

# Effective Strategic Staffing/Workforce Planning: Case Studies and Examples

This chapter describes three specific case studies in which strategic staffing had a major impact on the organization implementing the process. It also includes several shorter, less detailed summaries of successful strategic staffing projects. In each case, the company specifically used some version of the strategic staffing/workforce planning process described in this book.

## **Case 1: A Pharmaceutical Company**

### ***Introduction***

This case study describes a project that was completed for a large pharmaceutical company. The organization chose not to follow the traditional one-size-fits-all process (i.e., expecting every unit of the organization to create staffing plans at the same time, at the same level of detail, with the same planning horizons, using the same templates). Instead, this company developed a targeted staffing strategy that focused on a particular unit within the information technology (IT) organization that was about to undergo significant growth. This case study identifies the issues that had to be faced and describes the planning approach that was taken. It also highlights the results of the project—both longer-term, broad staffing strategies and shorter-term, specific staffing plans and actions.

### ***The Strategic Context***

The staffing strategy described here was developed for the technical support group within the IT function. The technical support group provides critical services to the business units of the firm, such as local and/or wide area network (LAN/WAN) setup, cabling, server configuration, operating

system installation, and telecommunications support. In the near future, the company as a whole was expected to grow significantly; consequently, demand for the services that the technical support group provided was expected to grow significantly as well. At the start of the project, full-time employees of the technical support group were handling the majority of the work, but it had become clear that the existing staff would be unable to support all the projects that would result from the planned growth. The technical support group manager wanted to develop a staffing strategy that would ensure that his unit had a sufficient number of qualified staff available to provide these services when they were needed.

### ***The Strategic Staffing Model***

As a first step, staffing needs were defined. A strategic staffing model was developed to support this analysis. The basic format of that model is described here.

**Model Structure.** The core of the model was a two-dimensional matrix. Each row of the matrix combined two concepts: the particular technical area of expertise (e.g., WAN, LAN, voice, desktop, or messaging) and the role that was to be played. There were two roles defined for each technical area:

1. **Oversight**, which included defining the work to be done, setting objectives, preparing work plans, providing technical guidance, and supervising the work of others
2. **Staff**, which included those actually doing the work in the hands-on sense

Each row of the model described a pairing of technical expertise and role (e.g., Wide Area Network (WAN) oversight, WAN staff, voice oversight, voice staff). Each of the three columns of the model denoted a particular level of expertise:

1. **Senior:** Individuals who had a deep knowledge or understanding of a particular technical area (e.g., a platform or set of software) as it was applied within the company's business context
2. **Individual contributor:** Individuals who had the technical skills, experience, and understanding of the company's technology, systems, platforms, and business practices needed to contribute to projects without constant supervision
3. **Foundation:** Individuals with basic capabilities and aptitudes but no in-depth understanding of the company's technology, systems, platforms, or business practices

Conceptually, each job (i.e., each cell of the matrix) could be described as a particular combination of technical area, role, and level of expertise (e.g., WAN oversight at the senior level, voice staff at the individual contributor level). Figure 10-1 shows a portion of the model framework.

**Time Frame.** The overall planning horizon for the model was one year; staffing plans were developed for each of the four quarters within that year. The plan was to be updated on a rolling basis (i.e., each of the four quarters included in the plan would be updated on a quarterly basis).

**The Modeling Process.** The model itself was a fairly traditional, spreadsheet-based supply/demand model.

Overall staffing requirements were calculated by defining the staffing requirements of each project to be supported and then summing the staffing requirements across all projects on a job-by-job, quarter-by-quarter basis. The initial supply was defined to be the existing pool of full-time technical support group employees (i.e., those who were already employed full time at the beginning of the planning period). For each period, the model compared demand to supply and calculated gaps and surpluses for each job category (i.e., each cell of the matrix).

Managers in the technical support group first reviewed staffing gaps and surpluses for the first quarter and determined the staffing actions that would best eliminate those gaps and surpluses for that quarter (e.g., reallocating the time of existing employees among projects, contracting work out, or hiring). Once these staffing actions were entered in the spreadsheets, the model then determined the numbers and types of employees and contractors that would be available at the start of the second quarter

**Figure 10-1. Case Study Model Framework—  
Technical Support Staffing Model.**

Job Category	Senior	Individual Contributor	Foundation
LAN oversight			
LAN staff			
WAN oversight			
WAN staff			
Voice oversight			
Voice staff			
Etc.			

(assuming that all the first-quarter staffing actions were implemented as planned). It also compared that supply to the requirements for the second quarter, and recalculated the gaps and surpluses. Again, the technical support group managers determined how best to eliminate the staffing gaps and surpluses for that quarter and entered those data into the spreadsheets. This process was repeated for all four quarters of the one-year planning period.

