

Structuring Strategic Workforce Planning to Support Common Business Initiatives

Setting Up Relevant Staffing Models for the Changes You Are Facing

There is no limit to the number of business changes and initiatives whose implementation can be greatly facilitated by the application of workforce planning. This chapter describes in detail how workforce planning can be used to help implement three very common business initiatives: a straight-forward growth scenario, a merger/acquisition opportunity, and the opening of a “greenfield” facility (such as a new manufacturing facility). A fourth example is provided that applies when specific skills changes in a particular job family or function are required in order to implement a business strategy effectively. For each of these three examples, I have identified:

- The overall workforce planning approach that should be used
- The most likely staffing issues and implications that will arise from that business strategy or initiative
- What the staffing model itself should look like (e.g., who should be included, what the planning horizon should be, what the rows and columns of the model might denote)
- What longer-term staffing strategies might best address the critical staffing issues that are identified

Specific staffing plans can then be defined within the context of these staffing strategies. Because these plans are so specific to particular change scenarios, I have not suggested any here. Remember that your staffing

plans might incorporate internal movement, promotions, recruiting, redeployment, use of part-time staff, use of consultants or contractors, use of overtime, the outsourcing of work, planned reductions in staffing levels, and many other options.

While the approaches described for each of the four initiatives are generic, they will probably apply in large measure (with some customization, of course) to instances in which your organization is trying to implement these business strategies and initiatives. At the very least, they provide a logical train of thought that will give you a real leg up when it comes to developing a workforce planning process that is appropriate for your particular business initiative or strategy.

Business Initiative: A Growth Scenario

Often, organizations anticipate that they will grow significantly over the course of several planning periods. Workforce planning can be instrumental in these cases, identifying the staffing that would be needed to support that growth and ensuring that the needed talent will be available to achieve those growth objectives.

Overall Approach

First, define the type of business growth that is planned. Usually there are two basic types: overall growth (where the organization as a whole is forecast to grow) and targeted growth (where particular segments of the business will grow, but not all segments). Further, growth may come through simply expanding what an organization is currently doing (e.g., selling more of an existing product), through augmenting what the organization does (e.g., selling an existing product in new markets), or through changing what it does (e.g., developing and marketing products that are different from those offered currently).

Once the nature of the growth has been determined, focus your workforce planning process on defining the implications of that growth. You should not attempt to create detailed workforce plans for the entire organization. Instead, concentrate on the parts of the organization that are expected to grow or change (perhaps even only on those that are expected to grow most significantly or most rapidly). In every case, your “now” scenario will reflect your starting point, and your “then” scenario will depict what the organization’s staffing needs will be as growth targets of various types are met.

Likely Staffing Issues/Implications

For simple growth scenarios (e.g., expanding existing operations in existing geographies), several staffing issues/implications are most often raised:

- Increases in required staffing levels in growth areas
- Increases in “indirect” staffing (e.g., those supervising and supporting the higher number of staff required)
- Changes in required skills (e.g., a need for first-level supervision skills)
- Changes in organization structure (because of the larger number of employees that are required)

For expansion/growth scenarios (e.g., selling existing products in new geographic areas), these staffing issues/implications might arise:

- Specific increases in the new areas (e.g., new geographies)
- Redeployments from current areas to new areas create staffing gaps in those current areas
- Increases in indirect staffing levels (e.g., additional managers)
- Changes in required skills (e.g., increased need for supervisory skills)
- Changes in organization structure (e.g., staffing of additional business units serving new geographies)

When plans call for growth by augmentation (e.g., new products or services), the following staffing issues are likely:

- Specific increases in the units affected by or supporting the change
- Redeployments from current areas to areas supporting the change create staffing gaps in those current areas
- Increases in indirect staffing levels (e.g., additional managers)
- Changes in required skills (e.g., those needed to develop new products or market new products to different customers)
- Changes in organization structure (e.g., staffing of additional business units developing new products or serving new customers)

