

March 2015

# Workforce Strategy Audit Survey Report

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## Foreword

### David Knight, Associate Partner, People & Change – People Powered Performance, KPMG in the UK



Strategic workforce planning remains a hot topic for HR Directors and executive teams in the UK. The war for talent continues at pace, and combined with changing demographics, an ageing workforce and unpredictable markets, there has never been a greater need for organisations to proactively plan the scale, shape and skills profile of their workforce.

This report from the Corporate Research Forum (CRF) really brings to life the opportunities and challenges being experienced by those tackling strategic workforce planning today.

The research data and findings present fascinating insights which resonate enormously with my own experience in supporting clients with their strategic workforce planning challenges.

For example, as the report highlights, many UK employers have strategic workforce plans in some shape or form, but relatively few plan really well and quite simply, many of these plans are underperforming. At the same time, there is a greater desire to perform much better in this area – and this increased commitment to more effective workforce planning is coming from the wider executive team and not just the HR Director.

The reality is that so many things can block and dilute the impact of strategic workforce planning in an organisation. Every case is different, but there are a number of shortfalls that I see regularly and these also stand out in the report findings. For example, poor alignment of the workforce plan with the business strategy, not recognising the new skills implications of a change in strategy, and a vagueness from executives on workforce plan fundamentals.

Report findings also identify a tendency for issues to be tackled reactively. Even important, business-as-usual issues, such as succession planning, managing career paths and forecasting capacity and skills gaps. Fixing and addressing these shortfalls is possible if there is a commitment and sponsorship from the executive team and a willingness for Operations, HR and Finance to collaborate and work together.

It's clear to me in consulting with a wide range of clients, that executive teams can see the enormous business benefits from improved workforce planning – better talent management, more effective recruitment and retention, cost optimum service delivery, enhanced workforce agility and above all else improved shareholder value.

This is a long list of outcomes which any organisation would willingly sign up to, so I am delighted to see this subject being investigated by the Corporate Research Forum. I hope you enjoy the report as much as I have.

## Executive Summary

1. Strategic Workforce Planning is a relatively recent development in the field of strategic planning and has become a hot topic in talent management since the financial crisis. There are several drivers for this.
  - Many organisations are recognising the need to plan ahead to increase capability, reduce costs and align resources to future business needs.
  - Demographic changes such as the ageing workforce mean firms need to rethink their approaches to employment and training.
  - The contingent workforce, characterised by freelance work, zero-hours contracts and online brokerages such as oDesk, offers many more opportunities to align the workforce flexibly with peaks and troughs in demand.
  - In certain key disciplines, the quality of talent emerging from universities is inadequate; a survey by KPMG of 200 senior executives found 75% of HRDs and 77% of C-suite executives reported a mismatch between the capabilities of graduates entering the workforce and business needs.
2. In today's world of ever-increasing complexity, it is even more important to prepare for an uncertain future armed with a plan that can be adapted to changing circumstances, rather than simply reacting to unforeseen events. Adopting a strategic approach to workforce planning, which at both the current and longer-term people requirements, will leave organisations better prepared to deal with a dynamic and fast-changing environment.
  - Competitive advantage can be gained by effectively connecting business strategy with developing the capabilities needed to deliver the plan.
  - Strategic Workforce Planning helps future-proof the business by identifying opportunities to retrain staff whose skills are at risk of becoming out of date, or highlighting where a more flexible workforce may be needed.
  - Strategic Workforce Planning also helps organisations identify roles that are critical to business success, which should therefore attract higher levels of investment.
  - Strategic Workforce Planning provides the context and information necessary to support decision making in areas such as designing suitable Employee Value Propositions (EVPs), whether to 'make' or 'buy' key skills, where to invest in skills development, and what resourcing policies to adopt.
  - Strategic Workforce Planning allows actions around retention, engagement and performance management to be varied according to the characteristics of roles and their relative importance to business outcomes.
  - Effective Strategic Workforce Planning should result in a better allocation of resources and lead to better returns on investment in training and development, talent management and succession planning.
3. However, in spite of increased interest, Strategic Workforce Planning is still an emerging discipline, and our survey found there is considerable room for improvement. Strategic Workforce Planning is difficult to do in practice, and requires coordination across multiple disciplines. While many organisations claim to take a strategic approach to planning their workforce, deeper examination of their practices shows that few have a comprehensive workforce strategy, and HR policies, talent management and succession planning are not sufficiently well coordinated. The broad recommendations we would make include the following.
  - Like business strategy, the Strategic Workforce Planning should be owned by the whole executive team, not just the HR Director. The CEO, CFO and key executives should be involved in developing the Strategic Workforce Planning.
  - Strategic Workforce Planning should consider the broader contingent workforce including contractors, partners etc, and not just direct employees.

## Executive Summary

- Strategic Workforce Planning also needs to focus on distinguishing between 'make' roles, which require greater investment in training and development, and 'buy' roles, as well as identifying roles that might be suitable for outsourcing.
  - Strategic Workforce Planning should culminate in a 'living' plan, which is kept up-to-date, and leads to action and follow-up. Too many workforce plans end up gathering dust on a shelf.
  - Rather than adopting traditional approaches to workforce segmentation, such as by job families or organisational level, Strategic Workforce Plans should focus on identifying the characteristics of various roles, including those key roles which make the largest contribution to business outcomes. This allows for different EVPs and HR policies and practices to be developed for these roles.
4. Corporate Research Forum (CRF) and Advanced Workforce Strategies (AWS) invited CRF members to complete the Workforce Strategy Audit Survey (WSAS). This report sets out the aggregated responses of the 37 CRF member organisations who completed the WSAS, ranging in size from under 500 to over 50,000 employees. Given the range of different types and size of organisation represented in our sample, it is reasonable to suggest that the findings carry broad lessons for all organisations. The WSAS is a 65-item survey developed by AWS to assess how developed an organisation's workforce strategies and people management practices are. The survey consists of nine key sections, each comprising a number of items.
5. The nine sections are as follows.
- 2.1 Survey participation.
  - 2.2 Survey section summary.
  - 2.3 Section 1. Alignment between business and workforce strategies.
  - 2.4 Section 2. The documentation, involvement, scope and process of developing a workforce strategy.
  - 2.5 Section 3. Workforce segmentation and role differentiation.
  - 2.6 Section 4. Collection, integration, analysis and interpretation of HR data.
  - 2.7 Section 5. Acquisition of human capital (recruitment and selection).
  - 2.8 Section 6. Utilisation/engagement and retention of human capital.
  - 2.9 Section 7. Development of human capital (learning and development).
  - 2.10 Section 8. Deployment of human capital.
  - 2.11 Section 9. Implementation and outcomes of Strategic Workforce Planning.
6. The findings amount to 'a mixed bag' and point to significant shortcomings in the way organisations carry out Strategic Workforce Planning. The results do compare favourably with an earlier survey of 60 Australian organisations, although this is to be expected given that participants in the UK survey were larger – over 90% had more than 1,000 employees and nearly 50% had more than 10,000 employee.
7. The two sections where respondents scored most highly were as follows.
- Section 1. Alignment between business and workforce strategies.
  - Section 8. Deployment of human capital.

## Executive Summary

The two sections where they scored lowest were as follows.

- Section 4. Collection, integration, analysis and interpretation of HR data.
- Section 9. Implementation and outcomes of Strategic Workforce Planning.

Bigger seems to be better: larger organisations tended to score more highly than smaller organisations, particularly in Sections 1 and 9.

8. Overall, we reached the following conclusions.

- Organisations lack an in-depth understanding of what a workforce strategy actually is and of how it links to the business strategy. This is a concern given that determining which roles are most important to desired business outcomes is the essence of a successful workforce strategy.
- They adopt a piecemeal approach to Strategic Workforce Planning rather than 'whole workforce' approach, which includes the contingent workforce.
- When segmenting the workforce organisations don't appear to fully understand role characteristics and role differentiation, nor reflect these in HR policies and practices and the way they report HR data.
- Organisations take a 'one size fits all' approach to developing Employment Value Propositions (EVPs), competency assessment, and performance management and appraisal systems.
- Organisations tend to be reactive rather than proactive: succession planning is poor, forecasting of recruitment needs is non-existent, career paths are under-developed, there is low focus on workforce risk, and knowledge about future skills requirements is hazy. This may be partly a consequence of under-resourced HR departments.
- A number of organisations struggle with their HR data and analytics. The current emphasis on adopting HR technology and analytics before having developed a workforce strategy is like 'putting the cart before the horse'.
- Strategic Workforce Planning is delivering disappointing results – starting with problematic implementation. This is likely to be a consequence of all of the above, and is, therefore, not surprising. The inevitable consequence is flawed people management, which compromises the organisation's ability to achieve its strategic objectives.
- Executives and senior HR professionals need educating in Strategic Workforce Planning, given that managing internal resources is now seen as crucial to sustained effectiveness. Configuring and managing a workforce that is accessible, skilled, motivated and efficiently deployed, with a strategy that is aligned with the business strategy, will increasingly be a key differentiator of business performance and financial success.

# 1 Introduction: What is a Workforce Strategy?

## 1.1

### Why workforce strategy is important

A recent global survey of 700 CEOs revealed that human capital management is their top priority (The Conference Board, 2013). This is not surprising given that people account for between 30% and 80%, depending on the industry, of a business's total costs. There is also a significant body of research confirming that the workforce is the most important driver of business success (CIPD, 2003).

However, many organisations don't have a comprehensive integrated workforce strategy for managing what is their most valuable intangible asset. They may have bundles of HR policies; they may even undertake workforce planning, succession planning and talent management. But these are just 'HR activities', which don't address broader strategic workforce issues, including how the workforce strategy (if there is one) is aligned with the business strategy.

Employees now come in all shapes and sizes – permanent, casual, part-time, contractor, consultant, to name but a few. The workforce has also become more mobile and diverse. Managing this increasingly complex workforce requires a more sophisticated and differentiated approach than most organisations have been used to.

The way an organisation manages its people is now seen as critical to its sustained effectiveness. Configuring and managing a workforce that is accessible, skilled, motivated and efficiently deployed, using a strategy that is aligned with the business strategy, will increasingly be a key determinant of business performance and financial success.

## 1.2

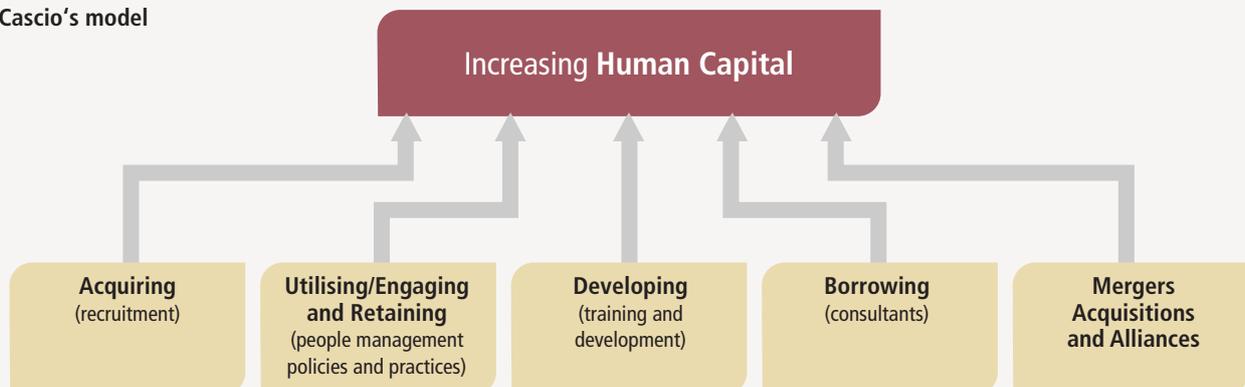
### What is Strategic Workforce Planning?

