

Placing Strategic Staffing/Workforce Planning Within Your Business Context

By now you know that strategic staffing/workforce planning is the process of identifying and addressing the staffing implications of business strategies and plans. Clearly, then, any strategic staffing process must be fully consistent with the organization's overall business planning processes. What separates truly effective planning processes from those that are not very effective is the nature of the relationship between strategic staffing and business planning.

This chapter describes how the two processes can be related. It also includes a simple diagnostic that you can use to evaluate your own planning context and identify ways to improve the effectiveness of your planning processes.

Integrate, Don't Align

It is not sufficient to simply align or link the business planning process and the strategic staffing process—after all, two components can be aligned or linked only if they are in fact separate to begin with. To be fully effective, strategic staffing must be seamlessly integrated into the fabric of business planning on an ongoing basis.

To gain the maximum benefit from strategic staffing, you must ensure that:

- **Your business planning and staffing processes include the right components to begin with.** For example, a well-developed planning process includes both long-term business strategies and shorter-term operating plans. Similarly, you should be developing both long-term staffing strategies and short-term staffing plans. It is unlikely that

your planning processes can be effective if any of these major components are missing.

- **The major components of your planning processes mesh fully.** All the components of your planning process need to fit together like the proverbial well-oiled machine. Even if each component is developed masterfully, the planning processes will fail if the linkages between the components are not strong and dynamic. For example, there need to be strong relationships (and information flows) between long-term business planning and long-term staffing strategies. If the relationships between components are weak (or, worse yet, nonexistent), the planning process will be incomplete and ineffective.
- **All of the various pieces and processes within each component of your planning process are fully integrated.** Each major component of the planning process includes various pieces that must fit together and build on one another. For example, strategic objectives usually define what is to be accomplished during the planning horizon. Strategies then define specifically what is to be done to achieve those objectives. When these two pieces are well integrated, all the objectives will be achieved if the stated strategy is implemented as designed. When they are not well integrated, strategy implementation may leave some key objectives unmet.

Those well-managed companies that we all hear about typically have well-defined business strategies and plans that cover both the long and the short term. Similarly, these companies often produce and implement both longer-term staffing strategies and shorter-term staffing plans that fully support the implementation of their business plans. In your organization, however, it is possible that some of these planning processes need to be improved, better integrated, or created from scratch. In fact, you may be using this book specifically to create a strategic staffing/workforce planning process in an organization where one does not currently exist. How can you quickly assess your business planning situation and determine where strategic staffing fits in best?

A Simple Diagnostic

In some organizations, there are many different planning processes and components that are used to varying degrees to guide actions and resource allocations. Understanding the objectives of these components, and how they fit together, is an important precursor to implementing any strategic staffing process. The diagnostic in Figure 12-1 can be used as a framework to help you identify and evaluate the components of your planning proc-

Figure 12-1. The Basic Framework.

	Business Planning	Staff Planning
Long Term		
Short Term		

esses and assess the relationships among those various components. The diagnostic should be used in two ways:

1. It can help you to develop the components of the strategic staffing/workforce planning process and integrate them into ongoing planning efforts *as they apply to your company specifically*. This analysis will allow you to define the context in which your strategic staffing/workforce planning process will be implemented. It will help you to identify what you have to work with and define the business and staff planning components that you can build on. You will be able to identify missing pieces, “bad fits,” and other impediments to effective business planning and strategic staffing. Armed with the results of your analysis, you can then focus and prioritize your strategic staffing/workforce planning efforts, adding those needed components and processes.
2. The diagnostic may also help you to identify specific opportunities for improving the effectiveness of your current business and staff planning processes. By using this diagnostic, you can identify key elements of the planning process that may be missing, opportunities to better integrate the pieces within various components of the planning process, and ways of better meshing the components themselves.

This tool should be applied at the organizational level for which staffing strategies are being developed. For example, apply the diagnostic at an overall corporate level (e.g., defining corporate business strategy) if

a corporate staffing strategy is to be developed. Similarly, apply it at a business unit level (e.g., defining business unit strategy) if the staffing strategy to be developed is for a business unit. Avoid mixing levels, though (e.g., defining business planning at a corporate level and staff planning at a business unit level). If you are trying to define a unit staffing strategy, but there is no specific unit business strategy, try to define what the unit will need to do to accomplish its part of the overall corporate strategy. On the other hand, if corporate values apply at the business unit level as well, feel free to include them.

