



Six Steps to Effective Workforce Planning

The Faethm Approach

Preparing your business for the future
of work

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The Faethm approach to strategic workforce planning

Strategic workforce planning is not just an HR activity. It's the responsibility of the entire business to identify and equip their workforce with the skills and capabilities required to deliver on its business transformation or growth strategies.

Successful strategic workforce planning

The workforce is the most critical asset for an enterprise and often the largest cost on the balance sheet. Successful strategic workforce planning (SWP) is, therefore, essential to ensure the mobilisation of a workforce equipped for the needs of the organisation, in the short, medium, and long-term. HR are the natural facilitators of this process, but they must establish joint ownership with the business and ensure sustained collaboration with business stakeholders.

A well-run SWP process can deliver significant benefits to an enterprise by identifying where skills and workforce assets must be invested in to drive future productivity growth. Additionally, it provides insights into how costs can be managed by deploying the workforce effectively, appropriately and in the right locations

Benefits

Other benefits that can be recognised from effective workforce planning include:

- ✓ helping executives understand which skills to focus on for development and L&D, based on rigorous analysis of the business strategy and operations
- ✓ identifying reskilling and upskilling opportunities for current employees to future-proof their careers
- ✓ helping businesses select the right locations to operate
- ✓ informing R&D teams on how best to deliver and scale new products quickly through understanding where the relevant skills lie throughout the workforce to launch, manage and serve those products and services

Positive impacts

Effective SWP positively impacts three key areas where, traditionally, HR incurs the most cost:

- ✓ effective use of recruitment budget
- ✓ reduced need for retrenchment and therefore lower costs
- ✓ controlled voluntary attrition

Get started with strategic workforce planning

"The secret of getting ahead is getting started. The secret of getting started is breaking your complex overwhelming tasks into small manageable tasks, and starting on the first one."

Mark Twain

Top five considerations

1

SWP IS AN ONGOING PROCESS

Once started, SWP must be considered an ongoing process as important as budget planning, annual reporting, or a benefits review. All assumptions, planning and scenarios must be monitored and adapted as required.

2

THE DEVIL IS IN THE DETAIL

While the title implies this is a strategic approach, the only way to make it work effectively is to get into the minutiae of roles so that the opportunity to build for the future is not lost.

3

SHARE THE LOAD

HR are often seen as the owners of SWP but in a large corporation it could be easier to facilitate a consistent process run by the strategy team in the business units.

4

PEOPLE ARE AN ASSET

As with any asset, people will require maintenance and investment. They deserve to be given the chance to develop new skills and knowledge to ensure they continue to make a valuable contribution.

5

LEAVE NO ONE BEHIND

A responsible approach to workforce planning ensures every employee has had their role reviewed and a plan developed.

Common questions

What is strategic workforce planning?

Strategic workforce planning (SWP) is the structured planning of workforce change to deliver the business strategy. There are no strict rules around timelines but often the following applies:

- < 6/12 months – Tactical planning for immediate need
- 12-36 months – Operational planning for medium term business delivery
- > 36 months – Strategic workforce planning for long-term business strategy

What SWP is not.

SWP is not a project or a single piece of work to be completed. It is an ongoing programme of planning that needs to be monitored and updated periodically.

SWP is not an HR-owned process. It is often managed or facilitated by HR, but it really must be a collaboration between the business, IT (Information Technology), Finance and HR.

SWP isn't solely about the Future of Work or technology implementation. SWP must be driven by the business strategy for an enterprise, and that could include the opening of new premises, entering new markets, building new infrastructure, or managing the impacts of a merger or acquisition.

How does SWP relate to other functions?

Organisation Design often addresses existing issues or problems identified in the past, or during a review, whereas SWP looks forward to identifying potential risks that could happen in the future because of a deliberate business plan or strategy.

Finance monitors costs and sets budgets associated with business strategy and is a significant contributor to SWP, particularly impacting the workforce demand analysis. Any costs associated with implementing technology will be included in the financial planning.

The IT function has responsibility for implementing technology that will impact the workforce and will be instrumental to planning timeframes and evaluating the impact to the business.

Common questions

How is strategic workforce planning being done today?

Many organisations are already involved in either workforce planning or organisation design. Often this work is conducted locally in business units or as an HR-led initiative.

The challenge for HR is to drive collaboration between all the various areas of the business with a structured approach that can drive consistent results. There are many tools that can assist with the modelling, such as Anaplan, EQ8, Visier, and Workday, but they are only as good as the inputs. Excel modelling is as good as anything to get started.

The best SWP processes ensure they evaluate the value by measuring the impact of SWP activities. This is important, as the workforce cost is often the largest single expense for a business.

