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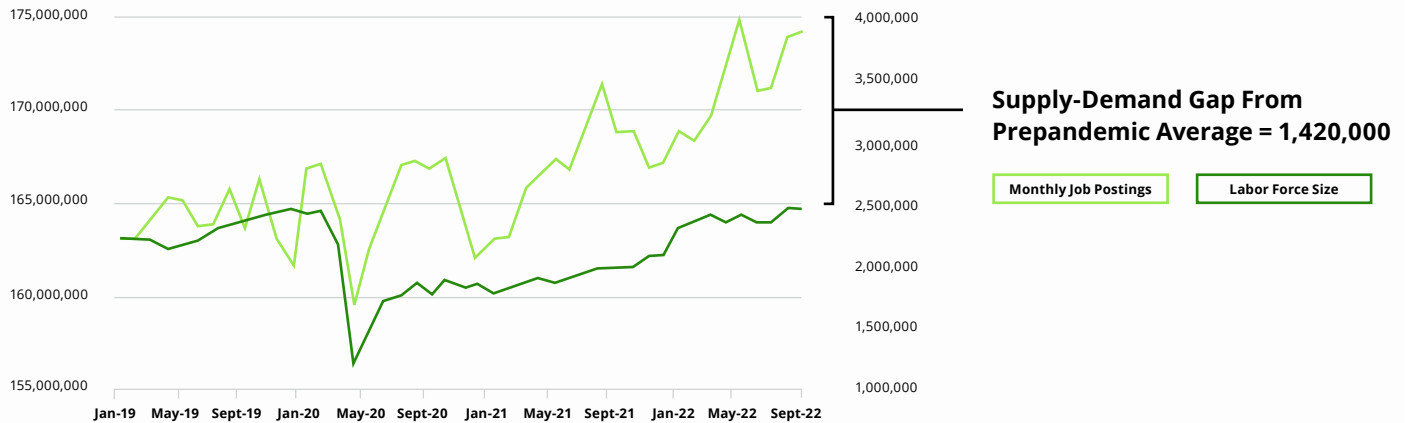
OCTOBER 2023

***MEET BUSINESS OUTCOMES
BY EVOLVING TO STRATEGIC
WORKFORCE PLANNING***

Over the past several years, organizations have been forced to continually realign their business strategies to meet changing market dynamics. This has put pressure on the traditional approach to workforce planning, giving organizations a unique opportunity to turn uncertainty into action and establish new approaches to outdated thinking.

These new approaches become even more critical as organizations face unprecedented changes to the labor market. With an increase in the talent supply-demand gap in the United States of nearly 1.5 million compared to pre-pandemic levels, labor costs have been increasing and the “talent crunch is forcing Human Resources (HR) leaders to revisit their workforce planning strategies.”

LABOR FORCE LEVEL AND JOB POSTING VOLUME IN THE U.S.



Source: Gartner TalentNeuron (Monthly Job Postings) and U.S. Bureau of Labor Statistics (Labor Force Size)

Closing this talent gap to bring about meaningful change requires a new commitment to establishing trust and teamwork between HR teams and business leadership to imagine a smarter, more agile, and flexible future. It also requires workforce planning solutions with modern features to bring disparate teams and systems together to anticipate and overcome challenges.

