



POINT

## Strategic Workforce Planning in Dynamic Business Environments

By Nigel Guenole and Sheri Feinzig

The starting point for SWP is clarity of your organization's mission and strategy. A strategic analysis for the business, perhaps using a model like Porter's Five Forces, ensures business risks and opportunities have been fully considered. The timeframe of this analysis should typically be around five years. Given the increasing levels of uncertainty, disruption, and change characterizing today's business environment, planning beyond this time horizon can be extremely difficult and can only really be heuristic in nature.

Once the work to be performed is clarified, then the SWP process involves dividing up the responsibilities and identifying the skills required to fulfill those responsibilities. These early parts of the SWP process are often decided at the highest levels of an organization, or outsourced to large strategy consultancies, meaning that within organizations, SWP is often narrowed in scope to identifying where and when to acquire skills.

In short, it is your effectiveness in sourcing talent and ensuring you have it when you need it, that will determine the success of your SWP process from this point. No organization has the resources to focus intensively in every area, so it makes sense to focus on strategic jobs. You need to ask which jobs have the most impact on the success of the business. You find this out by talking to people who know, including leaders in your business, customers of the business, and the workers themselves.

The next step is projecting the amount of work that needs to be done by these individuals. In some situations, these predictions can be based on

formal mathematical models, whereas other times it will be a cruder approximation. Either way, the gap between the number of people required for the work and your existing staffing levels of relevant skills will determine how many people you will need.

Broadly speaking, there are three ways to acquire the skills you need for the work that needs to get done. You can keep the incumbents in place, you can hire new people in, or you can promote or transfer individuals. In general, external hires incur higher costs, initially underperform relative to internal hires, and are slower to increase performance.

Beyond these general observations, there are some important considerations in your choice of hire, promote,

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or transfer that relate specifically to the nature of skills. Some skills are hierarchically organized within workers, meaning if the worker can do the more difficult task, they can do the less difficult task. In these cases, re-skilling may be an option. It will be more efficient to train people to move from lower to higher level skills than to retrain someone in a new area altogether.

Other skills are categorically different from one another and will require substantial retraining. This may be a more challenging proposition for individuals and organizations, unless the existing skill is genuinely adjacent to the new skill, for example training a statistician for machine learning tasks.

Another decision point concerns the

balance of skills coming from core staff versus contingent workers. In general, it makes sense to keep your strategic skills on staff, but this needs to be tempered with the fact that such skills are often expensive and highly mobile. However, if you can guarantee ongoing access to these skills, you may choose to employ them in a just-in-time, as-needed approach.

In addition to decisions driven by skills, it is important to consider high turnover roles or roles where a person's absence is extremely disruptive. A formal mathematical model of staffing where there is sufficient historical evidence and a detectable regularity or pattern in worker behavior can inform decision-making in this area. For longer term planning, these formal models can incorporate if-then scenario modeling to plan for dynamics such as the impact of an aging workforce, volatility in the geo-political environment, or anticipated changes in university graduation rates and degrees of study.

SWP is necessarily focused on meeting the organization's needs. However, it can and should simultaneously focus on the needs of the workforce.

Given the shortage of critical skills and the societal implications of allowing large groups of workers to get left behind, it is imperative to consider the workers' perspective and strive to meet their developmental needs to the extent possible. Organizations, government entities, and individuals all have a role to play in helping workers keep their skills relevant. Proactively anticipating and acting on potential skills obsolescence should be an integral part of your planning.

Further, to ensure engagement and minimize attrition of highly skilled workers, organizations should incorporate sound principles of work design to ensure the work experience is meaningful and fulfilling. The industrial-organizational psychology literature has much to say on this topic.

Nigel Guenole, Ph.D., is Director of Research at the University of London's Institute of Management, Goldsmiths.

Sheri Feinzig, Ph.D., is Director at IBM's Smarter Workforce Institute.