 worldwide.

Business challenges

Within the Specialty Benefits Division (SBD), reactive planning created talent gaps in key technical areas like IT, sales, claims and underwriting. At the same time, SBD was in the process of launching a strategic initiative to create additional revenue by engaging new customers. The Principal needed a way to identify the number and type of talent required to support this new strategy.

Solution

A collaboration between the business units and HR areas allowed The Principal to implement a process that would:

- Educate corporate leadership and the corporate strategy group about the SWP process (termed HCP at The Principal) and the benefits it would provide.
- Define the internal governance and delivery structure.
- Create a calendar that linked to the organization's strategic and operational planning cycle.
- Build the HR business partners' consultative skills and process knowledge needed to carry out the new business process.

Results

SWP enabled the business unit to quantify its talent gaps across the IT, sales, claims and underwriting functions. The planning process also allowed a leader in the claims area to model the cost of high turnover and convince the leadership team to seek creative solutions.

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Regence

Overview

A leading health insurer serving 3 million members.
Revenue: Unavailable. Employees: 7,000.

Business challenges

Changing forces in the health-care market and strategic shifts in how to grow and serve its members led Regence to rethink its talent planning process.

Solution

Regence implemented a standardized platform to strategically plan its talent needs. This included:

- A diagnostic to identify what areas of the business have the greatest need for SWP and where there were immediate opportunities to add value with the process
- The four-step SWP process mentioned above
- An analytic tool that allows human resources to model talent scenarios and test the implications of the strategy in terms of capital requirements and the time it will take to build workforce capabilities
- A two-day training session to build the skills and capabilities HR professionals need to implement SWP in the divisions they support
- Application of the process by Regence’s SWP director and HR business partners through two key meetings with three pilot divisions to identify type and number (first meeting) as well as the gaps and the actions/investments to close the gaps (second meeting)
- Identification of strategic roles that were deemed “corporate assets” that are reviewed by the HR leadership team and business leaders to ensure a strong pipeline of capable talent.

Results

In just three months, the initial pilots enabled Regence to identify the roles that are critical to executing its strategy, locate any talent gaps in these roles and outline the specific actions and investments needed to fill them in three pilot divisions. All divisions are expected to complete their first annual plan in 2009.

Source: Sibson Consulting

8 Success Driver No. 8: Start With the End in Mind

It is important to understand early in the process exactly what SWP will generate. Is it information, better insight or future scenarios? While it could be all three, it helps to be able to explain what SWP can produce and how it will improve the organization’s talent planning.

Regence, for example, needed to ensure that its pilot groups, executive sponsors and other key stakeholders were aligned around the outcomes of the process. To achieve this clarity, a sample draft of the strategic workforce plan was developed for the company’s divisions/functions. Before conducting SWP planning meetings, the document would be shared with the participants to demonstrate how their input would be incorporated into the overall plan.

Conclusion

More organizations are moving from conceptual discussions into the actual implementation and practice of new, more rigorous and business-based processes for workforce planning. The success drivers we describe here, which reflect what we have seen after one or two cycles, should help illuminate those practices that can improve the success of most SWP initiatives. The most important step, however, is to take action, to go beyond conceptual talent planning discussions and commit to SWP as a way of doing business. WS

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