

Deloitte and SuccessFactors Workforce Analytics & Planning for Federal Government



Introduction

In today's Federal market, the effectiveness of human capital management directly impacts agencies' ability to maintain cost while securing top talent and critical information. Coupled with issues such as the impending mass retirement of the workforce, the Federal government could experience a dramatic shortage of critical talent.

Many Federal agencies have made few updates to the technology used for HR-related processes, such as performance management, recruiting, workforce planning and analytics, and compensation. Without appropriately updated technology, agencies are challenged to quickly identify where challenges exist within their workforce, including when gaps in retirement and labor pool shortages occur. Federal agencies that lack up-to-date technology for HR processes are challenged to make informed decisions or plans for securing the best available workforce and skill set for upcoming fiscal years to achieve future productivity and fulfillment of organizations' missions.

The SAP SuccessFactors Workforce Analytics and Planning module provides HR organizations in the Federal sector with a solution that can help to drive development and stability of the workforce. This is accomplished via facilitating analytics of both current and historical data and trends, and through the implementation of targeted talent strategies designed to reduce role repetition, ambiguous organization charts, and wasted resources. Understanding historical trends, internally and externally, can help improve an agency's planning and forecasting processes, including workforce allocation, deployment, and performance. Workforce planning allows agencies to manage exposure to significant risks such as talent shortages or aging workforces.

The SAP SuccessFactors Analytics solution can help agencies use HR-related data to drive business impact by:

- Identifying and using the appropriate resources at the right time and price to achieve goals
- Providing better insight into the workforce and future requirements
- Streamlining and consolidating strategic workforce planning while decreasing personnel costs

Workforce trends analysis becomes even more relevant and necessary when agencies need to improve their response to high turnover rates in critical occupations in addition to determining how to develop targeted retention strategies in an effort to sustain operational efficiency and performance. Part of the strategy should be for the analysis and resulting plans to be revised and updated on a monthly basis. Agencies may be better positioned to assess future trends and make adjustments rather than reacting without preparation at the time of impact. A rigorous, fact-based approach to workforce planning and optimization can help agencies tackle urgent cost and talent challenges more effectively by:

- Analyzing data to determine a plan for better performance
- Harnessing HR analytics to secure informed workforce planning
- Improving decision making due to better insight into talent management
- Monitoring and measuring how an organization's HR strategy aligns with the business

1. Business Case: Current State of HR in the Federal Government

One of the most immediate potential threats to the Federal government's execution of its human capital strategy is the impending departure of a significant percentage of the workforce. The rate at which Federal employees are eligible to retire has risen more than 51 percent since FY00¹. Government-wide, this means that an average of 29.6 percent of full-time employees will be eligible for retirement by the end of FY16². Further, in the first four months of FY13, 60,000 employees filed for Federal retirement benefits for the first time, a 43 percent increase from the previous year³. The Departments of Housing and Urban Development, Transportation, and the Small Business Administration expect almost 40 percent of their workforces to retire before FY16, while nearly 46 percent of all Federal Aviation Administration (FAA) air traffic controllers are eligible to retire within the next three years. Given this imminent retirement cliff, there is a need for both knowledge sharing and skill alignment. As the Government Accountability Office placed the government's critical skills gap on its 2013 "High Risk List," it is important for agencies to retain the vast amount of knowledge from retiring employees and train new employees to develop required competencies.

In addition to the retirement challenge, many government agencies face diminishing budgets. Budget cuts often are absorbed through hiring and promotion freezes, job sharing, and other downsizing strategies, which consequently affect the size of the workforce and the organization's structure. While little can be done to increase budgets, agencies should develop targeted talent strategies and solutions to work toward getting the most out of their workforce, shedding redundancies, and helping leadership to make data-driven decisions.

Though the increasing retirement rate and shrinking Federal budgets present irrefutable challenges, solutions to these issues can be complicated, expensive, and time consuming to implement. Collaboration between Deloitte and SuccessFactors can help counter these issues and enable better business execution through a cloud-based business solution specifically designed to fill the gap between strategy and performance. As one of the leading providers of cloud-based business execution software, SuccessFactors, along with Deloitte, can help clients achieve stronger business alignment, team execution, people performance, and learning management.

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¹ http://archive.opm.gov/feddata/retirementpaperfinal_v4.pdf

² http://www.gao.gov/highrisk/strategic_human_management/why_did_study#t=1

³ <http://money.cnn.com/2013/06/13/news/federal-workers-retire/>

2. SuccessFactors Workforce Analytics & Planning Solution

Why SuccessFactors?

With SuccessFactors, Deloitte can help clients achieve process efficiency and transactional cost savings. Both large and small-to-midsize organizations can use the full suite of talent solutions, core HR, collaboration, and workforce analytics to move beyond efficiency and transactional costs to help improve productivity and engage, retain, and motivate employees.