Each of the four steps of the diagnostic process is described in detail. To help you further, there is a diagnostic worksheet at the end of this chapter that you can use to document your analysis, findings, and recommendations. A blank copy of the worksheet is also included in the files that you can download from www.amacombooks.org/go/StrategicStaff2E. You can then print and use a copy of that form if you don't want to write in the book itself.

The simple two-by-two grid shown in Figure 12-1 forms the basis of the diagnostic. The columns address the two major elements of your planning process:

- **Business planning.** The business planning column will be used to capture any or all aspects or components that can help your business to define and allocate required resources other than people. Typically, this includes all aspects of your strategic planning, budgeting, and operations planning processes.
- **Staff planning.** Include in the staff planning column any processes or components that can help you to define your needs for and allocate staffing resources in particular. This will include all aspects of your staff planning and staffing processes. (Remember how broad my definition of “staffing” is.)

The rows of the diagnostic address your particular planning horizon:

- **Long term.** The top row includes all long-term planning, however you define “long term” for your particular organization or unit. In many cases, “long term” is defined by the planning horizon of your strategic planning process (e.g., three to five years). For some units, however (such as information technology), “long term” may be defined as a much shorter period—perhaps just 12 to 18 months.
- **Short term.** The bottom row addresses the short term, again as you define it. For many companies, this is often defined as the time frame for the annual budget or operating plan. In other cases, it may be defined as a single quarter.

Thus, the diagnostic defines the four major components of your business planning process: long-term business planning, long-term staff planning, short-term business planning, and short-term staff planning.

Step 1: Take an Inventory of Your Current Processes

Next, identify what your company is actually doing in each of the four cells and document that in the matrix itself. Include only those things that you currently have; do not include things that you “should” have or things that you plan to implement. Specifically document each process in the appropriate cell. Don’t just think about the elements; actually write the name of each component in the appropriate cell of your matrix. If you are simply using this tool to analyze the effectiveness of your current processes, it is probably sufficient to simply identify each component. If you are using this tool as a guide for creating a strategic staffing/workforce planning process, however, a more in-depth understanding of each component may be required. If this is the case, actually gather, document, and study each component (e.g., actually obtain and read a copy of the business strategy). If there are multiple versions of the same components (e.g., if there are different vision statements for the business unit you are analyzing and for the company as a whole), obtain copies of all versions.

Here are some examples of what you might find and document in each cell/component of your planning process:

- **Long term/business planning.** List in this cell any efforts that help your organization to identify requirements for or allocate resources over the long term. This might include your company’s mission statement, vision statement, values, strategic objectives, and business strategy.
- **Short term/business planning.** List in this cell any efforts that help your organization to identify requirements for or allocate resources over the short term. This usually includes your operational plan, budget, and headcount control modules.
- **Long term/staff planning.** List in this cell any efforts that help your organization to identify requirements for or allocate staff over the long term. This would include your human resource (HR) and staffing strategies (if they exist). Be discriminating here. Include only those pieces that are truly long term. Exclude those pieces that appear to have some long-term context, but are really implemented on a short-term basis. For example, include your succession planning and development process here if it is truly viewed and applied as a strategic tool, but place it in the short term/staff planning cell if it is

primarily an annual process that drives short-term decisions regarding selection, placement, and/or development.

- **Short term/staff planning.** List in this cell any efforts that help your organization to identify requirements for or allocate staff over the short term. This includes staffing and staffing-related processes implemented within your organization that support short-term decisions (e.g., all recruiting and staffing decisions that are made to meet immediate needs). In many organizations, the vast majority of staff planning and actions occurs in the short term and thus should be included in this cell. You may also wish to include processes that directly support the staffing processes (such as training and development). Again, remember how encompassing my definition of “staffing” is.

When conducting your inventory, be as complete and thorough as you can be, but keep your analysis at a big-picture level. It is not necessary to capture every variance and nuance. Figure 12-2 shows what a typical diagnostic looks like once all processes and components have been identified and recorded in the appropriate cell.

Step 2: Review Each Cell

Once you have completed your inventory, the real diagnosis can begin. Begin your analysis by reviewing the content of each of the four cells, answering the following questions.

Figure 12-2. A Typical Result.

	Business Planning	Staff Planning
Long Term	Mission Vision Values Objectives Strategies	HR strategies Staffing strategies
Short Term	Operating plans Budgets	Recruiting Movement Career planning Succession planning Development Training

Is There Anything That Is Missing?