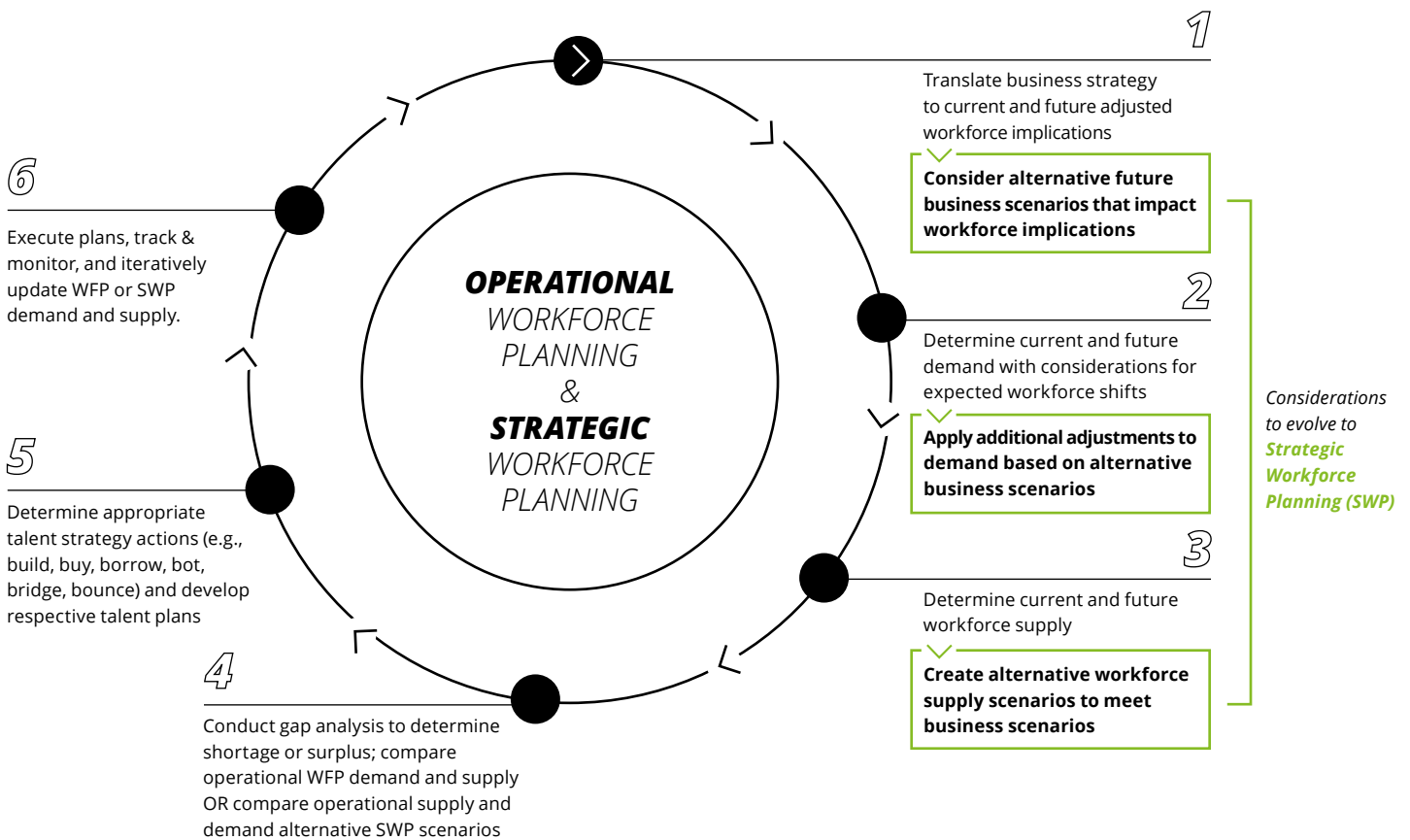


A look back to leap forward

Organizations are starting to tackle the supply-demand challenge by pivoting their historical **Operational Workforce Planning** processes. This includes more focus on comparing past and present business demand against the current and near-term workforce supply, towards more **Strategic Workforce Planning** - a process that leverages operational baseline data along with longer-term expected business demands (e.g., related to the changing nature of work, skills needed) and supply (e.g., locations of skills availability) to model out and create alternative scenarios. These scenarios provide a compass for where the organization might be headed, to better inform decisions made today.

Clearly, these two processes are interconnected - and driving successful Strategic Workforce Planning requires solid Operational Workforce Planning. However, many HR teams have had to use siloed spreadsheets and manual effort to piece together their organization's workforce plan for the year, making it difficult to hire the right people at the right time for the right cost, and nearly impossible to plan ahead. Moreover, the complexity of managing a workforce to meet the future needs of the business increases - with strategic information about talent requirements and the related workforce decisioning becoming more decentralized - beyond the capabilities of today's processes and spreadsheets. The result is an inability for the business to meet key objectives, increased employee turnover, and higher-than-needed labor costs.

To help organizations make the transition from operational to Strategic Workforce Planning successfully, Deloitte and Anaplan have a market-tested approach to the processes, tools, and governance to drive competitive talent advantage, and this report details our experience on how organizations can reshape this business-critical process to prepare for a more successful future.