Strategic Workforce Planning (SWP) extends far beyond workforce planning, which typically focuses on supply and demand, is undertaken for short-term budgetary purposes, and is not necessarily owned by the business.

By contrast, a workforce (or human capital) strategy is a form of asset management – it is the sum of actions taken to acquire, retain, develop, motivate and deploy human capital in the service of an organisation's mission (Cascio, 1991).

### The Five Ways of Increasing Human Capital

Cascio's model



# 1 Introduction: What is a Workforce Strategy?

Strategy is, essentially, about making choices. At the heart of a workforce strategy is making choices about the relative importance of different roles. More specifically, a workforce strategy is about understanding how the characteristics of roles vary and the respective importance of those roles to the execution of the business strategy and to desired business outcomes. For example, different Employment Value Propositions (EVPs), costs of turnover, levels of investment and so on apply to 'make' roles (that is, those roles where people are developed from within) and 'buy' roles (those roles where people are acquired ready-made from the market).

There are two guiding principles in developing a workforce strategy.

- 1 **Workforce segmentation.** This includes identifying various role categories (for example, critical roles, specialist roles, roles suitable for outsourcing, and so on) and creating differentiated HR policies and practices for those different categories. Segmentation is the key to treating the workforce as a portfolio of 'assets' that can be managed and analysed.
- 2 **Strengthening critical organisational capabilities and core competencies.** These are the things most likely to deliver the desired outcomes from the business strategy and are key to achieving a sustainable competitive advantage. The roles that are more closely linked to these capabilities and competencies should attract a disproportionate amount of investment in order to improve or optimise performance in those roles.

Best practice in developing a workforce strategy focuses on identifying the principles that determine the choice of practices, rather than the practices themselves.

## 1.3

### The Workforce Strategy Audit Survey (WSAS)

Advanced Workforce Strategies (AWS) has developed a 'cutting edge' Workforce Strategy Audit Survey (WSAS).

- It comprises 11 sections (nine of which are critical) and 65 different items.
- Its design is based broadly on the 'Five ways of increasing human capital' model (see the figure).
- It is arguably the most comprehensive and advanced approach that exists for assessing how developed an organisation's workforce strategy and people management practices are.

## 1.4

### What this survey report covers

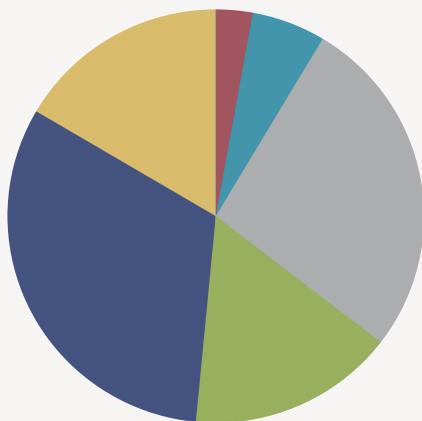
- 1 Alignment between business and workforce strategies.
- 2 Documentation, involvement, scope and process of Strategic Workforce Planning.
- 3 Workforce segmentation and role differentiation.
- 4 Collection, integration, analysis and interpretation of HR data.
- 5 Acquisition of human capital (recruitment and selection).
- 6 Utilisation/engagement and retention of human capital.
- 7 Development of human capital (learning and development).
- 8 Deployment of human capital.
- 9 Implementation and outcomes of workforce strategic planning.

## 2 Survey Findings

### 2.1

#### Survey participation

This report is based on the results of the 37 organisations that participated. Six of these organisations, however, completed only part of the survey. Participants (HR directors through to senior HR professionals) came from a wide range of industries, and their size profile, by number of employees, is shown in the chart.



**Number of employees in organisation**

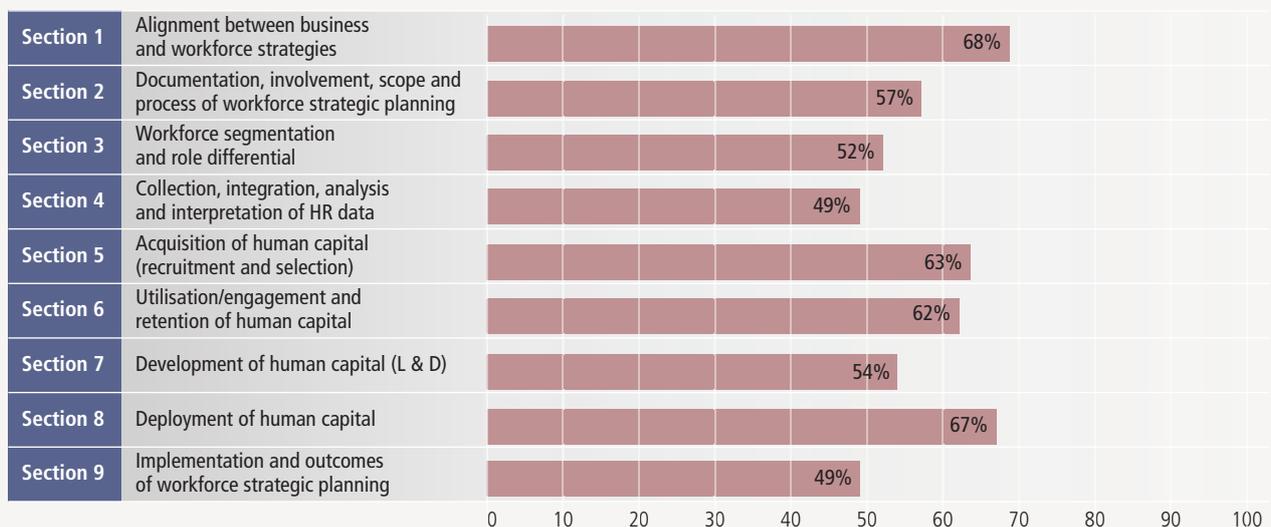
■	101 – 500	2.7%
■	501 – 1,000	5.4%
■	1,001 – 5,000	27%
■	5,001 – 10,000	16.2%
■	10,001 – 50,000	32.4%
■	more than 50,000	16.2%

### 2.2

#### Survey section summary

The following table, charts and analysis relate to individual items in each of the nine sections listed in Chapter 1.4 above. Each section also has an aggregate percentage score. This score is the total score of all of the items in that section expressed as a percentage of what would be considered a 'gold standard' (that is, a 'True' response to every item). The percentages have been calculated on the following scoring basis: True = 4, Mainly True = 3, Partly True = 2, Mainly False = 1, False = 0.

The percentage scores for each of the nine sections of the survey are set out below.



#### Scale scoring key interpretation:

> 75% = **Good** < 75% to > 65% = **Reasonable** < 65% to > 55% = **Moderate** < 55% to > 45% = **Marginal** < 45% = **Poor**

## 2 Survey Findings

These findings are a bit of a 'mixed bag' and point to some significant deficiencies in organisations' Strategic Workforce Planning (SWP) activities.

- The more effectively-managed activities appear to be the acquisition and deployment of human capital.
- The less effectively-managed activities appear to be handling HR data, and the implementation and outcomes of SWP.
- Bigger is better: larger organisations tend to score higher than smaller organisations, particularly in Sections 1 and 9.
- While organisations seem to manage the alignment between business and workforce strategies slightly more effectively than most aspects of SWP, anomalies between responses to this important section and to later sections suggest that this score of 68% could be misleading.

One additional section of the report, Section 10, looks at the culture of organisations and the maturity of their workforce strategies. Both these factors have a bearing on the responses detailed in Sections 1-9.

### 2.3

#### **Section 1. Alignment between business and workforce strategies**

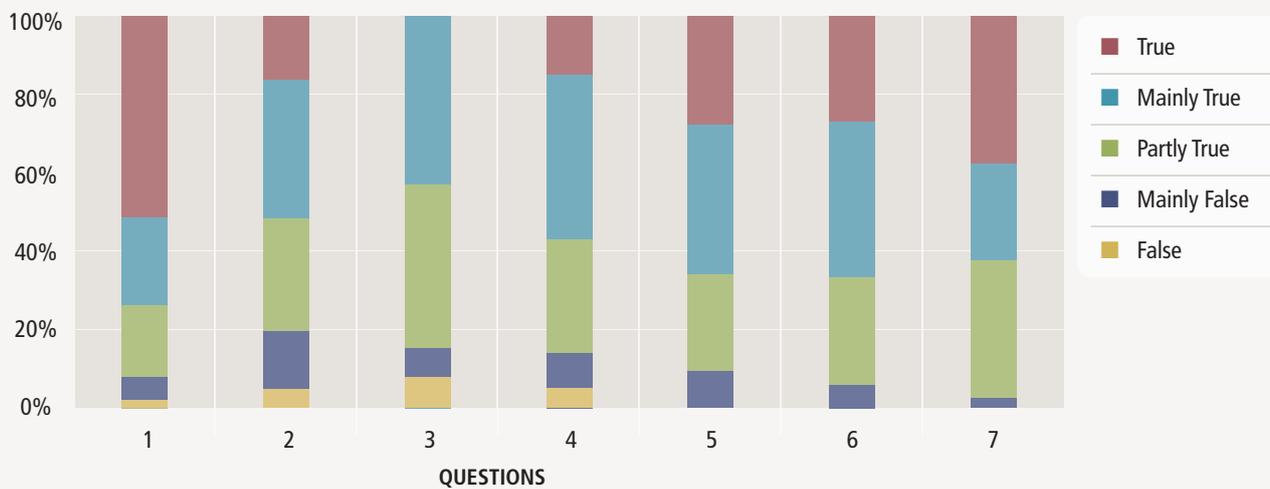
The rationale for scoring organisations against the seven items listed below is as follows.

- The business strategy and the workforce strategy should be inextricably linked and the relationship between the two clearly articulated.
- The critical capability of an organisation is its source of competitive advantage and is therefore vital to its sustainability. A critical capability differentiates the organisation from its competitors: it may be the thing that is critical to success, or its DNA, or the reason customers purchase its products and services – or a combination of these. Therefore the business strategy (and the workforce strategy) should aim to maintain and strengthen that capability, along with the organisation's more important core competencies.
- Some roles are more important to implementing the business strategy and achieving results than others. Organisations therefore should identify and differentiate between different types of roles in order to ensure they direct resources to the right places.
- Organisational structures should complement the business model and business strategies in order to accord the correct emphasis (including resources) to different functions and roles. For example, a decentralised business model should have a decentralised HR function.
- Workforce strategies shouldn't exist in isolation and/or be exclusively internally focused; they should also take into account the external environment, workplace trends and the context in which the organisation operates.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
1 A documented business strategic plan exists (including the associated business strategies) that is clearly communicated to relevant staff.	50%	23%	18%	6%	3%
2 There is a clear linkage between the business strategic plan and the workforce strategy/plan.	15%	38%	26%	15%	6%
3 Our workforce strategy/plan includes a clear understanding of the critical capability(s) and core competencies of the organisation. <b>Note.</b> A critical capability is what differentiates the organisation from its competitors, customers purchase its products and services, what is critical to success, or its DNA.	0%	44%	41%	6%	9%
4 The strengthening of organisational critical capability(s) and core competencies constitutes a key feature of our workforce strategy/plan.	15%	44%	26%	9%	6%
5 There is a clear understanding of the importance of various roles to the achievement of the business strategy.	29%	38%	24%	9%	0%
6 The structure of the organisation is consistent with the business model and the business strategy (e.g., decentralised business model integrated with a decentralised HR function).	29%	38%	27%	6%	0%
7 The organisation continually scans the external environment to understand world, business and workplace trends that will impact on the business and workforce strategy.	38%	24%	35%	3%	0%



## 2 Survey Findings

### Analysis

- Most organisations appear to have a documented strategic business plan that is communicated to relevant staff (item 1). Those that don't however, are unlikely to have the information they need to develop a workforce strategy.
- There appears to be only a moderate link between business strategies and workforce strategies (item 2). This suggests a lack of understanding about what a workforce strategy actually comprises, let alone how to connect it with the business strategy. This finding is consistent with the responses for items 3 and 4.
- There is poor understanding of, and emphasis on, critical capabilities and core competencies (items 3 and 4). This, as we discussed above, should be a fundamental element of a workforce strategy.
- Organisations seem to be reasonably clear about the relative importance of different roles to implementing the business strategy (item 5). However, this response is not consistent with the responses to items 31, 44 and 48, which relate to differentiated Employment Value Propositions (EVPs), understanding the cost of turnover, and investing disproportionately in people in 'more important' roles. It seems that understanding the contribution different roles make to delivering the business strategy is not necessarily reflected in the policies and practices associated with such roles.
- Business models, business strategies and organisational structures are reasonably compatible (item 6).
- Most organisations appear to have an external focus in terms of business and workplace trends (item 7).