According to Gartner, SAP SuccessFactors is the leading competitor in the industry in ability to execute mission and completeness of vision. The SuccessFactors technology aligns people with strategy across the entire organization by subdividing the strategy into sequences of goals and tracking progress against those goals. With this technology, an agency can better identify how each individual's work supports the overall strategy, potentially increasing focus, visibility, and accountability to better prepare for the future. SuccessFactors can help identify the right people for key roles and increase necessary knowledge and skills. The right systems, processes, and tools can help align the workforce to the agency's strategy and improve productivity despite retirement and budgetary challenges. When people perform at their best, agencies can increase growth, lower operating costs, and better prepare for the future, as well as:

- **Align** workforces with strategy and get people working on the right tasks
- **Improve** performance across the organization and find skilled people
- **Accelerate** business results with the insight needed to run a business better

How can Deloitte and SuccessFactors Help Solve Federal HR Challenges?

Better execution of resources and knowledge in an organization can lead to better results. SuccessFactors and Deloitte can help organizations discover the tools necessary for strategic workforce planning to help mitigate the risks of talent shortfalls related to succession planning and retirement, budget and cost containment, and outdated technology that can impact strategy execution and success.

Analytics & Planning Solutions

The increasing rate of Federal workforce employees retiring or at retirement age, along with the Office of Personnel Management's mandate to eliminate home-grown HR systems, as well as growing budget restrictions are just a few issues faced by the Federal government.

SuccessFactors Workforce Analytics and Planning is especially applicable to the current issue of impending retirement and the subsequent knowledge and skills gaps. SuccessFactors Analytics solutions help high-risk agencies to plan and execute on critical goals and potentially avoid talent-related disruptions along the way. Workforce Analytics provides actionable data to help identify key workforce challenges to help you make organizational decisions in the present, while enabling more informed planning for the future.

With Deloitte and SuccessFactors, agencies can use data to make strategic workforce decisions, as well as identify, develop, and retain top talent for succession planning in key leadership roles to combat the loss of employees due to high retirement rates.

Using the Workforce Analytics module, agencies can benefit from:

- Concrete and actionable insights on workforce data that can equip human capital to drive the organization's strategy efficiently and effectively
- A library of more than 2,000 standard metrics, industry benchmarks, and HR-leading practices that help measure the most vital areas.

SuccessFactors Workforce Planning is a structured process of forecasting, strategy implementation, and review used to identify future workforce needs in terms of both capacity and capability to help clients successfully execute organizational strategies. Underpinning these strategies will be a range of alternative scenarios, outlining potential envisioned futures for the organization. These scenarios are the 'thinking tools' compelling agencies to think about and forecast the future workforce that will be needed in the future state.

With Deloitte and SuccessFactors, agencies can use:

- Demand and supply forecasts to address identified future scenarios. Often the forecast will target the critical business units and job functions that could have the greatest impact on the future success of the organization under the given scenario. The result is a likely view of the future detailing the gap between the available workforce (supply) and the required workforce (demand) needed to deliver on the organizational strategy. What follows is a process of developing workforce strategies to address these gaps and to integrate and align these activities with strategic planning and management processes.
- Financial modeling capability that quantifies the financial impact of implementing the workforce strategies. Gaps are addressed in order to help move the agency to the desired future state.
- Relative comparisons between different workforce planning scenarios to determine the financial implications of possible futures. For example, agencies may want to quantify the workforce cost implications between various growth strategies. Or they may choose to compare scenarios based on different cost-cutting initiatives with scenarios in which growth remains static.

To make these financial projections, the tool connects the workforce plan and its identified future gaps with historic financial and compensation data. It then provides the ability to model financial variables related to workforce costs now and in the future. If agencies have historic financial and compensation data in the workforce data that they supply to SuccessFactors, this information will flow automatically into the tool. If not, the data may be entered manually. The net result of joining information sources together that capture business strategy, future workforce capacity requirements, and historical and future financial indicators, is a financial modeling capability that integrates the practice of workforce planning with financial and strategic business planning cycles. The SuccessFactors workforce planning tool bridges the gap between human capital and financial planning. It is important to note that the tool uses workforce trend data and potential future visions (scenarios) of the organization to project future workforce costs. Its purpose is not to completely and accurately forecast all future workforce costs, but to allow planners to ratify strategic planning decisions against likely costs and compare alternate future views of the organization from a financial perspective.

3. The Deloitte Difference

What is Deloitte's Experience with SAP SuccessFactors?

Deloitte's Human Resource Transformation (HRT) capabilities are a key offering within our leading US Human Capital consulting practice. Deloitte has leveraged these capabilities in both the commercial and Federal spaces to remain at the forefront of assisting organizations implementing cloud solutions. Deloitte has a strategic alliance with SAP and has been rated as a leading SuccessFactors integrator, with multiple successful implementations and more than 150 SuccessFactors-trained practitioners. As the Federal government faces increased scrutiny over budgets and limited resources, Deloitte is well positioned to work with our clients in addressing and improving government HR operations through SuccessFactors cloud offerings.

How is Deloitte's Methodology Different?