### ***The Staffing Strategies and Plans That Emerged***

Once specific staffing needs had been defined, the overall staffing strategies that would meet those needs most effectively were developed. The first strategies that were developed clearly defined what the oversight and staff roles would be in the future and (ideally) how openings in each of these roles should be filled. When the managers looked at technical areas and roles (i.e., the rows of the model), they reached the following general conclusions:

- **Oversight roles would primarily be filled by full-time technical support group employees.** Oversight roles were especially critical to the mission of the technical support group. The individuals who served in these roles should bring a depth of technical expertise and an overall understanding of the company's business context that was especially valuable. These roles were thought of as core in that they directly supported the implementation of company strategies and provided a distinct competitive advantage. Because of the strategic value of these roles, it was determined that they should be staffed by the company's own full-time employees.
- **Staff roles should be filled by contractors on a short-term, as-needed basis.** The individuals in staff roles provided critical services, but those services were not unique to the company and provided no particular competitive advantage. In most cases they involved skills that could be learned outside the company's business context. The services could be thought of as commodities that were readily available outside the organization. As a result, it was decided that contractors should be used to staff these roles.

When they looked at the various levels of expertise (as denoted by the columns of the model), the managers drew the following conclusions:

- In addition to all of the oversight roles, some senior- and individual contributor-level staff jobs were also considered core. This was especially the case in technical areas that were deemed critical or proprietary in nature (e.g., systems development and architecture).

- None of the roles included in the foundation column of the model were considered core.

Once core roles had been identified, the company decided (at a strategic level) to focus its recruiting, training, and development efforts on providing and strengthening core roles and capabilities. Few resources, if any, would be spent on recruiting and training in noncore areas. This strengthening would be focused on two areas in particular:

1. **The oversight capabilities of technical support group employees.** For current employees, development efforts would be aimed at enhancing oversight capabilities (e.g., planning, supervising, and managing performance), not technical skills.
2. **Capabilities relating to and supporting the development and implementation of proprietary technologies.** Where necessary, specific individuals would be developed in technical areas that were also identified as core.

It was also decided that changes in core roles had to be implemented over time, not all at once. Initially, oversight capabilities (such as planning and supervising) would be positioned as additions to the technical capabilities that were already developed and demonstrated by individuals at these levels. Over time, however, the development and utilization of oversight capabilities would be emphasized and the development of new technical skills would be deemphasized.

### ***Additional Short-Term Actions***

Within the context of these staffing strategies, several more specific, short-term staffing actions were also defined.

***A Logic for Eliminating the Staffing Gaps and Surpluses Defined by the Model Was Developed.*** Managers created a rationale or set of priorities that could be used to eliminate staffing gaps and surpluses in each quarter. If a need for a core role was defined, managers would first try to meet that need by reallocating surplus time from a current technical support group employee. If that was not possible, a new employee would be hired (if the need was ongoing) or a contractor would be retained and developed (if the need was short-term). If a need for a noncore role was identified, managers would still try to reallocate surplus time from a current technical support group employee. If that was not possible, a contractor would be retained.

***Specific Training Plans Were Developed.*** If the staffing plans that emerged from the strategic staffing model were implemented as designed, the work being done by several full-time technical support group employees would change significantly. For example, one individual would move from having no responsibilities in the messaging area in the first quarter to working solely in that area in the fourth quarter. The individuals whose responsibilities would change so significantly would probably require additional (concentrated) training in order to perform satisfactorily in these new technical areas. Targeted development plans were developed for these individuals so that during the second and third quarters they could acquire the skills that they would need in the fourth quarter.

***Plans for Increasing the Effectiveness of Contractor Relationships Were Developed.*** The staffing strategy clearly identified the areas in which contractors would be needed over the coming year. In some cases, actions had to be taken in advance of need to ensure that a reliable source of qualified contractors would be available when needed. These actions might include:

- Reviewing staffing needs with those companies that are already providing talent to ensure that those companies will continue to provide contractors with the needed skills and capabilities.
- Identifying new sources of talent if current suppliers are unable to provide sufficient numbers of properly skilled talent.
- Identifying new sources of qualified talent in areas where contractors have not been used previously. This might include identifying suppliers, discussing staffing requirements with those suppliers in advance of need, and gathering information regarding what would have to be done if a particular supplier were to be called upon to provide talent (e.g., what the lead times and contract terms/provisions might be)

### ***Other Key Findings***

In addition to the strategic and short-term staffing initiatives just described, there were two additional findings:

1. Deferring projects would not alleviate any staffing issues. Prior to the analysis, managers had assumed that since many projects were front-loaded into the early quarters of the planning period, there would be staffing shortages in those quarters and staffing surpluses in later quarters (when fewer projects were planned). If this were true, staffing gaps and surpluses might be balanced by simply deferring some projects to later quarters. The results of the analysis did not support this conclusion.

2. It had been thought that there might be some cases in which it would be less expensive to add individuals with noncore skills as full-time staff (as opposed to using contractors) if those skills were needed on an ongoing basis. The staffing strategy showed that this was not the case within the technical support group. There was no set of noncore skills that was needed throughout the planning period; consequently, there was no need to add full-time employees to provide noncore skills.

### ***Conclusions***

Taking a more strategic approach to staffing had a significant impact on this organization's staffing actions. By developing a longer-term staffing strategy and using that strategy as a context for near-term decision making, the company was able to define the staffing actions that would allow it to best meet its needs for talent in both the long and the short term. Without that strategy, it is likely that the technical support group would have implemented staffing actions that were less effective and more costly than those that were implemented as a result of using this process.