**Total score for this section: 68%. This is a 'reasonable' result.**

### 2.4

#### **Section 2. The documentation, involvement, scope and process of developing a workforce strategy**

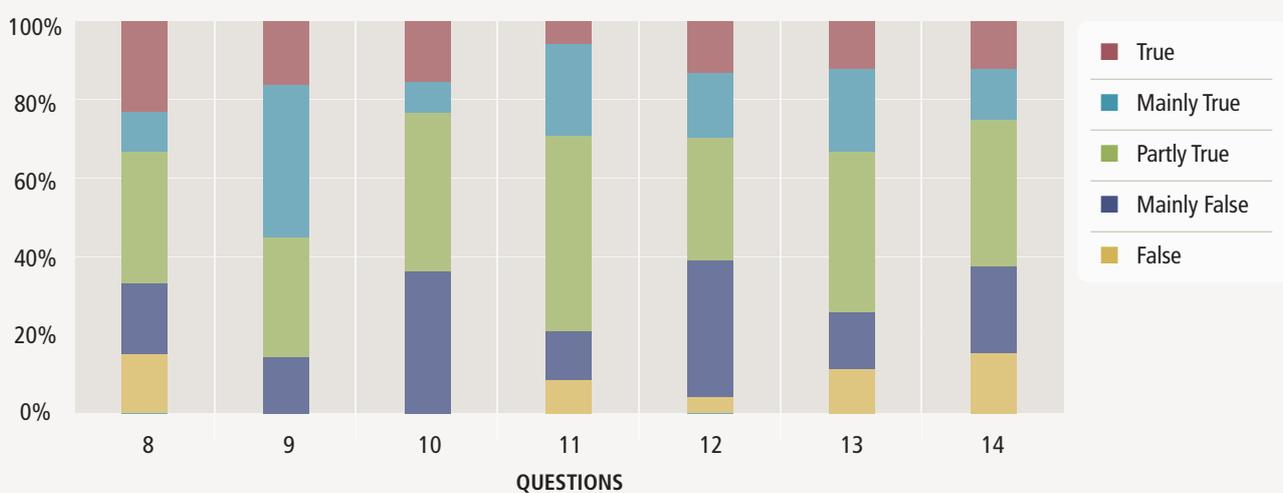
The rationale for scoring organisations against the seven items listed below is as follows.

- Given the importance of the workforce strategy to business results, the Strategic Workforce Plan should be in a documented form that, from a governance and operational perspective, the board and executives can sign off.
- The CEO and executives should own the Strategic Workforce Plan, and HR should be responsible for developing it.
- The Strategic Workforce Plan should take a 'whole-workforce' approach. The 'contingent' workforce (consultants, contractors, casuals, outsourced activities and so on) makes up an increasingly large proportion of the total workforce, so it is the total configuration of the workforce and the different groups that needs to be considered and managed effectively as part of this whole.
- The Strategic Workforce Plan should inform all people decisions. It therefore needs to be sufficiently detailed to provide the insights required to make such decisions.
- The Strategic Workforce Plan should consist of more than a few *ad hoc* and isolated HR initiatives.
- The process for developing the Strategic Workforce Plan should involve appropriate parties and gather relevant information efficiently and effectively.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
8 Our workforce strategy/plan is currently documented in a form that can be presented to senior management, executives or the Board.	24%	12%	31%	18%	15%
9 Senior managers and executives view the development of our workforce strategy/plan as an important activity of the business.	15%	43%	30%	12%	0%
10 Our workforce strategy/plan includes consideration of the contingent workforce (e.g., consultants, contractors, casuals, outsourced activities).	15%	9%	40%	36%	0%
11 Our workforce strategy/plan has adequate breadth and depth to provide the necessary workforce information for sound people making decisions.	6%	24%	49%	12%	9%
12 Our workforce plan/strategy extends beyond a suite of HR policies, talent management and succession planning, and head counts (including supply and demand considerations).	12%	18%	31%	33%	6%
13 The responsibilities of various parties (e.g., HR and line management) in developing our workforce strategy/plan are clearly identified with appropriate levels of involvement of these parties.	9%	24%	40%	15%	12%
14 The process for developing our workforce strategy/plan is well structured and effective.	9%	18%	34%	24%	15%



## 2 Survey Findings

### Analysis

- Some organisations lack a documented workforce strategy/plan. But if any such plan exists only inside certain individuals' heads, it begs questions about its effectiveness – and even its very existence (item 8).
- Executives and senior managers are clearly equivocal about the importance of Strategic Workforce Plans (item 9).
- Organisations taking a whole-workforce view of Strategic Workforce Planning are in the minority, which implies a piecemeal approach (item 10).
- The limited scope of workforce strategy/planning among survey participants, in terms of the detail required to inform people decisions, is a concern (item 11). The conceptual approach seems to be flawed.
- Workforce strategy/planning is inadequate in organisations where it is limited to a few *ad hoc* HR activities (item 12).
- Several organisations appear to be confused about the responsibilities of HR and line management in developing a workforce strategy/plan (item 13).
- There appear to be significant challenges relating to 'process' in developing a Strategic Workforce Plan (item 14). This finding is consistent with those in Section 9 relating to the implementation and outcomes of Strategic Workforce Plan. If the process for developing a Strategic Workforce Plan is ineffective, the outcomes are likely to be sub-optimal too.

**Total score for this section: 57%. This is a 'moderate' result.**

### 2.5

#### Section 3. Workforce segmentation and role differentiation

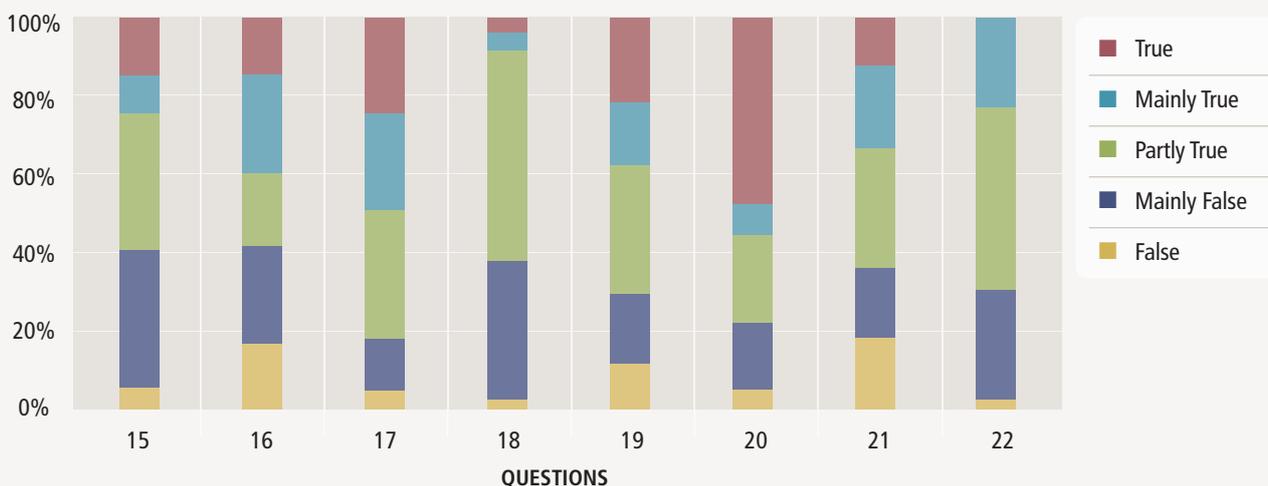
The rationale for scoring organisations against the eight items listed below is as follows.

- Role differentiation (that is, determining the characteristics of roles and their relative contribution to business objectives) and workforce segmentation lie at the heart of a Strategic Workforce Plan.
- Roles that are more important to the business strategy and results should attract a higher level of investment (in terms of salary, training and development, coaching and so on) in order to improve the performance of people in those roles.
- Paying people in all roles at the same salary point (for example 50% market mid point, 67% or two-thirds of the market, etc) is a recipe for mediocrity as it fails to recognise the differing contributions of various roles to business outcomes.
- Many organisations segment their workforce by job or level when reporting HR data, but this approach is limited and may be flawed. For example, the cost of turnover for a lower-level role may be higher than for some managerial roles. Even segmenting the workforce by job family may constitute a 'blunt' approach - there may be both 'make' and 'buy' roles within the engineering family.
- Key workforce risks such as cost of turnover and vacancies need to be identifiable by workforce segment, or organisations will be 'flying blind' when trying to target interventions to address such risks.
- Organisations need a defined methodology to identify critical roles to avoid the danger of subjectivity and political bias creeping in.
- Organisations should differentiate between 'make' and 'buy' roles, as each requires different EVPs, different levels of investment, and different engagement and retention policies and practices. The cost of turnover is typically much higher for 'make' roles.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
15 There is an understanding of the differing characteristics of various roles (e.g., different costs of turnover, different Employment Value Propositions, different levels of investment in training and development, etc.) in segmenting our workforce.	13%	13%	34%	34%	6%
16 Our workforce segmentation approach extends beyond an organisational level or job/salary level basis (e.g., to job families, skills based role segmentation) for the purposes of reporting HR data.	13%	27%	19%	25%	16%
17 The workforce is profiled on a demographic basis (e.g., age, gender, length of time in job, length of time in organisation, location, business unit, etc.).	25%	25%	31%	13%	6%
18 Key workforce risks (e.g., performance deficits, turnover, shortages or vacancies, skill deficits, single point role sensitivity) are identified by workforce segment/employee category, with strategies developed and implemented to address these risks. <b>Note.</b> Single point role sensitivity means those more important roles where if the incumbent is unable to continue (e.g., may leave, become ill, etc.), then no immediate replacement is available with the required skill and knowledge to step into that role.	3%	6%	53%	35%	3%
19 There is a defined methodology for identifying Critical roles.	22%	16%	31%	19%	12%
20 All roles are not necessarily paid at the same market point, whatever that might be (e.g., 50% market mid point, 67% or 2/3rds of the market, etc.).	47%	9%	22%	16%	6%
21 Certain HR/people management policies and practices vary (e.g., performance management system, training and development, compensation/reward systems) for different workforce segments/employee categories, as opposed to a "one size fits all" approach.	15%	19%	31%	16%	19%
22 There is a clear understanding and categorisation of those roles for which people need to be developed from within (i.e., make roles), and those roles for which people can be recruited ready made from the market (i.e., buy roles) or outsourced.	0%	25%	44%	28%	3%



## 2 Survey Findings

### Analysis

- There appears to be a serious lack of understanding of the different characteristics of various roles. But, as we discussed above, this understanding is fundamental to developing a workforce strategy (item 15).
- For a number of organisations, workforce segmentation approaches are limited to job levels or organisational hierarchy (item 16). Such approaches are unlikely to identify key workforce risks, as is confirmed by the response to item 18.
- Most organisations profile the workforce on a demographic basis (item 17). This is the first step towards generating HR data to inform the workforce strategy/plan.
- Organisations seem uncertain about how well they identify critical roles (item 19).
- Organisations are, to some extent, flexible in setting salary levels for various roles (item 20).
- There is a 'one size fits all' approach to applying HR policies and practices to various workforce segments (item 21). This too indicates poor understanding of the differences between 'make' and 'buy' roles (item 22), and is consistent with the response to item 15.

