

STRATEGIC WORKFORCE PLANNING – THE KEY HR ROLE IN GLOBAL COMPANIES

As business has become increasingly global, its active ingredients have matured from global manufacturing and supply chain management to intangibles such as marketing and, recently, to sourcing talent.

Thus, if globalisation is ‘inevitable’¹, it is no surprise that workforce management is becoming increasingly global. It follows naturally that organisations, especially multinationals, wish to view a global picture of their workforce and plan accordingly. They want to treat internal and external labour in much the same way as financial, supply and other commercial information.

From an internal standpoint, multinationals are keen to leverage talent more effectively across businesses, sectors and borders, in order to fill resource requirements. The internal marketplace in these organisations is a hive of recruitment and deployment activity because it is significantly less costly to redeploy current employees than to hire from outside. Equally important is the need to help the business reposition where and how work actually gets performed, taking advantage of labour availability and to arbitrage in lower cost locations.

Taking an external outlook, globalisation, changing workforce demographics, shortages of specialised talent and expansion into emerging markets combine to force organisations to look strategically at workforce management to meet business needs.

A LEADERSHIP GAP

But we have found that many multinationals lack the capability, resources and tools to manage workforces globally. The activity of workforce planning sometimes happens in several locations without a clear owner: it can be a pooled effort of HR, finance, strategy, operations or even line management. If workforce planning activity does have an owner, it is likely to be outside HR – especially where the HR function is not seen as strategy- and business-savvy².

To complicate matters further, workforce planning tends to take place mainly at regional or business unit level in silo fashion, which can prevent, for example, the flow of talent across the firm or the merger of recruitment campaigns for similar resources. When it does occur, it is often done using static forecasting tools that are no longer appropriate in increasingly complex and unpredictable marketplaces. The result is that many multinationals lack a global understanding of the capability needed to deliver business strategy, nor do they know how to acquire or develop this competence by means of a strategic workforce plan.

When strategic workforce planning does not happen at an enterprise level, it often results in suboptimal plans – even plans that may be conflicting, albeit unconsciously. Typically, execution plans are not aligned with the strategic workforce plan. This means there may be an agreed set of high-level targets, but they may not make sense operationally, and are not designed and managed by a common owner. This leads to operational plans that are disconnected from the strategic workforce plan. Lack of coordination negates the benefit of creating a strategic workforce plan in the first place, but it does demonstrate the clear necessity for a global owner: the Strategic Workforce Planning (SWP) director.

BENEFITS TO HR

This global owner would continuously balance demand for employee capacity and capability with supply, acting as the organisation’s integration point, and ensuring that execution plans stay aligned with business plans.

Our experience with global HR functions has taught us that HR is the natural owner of the strategic workforce plan, because

¹ ‘Globalisation needs more than PR to be sold to its losers’ Financial Times, 20 June 2007.

² ‘Talent on Demand’: Applying Supply Chain Management to People’ Knowledge@Wharton, 20 February 2008.

it is the key deliverable of a workforce strategy. The HR function is most likely able to consolidate capability requirements across regions and business units, as well as to manage the recruitment, development and exit activity that follows on from planning activity.

The benefits to HR from owning the strategic workforce plan are numerous:

- The strategic workforce plan allows HR to speak a common business language that other functions can understand.

- HR adds value to line management as it helps them to articulate the capabilities, resources and actions needed to close talent gaps or optimise the workforce.

- In current economic conditions, it provides HR with a platform for capability-based workforce optimisation that goes beyond headcount reductions.

- HR is seen as a strategic function that understands and proactively addresses needs of the business.

- HR is able to prioritise and tailor its programmes, concentrating scarce resources on the appropriate interventions based on an analysis and roll-up of the strategic workforce plans across the businesses it supports.

As a first step for HR to own the strategic workforce plan, we observe the emergence of workforce planning at the centre of global HR functions, where the SWP director role is a key feature. We often see the creation of the SWP function and SWP director role following a major organisational change, for example, M&A, cost management exercise, enterprise reorganisation (typically by market), major offshoring and/or outsourcing project or growth initiative.

THE SWP DIRECTOR ROLE

The SWP role is a position unlike any other in HR, in three central important aspects:

- **Reporting lines and interfaces:** it involves dual reporting (to both business and HR), as well as interfaces into a number of business functions such as strategy, finance and operations.

- **Key skills:** requires both strategic, analytical and interpersonal skills (akin to a strategy consulting, business or economic planning role).

- **Responsibilities and outcomes:** includes responsibility for strategic sourcing, workforce optimisation and managing regional/business unit level SWP activity.

