

PERSONNEL NOTEBOOK

For Your Most Important Resource — The Human Resource

Prepared For:



By:

HUMAN RESOURCE ASSOCIATES

Personnel Consultants

WORKFORCE PLANNING

Part II – Looking at the Heart and Future of Your Workforce

In the last issue of *Personnel Notebook*, we looked at the why and what of Workforce Planning. This time we're going to focus in on the heart of Workforce Planning and also scan out to the future to help us get a better picture of what we're planning for. We'll see what the world of work is most likely going to look like.

I. The Heart of Workforce Planning

At the heart of Workforce Planning, we will find the specific items human resources (HR) will examine to start the Workforce Planning process.

There is no standard format to fit all companies, all industries, and all sizes at all times. Sometimes the Workforce Planning document focuses exclusively on recruiting. But as you become a larger, more complex company, you will find the following items becoming more important:

1. Forecasting and Assessment

Estimate the need for next year's specific skills. Include the comparative cost of developing workers from within the company or recruiting experienced workers from outside. Include in your analysis, the company's growth rate and

expected revenues. Estimate the costs for recruiting or upgrading.

2. Succession Planning

Select the key positions in your company. Who is making things happen? Who is producing the company's core services or products? Identify workers that would be the most difficult to replace. This may be because of their intricate knowledge of how your company operates or because they may be your best salespeople, your designers, mechanics, or anyone that has extensive or unique skills.

Is there someone on a career path? Is there an assistant manager or supervisor working their way up? Each key position in the company should have someone developing under it.

3. Leadership Development

Identify those people in your company with the highest potential. What coaching, mentoring, training, or job rotation will you use to develop those potential leaders?

4. Recruiting

Estimate your need for recruiting new employees. Which positions, when will

they be needed, and where? What will that cost be, and how long will it take?

5. Retention

Forecast your turnover. As a guideline, what was it last year? What does it look like so far this year? Identify who you think is at risk and how to keep them.

6. Redeployment

Decide who, if anyone can or should be cross-trained. Who should be redeployed to another job in order to gain new skills? Who can learn from whom?

7. Contingent Workforce

How many employees will be needed when the season changes? When will you no longer need them? How can you better assure that they will return? Can you find them other employment while you're in your off-season? How likely is it that the big project you've been working on will come in? Are you ready to hire-up for that?

8. Potential Retirement

Who is eligible? When? Who will replace them? What alternative work arrangements can be made to keep a potential retiree with you?

9. Career Path

Identify those people in key positions or those you will want to develop for the long run.

A. Where do you see this person in two years, five years?

B. What will be the requirements for that position at that time?

C. What are the skills and qualifications of this employee now?

D. What is the difference between items B and C? That difference is what you have to train for. That difference is this employee's career path. What will

you need to provide for that development? In what order will the training occur? Identify that time line and cost.

10. Backup

If you were to lose a key employee can you have a back-up ready to fill in? Who has been or could be cross-trained to fill in that position? Should that backup be outsourced to a vendor?

11. Internal Recruiting

Develop a job posting system, informing all employees of all positions. Give employees a chance to grow, to change jobs. They may also know someone to refer. The Mellon Foundation recently released a study showing that an external hire takes up to twice as long to reach full productivity as does an internal hire. On average, internal hires had 50 percent fewer unproductive days than did external hires. Where are the seeds for the flowers you want to grow?

12. Market Changes and Forecasts.

Examine coming trends in the economy, your industry, your geographical area, and in your company. What changes can you see coming? How can they affect your company? What's your competition going to be doing that will affect you? For example, we know that the coming workforce is going to consist of older workers, Spanish-speaking workers, and Asian workers. Can you attract that workforce? Where will you find them? Can you hire or develop someone who is multi-lingual?

13. Develop a Skills Bank

Survey your employees. Ask them about their training, skills, experiences, hobbies, and interests. Where do they see themselves in two years, five years? Have they ever had any shop classes, financial

or technical courses, or computer training? Does anyone have an artistic background? Can that be of use? Is there a base there on which to build? Does anyone belong to a community organization that you may want to connect with for charitable, community, or business affiliation reasons?