What are the most common challenges experienced in strategic workforce planning?

It's often seen as another HR process, which it is not! Common challenges include:

- the whole business not being involved, which leads to a lack of awareness of the importance of SWP as an enabler of the business strategy
- SWP being treated like a project, so that once the programme is completed, it's considered finished
- treating more immediate needs as a priority to meet a more visible target, pushing SWP back
- being too hasty in getting to the supply and demand modelling without spending the time needed to understand the strategy, the impact on the workforce, and the internal and external forces that will affect the demand for talent
- risks being interpreted by the rest of the business as negative when, in fact, the opposite is true and risks must be identified in order to mitigate them
- viewing people (Human Capital) as costs, whereas SWP must reiterate they need to be treated as an asset and invested in, just as other business assets are invested in

The six-step strategic workforce planning framework

Faethm has developed a six-step framework for strategic workforce planning that helps you, as an HR leader, to prepare your organisation to benefit from technological transformation.

The six steps are intended to help you navigate the SWP journey, often a daunting challenge, by breaking the process down into discrete activities. In this document, we provide a summary of each of the steps. Six playbooks, one for each step, are available and provide more detail and a tactical checklist to help you get the most from the insights from the Faethm platform.

1 MOBILISE

Prepare workforce data to align with Faethm's Occupation Ontology and build the team.

2 ENVIRONMENTAL SCAN

Guide your strategic workforce planning programme by translating business strategy into people impact, particularly on critical roles.

3 SUPPLY AND DEMAND

Understand the current supply of talent in your organisation, including trends, and quantify the future demand.

4 GAP ANALYSIS

Conduct gap analysis between supply and demand, assess the risks associated and consider alternative scenarios. Workshop potential solutions with the business.

5 STRATEGIC DEVELOPMENT

Design strategies to manage gaps and mitigate risks, validate and agree on strategies with key stakeholders, and align to the Six B's model.

6 IMPLEMENTATION

Execute the strategy, including project planning and change management.

Step 1 – Mobilise

A key element of the strategic workforce planning process is to understand the skills and capabilities of the existing workforce. This can be a daunting task for many HR teams, particularly if this information isn't readily available.

Faethm's data science IP

A Faethm customer has a head start on strategic workforce planning because their workforce data has been aligned to Faethm's Occupation Ontology, a proprietary ontology.

OCCUPATION ONTOLOGY

A proprietary ontology, which consists of:

- a knowledge graph of 5,608 occupations (with levelling), covering more than 76,000 unique job titles, described by 20,000+ skills taxonomy and personality attributes
- 26,620 discrete work tasks
- 800,000 job ads processed each month (43 million)
- 2.4 million rows of client employee data; 312M rows of employee data from global census, supplemented by ILO labour data to capture two billion of the world's workforce

EVOLUTION OF WORK

Faethm has the world's only model of the evolution of work.

- technology taxonomy of 16 major emerging technologies directly impacting work tasks
- technology adoption S-curves present the average country and industry adoption rates over time
- prediction of work task Automation and Augmentation using advanced NLP and deep-learning neural networks
- maturity assessment to benchmark an organisation against peers

JOB CORRIDOR

Calculates job transition viability using skills, education and personality attributes. Applies ML methods to ensure unbiased recommendations.

SKILL INFERENCE & INSIGHTS

State-of-the-art NLP to extract skill and task data from job ads.

EDUCATION / L&D*

Linking the Faethm skills taxonomy to training courses or L&D programmes.

ECONOMIC & INDUSTRY

Forecast workforce demand utilising economic scenarios.

* In development

BUSINESS RESILIENCE, COVID-19 RESPONSE

Developing resilience through remoting work tasks. Uses NLP and neural networks to identify remoteable and high-risk work tasks.

WORKFORCE PLANNING

Strategic workforce planning framework that includes on and off-platform tools and modelling.

FUTURE CAPABILITIES

32 human capabilities and literacies that will be important and necessary for all employees in the future of work.

CLIENT DATA INTEGRATION

Machine learning applied to client data to automatically map jobs to the occupation ontology.

Job titles | Workplace | Age | Salary | Gender | Org unit

EVALUATION & VALIDATION

Faethm invests in four types of evaluation and validation. Each are core and ongoing activities, performed in collaboration with leading academic centres of excellence, their embedded PhD data scientists, and partly funded by Australian Federal Government grants.

1) Component Analysis 2) Comparative Analysis 3) Proxy Analysis 4) Peer Review

Emerging technology types

Once the workforce data has been matched to the ontology, the impact of over 16 major emerging technologies can be categorised into three key areas:

AUTOMATION

The capacity of technologies to entirely replace a job or large components of a job, causing the need to redefine jobs and/or re-deploy people. Automation is considered as job reduction.