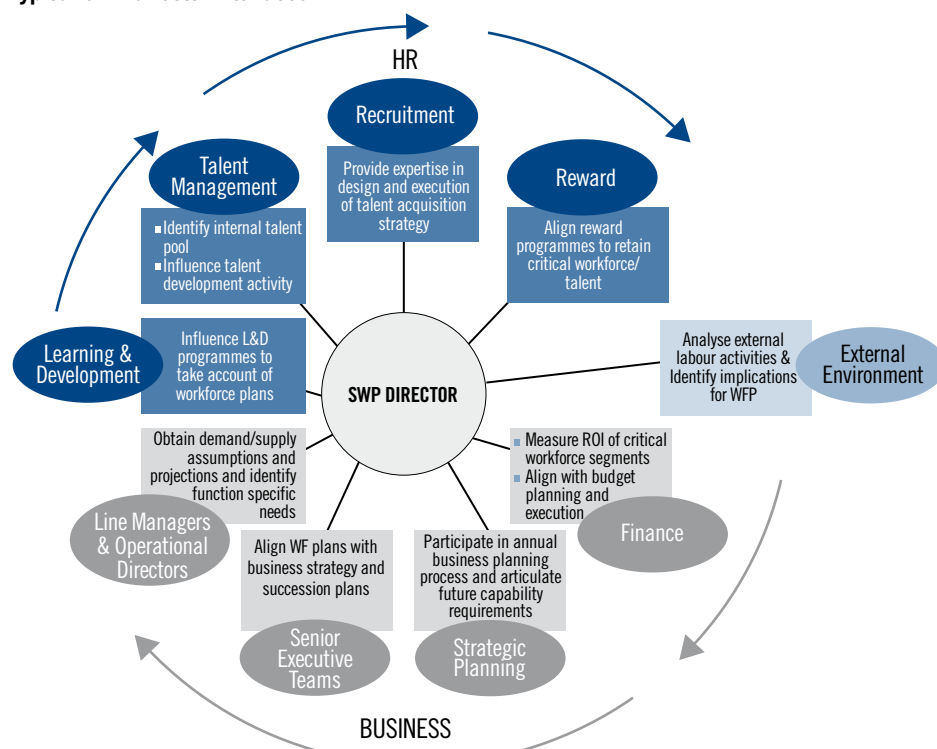
To help bring to life this emerging role, we will flesh out these aspects, based on our experience with clients and real-life examples.

1. Reporting lines and interfaces

Establishing the role of SWP director at the HR centre creates a prime accountability for the new function, which is to consolidate the efforts of other functions and ensure implementation of agreed action plans. This position not only needs a direct report to the HR director, but also a dotted line to the MD/CEO and potentially the COO/head of operations. Without a link to business roles, the SWP approach will struggle to achieve the accuracy and credibility needed to be implemented across a multinational.

Figure 1 below illustrates that the role of SWP director demands interfaces with functions across the whole organisation, as well as with the external environment and the external labour pool that should be part of the workforce plan. This demonstrates the ‘big picture’ aspect of this role and the need on the part of the SWP director to understand the drivers of these different groups and how the strategic workforce plan affects them.

FIGURE 1
Typical SWP director interfaces



2. Key SWP director skills

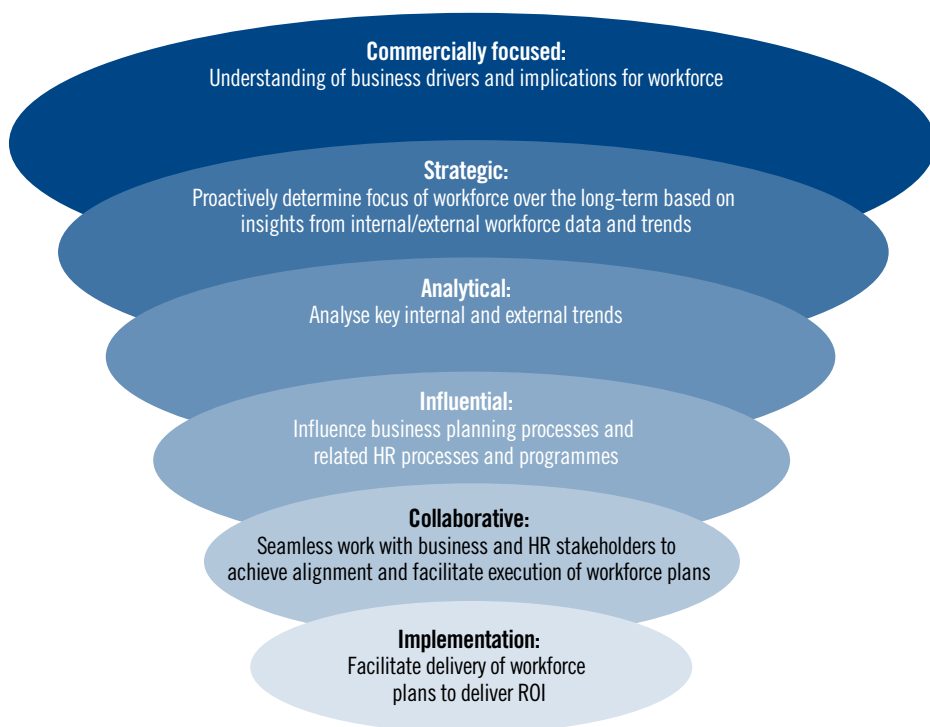
The role requires a different blend of skills from a traditional HR skill set. The SWP director must have strong analytical and strategic skills with robust business acumen. But he or she also need to be practical, implementation-oriented and able to lead through influence and collaboration across HR and business units.