Are there any key pieces that you think are missing from any of the components? For example, in the long term/business planning cell, there might be a well-defined business strategy, but no clear objectives. Does a business strategy exist? In some cases, the long term/staff planning cell may be empty—for example, when neither a comprehensive HR strategy nor long-term staffing strategies currently exist.

If you do identify missing pieces, determine whether they are absolutely necessary or simply “nice to have.” If they are absolutely necessary, develop plans for communicating these needs to those who should be developing those pieces (e.g., line managers, planners, or HR business partners). You may wish to take on the work of developing these missing pieces, but you probably would not do that under the umbrella of strategic staffing.

Are Any of the Pieces Ineffective?

It may be that a component includes all the right pieces, but the pieces are not as effective as they should be. Does your business strategy really describe *how* business objectives are to be met, or does it just restate those objectives (e.g., it states that you are to become a low-cost producer or a “top five” player in your market, but it does not say what will be done to accomplish this)? Are your short-term staffing practices adequately proactive or primarily reactive?

If you identify opportunities to improve the effectiveness of any of the pieces within a business planning component, separate those pieces that you can fix (i.e., those for which you have the accountability and the necessary resources) from those that you cannot. Where improvements are outside your area of accountability, make sure that you document the improvements that are possible and pass that information on to those who can implement the needed changes.

Is There Anything That Is Redundant or Unnecessary?

Are there any pieces of the planning process that exist, but that should be ignored? In some cases, there may be components that exist, but that really have no impact on the business. Does each piece directly support decision making? Are any of the pieces redundant? If the pieces are in fact critical to the business planning process, consider them when you create your staffing strategy, but if they are not critical, ignore them. Here are some common examples of pieces that might be ignored:

- Many organizations have mission statements. For some, these statements are a valuable component of the business planning process,

perhaps even defining why the organization is in business. For others, however, while the statement exists, it does not affect decision making in any appreciable way. One organization that I'm familiar with has a mission statement that was created by a team of senior managers (probably during a facilitated, off-site session). It incorporates glowing language and all the right buzzwords. The problem is that this mission statement does not really affect decisions or resource allocations at all.

If your mission statement is valuable (and used), then factor it into your strategic staffing efforts. If it isn't, then don't.

- Company values are often defined but not integrated into the business. I know of an organization that developed, documented, and disseminated a set of corporate values. As a way of communicating these values, the organization printed posters that were hung in every conference room and elevator lobby. In addition, the values were printed on laminated cards that could be included in every employee's day planner or affixed to the back of everyone's employee ID. The problem was, however, that in this organization, those value statements didn't influence individual behavior in any significant way. The words never got beyond the slogan stage. There was no component of the performance management process that allowed managers to assess the extent to which subordinates put these values into practice on a day-to-day basis.

If company values exist and drive decision making in your company, incorporate them into your strategic staffing process. If they don't, consider ignoring them.

Are the Components Well Integrated?

Look at the processes and pieces *within* each cell of the diagnostic and assess the extent to which they are working together as that well-oiled machine to implement your plans and achieve your objectives. Are they pieces of a puzzle that fit together well, or are they somewhat separate, disjointed initiatives that compete for management time, attention, and resources? Pay particular attention to the long term/business planning and short term/staff planning cells.

Long Term/Business Planning. Each piece should be fully consistent with the piece before and the piece after. For example, consider "mission" to be your reason for being in business. "Vision" should be a description of what you want your organization to look like—the place your company

wants to get to over time. “Objectives” are the signposts you pass along the way on your journey from where you are to the place described in your vision. “Strategies” should be the plans that describe how you will move from signpost to signpost (i.e., from objective to objective).

When these pieces are not well integrated, each of them tends to stand alone. For example, as described earlier, there may be a mission statement that is disconnected from the other pieces of the resource allocation process. In some cases, organizations have created vision statements that are virtually indistinguishable from their mission statements. Some organizations have several unintegrated vision statements that were created by separate groups at separate times. Perhaps worst of all, some organizations have developed strategies that, when implemented, will not allow them to achieve their stated objectives.

If the efforts in your long term/business planning cell are well integrated, make sure that your strategic staffing efforts are consistent with that integrated approach. If the pieces do not fit so well with one another, determine which efforts are actually driving decision making and ensure that staffing strategies are consistent with those efforts in particular.