## **Case 2: An International Bank**

### ***Introduction***

In this case, a staffing strategy was to be developed for a development unit of an international bank. Each of the bank's development units supports lending operations by providing borrowers (primarily developing countries) with the technical and functional expertise they need if they are to implement the projects for which bank funds were being loaned. Initially, strategies and plans had been developed to revitalize this particular development unit, and the bank's board of directors had approved a sizable budget increase to support these efforts. Work had begun on a staffing strategy that would support these revitalization efforts. Then, rather unexpectedly, the political climate both inside and outside the bank changed, and the expertise offered by this development unit was suddenly on everyone's agenda. The revitalization effort took on new importance, and staffing that effort became even more important.

### ***The Strategic Context***

Traditionally, this development unit of the bank had directly supported education-related lending. It provided both technical and operations support. Developing countries turned to the bank for the capital, expertise (both economic and educational), and project management needed to build schools, conduct teacher training, obtain and create textbooks, de-

velop curricula, and provide other infrastructure. The unit's efforts (both lending and development) focused on all aspects of learning, from pre-school through adult education.

As the bank's business environment changed, so did the role of this development unit. In many cases, education efforts became a part of larger projects (e.g., a program to reduce a significant health risk) rather than stand-alone efforts (as had been the case previously). In addition, the bank began to move toward program-based lending. Instead of providing capital and expertise that focused on particular projects (as it had traditionally done), it provided capital to countries in need as long as they achieved certain policy goals and milestones (e.g., improving literacy rates). The sudden emphasis on education also meant that this development unit would have to provide additional services and support both to its traditional lending and to emerging programmatic loans. The board of directors also called on the unit to define specific progress measures (including one addressing staffing) and to report progress against those measures on a quarterly basis.

The bank was organized by region. Within each region, there were individuals with expertise in education. There also was a centralized unit that provided staff, some level of expertise, and administrative support to the education professionals located in the regions. Some staff were functional experts; however, most spent a large part of their time managing projects and tasks.

It was in this environment of growth and change that a strategic staffing process was to be implemented. Initially, the bank began to implement the approaches described in this book. As the project progressed, however, some significant differences emerged.

### ***Critical Business Issues***

As described earlier in this book, the strategic staffing process normally begins with the definition of the staffing implications of business strategies and plans. In this case, however, as the strategic staffing project began, several larger business issues were identified. Among the senior managers, there was some difference of opinion regarding what this development unit was to accomplish during the planning period. First, there was a lack of consensus regarding the overall mission of the bank in general and of the education unit in particular. Some managers felt that the bank's main role was to have a significant positive impact on the countries being served (e.g., to maximize the impact that the bank's capital would have on learning). Others felt that the bank should concentrate more on lending operations and less on development. Some felt that the new program-based lending was appropriate in most cases; others felt that it should be

implemented only on a selected basis. Complicating this situation was the fact that the performance evaluation of most country managers was based largely on the size and performance of their lending portfolios. The impact of their development efforts carried much less weight. Obviously, all these differences in business objectives, strategies, and approaches were significant. The staffing needed to implement some of these alternatives varied widely.

### ***Initiating the Strategic Staffing Process***

Once the basic parameters of the model had been defined (e.g., population, planning horizon, and model structure), efforts to define the staffing requirements began.

The bulk of the staff within the development unit fell into three job categories: economics, education, and operations. Each of these streams included three levels of jobs: individual contributor, senior level, and lead level. In addition, there were research analysts and operations analysts. Traditionally, the bank hired younger professionals (including many Ph.D.s) who had a particular expertise in educational economics or in some education specialty.

A staffing model was built to support the development of staffing strategies and plans. The model included all staff that directly supported the lending activities of the development unit. It focused on staff within the existing three job streams (i.e., economics, education, and operations) both in the regions and in the corporate unit. It also included the operations and research analysts; it excluded the small number of managers.

The columns of the model denoted the organization unit (e.g., region or corporate, headquarters or field locations). Jobs in each region were divided into three categories on the basis of location (i.e., corporate headquarters, corporate positions in the field, and local office positions). The rows of the model denoted job stream and level. While the qualitative portion of the project looked ahead three years, the quantitative model focused on the coming fiscal year. The model structure is shown in Figure 10-2.

The actual model included all regions, not just the two shown in the example. It captured current staff levels, forecast future staff availability, defined staffing requirements, and calculated staffing gaps and surpluses.

### ***Strategic Staffing Issues***

Even given the uncertainty surrounding the business, several well-defined staffing issues were identified. One staffing issue emerged early in the project. The three job streams (i.e., economist, education specialist, and operations officer) had been designed to be quite different. However, a

Figure 10-2.

Job	Region 1 HQ	Region 1 HQ-Field	Region 1 Local	Region 2 HQ	Region 2 HQ-Field	Region 2 Local	Corporate
Lead economist							
Senior economist							
Economist							
Lead education specialist							
Senior education specialist							
Education specialist							
Lead operations officer							
Senior operations officer							
Operations officer							
Operations analyst							
Research analyst							

review of existing job profiles, internal postings, external ads, and other documents showed that staff in all three streams were primarily playing the same role—that of project manager, not that of technical expert. The capabilities required in the three streams were more alike than different. Although many of the individuals in the sector had been hired because of their technical expertise, most of this specific expertise was not being applied; instead, they were working as generic task managers. The more these individuals focused on project management, the more rusty and outdated their technical expertise became. Moreover, many of these people had become disheartened and disillusioned—they had been hired by the bank to apply their expertise, but they were unable to do so. This lack of differentiation would be less of a problem if the bank were to focus on lending, but it was a critical problem if the bank were to focus on development.