Staffing Model Parameters

Create a staffing model that focuses on those job categories, job families, functions, or units that are most affected by the growth or change that is anticipated. Rather than create one big model, create a series of models—one for each major job or organization group that is to be impacted. Create models that include multiple groups (e.g., different job families) only when you truly are going to manage staff across those categories. For each model you build, you will need to define these three planning parameters:

- **Population.** Include in each model the positions that are going to be most affected by the change (e.g., is the finance group really going to grow all that much even if business is expected to grow by 30 percent?). Remember to include possible “sources” of needed talent and potential “uses” for surplus talent.
- **Time frame/planning horizon.** For the “how long” parameter, use the time frame for achieving stated growth targets or implementing required changes. It is sometimes helpful to look one period beyond the stated target date so that you can begin to plan for staffing needs in the more stable period that will follow the growth or change. For the “how often” component, divide the “how long” period into practical milestones (usually quarters or years).
- **Staffing model structure.** Columns should be differentiated to reflect the job groups you decided to focus on. This is usually job family, function, or organization unit. Rows (as usual) should reflect an increasing hierarchy of skill or capability (e.g., Production Worker, Senior Production Worker, Production Supervisor, Manager of Production).

Your ultimate “demand then” matrix (e.g., for planning period 5) should capture the staffing requirements (both skills and staffing levels) that support the final growth objectives. An interim “demand then” matrix will be needed for each milestone that you chose (e.g., the ends of periods 1 through 4).

Staffing Strategies

For any growth scenario, the following staffing strategies might be useful:

- Promotion from within and replacement at the lowest level
- Redeployment of existing staff to newly created positions, developing required skills in advance of need
- Transition plans that manage the movement of staff from “old” to “new” across several planning periods
- Filling newly created positions with a set blend of internal placements and recruiting (e.g., 75 percent internal, 25 percent external)
- Filling openings through internal movement where skills are available and relying on external, experienced talent where internal placement and development would take too long

Business Initiative: Merger or Acquisition

Mergers and acquisitions (M&A) often raise a host of staffing issues. At the very least, there will be two (or more) workforces that need to be as-

simulated. Often, this integration creates surplus staff that must be redeployed or reduced. Workforce planning is an ideal tool for managing the integration of multiple workforces and reducing/redeploying surplus staff.

Overall Approach

Think of workforce planning as a tool for managing the transition from two separate workforces to a single integrated workforce. In general, you will want to create a model in which the “supply now” scenario identifies the staff that are available in the two organizations separately and the final “demand then” scenario captures what you think the staffing requirements of the fully combined/integrated organization will be. Use the internal movement component of your model to capture the movement of employees “from” the two separate organizations “to” the new combined one. For example, a group of employees might move from Engineer Level 1 in an old organization to Engineer Level 1 in the new organization. Employees that do not move from an old organization to the new organization will be identified as surplus. Staffing strategies to eliminate these surpluses can then be developed (e.g., movement to other positions, redeployment to some other function with accelerated development, layoffs).

Likely Staffing Issues/Implications

M&A activity typically raises such staffing issues as:

- Workforce integration and assimilation issues (e.g., how best to fill opportunities in the new organization using the two pools of employees)
- Identifying surplus staff (especially those that may result from synergy opportunities)
- Potential staffing redundancies
- Capabilities gaps and development issues regarding the product(s) being acquired and their markets (e.g., when the company being acquired has expertise or market presence that the acquiring company does not have)
- Organization structure changes (resulting from the M&A activity), such as new products, new customers, or new geographies

Staffing Model Parameters

At first, given the “macro” nature of a merger or acquisition, it might seem like a good idea to create an organization-wide model that includes all positions. In fact, this approach is unwieldy at best and impossible to im-

plement at worst. Avoid this “one giant model” syndrome by adopting one or both of these approaches:

