

ALIGNING THE HR PLAN TO BUSINESS STRATEGY

Amy Tan and Uwe Kaufmann from Centre for Organisational Effectiveness (COE) share some tips on aligning an organisation's HR plan with its business strategy. They say HR leaders should be proactively planning for both expected and unexpected shifts in business demands and talent supply

An uncertain labour market, coupled with a rapidly changing marketplace creates the need for organisations to proactively plan for shifts in business demands and talent supply. At the same time, the business implications of Singapore's ageing workforce positions human capital planning as an essential element of comprehensive business planning. However, many organisations are only just beginning to see the value of such planning and may be at a disadvantage if they don't build a structured planning process that ties human capital strategies to business goals.

Workforce planning allows organisations to better meet the challenges of a rapidly changing economy. By aligning shifts in demand with the existing and future supply of human capital, organisations optimise their workforces to meet business goals, increase market share, and ultimately improve employee engagement.

This article describes the workforce planning approach and illustrates the strategic alignment of workforce planning.

Preparing workforce planning

Workforce planning is a major project. A typical challenge teams will face is a lack of buy-in from the leadership team, starting with a lack of involvement of HR in strategy planning. This results in a missing link between workforce priorities and business strategy.

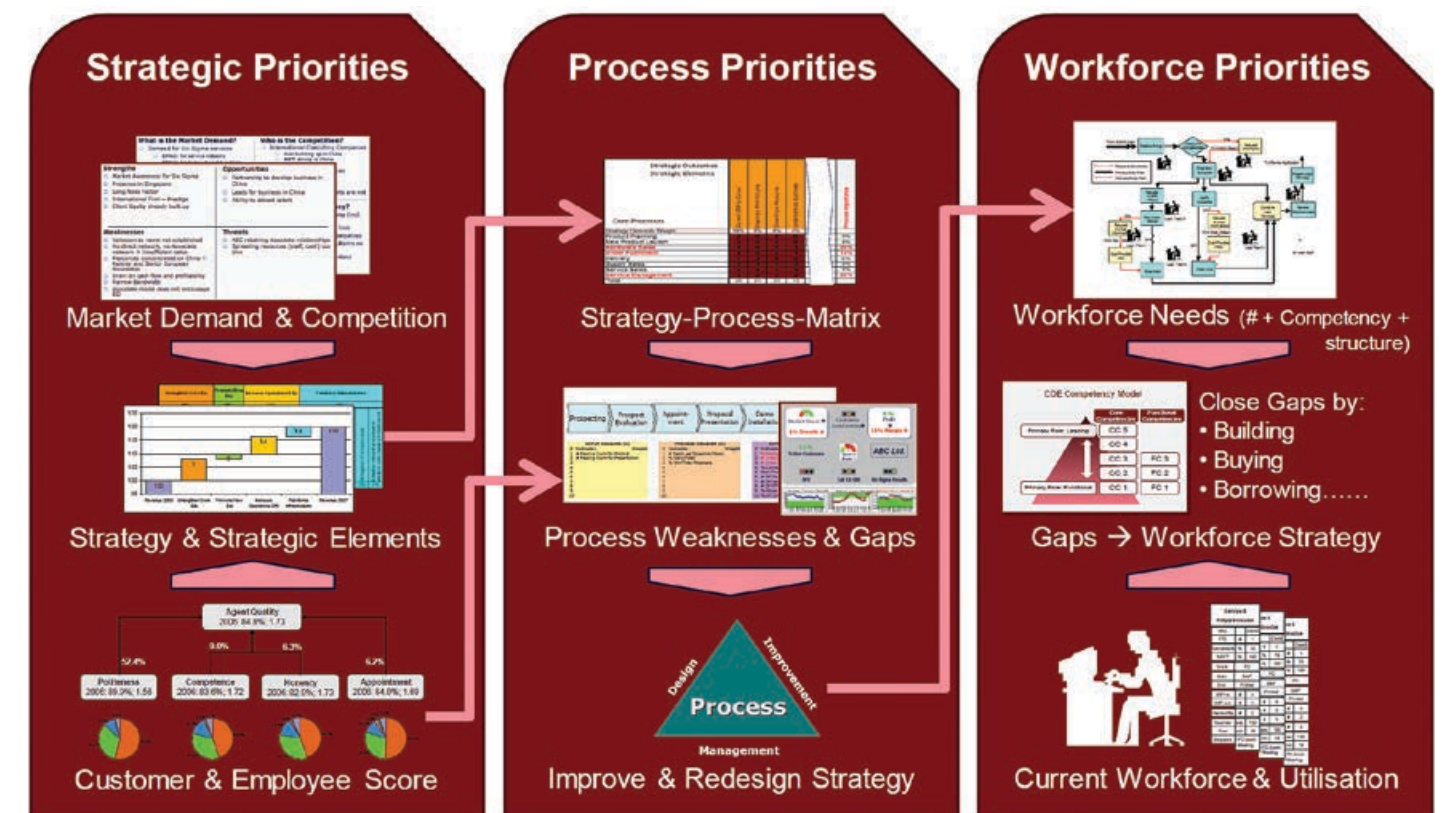
- Proper preparation includes:
- Agreeing on the lead for the workforce planning process. To be effective, workforce planning should be led by corporate planning and HR
 - Assembling a team of dedicated members. Workforce planning should involve all affected functions, as well as finance
 - Gathering all information needed. Workforce planning typically takes place on an annual basis, and is