A second staffing issue was related to organization structure. While each region required some education expertise, not all of the regions were large enough to afford full-time education staff. Since the smaller regions could not afford individual experts, many of them had created positions that spanned or combined functional areas (e.g., education, health, and

social programs). These regions then chose to employ staff with some expertise in these multiple functions rather than take on experts in each area. While most of the people playing these combined roles met the minimum qualifications for each functional area, few of them were experts in all the areas in which they worked. As a result, there was a general lowering of the bar regarding technical expertise. This was a particular problem in countries and situations where extremely deep expertise was required. This lack of deep expertise would only get worse where the bank was called on to provide development assistance in addition to capital.

A third staffing issue was related to the move to program-based lending. To support this approach, the bank would need staff that was experienced in creating and developing the high-level policies and strategic objectives that served as the standards by which country performance was measured. Program-based lending required staff with experience in meeting with high-level government officials and conducting meaningful policy-level dialogue. The bank did not have a large enough pool of staff with this expertise to support a significant number of program-based loans.

A fourth staffing issue involved the inappropriate use of consultants. In a move designed to reduce fixed costs and provide additional flexibility, the bank had mandated that most staffing needs in all units (including the education unit) should be met by a blend of full-time, "core" staff and short-term consultants. In fact, it set a specific ratio of core staff to consultants that could not be exceeded. For many units, this mandate reduced the number of "core" staff and increased the number of short-term consultants that were working. However, in many cases, there was more "value-adding" work required than could be handled by the core staff that remained. As a result, core staff tended to be "overprogrammed," and less experienced contingent staff and short-term consultants were doing much of the "real" work that might be completed more effectively by core staff. This approach was inefficient in the near term and also created significant problems in the longer term. Critical expertise that the development unit would need in the future was being developed in short-term consultants, not core staff. Consequently, this needed expertise could be lost as contracts expired and these short-term consultants left the bank.

The final staffing issue related to management depth. There was an insufficient number of qualified managers available to fill the vacancies that were expected in the near future. This lack of qualified candidates would probably force the development unit to replace those that retired with external hires. Given that the bank's prior experience with placing external candidates in senior-level positions was tenuous at best, an over-

reliance on external hires could create significant performance and staffing problems in the next few years.

There were also several issues regarding the bank's staffing processes and practices. Most staffing programs were reactive in nature; staffing efforts began only after specific openings were identified. Other programs were not specifically needs-based. In many cases, "promotions" were position upgrades based on performance and credentials, not staffing actions that were implemented to meet particular needs. A batch hiring process brought skilled individuals to the bank, but these individuals were normally not recruited or selected to fill particular openings.

Finally, the bank tended to have a one-size-fits-all approach to staffing processes. New processes tended to be implemented across the board. Relatively few targeted solutions were developed and implemented to address specific staffing issues.

### ***The Staffing Strategies and Plans That Emerged***

As a result of this project, several staffing strategies were proposed to address the staffing issues that were identified:

- **Differentiate job streams to support needed specialization.** Job profiles, accountabilities, and definitions of required skills would be changed to allow technical specialists to develop and apply the deep expertise needed to support the bank's mission. Education economists would focus on economics, education specialists would focus on their particular area of expertise, and operations officers would focus on project and task management.
- **Position and develop the corporate unit as a "center of excellence."** Rather than being purely administrative, the corporate unit would now provide the regions with the specific expertise that they currently could not afford. Individuals with deep economic and education expertise would be part of the corporate unit, but would be allocated to the regions on an as-needed basis. This would allow a region that had a need for a third of a full-time equivalent in education to apply the needed expertise. The region would no longer have to compromise by using a less experienced generalist who happened to be available.
- **Recruit and develop high-level policy development expertise.** Since the bank lacked individuals with this expertise, it would actively recruit from the outside to fill the positions needed to support the move to program-based lending. These recruits would be provided with accelerated development so that they could get up to speed on the bank's procedures and operations.

- **Redefine the role of short-term consultants.** The unit would identify and designate as “core” those jobs that were absolutely critical to implementing plans and strategies, required specific technical or functional expertise on an ongoing basis, provided a significant competitive advantage, and required a full, in-depth knowledge of bank or development unit policies, procedures, and systems. Wherever feasible, these core positions would be filled by full-time staff. Further, all of the unit’s recruiting and development efforts would focus on these core positions. All positions that did not meet one of these four criteria would be filled using consultants. Short-term consultants should also provide any expertise that was needed for a short period at a particular point in time.
- **Develop management candidates in advance of need.** The development unit would work to develop a “pool” of candidates for critical senior management positions in advance of need. This would ensure that there were qualified internal candidates that could be considered and selected to fill senior management openings that might arise (whether as a result of retirements, transfers, or voluntary turnover). Effective management succession and development processes are quite proactive. They usually include the definition of specific management requirements and the identification and development of candidates (in advance of need). The objective of such a process should not be to identify the specific individual who will be placed in a particular position when the incumbent leaves.