- **Focus your analysis on critical positions.** Not every job in the new organization will be critical; not all will need the strategic perspective (nor merit the work involved) that workforce planning demands. Limit your analysis (at least at first) to those positions that really require the power of workforce planning. If necessary, create new models to address less critical issues once you have completed models for the most critical issues. As examples, your models might include:
 - Positions critical to the success of the combined venture
 - Positions needed to maintain the success or integrity of the acquired products or services
 - Positions for which integration, synergy, or increased efficiency is desired or expected
 - Positions in which redundancies might occur
 - Positions in which surpluses might arise
- **Segment your analyses.** If the number of critical positions is large, don’t create one model that includes them all. Instead, create a series of separate models, each of which addresses a “stand-alone” group of critical positions. Include in each group positions among which staff movement is required or desired (e.g., a model for a given function or engineering discipline). Do not include in the same model positions among which movement is not wanted or is unrealistic (e.g., where large capability differences, strong organization boundaries, or great geographic distances really prohibit staff transitions). As an example, engineering and marketing positions might both be critical, but they should be combined in a single model only if significant staff movement (i.e., large numbers of staff, not just one or two isolated instances) between those two functions is expected and desired. Given the great capabilities differences between the two categories, such movement is unrealistic, and thus separate models should be created.

Now, for the models you deem necessary, define the three planning parameters:

- **Population.** Identify those critical jobs that will be included in each model. Remember to include possible “sources” of needed talent and possible “uses” of surplus talent.

- **Time frame/planning horizon.** For the “how long” parameter, use the time frame for completing the M&A. It is sometimes helpful to look one period beyond the stated target date so that you can begin to plan for staffing needs in the more stable period that will follow the completion of the merger or assimilation of the acquisition. For the “how often” component, divide the “how long” period into practical milestones (usually quarters or years).
- **Staffing model structure.** Columns should be differentiated to reflect the job groups you decided to focus on. This is usually job family, function, and/or organization unit. Rows (as usual) should reflect an increasing hierarchy of skill or capability (e.g., Production Worker, Senior Production Worker, Production Supervisor, Manager of Production).

Your “supply now” matrix needs to include available staff from each of the M&A partners. Usually, it is helpful to use separate columns to capture the data for each company and a single set of rows that can be used across companies. Your ultimate “demand then” matrix (e.g., for planning period 5) should capture the staffing requirements (both skills and staffing levels) that support the final growth objectives. An interim “demand then” matrix will be needed for each milestone that you chose (e.g., the ends of periods 1 through 4).

Staffing Strategies

When integrating/assimilating an M&A partner, the following staffing strategies might be considered:

- Staff transition strategies, moving employees from the separate partners to the combined entity
- Capability-based assessments to compare staff from the partner companies in a more objective way and identify development needs
- Internal movement, with recruiting to fill positions where transitions are not possible (or cannot be completed within the required time frame)
- Training and orientation efforts coupled with development to accelerate movement to new positions in the combined organization
- Redeployments (with or without development) to reduce surpluses
- Staffing reductions (especially where attrition is insufficient)

Business Initiative: Opening a Greenfield Site

The opening of a new facility or plant always raises significant staffing issues. Two slightly different examples are described here. In the first ex-

ample, the new facility is simply replacing an existing facility. In the second, the new facility is augmenting an existing facility. While these examples assume just one existing facility, the same logic would apply in both examples if there is more than one existing facility. In either case, workforce planning is an ideal tool for managing the movement of staff to the new facility.

Overall Approach

As mentioned previously, think of workforce planning as a tool for managing the transition of staff from “old” to “new.” If the new facility is replacing an existing one, workforce planning can help you to define all the staffing actions and movement that will be needed to migrate employees from one facility to the other. If the new facility is augmenting the existing one, workforce planning can help you to define the most effective way to staff the new facility while maintaining the talent needed to ensure continuous, efficient operations at the existing facility.

In both examples included here, your “supply now” scenario will include staff currently working at the existing facility. In the case where one facility is replacing another, there will be no “supply now” in the new facility when workforce planning begins (but if there are employees already working at the new facility, be sure to include them).

In the case of a replacement facility, your ultimate “demand then” scenario will probably show no staff at the existing facility and a full complement of staff at the new facility. In the case where a new facility is in addition to an existing facility, your ultimate “demand then” scenario will include all the employees that are required to staff both facilities.