If you can cross-reference all of these skills, interests, and aptitudes into an electronic spreadsheet you may find many useful purposes for this new skill bank. For example, if your Workforce Planning shows that you're likely to need a mechanic within one to three years, you may decide to hire a fully qualified mechanic at full wages when the time is right, or you may instead consider finding that skill base or that spark now from within your staff and start developing that individual.

Also consider, is there an heir apparent; someone already aspiring to that position? If not, imagine what a skills bank could do for you. Maybe someone in another department has taken three years of shop mechanics in high school or had two years of military service in the motor pool. Maybe someone has a hobby of restoring/repairing cars. Does anyone speak a foreign language? A skill bank can be a treasure chest for your Workforce Planning.

II. Look Toward the Future

Workforce Planning is about economics. The rewards of good Workforce Planning are having less downtime while trying to replace a lost skill and having properly prepared people in place when and where you need them. All this means efficiency, productivity, lower labor costs, and an HR department that impacts the bottom line.

It requires everyone to begin looking into the future to prevent unwelcome surprises. It requires managers to plan ahead and to consider alternative possibilities. It is also an integration of HR into the management system of the entire company.

Workforce Planning is a valuable tool that has been underused and underappreciated.

III. What Is the Future?

The future, of course, will be different for each industry, each geographical area, and each company. But the major trends that we can see now will almost certainly affect us all.

These major trends are telling us what to watch for; what to plan for:

1. Labor Shortages

Almost everything we analyze tells us that this is the wave of the future. Most of the world and most of the U.S. is heading for a major labor shortage. The Bureau of Labor Statistics predicts that by 2010, we will have 10.3 million more jobs than people to fill them. The country, the area, and the employers who have a sufficient and well-trained workforce are going to be the economic winners.

Those companies that do their planning now, training now, identifying of career paths and retention programs now, will be ahead of the game when that crunch starts.

2. Reengineering

A big word, but all it means is that companies are going to be redesigning how the work is done. This is to maximize efficiency, effectiveness, and flexibility.

3. Restructuring

Some work areas will still need an organizational chart to define the structure

of the work. But much of the real work will be done ad hoc, by assembled-as-needed work teams.

4. Technology

No job will be unaffected by higher technology. How, where, and when you work is in flux and will affect everything in the workplace.

5. Knowledge Work

There will be less low-skill work! More work will require the combination of knowledge, skill, and information.

6. Diversity

Very few employers are still trying to recruit the 18- to 35-year-old white male with a high school diploma and no drug record. That workforce is no longer the base. The workforce of the future (already well underway) will be older, multilingual (mostly Spanish), and Asian. They will also be far more selective about who they will work for.

7. Globalization

Think it doesn't apply to you? Almost everyone today can buy and sell products from and to foreign suppliers, manufactures, wholesalers, and retailers. Some companies who have mastered their business are marketing their knowledge as consultants to foreign entrepreneurs who are eager to learn how America leads the world in productivity.

Companies, even small companies, will be opening new markets and starting foreign ventures. Global is really coming and you can see it on our horizon.

8. The Virtual Workplace.

Much of your work could be done by an employee who does not have to dress up in the morning, fight the rush-hour traffic,

and use up space and utilities at your workplace. Many employees will find that if they have a place to plug in, they're operating productively almost anywhere, anytime. They may be alone, but they can still be more connected than ever.

9. The End of the Job?

Futurists, including *Forbes* magazine, have speculated and cautiously forecast that we may be entering the era of the end of the job. That is to say if a job is defined as being an employee working at an office, or reporting to a job site, then we may see much of our labor market no longer "having a job."

As workers become better trained and work becomes more technical and fluid, and as jobs become less structured and no longer considered permanent, workers will also change. Workers, who have the skills in demand, will likely select the assignments and projects that fit their lifestyle. They will work when, where, and for whom they choose under the conditions they select and for as long as they desire.

Work will be less a life-absorbing process of necessity and more a part of a lifestyle where workers will be even more focused, effective, and productive. But like the journeyman of old and the entrepreneurial businessperson of today, they will choose the work that's right for them.

Will those workers need to do Workforce Planning?

Bill Cook

Human Resource Associates

PLANET HR Hotline:

(703) 897-8511

E-mail: hrahtl@consulthra.com



950 Herndon Parkway
Suite 450
Herndon, VA 20170
(703) 736-9666 Fax: (703) 736-9668
Web site: LandcareNetwork.org