AUGMENTATION

The capability of technologies to supplement a job and create efficiency, therefore enabling a worker to gain capacity to do higher value work. Augmentation is considered capacity gain.

ADDITION

The addition of existing jobs or entirely new jobs to your workforce to implement, run, maintain, and govern emerging technologies. Addition is considered job creation.

Technology impacts on your workforce

Workforce data segmentation

After the data is aligned and loaded into the Faethm platform, the workforce can then be segmented to prioritise the business areas to be considered for SWP. The Faethm platform is used to show comparisons of business areas where the impact of technology is most likely to be higher.

After this segmentation, the next five steps of the process can be used consistently across the business to apply SWP. It is highly recommended that a pilot is conducted against one specific role to test the process.

Data requirements

Preparing and delivering your data has never been easier, with uncomplicated, clear data requirements. There are no excessively large datasets needed. The minimum data needed:

- job title
- FTE
- compensation
- organisational level
- location
- birth year
- gender

Establish the team

Team roles

The workforce planning team requires members with expertise in strategic planning, budget and financial management, human resources, and management analysis. The primary roles are:

- CHRO / People Director
- strategic workforce planning programme lead
- strategic workforce planning programme officer
- people analytics analyst
- talent acquisition lead
- talent management lead
- industrial relations lead

Cross-functional collaboration

Workforce planning requires cooperation across business functions, which leads to better engagement, information-sharing and support for the programme's priorities.

- the C-suite
- business leaders and line managers
- organisation design function
- finance function
- IT function
- operations function

Learn more about your workforce

Faethm offers additional off-platform workforce assessments.

Maturity assessment

Faethm's maturity assessment measures the current state of your organisation's technology maturity in achieving, maintaining, and advancing successful technology adoption.

Future capabilities

Faethm's capability gap analysis evaluates your workforce capability strengths and weaknesses and identifies the future state of capabilities needed for each role in your workforce.

Step 2 – The internal environmental scan

The internal environmental scan prioritises the business strategy and its impact on the workforce. It sets up the organisation to conduct the supply and demand analysis that enables them to plan for future workforce requirements and mitigate potential gaps.

Collaborate and consult

Partner with business leaders, as they have the most detailed knowledge about their business areas, their plans, and the potential impact on the workforce. The key outcomes for these conversations should be:

- an understanding of the business strategy, the vision, and potential changes being planned
- a timeline for those changes
- details on how those changes may impact the workforce
- governance structures that may be required
- a rhythm for the work and who does what

Understand your talent needs

Analyse the business strategy to identify talent needs for you people plan:

- if possible, identify the roles that will be critical to the future direction set by the business strategy
- assess the internal environment including the potential impacts of emerging technology on the workforce using Faethm data

Conduct scenario planning

Conduct scenario planning to assess:

- the implications for the workforce
- consider all options that are possible
- potential alternative routes

Other methodologies

Some SWP methodologies advocate the inclusion of external drivers such as supply of labour in the market and demand driven by consumer preference, sustainability and other factors. This is sometimes referred to as PESTLE – Political, Economic, Social, Technological, Legal and Environmental.

For many organisations, this methodology is paralysing. There are so many factors to consider that it's easy to become bogged down in areas that are not within the organisation's control. It's most effective to focus on the business strategy and what it means in terms of the workforce that's needed.

External factors will be considered in *Step 5 – Strategy Development*.

Step 3 – Supply and demand

Workforce supply and demand analysis assesses the current and projected future requirements for skills, short and long-term staffing needs, and composition of workforce.

Conduct analysis to understand the workforce supply and demand, including the current and future states of the workforce (actual vs forecast). It is essential the outcomes are played back to the business leaders to ensure they have a strong grasp of the current and future skills requirements.

The methods used should be documented, including data collection and analysis. Any assumptions should be clearly articulated with a plan to review periodically to ensure relevance.

People plans

The translation of the business strategy into people plans, or implications for the existing workforce, is the most critical element of SWP, yet it is also the most difficult.

SUPPLY

This comprises the current workforce profile and provides a clear understanding of the existing workforce and the impact that predicted rates of attrition and retirements will have. If there are planned redundancy programmes, these should be included, along with any other known supply shortages such as teams running at low capacity.

DEMAND

Demand defines the key skills, knowledge, and capabilities to support the organisation’s business strategy, as well as the future demand and availability of talent supply. The roles in the demand planning would form the future state workforce and will have the required skills and knowledge.