**Total score for this section: 52%. This is a 'marginal' result.**

### 2.6

#### Section 4. Collection, integration, analysis and interpretation of HR data

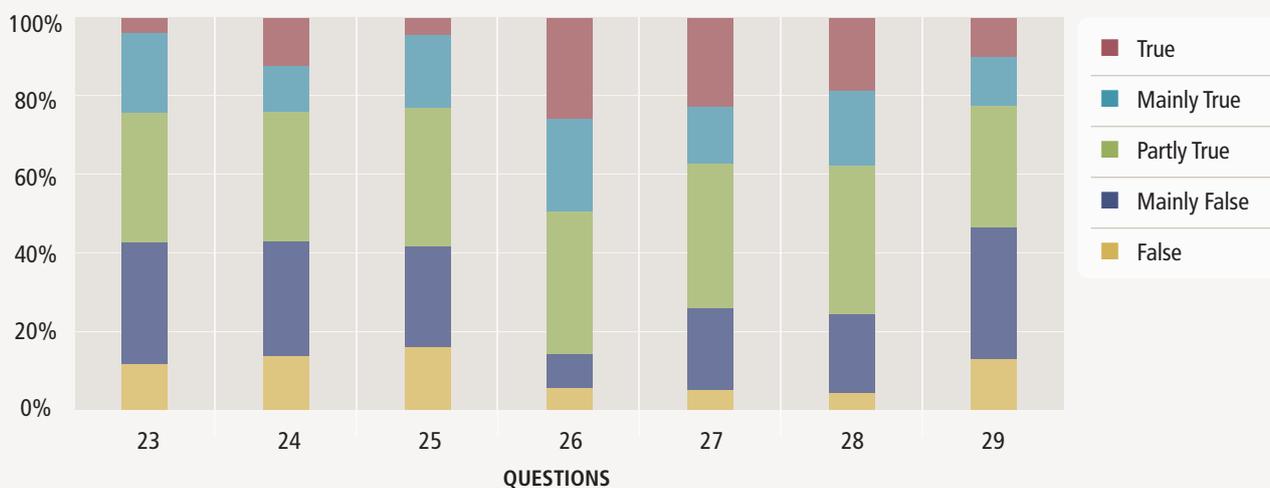
The rationale for scoring organisations against the seven items listed below is as follows..

- In an era of talent and skills shortages, having the right data configured in the right format is essential for robust people-related decisions.
- The integrity of HR data is vital for confident people-related decision-making.
- The process for gathering HR data should ideally be efficient for rapid interrogation and analysis of various workforce enquiries (e.g., turnover by age or by gender).
- HR teams should source HR data from various systems and use it to inform different ways of building human capital (acquisition, utilisation/engagement and retention, development).
- HR data should be configured in a way that allows HR teams/managers, etc., to analyse different scenarios.
- In configuring HR data, HR teams should understand 'lag' (historical) data and 'lead' (predictive) data and their relative importance.
- HR data and analysis should underpin the business case for proposed HR initiatives, interventions and investment, and also be used for evaluating their success post implementation.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
23 The systems and processes and associated technology for gathering our HR data are efficient.	3%	22%	34%	28%	13%
24 There is a high level of confidence in the integrity of our HR data.	12%	13%	31%	31%	13%
25 Comprehensive HR data is collected to evaluate the effectiveness of acquisition, utilisation/engagement, retention and development of human capital practices.	3%	22%	34%	25%	16%
26 HR data is analysed and reported on a regular basis for various workforce segments/employee categories (e.g., recruitment statistics, turnover, investments in training and development, etc.).	25%	25%	35%	9%	6%
27 HR data from various sources (e.g., payroll, HR systems, survey findings) is analysed for various scenarios (e.g., engagement levels of relatively new recruits, turnover of various categories of employees).	22%	16%	34%	22%	6%
28 HR and management use HR data to build the business case for HR initiatives, and also for evaluating the success of HR initiatives post implementation.	19%	19%	37%	19%	6%
29 There is a clear distinction between lag data (i.e., historical data such as turnover) and lead data (i.e., predictive data such as engagement and retention risk survey data) in the analysis and reporting of HR data.	9%	13%	31%	34%	13%



## 2 Survey Findings

### Analysis

- Many organisations seem to find it difficult to gather HR data efficiently (item 23).
- Confidence levels in the accuracy/integrity of HR data are relatively low (item 24).
- HR data gathering in most organisations is by no means comprehensive (item 25).
- Many organisations analyse and report HR data regularly (item 26).
- Only some organisations use HR data to support the business case for HR initiatives or to evaluate them (item 28).
- There is limited understanding of, or differentiation between, lag and lead data (item 29).

**Total score for this section: 49%. This is a 'marginal' result.**

### 2.7

#### Section 5. Acquisition of human capital (recruitment and selection)

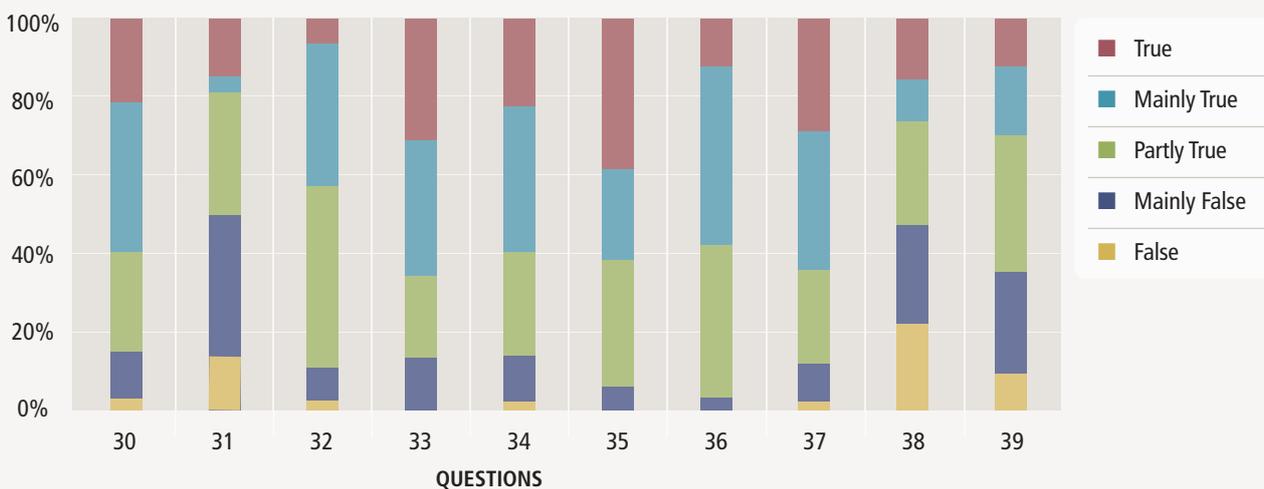
The rationale for scoring companies against the ten items listed below is as follows.

- Brands are designed to appeal to and attract a particular group of people; they should not be 'all things to all people'. They are also important for minimising risk, because they avoid attracting groups with no similarity or fit. The same goes for 'employment brands'.
- The Employment Value Proposition (EVP), or 'deal', which includes a mix of tangibles (such as pay and resources) and intangibles (such as recognition and support) should vary according to the type of role in question. The employment brand for any organisation should remain constant, but the EVP will differ depending on the role.
- Sourcing strategies should aim to deliver qualified and experienced candidates in the shortest possible time.
- Recruitment processes (interviews and psychological assessment, for example) should vary according to the type of role in question, as should the choice of external recruiters and internal recruiters to conduct them.
- Organisations should seek to continually improve their recruitment and selection processes.
- The effectiveness of recruitment will be reflected in the time it takes to fill a post, how well the new recruit fits the job and the organisation, and turnover in the first 12 months after appointment. There is usually a trade-off between the 'time to fill' and the quality of new recruits.
- Recruitment forecasting should form part of the Strategic Workforce Plan so that resources can be matched to future needs. Forecasts should be based on a range of factors including, for example, turnover, retirements, the impact of technology, growth factors, job redesign, and so on.
- The reward and remuneration policy should be flexible enough to allow salary levels for various roles to be adjusted to reflect the importance of roles to the business strategy.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
30 The employment brand (image, culture, values) is clearly defined highlighting the attributes that differentiate the organisation from other employers.	19%	41%	25%	12%	3%
31 The Employment Value Proposition (EVP) differs for various roles.	13%	6%	31%	37%	13%
32 Effective sourcing strategies are in place to deliver suitably qualified and experienced candidates for selection for various roles within realistic time frames.	6%	37%	47%	7%	3%
33 A strategy has been developed and implemented for the appropriate use of in-house recruitment for certain roles, and the use of external recruitment consultants for certain roles.	31%	34%	22%	13%	0%
34 Strategies have been developed and implemented to enhance recruitment processes, systems and outcomes for various workforce segments/employee categories, where appropriate.	22%	38%	28%	9%	3%
35 Recruitment processes for various roles differ according to the importance of the role (e.g., psychometric testing, application forms, interview format and process, etc.).	38%	25%	31%	6%	0%
36 Overall recruitment and selection processes are generally effective, delivering competent new recruits with a good cultural fit and good job fit to the organisation, within an acceptable time frame. Note. There is a trade off between the time to fill and the quality of new recruits.	12%	47%	38%	3%	0%
37 There is low turnover of new recruits in the first 12 months.	28%	38%	22%	9%	3%
38 Recruitment forecasts (i.e., number of new recruits) for various employee categories, including their skill and experience requirements, have been assessed for at least the ensuing 12 months. Note. These forecasts should be based on a range of factors including for example: turnover, retirements, impact of technology, growth factors, job redesign, etc.	16%	9%	28%	25%	22%
39 There is flexibility in the Remuneration and Benefits policy to adjust for shortages in various roles, based on a sound business case, even if internal salary relativities are disrupted.	9%	22%	35%	25%	9%



## 2 Survey Findings

### Analysis

- Some organisations have an employment brand that is defined reasonably clearly (item 30).
- Many organisations take a 'one size fits all' approach to determining the EVP. This indicates poor understanding of the characteristics of roles and how they differ (item 31).
- Sourcing strategies appear to be only moderately effective (item 32).
- Organisations seem to use a judicious mix of internal and external recruiters, depending on the role (item 33).
- A number of organisations have focused on improving their recruitment processes (item 34).
- Recruitment processes are tailored to different roles in many cases (item 35).
- Recruitment processes appear to be moderately effective (item 36).
- Recruitment outcomes, as reflected by turnover rates in the first 12 months, are moderate (item 37).
- Many organisations are poor at forecasting recruitment needs (item 38).
- Generally, organisations lack the flexibility to vary remuneration and benefits to take account of skills shortages (item 39).