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usually done in conjunction with the annual strategy planning process. Workforce planning usually takes several weeks to complete.

Strategic Workforce Planning Approach by COE



Time Study and Resource Gap Analysis of one process

Staff	Competency Needs + Level						Actual	Staff Utilisation		Bar Chart
	Func 05 - 1	Func 07 - 3	Func 02 - 2	Func 02 - 1	Func 04 - 3	Lead 02 - 2		Available	Utilised	
Officer	240	35	10	10	45	5	240	420	57%	
Executive		35	10	10			55	210	26%	
Asst Manager							0	0	NA	
Manager							0	0	NA	
Head					45	5	50	210	24%	
Total	0	0	0	0	0	0	345	840	41%	

Comments: Head spends time with AM tasks
Officer can take over additional tasks
Executive might not be able to perform Func 07-3. Needs training for this competency

Deployment

Strategic workforce planning should be done after a thorough workforce analysis. The basis for this analysis is the system of core and support processes run by the workforce in question.

Workforce analysis without accompanying process analysis could lead to having the right workforce for the wrong process. Therefore, the logical steps for strategic workforce planning are: understanding business priorities, translating them into process priorities, and then deriving workforce priorities out of both.

PHASE 1

Understanding strategic priorities

Current strategy and future strategic moves are influenced by external forces like the market environment and competition, as well as internal factors like stakeholders and employees. Understanding the business goals for the next few years help define the expected demand for human capital, and should include factors like retirements, turnover and new roles being created. A series of scenarios for the more likely situations and the respective responses will help make the workforce plan more robust.

Additionally, it is necessary to study the status of customer satisfaction such as through service level agreements, and the degrees of employee satisfaction, staff turn-over, job acceptance and other HR metrics in order to understand

whether the current organisation is able to meet future needs.

Moreover, customer requirements change over time. We cannot assume that the same processes which meet customer requirements this year will be able to do so in the next few years. Understanding strategic priorities as well as future customer demands and requirements are key fundamentals for strategic workforce planning.

To determine future supply, forecasting models based on interviews, focus group results as well as historical trends will be helpful.

PHASE 2

Projecting strategy into process priorities

Processes are the tools through which an organisation can execute its strategy. Often, they have been designed years ago for a slightly different strategy and somewhat diverse customer needs. Processes typically lag behind the strategy. They only get amended when there is a rather pressing need.