Operational Workforce Planning and Strategic Workforce Planning share several similar processes, but differ in objectives, frequency, and ultimately outputs. Operational plans are typically developed on a closer horizon compared to strategic plans, that in turn leverage operational plans as inputs and have a further outlook. Both Operational and Strategic Workforce Planning are continual, iterative, but not mutually exclusive.

Thinking about the present: Operational Workforce Planning

Traditionally, Operational Workforce Planning has and will continue to reveal benefits to the organization. These include:

Headcount / capacity planning

this provides an accurate, real-time view of headcount planning and workforce costs across the entire organization.

Personnel cost planning and employee-related costs

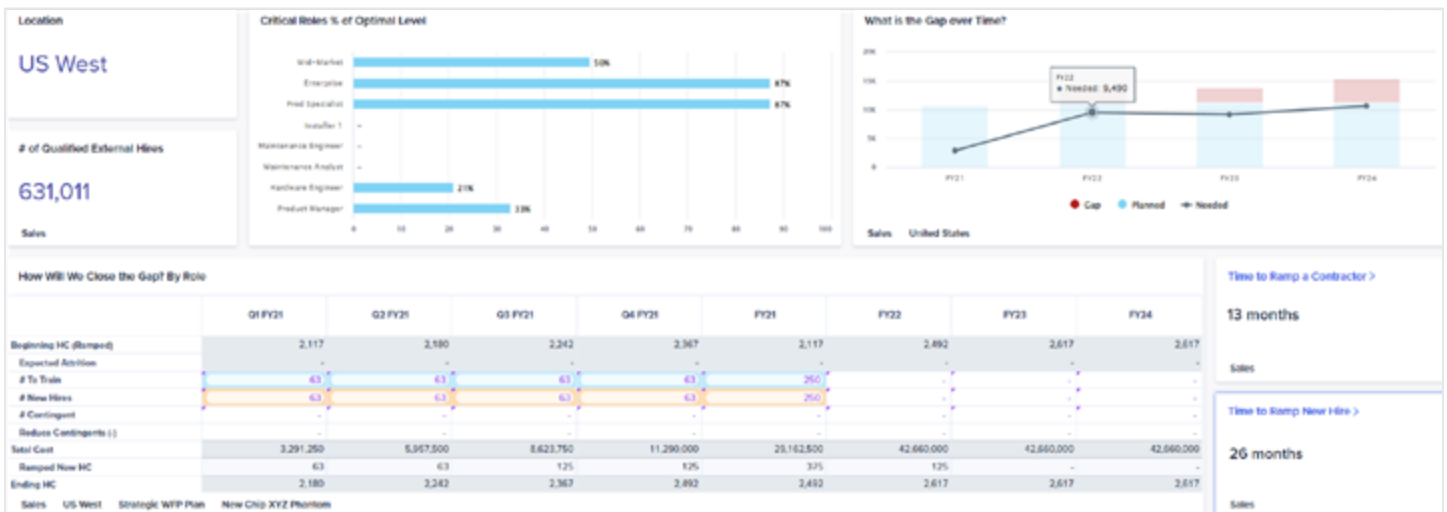
this allows planners to determine headcount implications on the demand side by embedding role-based cost data (with a focus on cost), while using actual employee cost (fully loaded) on the supply side.

Top-down / bottoms-up planning (and reconciliation)

this allows the organization to use the business strategy to determine headcount implications, communicated from the top down, while ensuring alignment from the bottom up where individual managers can actively identify what roles and headcount are needed to meet expected outcomes.

Talent action-plan development, such as recruiting, learning, and contingent workforce transformation

this helps give recruiting teams a strategic advantage by providing early insight into the timing of roles and skills in demand.