In both examples, your staffing strategies will describe what should be done to move staff effectively while achieving and maintaining adequate staffing at all facilities (e.g., identifying not only the staff that should move to a new facility, but also what—if anything—should be done at the existing facility to replace that talent).

Likely Staffing Issues/Implications

The opening of a Greenfield site will create significant staffing issues at both the new and the existing facilities. These might include:

- Staffing gaps at the new facility
- Staffing surpluses at the existing facility
- The need to fill critical positions at the new facility proactively
- The need for an orderly transition of staff from the old facility to the new one

- The need for accelerated or targeted development to close capabilities gaps created by staff transitions
- The need to fill openings in the new facility when needed talent does not exist in the old facility
- Staffing gaps that are created at the old facility when employees move to the new facility
- Striking the right balance between experienced staff and new hires at the new facility
- Inconsistencies between employee movement policies and practices and staffing objectives (e.g., when more employees want to move to the new facility than is practical or desired)
- Lack of the capabilities needed to implement new technology at the new facility
- Lack of required talent at the new location
- Relocation issues and costs (e.g., where the new facility is located far from the existing one)

Staffing Model Parameters

As always, focus your analysis on critical positions; don't try to include all positions. If the facilities you are analyzing are plants, for example, it is probably not necessary to include maintenance and food service staff in your model. Similarly, if there are two positions of some kind at the new facility and you know that you are going to fill those two positions with two employees that performed that role in the old facility, a detailed workforce plan just is not required. For each staffing model that you build, you will need to define the three planning parameters:

- **Population.** Focus your efforts on critical positions and staffing needs such as these:
 - Jobs that are critical at the new facility
 - Positions (especially at the new facility) that should be filled proactively, in advance of need (e.g., plant manager and plant quality positions)
 - Jobs at the new facility that are probably going to be filled (at least in part) by staff from the old facility
 - Positions where new capabilities will be required (e.g., skills needed to support new technology or operate new, more advanced equipment)
 - Jobs where local recruiting may be required

- **Time frame/planning horizon.** The time frame for your analysis should match the schedule for opening the new facility. For the “how long” parameter, use the projected opening date of the new facility as your target. It is sometimes helpful to look one period beyond the stated target date so that you can begin to plan for staffing needs in the more stable period that will follow the opening. For the “how often” component, divide the “how long” period into practical milestones (usually quarters or years). This will allow you to plan for and monitor the placement of key staff in the new facility in advance of its opening.
- **Staffing model structure.** Columns should be differentiated to reflect the job groups you decided to focus on. This is usually job family, function, or organization unit. Rows (as usual) should reflect an increasing hierarchy of skill or capability (e.g., Production Worker, Senior Production Worker, Production Supervisor, Manager of Production).

Your “supply now” matrix needs to include the staff that are currently working in the existing facility. Your ultimate “demand then” matrix (e.g., for planning period 5) must capture the staffing requirements (both skills and staffing levels) for the new facility. If this is a replacement facility, “demand then” for the old facility should be zero in every category. If the new facility supplements a current facility, future staffing requirements for that original facility must also be determined. An interim “demand then” matrix will be needed for each milestone that you chose (e.g., the ends of periods 1 through 4). These interim milestones will allow you to plan for and monitor the transition of staff from the old facility to the new one.

Staffing Strategies

When staffing a new facility, the following staffing strategies should be considered:

- Transitions from the old facility to the new one
- Redeployments, some with accelerated development to address development needs (e.g., training production staff in new technologies before assigning them to positions in the new facility)
- Internal movement and recruiting to backfill positions in the old facility that become vacant when staff are redeployed to the new facility
- Surpluses that may be created when there are staff with obsolete skills who are unable or unwilling to learn the new required capabilities

- Local recruiting to meet immediate talent needs at either facility
- Changes in job posting or other placement policies/procedures to support the internal movement that is desired/required

Business Initiative: Major Change in Required Capabilities

In some cases, critical staffing issues relate more to skills and capabilities gaps than they do to differences in the number of staff that will be needed. Workforce planning, while usually associated with required staffing levels, can be used to address skills gaps even if staffing levels don't change. Just to be sure, however, your workforce planning process should define both required skills and staffing levels, even if the focus is on capabilities gaps.