**Total score for this section: 63%. This is a 'moderate' result.**

### 2.8

#### Section 6. Utilisation/engagement and retention of human capital

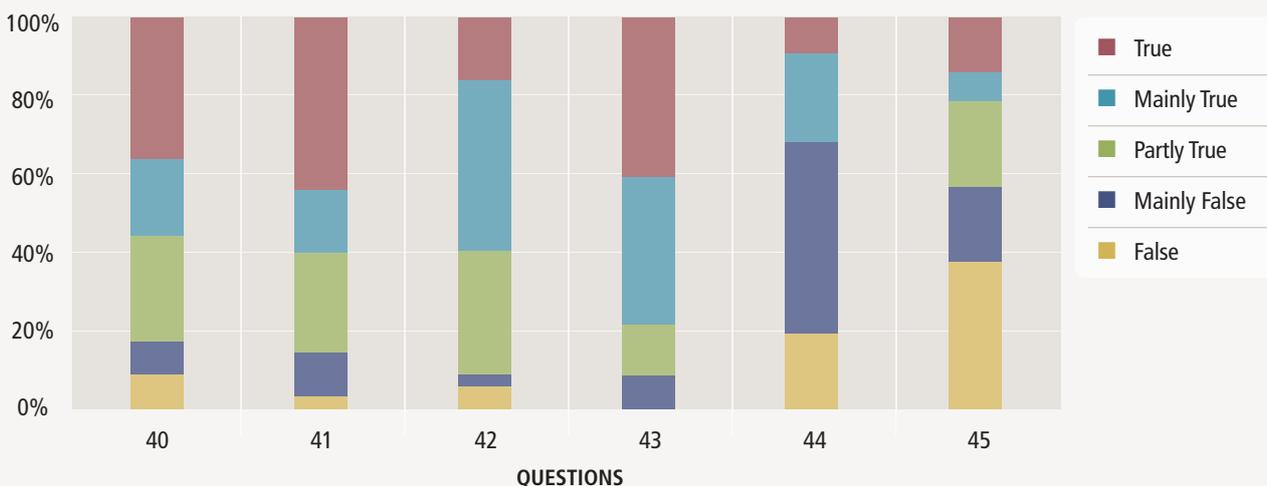
The rationale for scoring organisations against the six items listed below is as follows.

- Retention interventions deliver the highest return on investment (ROI) of any HR initiative.
- Engagement is a predictor of both performance and retention.
- Organisations should seek to continuously build engagement, which helps to enhance performance and reduce the risk that people will leave.
- Organisations must measure and understand levels of employee engagement and retention risk by workforce segment. ('Intention to stay' is the strongest predictor of retention.) If they don't do this, they will be working in the dark when seeking to allocate investment to address this risk, and may direct resources to areas where they're not needed.
- The cost of turnover varies depending on the type of role – 'make' versus 'buy', for instance. So unless organisations conduct a 'fine grained' assessment of this cost by role type and workforce segment, they're unlikely to be able to identify and address key workforce risks. This again means that resources may be misdirected, leading to poor results.
- Performance reviews should have a different emphasis, focus and rigour depending on the type of role in question.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
40 A regular engagement and retention risk assessment (e.g., survey) is undertaken for the workforce, with reporting by workforce segment/employee category.	35%	22%	25%	9%	9%
41 Strategies have been developed and implemented to enhance engagement levels and address retention risks across various workforce segments/employee categories, where appropriate.	47%	13%	28%	9%	3%
42 Generally the right people are retained in the organisation, as opposed to those who are less motivated and poorer performers.	16%	44%	31%	3%	6%
43 Turnover is reported for various workforce segments/employee categories, and not simply confined to reporting for the workforce as a whole.	41%	37%	13%	9%	0%
44 The cost of turnover for various workforce segments/employee categories is known, calculated and reported on a regular basis.	9%	0%	22%	50%	19%
45 The design and content of our performance management and appraisal forms varies according to the importance of various roles.	13%	9%	22%	19%	37%



## 2 Survey Findings

### Analysis

- Some organisations don't measure employee engagement levels (item 40).
- Generally, organisations have developed strategies to address engagement and retention risks (item 41).
- Generally, organisations report that they are retaining the 'right' people (item 42).
- Turnover reporting appears to be reasonably 'fine grained' – most organisations report by workforce segment (item 43).
- There appears to be a high level of ignorance about the cost of turnover for various roles and workforce segments (item 44). This implies a lack of awareness of workforce risks.
- Performance appraisal and management seems to take no account of the characteristics of different roles (item 45).

**Total score for this section: 62%. This is a 'moderate' result,**

### 2.9

#### Section 7. Development of human capital (learning and development)

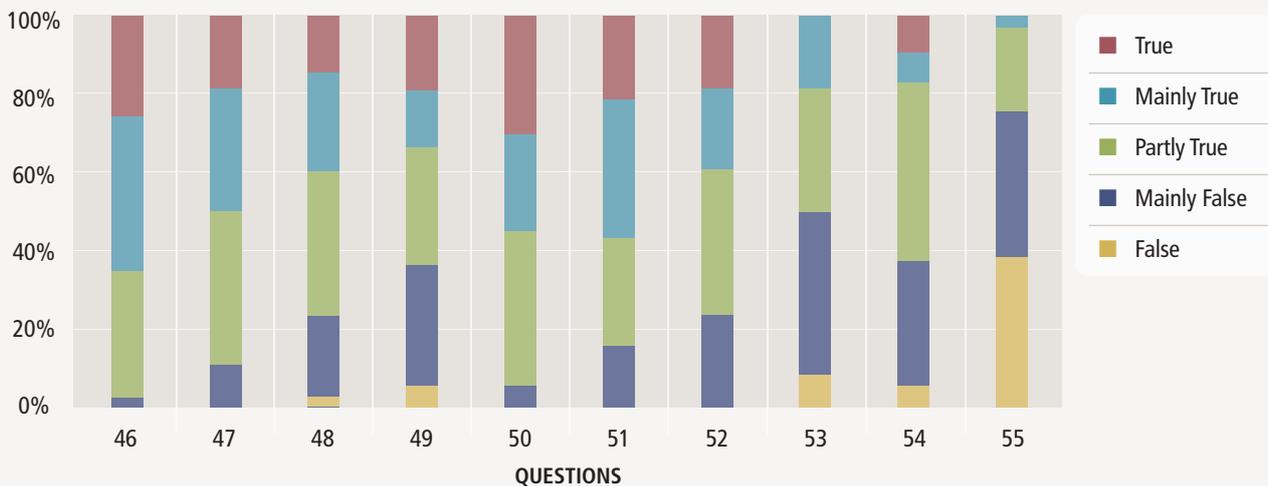
The rationale for scoring organisations against the ten items listed below is as follows.

- It is important to identify the training and development needs of various workforce segments in order to make robust decisions about the appropriate levels of investment to address those needs.
- Investment in training and development should be directed towards people in roles that contribute most to achieving business results in order to optimise the return on that investment.
- Different types of roles require different competencies, different career paths and a different development emphasis.
- It is important to identify, develop and retain high performers and high potentials, particularly those in the most critical roles, as they are the lifeblood of the organisation.
- Once an organisation has identified 'critical' roles (from a risk management as well as a development and retention perspective) it should introduce succession planning to gauge the extent to which successors are available now and likely to be available in the medium term, and to determine which roles need to be filled by external candidates because there is no likely internal successor.
- From an economic or cost-benefit perspective, there should ideally be a balance between development (and investment) from within, and recruitment from the outside.
- Organisations need to understand likely skill requirements in the medium and longer term (difficult though this is to predict) so that they can assess development and recruitment needs and develop plans to address gaps.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
46 Training and development needs, including "soft skills" (e.g., leadership) and technical skills, for various categories of employees have been identified, and strategies developed and implemented to address these needs.	25%	41%	31%	3%	0%
47 Investments in training and development for various workforce segments/employee categories are based on a strong business case.	19%	31%	38%	12%	0%
48 There is a focus on investing disproportionately in critical roles and those other roles that have been identified as being more important to the achievement of the business strategy.	13%	28%	34%	22%	3%
49 The design and content of our competency assessment and/or career development forms differs for various roles.	19%	16%	28%	31%	6%
50 High performers and high potentials have been identified with associated career development programs developed and implemented for them.	31%	25%	38%	6%	0%
51 Succession plans have been developed for mid to higher-level roles, including strategies to address gaps where there are unlikely to be successors in the medium term.	22%	37%	25%	16%	0%
52 There is an appropriate balance between development and promotion of people from within, and the external recruitment of people from the market.	19%	22%	34%	25%	0%
53 Career pathing options have been defined for most roles.	0%	19%	31%	41%	9%
54 There is a good understanding of the key medium-term (2-5 year) workforce skills gaps with plans in place to address these.	9%	9%	44%	32%	6%
55 There is a good understanding of the key longer-term (5-10 year) workforce skills gaps with plans in place to address these.	0%	3%	22%	38%	37%



## 2 Survey Findings

### Analysis

- Training needs have generally been identified and implemented for various workforce segments (item 46).
- Investments in training and development have generally been predicated on a strong business case (item 47).
- Some organisations focus on investing disproportionately in people in critical roles, whereas others lack a 'critical role mentality' (item 48).
- Some organisations tailor their performance appraisal systems according to different types of role (item 49).
- Some organisations have identified high performers and high potentials (item 50).
- Many organisations have developed succession plans (item 51).
- The balance between development and promotion from within and external recruitment seems poor in many cases (item 52).
- Generally, career paths have not been identified for most roles (item 53).
- There is poor understanding of medium-to-longer-term skills requirements (items 54 and 55).

**Total score for this section: 54%. This is a 'marginal' result.**

### 2.10

#### Section 8. Deployment of human capital

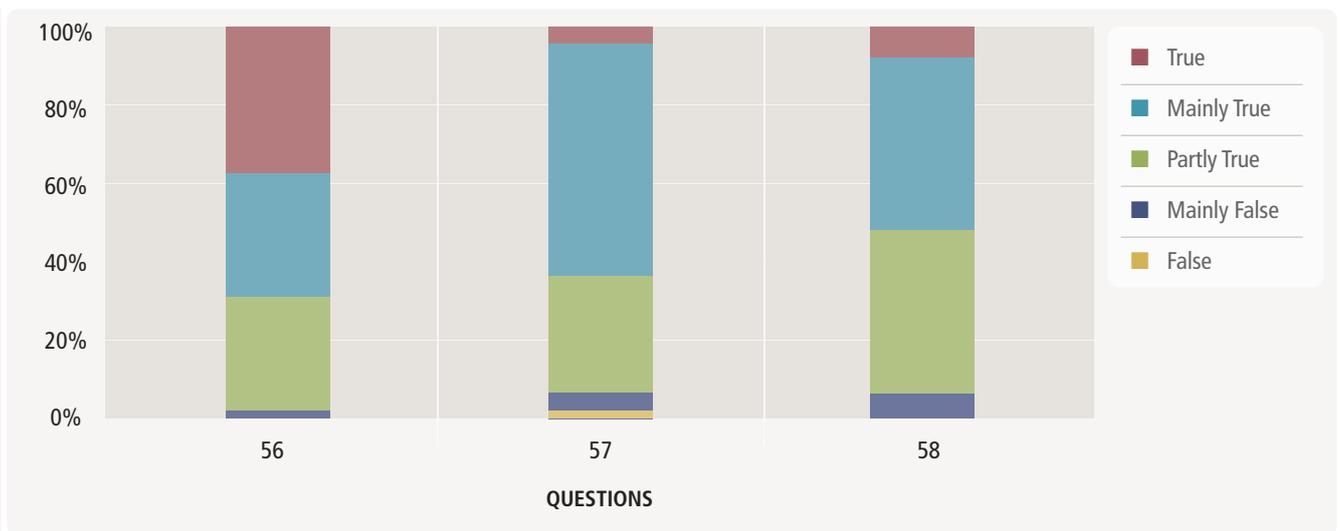
The rationale for scoring organisations against the three items listed below is as follows.