We include as an appendix a job description of an SWP director that illustrates the nuances of the role. Commercial focus and a strategic perspective are core to the role, whereas influence and collaboration are secondary.

3. Responsibilities and outcomes

The SWP director also has a broad set of responsibilities to produce results that influence the business levers of risk management, cost management, and performance. The outcomes of the position give it an anchor in such business functions as strategy and finance, since they are often a direct follow-on activity from annual business planning.

FIGURE 2
SWP director skills



	RESPONSIBILITIES	OUTCOMES
Cost Management	Lead the development of a global workforce plan, as well as the roll-up of regional/business unit area plans	Strategic workforce plan the manager's current and future workforce that results in actions to build or buy the current and future workforces
	Provides a view on the total cost of the workforce	Effective utilisation of workforce including understanding the cost of achieving an optimised workforce
	Identifies appropriate workforce metrics to ensure quality of SWP activity	Ability to increase, track and evaluate ROI
Risk Management	Models workforce dynamics to influence workforce strategies – both acquisition and development	Lower level of risk associated with having the talent to deliver against the business strategy
Revenue and Performance Management	Lead development and deployment of SWP processes, methodologies, tools and systems	Consistent and ongoing approach in SWP process
	Clarifies future capability needs	Attraction of individuals – internally and externally – who possess the necessary skills to build a high performance workforce
		Deploy talent more quickly and achieve faster time to market, greater market share

CONCLUSION

The SWP director is a new breed of role that can give HR more leverage within an organisation, provided that suitable reporting and interfaces are established, the role profile is closely fulfilled, and the role has sufficient scope of responsibility.

Such a role predicates an enlightened HR function willing to invest in a new capability that can ultimately raise the profile of HR more broadly. As workforces become more global and integrated, the opportunities for developing a workforce plan, managing the cost of the workforce and developing talent pools in key regions will grow. Why would HR *not* take control?

APPENDIX – SAMPLE STRATEGIC WORKFORCE PLANNING JOB DESCRIPTION FOR VP OF WORKFORCE PLANNING

Global Technology Company (150,000+ employees). Reports to VP of People Development.

Scope of responsibilities:

- Lead the definition of global location strategy and chair the governance council.
- Lead a small team of analysts in headquarters and coordinate the activities of workforce analysts deployed throughout the businesses and functions globally; steward the execution of the workforce planning process across the company.
- Drive the workforce planning process to ensure alignment with company strategic and financial plan (an active participant in the business planning process).
- Define, model and monitor cost of the workforce, workforce demographics, and current and future workforce analytics.
- Continuously scan the environment for relevant inputs and implications to the workforce plan, such as demographics and labour market trends.
- Define specific action plans to achieve the workforce plan, including talent acquisition, development, hiring, re-skilling, redeployment, and reduction planning.
- Track and report on planned versus actual workforce metrics, and develop control procedures where required.
- Oversee the evolution of the workforce processes and systems (as planning process owner), including system definition with HRIT, continuous streamlining of planning processes at business and function levels, and ongoing partnering with finance and strategy/planning to align processes for planning, goal setting, and metrics.

Key interfaces:

- Engage with human resource partners and business leaders throughout the company to understand business- or function-specific workforce plans and enable a smooth roll-up into a company-wide workforce plan.

- Influence the definition of human resource programmes and strategies to take into account workforce plans.

- Engage with business and financial planning activity and representatives.

Experience required:

- Strategy-minded executive who has demonstrated the ability to define and drive significant distributed processes across a substantial global organisation.
- Recognised as a rigorous and highly analytical thinker, this individual will be able to see trends in multiple disparate data, as well as translate strategy into concrete action.
- Designed and rolled out metrics dashboards to continuously monitor and report on operational activities and trends.
- Demonstrated the ability to structure, perform and apply complex economic and demographic analysis to real world situations.
- Not necessarily expected to possess an HR or financial planning background. Rather, likely to have honed one's analytical skills in a quantitatively intense environment such as economic planning or strategic consulting.
- Skilled at navigating a complex global matrix organisation, forging relationships, and managing through influence rather than direct authority; this individual will be a capable and credible contributor in the boardroom with the CEO and the senior executive team.

Possessing an undergraduate degree and an MBA (preferred), this individual will be an excellent communicator (both written and verbal), with high-energy, decision-making skills, intelligence, accountability, and a sense of humour.

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