Needless to say, these staffing strategies could not be finalized or implemented until the significant business issues (as described previously) were addressed. The managers in the development unit were not in a position to dictate this resolution. Instead, they needed to develop contingency plans and compromises that would allow the sector to move forward with its revitalization as solutions to the business issues were developed.

### ***The Role of Quantitative Analysis in This Project***

In most strategic staffing projects, a staffing model is developed and used to define specific staffing plans and actions that are needed to eliminate (or at least reduce) critical staffing gaps and shortages that are expected in each planning period. While gaps and surpluses were defined as part of this project, specific staffing plans and actions were not. Managers were willing to talk about qualitative staffing issues and strategies, but they were reluctant to discuss those staffing issues in quantitative terms. Some did not see the value of being so specific. Others had participated in quan-

titative workforce planning efforts in the past that had proved to be primarily “number-crunching exercises” that were of little value. Still others had done some quantitative staffing analyses of their own areas and saw little benefit in doing a similar thing for the unit as a whole. Most managers seemed to think that implementing the specific, quantitative staff planning approach that had been proposed would be very difficult, given some of the bank’s current practices regarding headcount planning and control. Some of these impediments included:

- **Inflexible budgeting processes.** Staff planning was part of the annual budgeting cycle. This made it difficult to adjust staffing requirements and staffing plans as changes occurred during the year. Further, since managers had to rejustify staffing needs before even previously approved positions could be filled, proactive staff planning and action was difficult at best.
- **Fixed staff cost ratios.** The fixed/variable staffing ratios that had been set limited management flexibility regarding staffing decisions. The ratios were not fully based on need and were set at somewhat arbitrary levels. In some units, effective staffing might require a higher percentage of “core” staff than the ratio allowed. In other units, it might be possible to perform the work adequately with a higher percentage of consultants. The fixed nature of the ratios eliminated the possibility of this needed variation.
- **Unclear accountability for staffing decisions.** Within the bank’s matrix structure, accountability for staffing was not well defined. Managers preferred to have staff report directly to them and were not comfortable with using staff (no matter how highly skilled) that reported to another manager. In concept, functional managers were to play critical roles in staffing regional positions, but in reality, the regional managers were the ones making the “final” staffing decisions. Because staffing accountability was not fully defined, some managers were able to “work around” the system (e.g., not communicating openings until preferred candidates were identified and hiring talented individuals who did not necessarily meet predefined position requirements). Many of these work-around practices were contrary to the open, proactive nature of strategic staffing.
- **Strict policies and procedures regarding staff reduction, made it difficult to add appropriately skilled staff.** The bank’s policies and procedures regarding staff reductions were quite strict. Because of this high standard, managers were unwilling to take the difficult steps necessary to remove or redeploy staff—even those whose performance was inadequate or whose skills had become obsolete.

Given that headcounts and budgets were strictly limited, new recruits who had newly required skills could be hired only if other employees left to make room for them. Yet the bank's strict staff reduction policies made it hard for managers to remove poor performers in order to make room for these needed recruits. Again, these practices made it difficult to be proactive regarding staffing and to implement staffing practices that would meet the unit's needs.

In order to implement strategic staffing effectively, including its quantitative components, the bank needed to change some of these practices. To the extent that the impediments remained, the bank would be unable to plan strategically to meet its staffing needs and would be forced instead to react on a tactical, short-term basis.

Because of these concerns, the quantitative staffing analysis and planning proceeded no further. While the lack of a well-developed quantitative staffing model may not prove to be an issue in the near term, the lack of quantitative staffing information may become more of a problem in the future because:

- **Staff losses were not considered.** Even in its preliminary format, the model indicated that the numbers of staff that should be added during the planning horizon were higher than management estimates for that same period. The primary cause of these differences was staff losses. In some cases, managers were thinking incrementally (i.e., determining how many more than the current headcount would be needed) and were not considering the fact that staff would be leaving (e.g., as a result of contracts with individuals expiring, voluntary turnover, and probable retirements). For example, a manager might estimate that three staff should be hired to support planned growth (thinking in terms of a net increase). In fact, six staff might be required (the increase of three plus three more to replace other staff who will be leaving the bank during the planning period). The more detailed, quantitative analysis would have identified the actual number of openings that could be expected more precisely. Staffing plans that do not consider the need to replace individuals who leave are ineffective and incomplete.
- **Progress measures could not be created and applied.** As stated earlier, the bank's board not only charged the education unit with meeting its business and staffing objectives, but also asked for regular progress reports that addressed staffing needs. The lack of quantitative data would make it difficult for the unit to report what its needs were, the particular staffing actions that were taken, the impact these actions had, and what needs remained.

- **Plans would be difficult to implement.** It is always extremely difficult to implement qualitative plans effectively and efficiently. By definition, qualitative plans can only be directional in nature; they cannot and do not describe scope measures in any way. Such plans may be able to determine that “more” staff with policy-making expertise will be needed, for example, but they cannot describe how many more such staff will be needed and when those people should be placed. If the organization hires 10 more people, is that the right number? Might there be a need for more than just those 10? Might fewer be needed? Staffing plans just can’t be developed or implemented effectively unless they contain some quantitative measures.