- Outsourcing decisions should be made on the basis of either economic considerations (including flexibility and cost) and/or strategic considerations.
- The workforce should be configured so as to be as flexible as possible (to minimise risk) and as high-performing as possible, and to attract, develop and retain valuable skills.
- A workforce that is accessible, skilled, motivated, well resourced and efficiently deployed will increasingly be a key differentiator of business performance and financial success.

#### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
56 Outsourcing decisions are based on a rigorous business case taking into account economic factors and/or strategic considerations.	38%	31%	28%	0%	3%
57 Configuration of the workforce (i.e., mix of permanents, part-timers, casuals, contractors, consultants) provides sufficient flexibility and access to the required skills, without jeopardising the retention of corporate memory and organisational capacity.	3%	63%	25%	6%	3%
58 Workforce deployment is such that generally the right people are placed in the right roles at the right time (i.e., vacancies relatively low, performance maintained, costs contained).	6%	47%	41%	6%	0%

## 2 Survey Findings



### Analysis

- Outsourcing decisions generally appear to be based on a sound business case (item 56).
- Most organisations seem to configure their workforce reasonably well (item 57).
- Most also deploy their workforce effectively (item 58).

**Total score for this section: 67%. This is a 'reasonable' result.**

### 2.11

#### Section 9. Implementation and outcomes of Strategic Workforce Planning

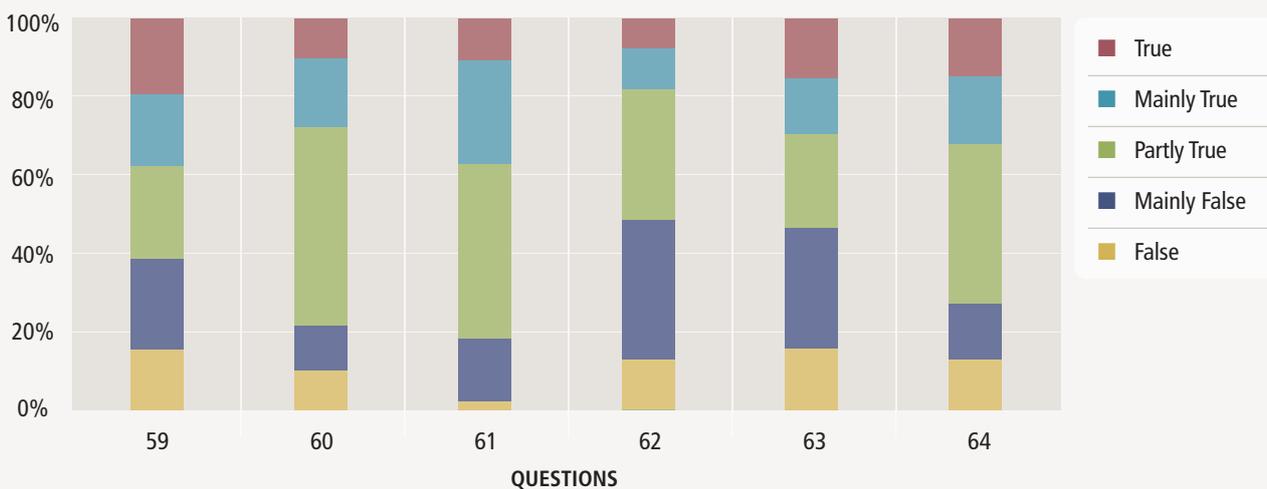
The rationale for scoring organisations against the six items listed below is as follows.

- The development of a Strategic Workforce Plan should not stop once the document itself is complete. At the very least there should be an action plan documenting agreed interventions to be implemented in an appropriate sequence.
- Organisations need to commit the necessary resources to developing and implementing a Strategic Workforce Plan or they won't achieve their objectives. One result could be solely a short-term reactive focus, for example, rather than extending to a medium- term strategic focus.
- If significant change management is required as a result of the Strategic Workforce Plan, it's important to have change management skills in place to implement whatever strategies and interventions have been agreed.
- The completed Strategic Workforce Plan should not sit in the bottom drawer of a desk; rather, it should be a dynamic document that people refer to constantly throughout the year when making HR interventions and other people-related decisions.
- Given the importance of people to business success – not to mention the significant cost of people to the business – the Strategic Workforce Plan should ultimately contribute to favourable business results.

## 2 Survey Findings

### Item Breakdown

Answer Options	True	Mainly True	Partly True	Mainly False	False
59 An outcome from the development of our workforce strategy/plan is an Action Plan that details agreed interventions, timelines and responsibilities.	19%	19%	23%	26%	13%
60 The organisation has the necessary resources to effectively develop and implement our workforce strategy/plan.	10%	19%	48%	13%	10%
61 The organisation has the necessary skills in change management to effectively implement our workforce strategy/plan.	10%	29%	42%	16%	3%
62 Our workforce strategy/plan is monitored and evaluated on a regular basis to determine progress, the success of interventions and outcomes.	6%	13%	32%	36%	13%
63 Our workforce strategy/plan guides all people decision-making and has resulted in more informed and improved people decisions.	13%	16%	23%	32%	16%
64 Our workforce strategy/plan has contributed to favourable business outcomes (e.g., improved performance/productivity, improved quality, improved service delivery, etc.).	13%	19%	42%	13%	13%



## 2 Survey Findings

### Analysis

- In many organisations the Strategic Workforce Plan doesn't culminate in an agreed action plan. This begs the question of how useful or effective any such plan can be (item 59).
- Many organisations lack the resources to develop and implement their Strategic Workforce Plan effectively (item 60).
- A number of organisations lack change management skills (item 61).
- Generally it seems that Strategic Workforce Plans are neither considered to be, nor used as, dynamic documents that are referred to frequently and used to guide decision-making (items 62 and 63).
- The jury is out as to whether Strategic Workforce Plans have produced favourable business outcomes (item 64).

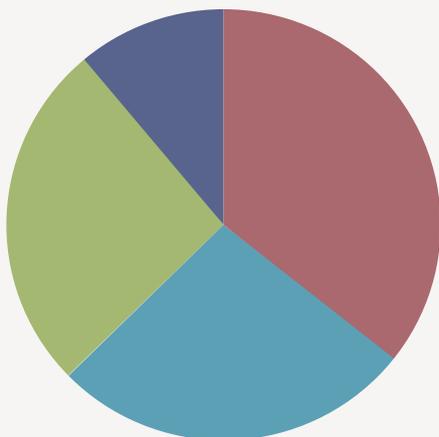
**Total score for this section: 49%. This is a 'marginal' result.**

### 2.12

#### Section 10. Overall organisational maturity and culture factors

The rationale for scoring organisations against the two items listed below is as follows.

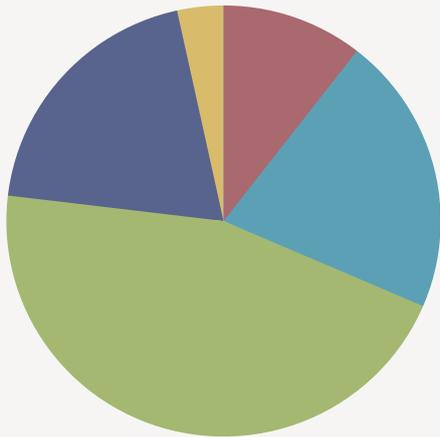
- Culture is an important driver of the way things are done in an organisation, so for a workforce strategy to be effective the organisational culture has to support a people orientation.
- Organisations' workforce strategies are at different stages of maturity. This clearly influences participants' responses in Sections 1-9 of this report.



The culture of our organisation (e.g., values, leadership, customs and practices) is supportive of the development and successful implementation of our workforce strategy/plan.

True	35.5%
Mainly True	29.0%
Partly True	25.8%
Mainly False	9.7%
False	0.0%

## 2 Survey Findings



The maturity of our organisation in the stage of development plan is related as follows:

■ Immature (e.g., no workforce planning)	9.7%
■ Rudimentary (e.g., basic workforce planning of supply and demand)	22.5%
■ Emerging (e.g., comprehensive workforce planning of supply and demand but no real strategy development)	45.2%
■ Advanced (e.g., comprehensive workforce planning of supply and demand linked with some strategy development)	19.4%
■ Very Advanced (e.g., extensive workforce planning and strategy development)	3.2%

### Analysis

- The organisational culture is generally supportive of Strategic Workforce Planning in most organisations.
- Overall, Strategic Workforce Planning is in the 'emerging' stage of development. There is considerable room for improvement. This finding is consistent with those throughout the earlier sections of this report.

## 3 Conclusions from the Survey Findings

### 3.1

#### **Maturity of Workforce Strategic Planning**

- The survey findings indicate that generally organisations are in the 'emerging' stage of Strategic Workforce Planning.
- The strategy aspect in particular needs to be developed further.
- Strategic Workforce Planning has not yet been fully 'institutionalised' in many organisations, and overall there is considerable room for improvement.
- This is not necessarily surprising. Strategic Workforce Planning is a relatively new development in the HR and strategy sphere. It has emerged because of a growing recognition of the importance of managing the workforce more effectively, maximising the ROI in people, and identifying and managing risk.

### 3.2

#### **Alignment between business and workforce strategies**

- Overall there appears to be reasonable alignment between business and workforce strategies. However, when we drilled down further into strategy issues we found some contradictions in the survey responses.
- For example, the response to item 5 (knowing which roles are important to the achievement of the business strategy) is inconsistent with responses to item 19 (critical roles not defined), item 31 (lack of EVP role differentiation), item 44 (not knowing the cost of turnover for various roles), and item 48 (disproportionate investment in critical roles). In other words, while respondents claimed to understand the importance of different roles in achieving the business strategy, this is not necessarily reflected in the policies and practices governing such roles.
- Such contradictions raise questions as to whether the alignment between business and workforce strategies is superficial rather than deeply embedded.

### 3.3

#### **Documentation, involvement, scope and process of SWP**

- The fact that a number of organisations lack a Strategic Workforce Plan document, the apparently limited scope of workforce planning and strategy, and a narrow understanding of what constitutes a Strategic Workforce Plan (it is not just a series of *ad hoc* HR initiatives) together indicate a piecemeal approach to developing a Strategic Workforce Plan.

### 3.4

#### **Workforce segmentation and role analysis**

- Segmentation is the key to treating workforce assets as a portfolio that can be analysed and managed. As such it is a fundamental concept in Strategic Workforce Planning.
- A number of organisations have adopted a 'blunt' approach to segmenting their workforce, based on job or organisational level. This fails to recognise how the characteristics of roles may vary. For example, the cost of turnover for a lower-level specialist role may be higher than that for a mid-level management role.
- There appears to be a general lack of understanding about the characteristics of roles ('make' versus 'buy', for example) and how they vary (EVPs, cost of turnover and so on). This makes it difficult either to identify key workforce risks or to target interventions to mitigate them. This finding is confirmed by a lack of understanding of the cost of turnover for various roles (item 44).
- Without a deeper understanding of role characteristics, developing a Strategic Workforce Plan is likely to be problematic, and the end result superficial.