Deloitte's methodology for implementing SuccessFactors is a leading approach for HR cloud computing. Deloitte focuses on the importance of integrating technological components with the functional, training, and change management components that support cloud computing. Deloitte's Enterprise Value Delivery (EVD) for cloud Human Capital Management (HCM) methodology focuses on organizational change management, business processes, reporting analytics, information technology, security and controls, HR service delivery, and project management. Deloitte utilizes iterative, agile methods, leveraging fast modeling and prototyping via conference room pilots to configure, convert, and test to drive quality. Coupling this methodology with software as a service (SaaS), Deloitte is able to provide rapid time to value through proprietary assets and accelerators, which enable rapid SaaS deployments like SuccessFactors. Furthermore, Deloitte leverages a strategic alliance with SAP and has developed a preconfigured solution asset with integrated leading practices embedded into a preconfigured end state solution for clients. Known as HR Fast Forward, this preconfigured solution allows for rapid implementations, enhancing time to value.

Deloitte's Proven Success Implementing Workforce Analytics & Planning

Deloitte's SuccessFactors implementation methodology has effectively helped the National Railroad Passenger Corporation (Amtrak), a \$2.9 billion transportation organization with approximately 20,000 employees servicing 30 million passengers per year, establish an enterprise-wide, cloud-based talent management system. Amtrak selected Deloitte through a competitive bid process to support the implementation. As part of the SuccessFactors Workforce Analytics & Planning solution, Deloitte helped Amtrak to deploy core HR metrics based on workforce personnel data in 100 days. Following the successful launch of the core metrics, Deloitte supported the deployment of five additional process-related metrics packs over the course of six months, including compensation planning, succession planning, recruiting management, performance management, and goals management.

The successful implementation of the Workforce Analytics & Planning Module to date has helped Amtrak realize the following:

- Improved ability to attract, develop, and retain employees
- Improved visibility to workforce capabilities and the talent pools associated with critical jobs

- A defined set of core metrics based on key performance indicators
- Benchmarks to compare human capital data against similar sized organizations
- Identified leading indicators of organizational effectiveness
- Formulated action plans to achieve corporate goals
- Developed targeted initiatives based on empirical evidence

Deloitte's approach to the Amtrak implementation of SuccessFactors' Workforce Analytics & Planning solution was customized to be fast-paced, streamlined, and designed to deliver a successful implementation in less than six months of beginning work. Services were oriented to achieve Amtrak's expectations while also delivering Deloitte's breadth of experience. Specific responsibilities of the Deloitte team included the following:

- Develop the plan to appropriately sequence the rollout of the Workforce Analytics & Planning solution and the process-related metric packs in line with the deployment of additional SuccessFactors talent management modules
- Plan and conduct design workshops to confirm the content and sourcing of metrics, and plan and execute all phases of system integration and user acceptance testing
- Design the overall technology architecture for the solution, including integration with Amtrak legacy applications
- Establish and execute a Change Management, Communications, and Training program
- Provide Program Management leadership including the detailed management of the project plan, status, issues, leadership communication, and alignment

Deloitte's approach focuses on six core activities:

1. Program and project management
2. HR service delivery solution integration
3. HR process and functional activities
4. Technical activities
5. Change management, training, and communications
6. Compliance, controls, and privacy

Program and project management offers program and deployment planning, monitoring, proactive management of risks, issues and change controls, quality reviews for entire program, status reporting, and HR service delivery governance and vendor management. Deloitte's HR Service Delivery Solution Integration offers a build of the future delivery model, focusing on the integration and creation of internal support mechanisms with the appropriate access and governance controls to support the solution. The HR Service Delivery Solution integrates the SuccessFactors solution into the broader HR service delivery models, which can include a service center, portal, global data warehouse, and global payroll. Within process and functional activities, end-to-end business process and requirements workshops are led, configuration of the application based on leading industry practices are completed, and testing strategy and scripts are developed to support execution of each testing phase. Within technical activities, technological design documentation includes data integrations to support functional design; specification documents that detail development required for any testing and cutover for portal infrastructure, conversions, integrations, and reporting requirements; and a strategic approach and strategy for deployment cutover planning and execution.

With Deloitte, change management, training, and communication activities are integral activities that coincide with the adoption of new technology. We focus on stakeholder analysis and change impact assessments to define impacts and change needs by role so communications and training are role specific and focus on process and technology. Specialized communications and training strategies are developed and executed. Compliance, controls, and privacy are also vital components in the process. Deloitte can help clients review, assess, and document or implement compliance, security, and control requirements that must be addressed within the new solution. Deloitte offers a holistic and integrated implementation approach that is one of the leading solutions in the market.

With the challenges of limited budgets and growing numbers of retirement-eligible employees facing many Federal agencies, the need for advanced analytics and planning capabilities have never been more apparent. Having the ability to forecast when critical gaps and shortages in the workforce could occur, while simultaneously creating strategies and workforce plans designed to overcome these challenges, is one advantage agencies can realize through the SuccessFactors solution. As a leading SAP SuccessFactors integrator, Deloitte has a track record of successful implementations at organizations in all sectors, and a Federal consulting practice with years of government HR experience. We focus on the entire implementation landscape, not just the technical skills needed to configure the solution. Our holistic approach to implementations integrates training and change management to help agencies and organizations embrace the new processes needed to support the solution. With Deloitte and SuccessFactors, agencies can step into the new age of workforce analytics and planning in the cloud.

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