### ***Conclusions and Recommendations***

This project did a good job of raising and crystallizing critical staffing issues. The strategic staffing process provided a good forum for discussing these issues and proposing and evaluating staffing strategies. For the most part, the strategies that were proposed were a direct result of these discussions and had not been considered before. However, the reluctance to analyze the quantitative data in detail proved problematic later on; managers found it increasingly difficult to implement purely “directional” plans and measure progress against generic objectives.

Even though bank policies and procedures may have inhibited the effectiveness of the strategic staffing process, they in no way prevented its implementation. Based on the findings drawn and the conclusions that were reached during this project, it was recommended that the education unit take the following steps:

- Complete the quantitative staff planning work that was suspended, developing staffing plans for all regions and increasing the planning horizon from one year to three years.
- Implement each of the staffing strategies described previously.
- Analyze each of the impediments to effective strategic staffing that were described, identify those that might be modified or eliminated, then create plans for making those modifications and working within those that cannot change.

### **Case 3: A Utility**

#### ***Introduction***

As discussed earlier in this book, strategic staffing/workforce planning efforts are often limited by a lack of required data. I have included this case because it exemplified exactly the opposite—this project was a showcase for how powerful (and accurate) the strategic staffing/workforce

planning process can be when rich data sets are available and can be applied.

### ***The Strategic Context***

The utility in this example is headquartered in a southern state but has operations in eight separate geographic areas spread across several states throughout the southeastern United States. Service and repair positions are among the most critical jobs in any utility. These people are critical to the smooth running of the company (e.g., maintaining maximum “up time” for the system) and are often also the “face” of the company when dealing with customers. This utility was specifically looking to create some kind of staffing model that would accurately forecast the demand for service personnel and define the staffing actions needed to maintain these staffing levels on an ongoing basis. Staffing actions to be considered included internal movement, use of job pools/job sharing, overtime, use of regular part-time staff, transfers to and from other service jobs in the company, callbacks of retirees, use of external contractors, and recruiting. Of particular interest was the impact that retirements were going to have on this segment of the workforce.

The strategic staffing/workforce planning process focused on the two largest (and arguably most critical) positions, Field Service Representative and Utility Technician, across all eight service areas of the company.

### ***The Strategic Staffing Model***

Given the focus of this project, a fairly simple staffing model was required. The model would include only two positions, field service rep and utility tech. These would be the rows of the model. Columns would be used to capture the eight geographic areas. Given the nature of the decisions to be made, the utility chose to create a rolling four-quarter model. The model would be updated each quarter, looking out at the next four quarters. Finally, the model would be constructed to provide results at both the individual (i.e., “whole body”) and FTE level.

One of the most interesting components of the model was a module that was created to calculate staffing requirements for each job in each area. As mentioned earlier, the utility was a veritable gold mine of work and activity data for each of the two positions that were included in the analysis. Each service vehicle had been equipped with a computer and a GPS system. All scheduling was computerized, with schedules and updates transmitted to each individual service vehicle throughout the day. Service personnel logged the time they started and ended each call and activity. These data were very detailed, completely accurate, and gathered on a regular, ongoing basis. They were also fully segmented by job type, geographic area, and month. Using spreadsheets, the data were combined

in a unique way to define required staffing levels. The following data were used:

- **Time standards by order type.** Based on a wealth of actual, historical information that was updated monthly, the utility calculated the standard amount of time that was required to complete every type of order (e.g., specific tasks like turning service on or off at a customer location) that Field Service Reps and Utility Techs were called upon to perform. There were approximately 125 different order types for each of the two positions. Separate standards were set for orders that were completed (i.e., where service was performed and problems were resolved) and those that could not be completed (e.g., where a repair could not be made because a customer was not home). All service personnel logged actual time spent on each service call (by type); these data were used to update the standards to keep them current and realistic.
- **Order volumes.** The company tracked on its computer system the number of orders that were filled for each order type for each month of the year. This included both completed orders (where a service was provided) and uncompleted orders (where a service call could not be fulfilled).
- **“Paper order” volumes.** Occasionally, service orders were created using a paper system. These “paper orders” represented actual work, but they were not part of the computerized scheduling system. They were, however, recorded in a separate database.
- **“Windshield time.”** By comparing the time one job ended and the time that the next job started, average transit times between jobs could be determined for each area (e.g., allowing for differences in transit times between rural and urban areas).

All these data were gathered, segmented by job type and service area, and placed in spreadsheets. The demand component of the model was calculated as follows (on an area-by-area basis):

- Assumptions were made about the order volume that was expected in the coming year. Based on changes in the number of customers to be served, current order volumes were adjusted up or down as required. These estimates also accounted for seasonality. Separate adjustments were made for each service area.
- Order volumes were totaled for each order type (simply summing the number of computer-based orders and the number of paper-based orders).

- Time allocated to orders was calculated by multiplying the total number of orders of each type that were expected by the time standard for that order.
- Total windshield time was calculated by multiplying the windshield time standard by the total number of orders of each type.
- Total time spent on service calls was calculated by adding total time spent on orders and total windshield time.
- Staffing requirements were calculated by dividing this total number by the number of hours available per FTE (assumed to be 2,080 hours/year/FTE).