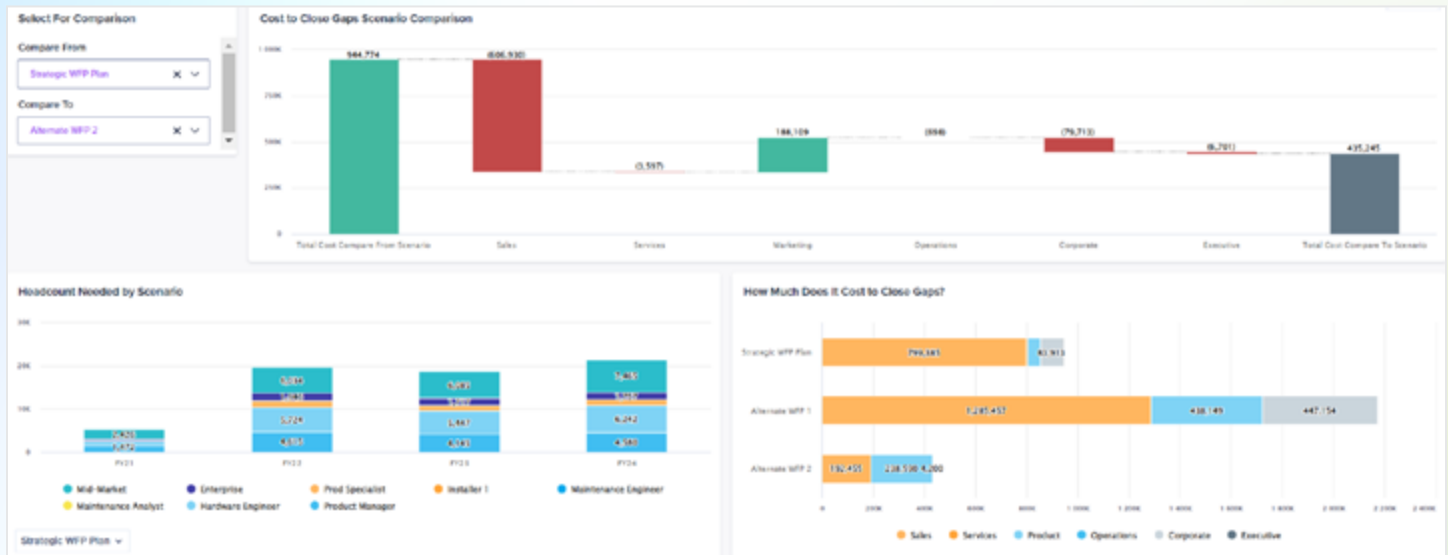


Operational Workforce Planning fundamentally involves understanding current and future workforce needs and gaps based on the known path forward.

Attrition, retirement, succession, promotion, and compensation and benefits modeling

which gives a real-time view into revenue projections, product categories, or even the number of stores an organization plans to open. This all helps HR align with business operations in developing an intelligent workforce strategy for the next three to five years.

Thinking about the future: Strategic Workforce Planning



Strategic Workforce Planning leverages the baseline from Operational Workforce Planning and considers the “what if” scenarios, such as new strategic initiatives.

Unlike Operational Workforce Planning, Strategic Workforce Planning tools can unlock a series of capabilities and advantages in areas that were previously unknown or untapped by HR and business leaders, including:

Strategic & new investments

this allows the organization to consider scenarios where new investments are added or additional changes are made based on anticipated needs and expected outcomes.

Mergers, acquisitions, divestiture planning

this allows the organization to model what a potential merger, acquisition and/or divestiture action would look like when imagining a “company of tomorrow.”

Organizational design and attribute scenario planning

this allows the organization to shift reporting relationships, certain aspects of roles, or overall workforce structures, such as modeling what it looks like if all managers were assigned senior associates in low-cost locations instead of junior associates in high-cost locations.

Location strategy

this helps the organization optimize location strategy and plans for employees aligned with organizational needs and objectives by:

- bringing in third-party data on talent availability and costs
- simulating scenarios of remote work, in-office work, or a hybrid-approach
- estimating and examining costs including travel of remote workers and facilities under different scenarios
- tracking trends and employee decisions over time by country or region

External labor market analysis

this allows the organization to easily ingest information around shifts happening in the external labor market and create alternate plans as needed.