Short Term/Staff Planning. To what extent are your short-term staffing processes integrated? Have you developed cross-functional plans that, when taken together, will ensure that you have the right people in the right place at the right time? Indeed, staffing efforts should be integrated with one another. Yet this integration may not need to occur at an overall, functional level. If you are taking the issue approach, you may want to integrate recruiting, staffing, internal movement, and development in ways that most effectively address a particular issue. As an example, you might bring together particular individuals (with particular expertise) from these functions and charge that team with addressing an issue of insufficient management depth. Don’t assume that you need to bring together the entire recruiting, staffing, and development functions to create an integrated solution.

Do you think the various functional components of your short-term staffing processes are well integrated? Here are three tests to see if they are:

1. Are representatives of each function present, and are they active participants when staffing decisions are being made? If they are, it is likely that your processes are integrated. If they are not all present, if they develop separate functional plans, and/or if integration is left to communication outside such a session, then integration is unlikely.

2. Do you have separate plans for each function in HR? For example, do you have separate strategies for recruiting and development? Many companies do create separate strategies for different HR functions. This approach, while common, is difficult to implement well. In some cases, it creates competition for resources among functions that actually impedes the required action.
3. Think about your development planning processes. Some organizations create separate development plans as part of their performance appraisal, career planning, succession/development, and high-potential programs. If these plans are created at different times, using different criteria and standards, and result in different/separate plans, it is unlikely that your HR/staffing functions are sufficiently integrated.

Step 3: Examine the Relationships Between Cells

Once you have completed your analysis of each cell, look at the relationships between cells. Draw arrows to show the direction(s) in which information flows. If there is dialogue and two-way communication, show an arrow in each direction. Use the thickness of the arrow to show the quality of that information flow (e.g., solid for good flow, dotted for partial flow). Remember that there probably cannot be any relationship at all between a well-developed component and a poorly developed one (e.g., an empty box on the diagnostic).

Here are some examples of what your analysis might include:

- **Long term/business planning and short term/business planning.**

This is the relationship between business strategy and budgets/operating plans. When this relationship is effective, the short-term budget is fully consistent with the longer-term strategy. For example, the budget or operating plan may actually be the first year of a three-year business plan that is updated annually. If this is the case, draw a dark arrow from the upper left cell to the lower left cell. When this relationship is ineffective, the budgeting process is not really linked to strategy at all. The binder (or deck of slides) that describes the business strategy may exist, but the business strategy has little or no impact on how the business is managed or how resources are actually allocated; it is the short-term budget that really drives decision making. I sometimes refer to this situation as SPOTS, or strategic *plan on top shelf*. If this is the case, draw a very light arrow from the upper left to the lower left—or perhaps no arrow at all.

- **Long term/business planning and long term/staff planning.** Are staffing issues raised when your business strategies are first proposed and

developed? Or are staffing strategies created only after business objectives and strategies have been defined? Might there be staffing strategies that really are not directly related to business plan implementation? If staffing strategies are prepared primarily in response to business plans, then draw a dark arrow from the upper left to the upper right. If the number and type of available staff affect the strategies that are proposed (e.g., if you decide to enter a market because of the talent that is available internally), then draw an arrow from the upper right to the upper left. If staffing issues are identified and discussed as part of the business strategy process (and strategies for addressing those issues are developed as part of that process), then perhaps arrows should be drawn in both directions.

- **Long term/staff planning and short term/staff planning.** When the strategic staffing process is implemented effectively, this relationship is usually quite clear. As stated earlier, long-term staffing strategies form the context for short-term staffing decisions. If short-term staffing decisions are made in this longer-term context, draw a dark arrow from the upper right to the lower right. If short-term staffing decisions are not made in this long-term context, then draw a light arrow (or no arrow at all).

- **Short term/business planning and short term/staff planning.** What is the relationship between budget and staffing actions? Does the budget process really define the amount of resources that are available? Do you then simply translate these available resources into the number of people to be hired, promoted, and trained? Does the finance function define the maximum number of staff allowable in each unit based on financial criteria? If so, draw a thick arrow from the lower left to the lower right. Do you sometimes define the numbers and types of staff that will be required (and the plans needed to ensure that this talent will exist) and then build a coherent business case for securing the resources to do this? Do you define the resources that will be needed to implement the staffing plans you define? Are you able to describe specifically what won't get done if the organization is unable to secure the staffing you have determined is required? If so, draw a dark arrow from the lower right to the lower left.