## 3 Conclusions from the Survey Findings

### 3.5

#### HR data

- A number of organisations indicated that they are struggling to gather and use HR data efficiently.
- This is a concern, given that having the right data configured in the right format is essential for robust people-related decisions.

### 3.6

#### ROI: utilisation/engagement and retention versus acquisition

- Utilising, engaging and retaining human capital delivers a higher return on investment than acquiring it. However, this emphasis isn't reflected in these survey findings, where acquiring human capital scores slightly higher. The obvious conclusion is that the 'urgent' (the need to fill a vacancy) prevails over the 'important'.
- Apart from this, organisations do reasonably well in acquiring, utilising and engaging human capital.
- On the acquisition front, organisations don't sufficiently differentiate EVPs for various roles, reinforcing the earlier finding that they don't fully understand different roles' characteristics. They also carry out only limited forecasting of recruitment needs – which suggests a reactive, rather than proactive, approach.
- When it comes to utilisation and engagement, many organisations don't know what the cost of turnover is for various roles. This is consistent with other findings regarding shortcomings in workforce segmentation, in understanding the characteristics of various roles, and in the ability to identify key workforce risks. There appears to be a 'one size fits all' approach by some organisations to performance management and appraisal systems, which is consistent with the general theme of poor role differentiation.
- As we discussed earlier, without a comprehensive understanding of how roles differ and need to be treated differently, attempts to develop a Strategic Workforce Plan will be problematic and the result superficial.

### 3.7

#### Development of human capital

- Issues of concern in this area include insufficient attention to career paths, a failure to identify future skill gaps, a 'one size fits all' approach to competency assessment and a poor balance between internal development and external recruitment.
- This is consistent with item 22, which relates to the lack of clarity around roles that should be developed from within versus those that can be recruited ready-made.

### 3.8

#### Deployment of human capital

- Despite shortcomings in Strategic Workforce Plans, many organisations appear to be deploying their workforce effectively.

### 3.9

#### Implementation and outcomes of SWP

- The outcomes of Strategic Workforce Planning appear to be sub-optimal, which gives cause for concern. If Strategic Workforce Planning is seen as an annual activity, the document is not a 'living' or dynamic one with a follow-up action plan to address areas of perceived deficit. It will therefore be limited in its ability to inform people-related decisions, and this raises further questions not just about what organisations understand by the term Strategic Workforce Plan, but also about its very utility.
- It may be that many organisations have not moved very far beyond simple workforce planning. However, disappointing results may undermine the value and credibility of Strategic Workforce Planning and raise questions about the commitment of executives and managers. Given the response to item 14 - that is, the Strategic Workforce Planning process is often poorly structured and ineffective - it is hardly surprising that the implementation and results of the Strategic Workforce Planning are less than ideal.

## 4 Overall Conclusions and Recommendations

### 4.1

#### Key overall conclusions

Despite variations in survey responses between different organisations (and larger organisations tended to score more highly), it is possible to draw some important general conclusions from the survey findings.

- Organisations lack an in-depth understanding about what a workforce strategy is and how it links to the overall business strategy through, for example, an emphasis on strengthening critical capabilities and core competencies.
- Organisations adopt a largely piecemeal approach to SWP rather than a wider ‘whole workforce’ approach, which includes the contingent workforce.
- Organisations don’t segment their workforce effectively: they don’t fully understand the characteristics of different roles nor differentiate between them in HR policies and practices or in the way they report HR data. This is alarming given that making choices about the importance of roles to business outcomes should lie at the heart of any workforce strategy.
- Organisations adopt a ‘one size fits all’ approach to developing EVPs, to competency assessment, and to performance management and appraisal systems.
- Organisations are largely reactive rather than proactive, as evidenced in shortcomings in succession planning, the lack of recruitment forecasting needs, the dearth of career paths, the absence of a workforce risk focus, ignorance of future skills requirements, and so on. This may be partly the consequence of under-resourced HR departments.
- A number of organisations are struggling with their HR data and analytics. This may be because they are trying to implement these things before they’ve developed a workforce strategy, which is like ‘putting the cart before the horse’.
- Strategic Workforce Planning is delivering disappointing results – starting with problematic implementation. This is likely to be a consequence of all of the above. The inevitable consequence is flawed people management, which compromises the organisation’s ability to achieve its strategic objectives.

Based on these findings, we can draw the following additional conclusions.

- Some organisations are operating with outdated models and mindsets, which are inadequate to deal with the complexities and challenges of managing a 21<sup>st</sup> Century workforce.
- Some organisations find it difficult to articulate how existing HR policies and practices, investments in people, workforce configurations and so on are linked to or aligned with the business strategy.
- Too often business goals, plans and strategies are developed without any accompanying detail about how people will be managed and helped to deliver and achieve what the business has set out to do.
- It is likely that only a few organisations are optimally managing their most vital intangible asset – their people.
- Given that the management of internal resources is now seen as crucial to sustained effectiveness, executives and senior HR professionals have important education and development needs when it comes to Strategic Workforce Planning. Configuring and then managing a workforce that is accessible, skilled, motivated and efficiently deployed, with a strategy that is aligned with the business strategy, will increasingly be a key differentiator of business performance and financial success.

## 4 Overall Conclusions and Recommendations

### 4.2

#### **Report distribution and considerations**

Each participating organisation in this survey to:

- consider the findings in this aggregate report in conjunction with their individual survey response reports;
- then determine to what extent they wish to address any areas of perceived deficits; and
- then develop associated action plans and priorities to address these deficits.

Whatever the case in addressing these deficits, it is likely that an education and development need exists for some executives, managers and senior HR professionals relating to workforce strategy and planning.

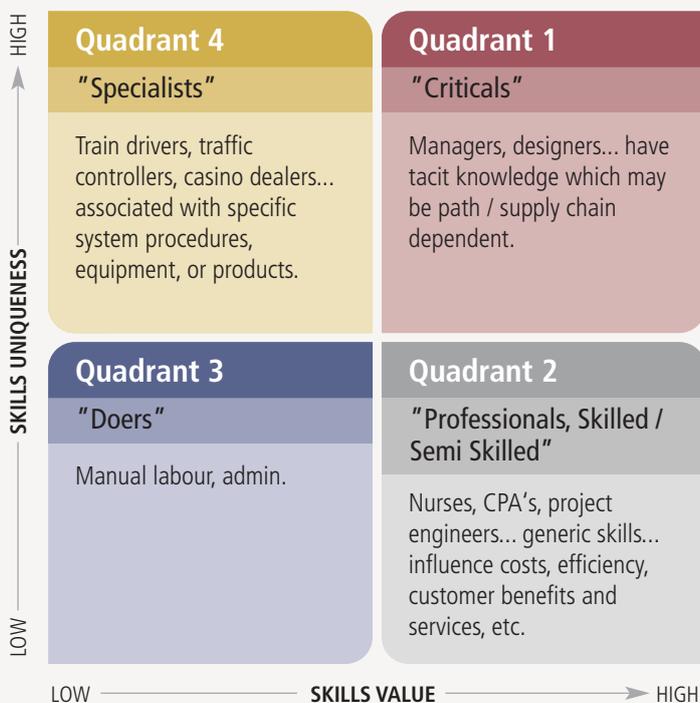
## 5 Appendices

### A

#### Local government Strategic Workforce Planning case study summary

AWS recently undertook a consulting exercise to developing a Strategic Workforce Plan for one of the top five fastest-growing councils in Australia. A snapshot of some of the key findings is provided below.

#### Workforce configuration, segmentation, identification of critical roles and demographics



The workforce was segmented according to the AWS Skills-Based Workforce Segmentation Model with:

- 48 Criticals ("make" roles);
- 175 Professionals, Skilled and Semi-skilled (predominantly "buy" roles);
- 149 Doers ("buy" roles).

**Note.** The Skills Segmentation Questionnaire (SSQ), which is a 49 item questionnaire, was used to analyse and classify roles according to the above model.

One key aspect that this exercise was a focus on the identification and analysis of critical roles.

The average age of those in critical roles was 47 years so there was no significant risk of the imminent retirement of baby boomers.

The Council's vision was the creation of a lean, skilled and flexible workforce, with outsourcing of "Doer" roles for both economic and strategic reasons.

**Note.** These Criticals were later split into two sub groups (1) Criticals and (2) Ultra-Criticals.

## 5 Appendices

### Cost of Turnover

	Criticals	Professionals	Doers	Specialists
Staff	48	175	149	0
Annual voluntary turnover	12% (6 left)	15% (26 left)	17% (25 left)	
Average salary	150k	95k	55k	
Turnover multiple	2	0.5	0.3	
Cost of turnover per annum	\$1.8m	\$1.24m	\$0.42m	

**Note.** The cost of turnover is calculated based on the salary of the job in question multiplied by the turnover multiple. Turnover multiples vary according to the characteristics of the role and where it lies in the Skills' Based Segmentation Model.

The cost of turnover for the previous 12 months was \$1.8m for the 6 Criticals that had left the organisation.

The cost of turnover for the 26 Professionals that had left the organisation was \$1.2m and for the 25 lower skills value and uniqueness roles (i.e., Doers), it was \$0.4m.

**Clearly the biggest workforce risk lay with Critical roles so the strategy was to stop the bleeding – to understand why people were leaving according to the "3 Ps": Push, Pull and Personal.**

It was important for this Council to have a stable management platform in place given the high growth rates.

### Development

The focus was on investing disproportionately in the development of employees in 'Critical' roles. The organisation undertook individual career training and development plans for these employees.

### Succession planning

Succession planning for these 'Critical' roles revealed that of the 48 roles:

- 11 had immediate successors
- 25 had likely successors in the next two to three years
- 12 had no successors.

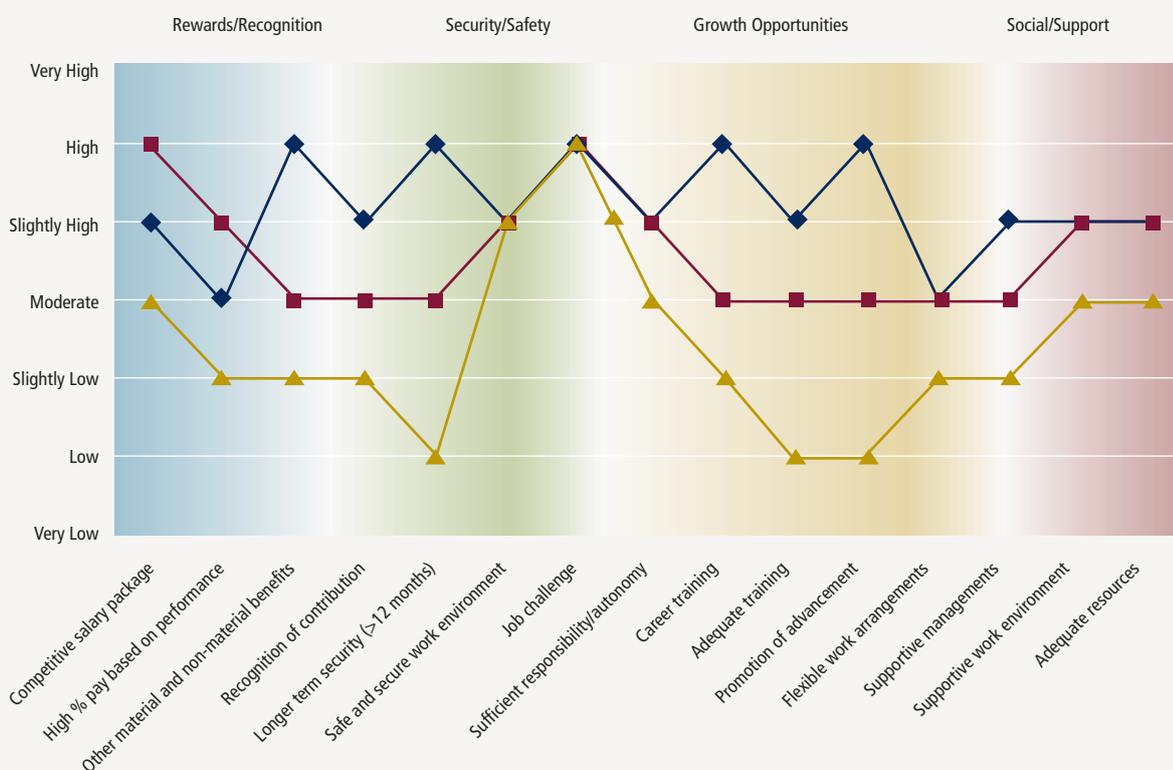
One of the workforce strategies was to speed up the development of the 25 likely successors, to minimise risk.