The results of these calculations were automatically fed into the demand component of the staffing model that was described earlier. Supply-side data were entered directly into the model. The forecasted supply of staff ("supply then") included a special adjustment for productivity that is described in detail later in the case study.

**Adjusting for "Downtime".** Another interesting aspect of this project was the concept of "downtime." Most strategic staffing/workforce planning processes tend to assume that each individual counts as one full FTE. This organization knew that a certain amount of downtime was actually scheduled for all service personnel and additional, unplanned downtime could be expected. As a result, the strategic staffing/workforce planning process had to incorporate an adjustment that took into account the fact that the actual availability or productivity of each person was something less than one full FTE.

Once again, the organization had a wealth of good data that could be used to create this adjustment. In fact, a specific, different adjustment was created for each separate service area, based on data for the individuals actually working in that area. For example, the vacation time component was calculated based on the actual vacation entitlement of each person working in that area. The reductions in productive time considered included the following:

- **Vacation time.** As stated earlier, the actual entitlements of the service personnel in each area were used. Historically, these workers took all the vacation time that they were entitled to.
- **Sick days.** Eight days of sick time per year per individual was assumed.
- **Displaced time.** This was time that was spent on company business, but not on service calls. On average, this amounted to 16 hours/year/employee.

- **Training time.** The corporate standard of 54 hours of training/year/employee was used.
- **Holiday time.** The corporate standard of 10 days/year/employee was used.
- **Paid breaks.** Each service employee was entitled to two 15-minute breaks per day.
- **Start time.** Each service employee was allowed 10 minutes at the start of each day to prepare for work (e.g., to review the day's schedule and inventory the tools on the truck).
- **Bereavement leave.** While it did not have a major impact, an assumption of 1 day per individual every four years was made.
- **Meetings.** Time spent in meetings amounted to 47 hours/year/employee. This assumption was based on actual historical data.

Time lost to all these categories amounted to approximately 0.30 FTE (of course, the actual value varied by service area). Consequently, each full-time worker was actually "productive" only about 70 percent of the time. This number was used to reduce the FTEs that were actually available. For example, if a job category in a given area included 10 staff currently, "supply then" would be 7 FTEs (i.e., 70 percent of the 10 staff), not the full 10. On the other hand, given the algorithms that were used, demand was defined in terms of full FTEs. Consequently, for the sample job category just mentioned, the model would show a deficit of 3 FTEs even if "supply now" and "demand then" were both 10 FTEs (assuming that there would be no uncontrollable staffing actions):

"Supply now":	10 FTEs
"Supply then":	0.70(10 FTEs)
	= 7 FTEs
"Demand then":	10 FTEs
Staffing gap:	7 FTEs – 10 FTEs
	= – 3 FTEs

Thus, staffing plans had to account for this downtime in addition to addressing any normal staffing gaps and surpluses that arose.

### ***The Staffing Strategies and Plans That Emerged***

For this organization, the real value of strategic staffing/workforce planning was in the detailed staffing plans that emerged. Never before had the company had such comprehensive, detailed information regarding its staffing needs. The strategic staffing/workforce planning process provided managers with an opportunity to apply all the staffing-related data

that they had been gathering in a way that yielded realistic, implementable results. Area managers could now define specific plans for both full-time and contract/part-time staff.

One significant staffing strategy also emerged. Because needs were defined in a consistent way across all service areas, they could be compared directly for the first time. This allowed the organization to develop some preliminary methods for sharing staff among geographic areas in ways that balanced surpluses and deficits at the same time—thus benefiting both the “lender” and the “borrower” of that staff.

Finally, the implementation of staffing plans was given a boost by the credibility of the process itself. The most senior staff in each area (line managers, remember, not just HR) developed the process and incorporated realistic assumptions that the organization as a whole could support. They also deemed that the results of the staffing requirements analysis were realistic and usable. These managers also controlled the resources that were needed to implement the staffing plans that were created.

### Additional Examples

Here are several more examples of companies that have successfully implemented strategic staffing/workforce planning processes. For each example, I have summarized the strategic context in which the strategy was developed, described the components of the strategic staffing process that was used, and highlighted the outcomes and benefits that were realized.

#### **Telecommunications Company**

**Strategic Context.** This company was about to implement a new, radically different technology for voice transmission. The change was to be installed nationwide, on an office-by-office basis, over a four-year period. The company anticipated that the change in technology would affect required capabilities and staffing levels in both technical (e.g., local facility troubleshooting and repair) and “soft” (e.g., customer service) skills areas. Complicating this situation, many individuals in the current workforce were nearing retirement.

**Strategic Staffing Approach.** Initially, staff planning efforts focused on technical jobs (separate models for customer service positions were completed later on). For planning purposes, the company created the new role of central office technician, a category that encompassed several existing jobs and titles. First, the company defined the skills and capabilities that would be required in this new position to fully support the implementation of the new technology. Next, it defined how many such technicians would be required, in which locations, during which planning periods (following

the rollout plan that had been prepared). Several staffing models and supply/demand scenarios were developed, including some that analyzed the impact of several different retirement scenarios.