What's at stake? Only the workforce

The benefits of Strategic Workforce Planning include:

-  Cost savings and gains in workforce productivity and allocations
-  Employee recruitment and retention via engagement and development
-  Improved organizational agility and proactivity
-  Data-driven decision-making and outcome realization






Strategic Workforce Planning drives greater collaboration across HR, finance, and business leaders, through improved processes and technology, supporting a more precise, powerful view of an organization's forward-looking headcount and workforce gaps. With this information, HR teams can enable the business to focus on strategies around building/buying/borrowing the talent needed, mapping out where to cost effectively set up capability centers, and how to build teams now that are equipped to meet the future needs of the business.

In comparison, the cost of not implementing Strategic Workforce Planning at today's current inflection point reveals the pitfalls of a failure to act. This can result in more strategically mature organizations gaining an upper hand by luring and attracting workforce talent away from those organizations who fail to think ahead.

When a good plan comes together

Once an organization has weighed the pros and cons, found buy-in from leaders in HR and the business, and implemented preferred Strategic Workforce Planning tools, it's time to see the progress on the page.

Early benefits of Strategic Workforce Planning include:

-  Detailed forecasts on workforce requirements, based on business strategy, market and operational needs
-  Appropriate talent action plans with action tracking and iterative updates to source (demand and supply)
-  Additional investment in training and development programs to help develop digital skillsets in the organization's current employee base
-  The ability to identify high-potential talent or critical roles/skills while minimizing attrition
-  An established new normal of regular conversations, continuous improvement, and better integration into ongoing and future business planning processes



How to ensure success

Now that we've seen Strategic Workforce Planning in action, and we can readily identify what successful Strategic Workforce Planning looks like and what outcomes it should produce, how can organizations take steps to ensure it happens according to plan? Here are the key components of successfully transitioning from operational to Strategic Workforce Planning based on Deloitte's experience:

Strategy

ensure leadership is aligned with the vision for Strategic Workforce Planning

Process

document the future-state process through "art of the possible" thinking and not "anchored on today" approaches—breakdown siloes and drive increased transparency

Technology

select technology that supports collaboration in real time across a disparate set of stakeholders across multiple functions, all utilizing a single source of truth. Ensure adequate knowledge on the chosen platform(s), along with a realistic understanding of development efforts and release roadmapping

Data/Analytics

align data definitions across functions, and when and how data will need to move between functions to support boundaries upstream/downstream

Modeling

where possible, use artificial intelligence (AI)/machine learning (ML) or at minimum smart drivers to reduce manual inputs

Decisioning-Making Rights

clearly outline which decisions are going to be influenced by new insights, and which teams will play which roles in the related Responsibility Assignment Matrix (RAS)

Reporting

work through the reporting cadences, key performance indicators (KPIs), and reports the insights will feed in detail, to avoid manual work

Operating Model

define how new capabilities will be leveraged and which competencies will be needed to execute processes and maintain/sustain any new process/tools/data/analytics/reporting

Change Management

ensure proactive change management planning and execution to drive effective and sustainable business adoption and value realization

By following the recommendations presented here and working with partners that have industry-leading expertise and proven tools, people, and use cases to back it up, organizations can successfully transition from traditional Operational Workforce Planning to more efficient, data-informed, and agile Strategic Workforce Planning.





LEARN HOW YOUR ORGANIZATION CAN CLOSE THE GAPS AND UNLOCK THE TRUE POWER OF ALIGNING WORKFORCE PLANNING SOLUTIONS WITH BUSINESS STRATEGY BY ENGAGING WITH A DELOITTE EXPERT TODAY.

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Resources Used

- <https://www2.deloitte.com/us/en/pages/consulting/solutions/alliance-anaplan.html>
- Deloitte/Anaplan one-pager PDF (separate attachment)
- <https://www.anaplan.com/use-case/workforce-planning-software/>
- <https://www.anaplan.com/resources/demos/workforce-planning/thanks/>
- <https://reprints2.forrester.com/#/assets/2/258/RES179229/report>
- <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2021/the-evolving-employer-employee-relationship.html>
- <https://www.anaplan.com/resources/analyst-report/close-talent-gaps-with-strategic-workforce-planning-and-innovation/>
- <https://www.anaplan.com/resources/webinars/forrester-integrated-continuous-workforce-planning/thanks/>
- <https://www.anaplan.com/resources/datasheets/workforce-planning/thanks/>
- Anaplan Workforce Planning Data Sheet (separate attachment)

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