Note that there are no diagonal relationships or lines of communication defined here. For example, it is impossible to directly link long-term business planning and short-term staff planning. Such relationships are not feasible.

When you have completed this step, look at the direction and relative thickness of the arrows you drew. When your company is operating effectively, you will have dark arrows in both directions in two places: between long term/business planning and long term/staff planning and between

short term/business planning and short term/staff planning. You will also have dark arrows (probably pointing down) between long term/business planning and short term/business planning and between long term/staff planning and short term/staff planning.

You may end up with two sets of arrows, pointing in both directions: between long term/business planning and long term/staff planning and between short term/business planning and short term/staff planning. This implies that there is meaningful dialogue between business and staff planning in both the long and the short term. This dialogue is essential to developing meaningful, realistic staffing strategies and plans. However, creating arrows between these two rows that point in both directions is actually not your ultimate objective (although, at a minimum, it is the place to start). In the final analysis, you want to remove the line on your model that separates the business planning cells and the staff planning cells. This indicates that business planning and staff planning are fully integrated, not just separate processes that are linked well or aligned effectively.

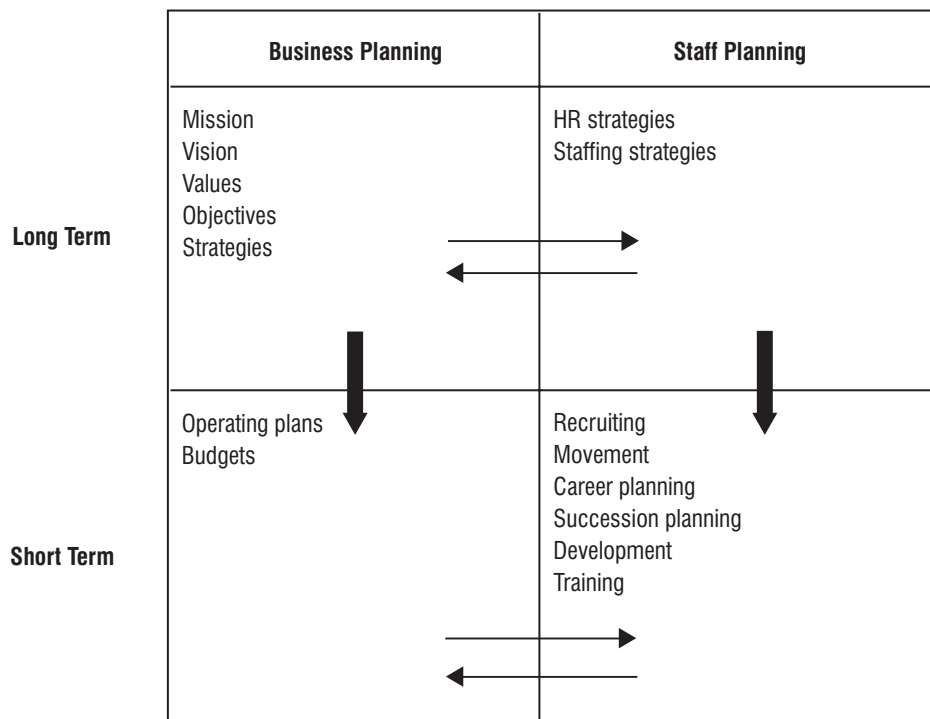
Opportunities to improve the effectiveness of this part of your processes are usually characterized as adding an arrow that does not exist (i.e., creating a relationship or line of communication) or making a light arrow darker (i.e., strengthening a relationship that already exists). Adding an arrow usually entails the creation of a new mechanism or process that facilitates discussion and data exchange. Darkening an arrow usually means that the effectiveness of an existing mechanism needs to be improved. Here are two examples:

- If you need to add an arrow between long term/business planning and short term/business planning, define the process by which short-term plans should be made within the context of the long-term business strategies that exist.
- If you need to darken the arrow between long term/business planning and long term/staff planning, consider making discussions of staffing implications a regular part of the development of business strategies.

Figure 12-3 shows what a completed diagnostic for a well-developed process might look like. When complete, the strategic staffing/workforce planning process will include all four of the horizontal arrows as well as the vertical arrows linking long-term staffing and short-term staffing.