**Outcomes/Benefits.** After a review of the various scenarios, the company decided that most of its needs could, in fact, be met through redeployment of its current employees. It created specific redeployment plans for each planning period and defined the specific training and development that would be needed to support those moves. The company also developed plans for selective hiring and targeted staff reductions (e.g., eliminating staff with obsolete skills who were unwilling or unable to develop new skills) in cases where needs could not be met through redeployment.

### **Insurance Company**

**Strategic Context.** As a result of a strong economy, this company expected to grow the consumer component of its business quite rapidly over the coming five-year period. Unfortunately, the strong economy also meant that opportunities abounded; thus, an increased number of managers were expected to leave the company to take jobs elsewhere. This combination of business growth and increased turnover would create a large number of openings for branch managers that would need to be filled in the coming years. The traditional career path for branch managers (through underwriting) would be unable to provide a sufficient number of qualified branch manager candidates, so alternative sources of talent had to be identified.

**Strategic Staffing Approach.** The company created a staffing model that focused on branch manager positions and the career paths that fed these positions. The model defined how many candidates could reasonably be expected to move along the traditional career path through underwriting into branch manager slots and how many additional openings would have to be filled through external hiring and increased internal placements. Two scenarios were generated. The first assumed that the development and promotion of candidates would proceed normally and that all additional openings would be filled through external recruitment. The second assumed that accelerated development and movement would be used to increase the number of internal candidates that would be available during the planning horizon, with recruitment used only as a last resort.

**Outcomes/Benefits.** By analyzing the two scenarios simultaneously, the company was able to determine the optimum blend of accelerated promotions and external recruiting that was needed to fill the branch manager

openings that were anticipated. The model allowed the company to plan for the development effort that would be needed in terms of scope (how many individuals needed to be trained), objectives (what capabilities needed to be developed), and timing (when training needed to begin). The model also let the company determine how many external candidates would be needed, and when.

### ***Aerospace Company***

***Strategic Context.*** This government contractor always worked on several major projects simultaneously. To facilitate its accounting, the company chose to create a separate organization unit for each project, with each such unit operating relatively autonomously. Given the nature of the work that was being done, there was a great need for engineering talent in all project units. In the past, each project and organization had created its own staffing plan to meet the needs of that particular project, hiring engineers as the project geared up and laying them off when the project geared down (or was cancelled). Because the projects were run separately (and there was no real coordination of staffing among projects), it was not unusual for one unit to be laying off engineers while another was looking for external candidates with those very same skills. Needless to say, this uncoordinated approach was costly, created much confusion, and had a negative impact on continuity and morale.

***Strategic Staffing Approach.*** The company decided that it needed to coordinate engineering staffing among projects. It created a single staffing model that analyzed engineering requirements and availability by discipline, across projects. This allowed the company to manage its critical engineering talent as a pool, allocating engineers to and from projects as required.

***Outcomes/Benefits.*** Obviously, there was an immediate and significant reduction in simultaneous hiring and firing, and a major reduction in related staffing transaction costs. The change in staffing practices also brought about improved utilization of engineering talent and experience and more efficient placement of engineering staff.

### ***Medical Center***

***Strategic Context.*** A major chain of hospitals decided to open a new medical center in a geographic area that it did not currently serve. The size and scope of the facility was determined after a rigorous analysis of the demographics of that new area.

Staffing the facility with the right talent was critical. Some positions would be filled using local talent; experienced staff that was transferred

from existing facilities would fill other jobs. A key question that emerged was: How could the company staff the new facility with the experienced talent that it needed while minimizing the talent drain on the existing medical centers?

**Strategic Staffing Approach.** The company created a series of staffing models that included the new medical center and all other existing facilities from which talent might be drawn. The models were segmented by unit (e.g., Medical/Surgical, Intensive Care, Emergency Medicine). Separate models were necessary because different assumptions had to be made regarding the likelihood that individuals with these skills would be willing to commute to the new center. For example, intensive care unit staff might be willing to commute long distances (e.g., because job opportunities for individuals with these specialized skills were limited), but medical/surgical staff would not (e.g., because they had many opportunities to work at other medical facilities that were close to their homes). In each case, the staffing model defined specific needs for both the new and the existing medical centers. Where needs in the new center were met by transferring staff from existing facilities, the models and plans defined the staffing actions to be taken to fill the openings that the transfers created.

As part of the strategic staffing process, the company also conducted an economic analysis of the area to be served (to better define the mix of patient care services that would be needed) and a demographic analysis (to identify what skills would be available in the area surrounding the new facility).

**Outcomes/Benefits.** Several important conclusions were reached. The company discovered that there was a critical shortage of skilled medical technicians in the geographic area surrounding the new medical center. To meet this need in the near term, the company was forced to relocate many more individuals from existing facilities than it had originally thought. The staffing model allowed the company to identify (and develop plans to address) the “back fill” issues that the large number of relocations created. Many of those who were replacing the relocating staff needed specific training so that they could perform in their new assignments.

The company determined that future, longer-term staffing needs for medical technicians in the new facility had to be met locally; additional relocation from existing medical centers was not feasible. To this end, the company actively funded external education (e.g., trade schools), built alliances with nearby teaching hospitals, established community college license programs, and implemented a co-op program at local high schools. It also convened a task force to address recruiting issues on an ongoing basis.

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