The strategy for the 12 roles with no successors was to determine whether potential successors should be recruited and groomed in advance, or whether to rely on recruiting people direct from the market when the positions became vacant.

# 5 Appendices

## Recruitment and recruitment forecasting

### The Psychological Contract and Employment Value Proposition Profiler



The employment brand was further defined for the Council and Employment Value Propositions (EVPs) developed and profiled for all roles. Recruitment forecasts for the ensuing 12 months, based on anticipated turnover, imminent retirees, growth, technology and systems, etc., were as follows:

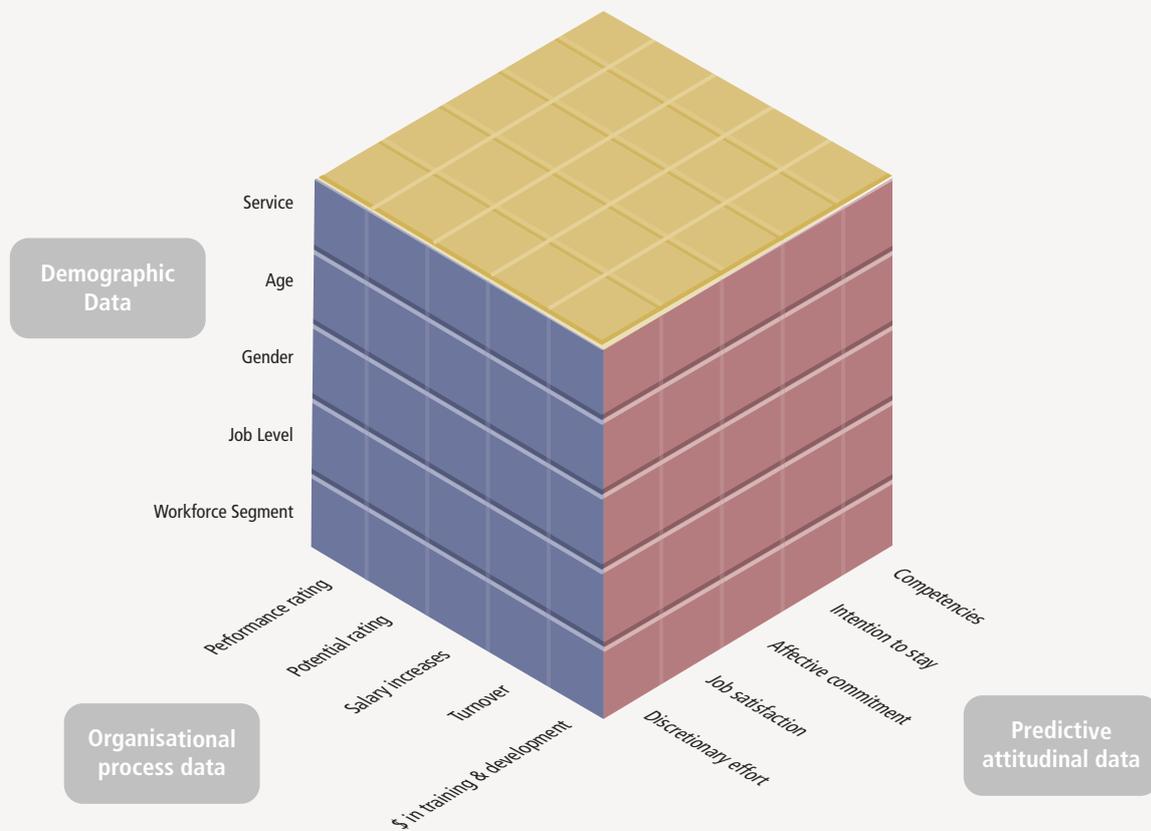
- 7 Criticals;
- 26 Professionals, skilled and semi-skilled; and
- 22 Doers.

**Note.** Given the high growth rates, the existing Council systems combined with technological improvements were analysed with the conclusion that the Council had the capacity to absorb such growth in the medium term without a corresponding increase in head counts. Information relating to this analysis was extracted from a series of Business Unit workshops that also contributed to management “buy-in” to the concept of Strategic Workforce Planning (which must ultimately be owned by executives).

## 5 Appendices

### HR Data Analysis

#### The People Data Cube: Three Categories of HR Data



HR data was reconfigured and a series of analyses was performed to identify any potential 'hot spots'. The analysis included the following.

- Linking survey data that included engagement and retention risk assessment ('intention to stay') for 'Critical' roles.
- Linking turnover with various demographics (for example, age, length of service, gender) and business units.

Overall, apart from some concern with the turnover of 'Criticals', the bulk of the workforce was engaged and there were no burning platforms.

## 5 Appendices

### B

#### About CRF

We believe in a systematic approach to Human Resource Management which is based on:

- a clear line of sight to the business imperatives of cost, sales, quality, innovation, customers and time to market
- a tangible theoretical underpin combined with practical application
- analysis before action
- clearly stated objectives
- evaluated outcomes
- an effective communication and involvement process.

Our research reports are based on qualitative comparisons by acknowledged global experts, and are substantial enough to go beyond the superficial, while taking a pragmatic slant on topics. Our meetings are discursive, informal and thought provoking.

#### CRF – What we do

Our annual programme of high-level, participative events, provides the highest standards of intellectual rigour and excellence, together with a focus on practical application of ideas in the organisation context. We actively facilitate both face-to-face and online networking to enable collaboration and the sharing of new ideas and good practice. Our research is an invaluable source of latest thinking and practice in key areas of organisation and leadership development, and learning.

#### How will membership make a difference to your organisation?

- Gain new insights and fresh thinking.
- Improve performance through benchmarking against leading organisations.
- Evaluate and continuously improve your existing practices.
- Quickly identify practical, actionable solutions.
- Differentiate between approaches that work and those that are simply passing fads.

#### Annual membership offers your organisation:

- attendance at each event in the annual programme
- facilitated networking at each event ensuring you are connected to peers, experts and practitioners
- access across your organisation through the CRF website to the full catalogue of research reports, models, video interviews, benchmark tools and diagnostic instruments
- copies of all new research reports with the opportunity to participate in, and contribute to, the research
- advisory questions answered by our expert team of practitioners, consultants and business associates who are on hand to respond to your queries and HR challenges
- regular webinar programme, enabling global teams access to our content in an online environment built for exchange and discussion
- access to the Ashridge Business School Virtual Learning Resource Centre offering extensive sources of guidance and research on management and leadership
- opportunity to connect with other members through our online networking tool allowing relationships to be established, surveys completed and queries answered
- regular meetings with the CRF team in order to gain insights on key trends and for CRF to facilitate introductions to other members
- complimentary copies of Harvard Business Review.

#### Contact Details

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## 5 Appendices

### C

#### About Advanced Workforce Strategies

AWS is a boutique Australian consultancy firm that provides a range of workforce strategy and organisational development consulting and training services, along with associated products, tools, resources and diagnostic surveys.

#### About Colin Beames



#### Director of Advanced Workforce Strategies

BA (Hons) Qld, BEng (Hons), MBA, MAPS, Corporate Psychologist

Colin Beames is one of Australia's pre-eminent thought leaders in workforce strategies, human capital, workplace trends, employee engagement, retention and career development. He has a deep and expansive knowledge of these subjects. Colin is a corporate psychologist and was formerly a civil engineer where he worked in senior management and consulting roles in the resources sector.

Colin has developed and commercialised a number of HR tools and resources, including various diagnostic relationship survey tools based on a model of the psychological contract. He has also developed a product, 'Develop a Workforce Strategic Plan Pack', which can be purchased online.

AWS has clients ranging from blue-chip companies through to SMEs, across a variety of industries.

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#### About KPMG in the UK

KPMG in the UK is a leading provider of professional services including audit, tax and advisory. KPMG in the UK has over 10,000 partners and staff working in 22 offices and is part of a strong global network of member firms. Our vision is simple – to turn knowledge into value for the benefit of our clients, people and our capital markets.



#### Associate Partner of KPMG in the UK

People & Change –  
People Powered  
Performance

KPMG has invested heavily in technology enabled best in class workforce planning services. We can help you think differently about your workforce requirements and how to plan strategically to deliver a fit for purpose workforce to meet the needs of your organisation over the next 3-5 years. Our structured and tested approach can help you manage those important connections between the workforce planning process and the wider business and HR landscape.

Using financial analysis, our planning and workforce intelligence specialists can use their deep experience to support you through the "end to end" workforce planning process so that long, mid and long term workforce plans are configured to help deliver cost optimised services across the workforce.

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## 5 Appendices

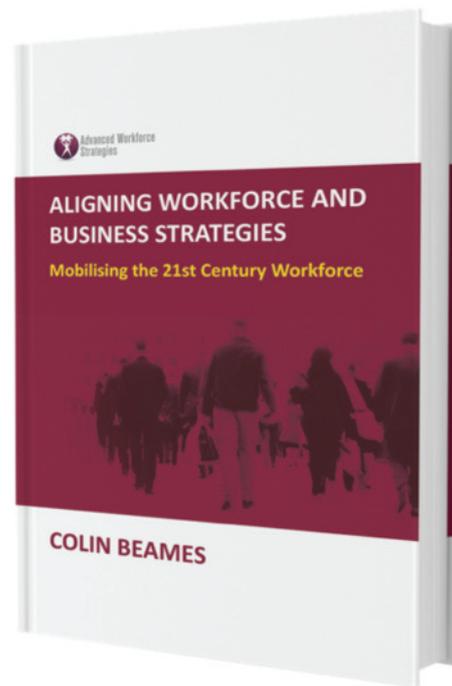
### D

#### About the book: **Aligning Workforce and Business Strategies**

The alignment of business and workforce strategies is a hot topic in the HR and business domain. Many HR thought-leaders and HR professionals have identified this as a key issue for those seeking to extract maximum value from their most important intangible asset – their people.

This book provides a road map for those seeking to achieve this alignment. It explains the distinction between a workforce strategy and workforce planning. It then introduces a three-layered model of organisational critical capabilities, core competencies and individual job competencies, which form the basis of an organisational strategy. The focus is then on how to strengthen these capabilities and competencies by identifying the key drivers that underpin them.

The book then sets out how to integrate these drivers with a new skills-based approach to segmenting the workforce, analysing and differentiating roles and identifying critical roles. In doing so it exposes the limitations in the traditional approach to segmenting the workforce on a hierarchical/job level basis and job evaluation. It explains why the roles that are more closely linked to these key drivers should assume greater importance and focus (including associated levels of investment) in order to maximise the performance of people in those roles.



Other themes the book addresses include workforce configuration, outsourcing, psychological contracts, engagement and retention, brand and Employment Value Propositions, measurement and reporting of HR data (including workforce analytics).



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