Examples of key factors to include in the demand planning:

- CAPEX / OPEX budgets to predict project staff requirements
- sales targets to indicate recruitment needs
- increased production plans to inform operational staffing
- introduction of technology to reduce manual tasks
- increased technical capability to deliver new technology

Step 4 – Gap analysis

The gap analysis brings into focus the potential issues that will need to be addressed in the strategy development phase, including the associated risks and potential mitigating actions.

A comparison of the forecasts of demand and supply to identify potential surpluses and shortages to support the organisation's business strategy. This then highlights potential workforce gaps in key skills, knowledge, and capabilities that can be investigated further. This is where the hours spent on the demand plan really start to have a significant impact on the SWP process.

Key considerations

The key considerations for gap analysis are:

- where the required skills, knowledge and capabilities can be found in the business
- the supply vs demand across the organisation to enable the next step of SWP, strategy development
- all alternative scenarios and how they affected the gap
- the timeframes for these gaps, and whether they will be short or long term

Potential risks

Identification of potential risks identified by the stakeholders associated with potential interventions should include:

- identifying the internal processes that could affect the gaps
- evaluating the risks associated with the gaps
- preparing initial high level risk assessment and categorising risks
- understanding which risk mitigation could be applied in the form of strategies and actions

Once the gap analysis and risk assessment are complete, workshops should be conducted with the business to review and prioritise potential risks. These workshops should consider:

- talent supply from other business areas or locations
- potential for talent development
- all scenarios
- confirmation on short or long-term shortfalls or oversupply

Step 5 – Strategy development

All analyses and insights revealed in data gathering are collated, including stakeholder engagement and research so that strategies can be developed to mitigate the gaps and risks identified in the previous step.

Key outcomes

- ✓ Create an evidence base that ensures workforce decisions are not disproportionately affected by gut instinct, personal biases, and past actions.
- ✓ Review existing workforce strategies and organisational capability.
- ✓ Prepare a summary of potential strategies and interventions to address identified gaps and risks.
- ✓ Validate and agree upon strategies with stakeholders in the business and gain approval to proceed.
- ✓ Construct a clear workforce plan to close the gaps identified, including key metrics for how progress is to be measured.
- ✓ Produce a capability and skills profile for roles to facilitate the evaluation of individuals against the profiles so that the Six B's model can be utilised.

The Six B's

Talent acquisition

BORROW

Bring in short-term talent (contractors, secondments) for fixed-term projects to transfer skills and ideas.

BUY

Hire full-time employees to develop long-term capability and resource stability.

Talent management

BUILD

Develop talent within the organisation through education, promotions, and skills training.

BOUNCE

Remove poor performers or reskill redundant roles.

BOT

Use technology to augment or replace portions of roles.

BIND

Retain critical employees and high-performing talent.

Step 6 – Implementation

The implementation phase takes the outputs of the previous phases and deploys the interventions and strategies identified. Progress is evaluated against agreed action plans, with risks and issues managed, and all relevant stakeholders engaged on an ongoing basis.

The planning and analysis conducted begin to demonstrate the value of the SWP process and an operating rhythm kicks in with the process beginning to feel like business as usual.

Once a clear timeline has been agreed on, the implementation should be aligned to the employee lifecycle and existing HR activities can be utilised. Examples of the processes often engaged would be:

- job design and structured role descriptions
- capability frameworks with aligned career paths
- cohesive learning plans aligned to skills gaps
- strategic sourcing for growth dependent roles
- talent pools for high demand roles

A governance structure should be established with a clear timeline for action and a change management plan. There should be a clear understanding of what work can be undertaken in-house and what could be outsourced.

Progress is monitored and evaluated against agreed action plans and shared with stakeholders. Tolerances should be established to enable the easy identification of issues so that scenarios can be adapted where necessary.

All assumptions should be reviewed periodically, usually every six to twelve months.

Significant actions

The two most significant actions for the implementation stage are:

- 1) accurate and consistent monitoring
- 2) a clear change management plan

Both must be communicated regularly to all stakeholders with regular reviews planned to ensure the actions are delivering effectively.

Next steps

Next playbook

Contact your Customer Insights Manager to receive your next playbook:

*Six Steps to Effective Workforce Planning playbook,
Step 1: Mobilise*

Faethm's Six Steps to Effective Workforce Planning series

Our Six Steps to Effective Workforce Planning playbooks are designed to guide you through each stage of the workforce planning process.

Each playbook includes indicators to show you when to use the Faethm analytics platform for data-led insights to inform your workforce planning.

All playbooks in the series

- The Faethm Approach
- Step 1: Mobilise
- Step 2: The Internal Environmental Scan
- Step 3: Supply and Demand
- Step 4: Gap Analysis
- Step 5: Strategy Development
- Step 6: Implementation



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