This is why a thorough analysis of core and support processes is recommended in order to identify performance gaps. Indicators for performance gaps can be found in customer satisfaction data, employee survey results and a list of other measures a company has put in place to manage performance and staff. Value analysis is a good method to calculate process efficiency. However, an organisation should not base new planning solely on internal measures.

As important as it is to develop the

strategy based on external data, it is equally crucial for processes to be benchmarked against the “best in class”. Since only some selected areas of an organisation undergo benchmarking at any one point in time, functional benchmarking is recommended for industry-specific processes and generic benchmarking for more industry-independent processes.

The outcome of the gap analysis and benchmarking exercise is a list of opportunities. This list needs to be evaluated and prioritised regarding the costs, benefits, risks and potential impacts of each. Small changes – like taking out an unnecessary step from a process – are normally easy and quick to be implemented. Process improvement activities require some data collection and root cause analysis to enhance performance such as reducing the cycle time of a customer application process. Most challenging, sometimes costly, risky and more time-consuming are process redesign activities that start with a “clean sheet of paper” approach. Performance gap list and benchmarking help gauge what method to choose.

Predicting the workforce for a less transactional activity such as policy writing, processing of complex applications or managing employee engagement, seems to be harder since the activities have much more variability in the processing time needed. However, it pays to collect information on the big picture, such as the demand variation over time.

Obviously, workforce planning does not require process changes per

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se. However, deriving workforce and competency needs out of existing processes without checking their appropriateness and performance could be a missed opportunity resulting in an improper workforce projection.

PHASE 3

Defining workforce priorities

Workforce planning needs to be started at a process level by assigning headcount and the competencies required for each step. Existing process steps and benchmarking serve as a guideline for deriving workforce needs. Data gathering can be done during open interviews, structured focus group sessions or even through time study.

Whereas manufacturing processes are highly structured, regulated and enforced by machines, service processes are typically less methodical, resulting in more variation in processing times for certain steps. Time studies are necessary for processes with rather large variations. A robust set of processing

time data is a key necessity for the integrity of the overall result. Moreover, even if customer demand changes to a small degree in future and if processes get amended, the process step will change too. Hence, this information will be useful for future planning activities, too.

The YOG case study

An outstanding example of innovative resourcing strategies integrating very different ways of workforce sourcing was the Singapore Youth Olympic Games (YOG) in 2010.

Workforce planning for the YOG was broken down into five phases, with the first being the preparation and the last one being the dissolution. The five phases required remarkably different workforce numbers and skills. In order to keep costs low and still deliver extraordinary results, the workforce had to be recruited, trained and deployed in a very flexible and yet reliable manner.

This, for Singapore’s largest-ever event, had been prepared by an organising committee consisting of more than 500 term-contract employees who knew that they would be out of a job in September, 2010. Additionally, the games were delivered by about 1,300 short-term assigned regular staff (often borrowed from ministries, agencies and companies in Singapore), a large number of interns who came in as fresh graduates and who all received relevant development at the YOG, as well as more than 20,000 volunteers from all over the world who received their own basic training.

Conclusion

By employing business strategies to align shifts in demand with the existing and future supply of human capital, organisations optimise their workforces to meet business goals, increase market share, and improve employee engagement. Workforce planning allows organisations to better meet the challenges of Singapore’s rapidly changing economy. Since no one is able to predict the future, the best workforce planning approach is the one that caters for many different scenarios and establishes a robust system to deal with each of them.

ABOUT THE AUTHORS



Uwe H Kaufmann is the Singapore-based managing director of Centre for Organisational Effectiveness, a business advisory company focusing on the Asian Market. He has extensive experience in implementing process and organisation improvements and change for various industries.



Amy Tan is a partner and director of Centre for Organisational Effectiveness, and based in Singapore. She has more than 20 years of experience in human capital management and development. Her expertise is in HR strategy, review, and planning, competency modelling and organisational development. Tan also served as workforce director at the Youth Olympic Games (YOG).