Creating or strengthening the relationships between the boxes of this model should be one of your major areas of focus. This book is filled with ideas and suggestions for what you can and should do to develop (or

Figure 12-3. A Well-Developed Planning Process.



thicken) the arrows that relate to staffing. Table 12-1 lists some ideas for what you might do to create or strengthen each arrow. A chapter reference is provided for each idea.

Some Final Thoughts

Needless to say, the strategic planning process varies widely from company to company; indeed, it may vary among units of the same company. Consequently, there can be no set way of creating the necessary relationships between your business strategy and strategic staffing processes. You should use this diagnostic as a framework to guide your thoughts and actions, not as a cookbook to be followed line by line.

This diagnostic is meant to facilitate action, not prevent it. Consistent with a theme that was raised in Chapter 8, do the most you can with what you have. Even if you find that some pieces or some points of integration don't exist, you can still begin to develop your strategic staffing process. Take full advantage of the processes and information that do exist, and create first-generation staffing strategies and plans. Simultaneously, work with others to improve the overall business and staff planning processes, perhaps even using this diagnostic as your framework for discussion.

Table 12-1. Strengthening the Arrows.

Relationship	Supporting Idea	Chapter
Long term/business planning → long term/staff planning	<ul style="list-style-type: none"> • Define and focus on critical staffing issues • Identify and apply staffing drivers 	Chapter 4 Chapter 5
Long term/staff planning → long term/business planning	<ul style="list-style-type: none"> • Identify opportunities for available talent to influence business strategies • Define staffing issues that are not directly related to business change (e.g., retirement) 	Chapter 4
Long term/staff planning → short term/staff planning	<ul style="list-style-type: none"> • Apply the “upside-down T” • Create long-term staffing strategies that provide the context for short-term staffing decisions • Create and run staffing models for multiple planning periods 	Chapter 2 Chapter 4
Short term/staff planning → short term/business planning	<ul style="list-style-type: none"> • Define staffing-related costs • Calculate long-term savings • Define what won’t get done if staffing resources are not available 	Chapter 24

Here is an example: A multinational oil company wanted to develop a series of staffing strategies for positions that were difficult to fill. Since the company had never developed these strategies before, it used this diagnostic to assess where it was. During the inventory phase, the company determined that a business strategy existed, but during the integration phase, it discovered that this strategy consisted primarily of restated business objectives. It lacked the “how” part—it did not describe what was going to be done to achieve those objectives. As stated in Chapter 2, it is not possible to develop a staffing strategy that is based on objectives. Rather than do nothing, the team decided to build its first strategy around a well-crafted vision statement that did in fact provide some of that missing direction. As work on the staffing strategies continued, the team leader worked with the business planning group to create a business strategy that was more descriptive of what would be done, not just what was to be accomplished. During the next planning cycle, this second version of the strategy formed an excellent foundation that was used to create the second-generation staffing strategy.

Defining Your Strategic Context A Strategic Staffing Worksheet

Step 1: Take an inventory of your current pieces.

What is your organization currently doing in each of these four cells?

	Business Planning	Staff Planning
Long Term		
Short Term		

Step 2: Review each cell.

- Are there any pieces missing in any cell?
- Are any pieces ineffective?
- Are any redundant or unnecessary?

Cell	Findings
Long term/business planning	Missing: Ineffective: Redundant:
Short term/business planning	Missing: Ineffective: Redundant:
Long term/staff planning	Missing: Ineffective: Redundant:
Short term/staff planning	Missing: Ineffective: Redundant:

Step 2: Review each cell (continued).

How consistent are the initiatives in each cell?

Cell	Examples of Integration
Long term/business planning	Effective integration points: Opportunities for improvement:
Short term/business planning	Effective integration points: Opportunities for improvement:
Long term/staff planning	Effective integration points: Opportunities for improvement:
Short term/staff planning	Effective integration points: Opportunities for improvement:

Step 3: Examine the relationships between cells.

How do the cells relate to each other?

Between	And	This Linkage Exists
Long term/business planning	Short term/business planning	Current linkages: Opportunities for strengthening the linkages:
Long term/business planning	Long term/staff planning	Current linkages: Opportunities for strengthening the linkages:
Long term/staff planning	Short term/staff planning	Current linkages: Opportunities for strengthening the linkages:
Short term/business planning	Short term/staff planning	Current linkages: Opportunities for strengthening the linkages:

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