Overall Approach

First, identify the job categories, functions, or organization units where critical skills gaps are anticipated. Create and run a staffing model just as you would if you were implementing any workforce planning process. This time, however, pay special attention to the skills that are available and the skills that will be needed in the future. Make sure that whatever tool you use (e.g., a competency model) will allow you to define available and required skills in a way that allows you to compare the two directly to identify critical skills gaps. Remember that even though you are focusing on skills, you will also need to analyze staffing levels. That is the only way in which you will be able to quantify your skills gaps and the plans needed to address those gaps. For example, it is necessary to identify a skills gap relating to the implementation of a new technology, but it is not sufficient. However, to be effective, your analysis must also identify how many employees will need to be developed in that skill, and when (e.g., 15 staff will need to be developed in order to implement the new technology by the end of the year).

Likely Staffing Issues/Implications

Obviously, in this case the major staffing issue will be a capabilities gap. However, several other staffing issues may arise. These staffing issues might include:

- Capabilities differences that cannot be addressed through normal training and development practices
- Capabilities differences that cannot be addressed through development in the time that is available (e.g., to meet immediate or immediately upcoming needs)

- Future capabilities requirements where that talent does not exist at all in the current organization

Staffing Model Parameters

When building a staffing model to address a capabilities gap, the usual three planning parameters must be defined:

- **Population.** Focus on the positions where required skills differences are most critical. Remember that “critical” in this context is not the same as “biggest.” There might be positions where a difference of just two or three skills might make or break your ability to implement a business strategy. There might be other positions where a long list of small skills differences exists, but where the differences can be easily addressed through simple training and development interventions (and thus the differences are not critical). Remember to include positions that may be good sources of the new, required capabilities and positions to which surplus employees might potentially be redeployed.
- **Time frame/planning horizon.** The time frame for your analysis should match the need to have fully competent staff in place. Remember that these capable staff often need to be developed and ready even before they will be expected to apply those new skills. For the “how long” parameter, see when business plans will require that those new skills be available. Again, it is sometimes helpful to look one period beyond the stated target date so that you can begin to plan for staffing needs in the more stable period that will follow the need for the new skills (e.g., to begin to create plans for developing those skills on an ongoing basis). For the “how often” component, divide the “how long” period into practical milestones (usually quarters or years). This will allow you to plan for and monitor the development and placement of newly developed staff.
- **Staffing model structure.** Columns should be differentiated to reflect the job groups you decided to focus on. This is usually job family, function, or organization unit. Rows (as usual) should reflect an increasing hierarchy of skill or capability (e.g., Production Worker, Senior Production Worker, Production Supervisor, Manager of Production).

Your “supply now” matrix needs to include the staff that are currently working in the existing facility, documenting the skills that these individuals have. It is usually not necessary to document these skills on an individualized basis. Instead, consider summarizing the skills of the group of

incumbents, making simplifying assumptions as necessary (e.g., that any Software Engineer 1 in Unit A that is performing satisfactorily probably has capabilities A, B, and C). Your ultimate “demand then” model (e.g., for planning period 5) must capture the staffing requirements (both skills and staffing levels) that will be required in the future. By definition, required future capabilities will differ from those that are available currently, but required staffing levels might remain unchanged. An interim “demand then” matrix will be needed for each milestone that you chose (e.g., the ends of periods 1 through 4). These interim milestones will allow you to plan for and monitor the staffing and development actions that are intended to eliminate the critical skills gaps you identified.

Summary

These examples are just that—examples. They are meant to give you a leg up when you find it necessary to apply workforce planning to support any of the four common business initiatives that are described. You won’t be able to follow these examples blindly (you will need to adapt the ideas presented here), but at least you won’t have to start from scratch!

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