

# **Business Strategy Should Drive Workforce Planning**



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Forward-thinking business leaders know they need to act now to prepare their workforce for the future. But there is less certainty about how to turn this business imperative into a practical workforce strategy. A 2018 Bloomberg survey<sup>1</sup> showed, for instance, that only about one-third of companies have a formal workforce preparation strategy.

This paper, the last in a series of three, focuses on the keys to developing such a strategy.

It starts with a basic principle: As business strategy shifts, workforce strategy must shift accordingly. Just as all leaders must align around a business strategy, they must support a shared vision for the workforce and develop a roadmap that will lead to effective organizational change.

This vision must address three areas – people, processes, and platforms. These are the building blocks of organizational readiness.

## Evaluate the Workforce

For many companies, the process starts with an analysis of the workforce, to understand and document the skills, experiences, and behaviors they currently have in-house, as discussed in the first part of this series.<sup>2</sup> Companies with a clear understanding of their business goals can quickly see where they have skills gaps, and where they need to add talent to achieve their strategic objectives.

At the same time, companies must assess their current workforce strategy to see if they are hiring the right people, developing talent properly, and providing the incentives that will keep people focused on achieving business outcomes.

For some companies, this assessment can trigger a major shift in workforce strategy. In the past few years, Prudential Financial has adjusted its market strategy, aiming to serve a broader customer base than it has historically.

“To do that successfully, we quickly realized we needed a much more technology-enabled approach,” said Rob Falzon, vice chair at the financial services company. “That means the workforce must be more tech-savvy, and many of our people will need to update their skills.”

“It’s the biggest business change I’ve seen in my 35-year career with the company, and it won’t succeed without major changes in how we adapt our people and develop talent.”

## Align Workforce Planning with Business Strategy

Workforce planning should not be an exercise conducted independently by human resources. Companies will want to closely link their workforce evaluations to the needs of the business.

In 2018, Allstate launched a strategic workforce planning initiative that is tied to the business strategy, while ensuring its employees are prepared for the future.

“Typically, organizations approach this like an HR-led planning exercise, without a lot of detail on the business strategy,” said Bridgette Moore, vice president of human resources for the insurance company. “Here, we’re partnering with the business unit leaders, and together we’re working very methodically, department by department, based on their multiyear business strategy.”

The immediate goal is to gather data on skills and workforce-of-the-future needs “so we can model out what we’re going to need in a data-driven way,” she said. But that’s only the first step in a larger strategic effort known as workforce enablement.

“The idea here is we take the data from the workforce planning effort and determine where we need to create focused learning efforts for employees and help them transition to new roles or skills needed in the future,” Moore said.

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<sup>1</sup> Bloomberg Next, “Workforce of the Future: More Is Needed to Close Preparedness Gap,” 2018, [https://www.bna.com/uploadedFiles/BNA\\_V2/Micro\\_Sites/2018/Future\\_of\\_Work/White%20Paper\\_Workforce-Future\\_Final.pdf](https://www.bna.com/uploadedFiles/BNA_V2/Micro_Sites/2018/Future_of_Work/White%20Paper_Workforce-Future_Final.pdf)

<sup>2</sup> Mercer, “Plan Now for the Workforce of the Future,” 2019.

All of this rolls up to a major enterprise-wide effort that addresses workforce, technology, and business process transformation.

“The larger goal is to truly plan for transformational shifts that the organization is anticipating,” Moore said. “Especially in departments that are undertaking major workforce automation efforts and integrating digital technologies, we’ll be able to keep people informed, help them understand what’s going to be important in the future, and help retrain them in large numbers.”

## New Processes Enable Workforce Strategy

Companies must also examine their HR processes – everything from recruiting to performance management to succession planning – to ensure they are aligned with the goals of the business.

“We start with the end user in mind, and the outcomes we’re trying to drive,” Moore said. “That will guide us as we look to optimize legacy processes and systems that might be getting in the way of those outcomes.”

Changes in the recruiting process are placing greater emphasis on skills.<sup>3</sup>

“Companies are starting to prioritize skills over experience,” said Mary Finch, chief human resources officer at AECOM, a global civil engineering firm. That’s because new market opportunities come and go quickly in the digital era, and companies need people with the technical skills to capitalize.

“As HR practitioners, we have to deliver those skills to the business,” Finch said. “Skills will be critical in the new workplace.”

Companies are also analyzing basic performance management processes to see how they can be improved. Microsoft tracks employee activities that correlate with higher engagement. One of those activities is regular one-on-one meetings between a manager and a direct report.

“A simple thing like a manager meeting regularly, one-on-one, with the people on her team can really affect the quality of the employee experience,” said Dawn Klinghoffer, head of employee analytics at Microsoft. “Employees tell us regular one-on-ones make them feel more connected and better informed. But one of the great benefits of these meetings is it helps employees grow their networks, because managers are able to help employees make connections with other people in the organization.”

The company has found that employees with larger networks are not only more engaged, they tend to stay with the company longer. So, Microsoft tracks the frequency of the meetings and helps facilitate them with friendly email reminders.

## Create a Platform that Serves People

The final step is to design a platform that helps companies achieve their workforce goals while enabling insights and improving the employee experience. Mary Finch of AECOM is now implementing a new integrated career model that offers lessons in how to design a platform thoughtfully.

When Finch joined the company about three years ago, she was asked to help build a human capital management system to consolidate employee data and HR processes across the global organization. But AECOM is the product of multiple mergers, and Finch quickly recognized that it would first be necessary to do basic groundwork.

“We took some time to identify all the jobs in the company and what skills are tied to those roles,” she said. “Working with the business leaders, we established a common language for the many jobs in the organization that employees will be able to take advantage of when they’re seeking new opportunities.”

Finch and her team also inventoried HR capabilities across the organization and identified areas for greater impact. Only then did they select a vendor for the HCM system that will house the data. Today, Finch and her team are educating the business on how to use the career model as it goes live.

<sup>3</sup> World Economic Forum, “Strategies for the New Economy: Skills as the Currency of the Labor Market,” Jan. 22, 2019, <https://www.weforum.org/whitepapers/strategies-for-the-new-economy-skills-as-the-currency-of-the-labour-market>

“We’re in the early adoption phase, where business leaders are learning the capabilities,” she said. “We’ll measure utilization, then we’ll work up to the bigger business goals: Are we filling more positions internally? Are the skills and talents of our people better utilized? Are employees having a better experience? Are we truly responding to the future needs of the organization?”

## Measuring Success

Companies will be able to judge the effectiveness of this initiative once they start addressing the biggest, toughest workforce challenges.

One measure of success is how well a company addresses succession planning. Especially for key roles, companies must have the right people and a good pipeline of talent to eventually succeed them.

Another important success factor is the effectiveness of the company’s reskilling efforts. Companies need to determine how many people need to be retrained, and potentially place them in different roles. The challenge becomes more daunting when companies must undertake large-scale reskilling.

As Allstate’s Bridgette Moore said, “When you get it right, the business continues to operate smoothly, and your people thrive.”

## Conclusion

Future-focused companies are working actively today to prepare their workforces. The best approach is a comprehensive one that addresses people, processes, and platforms. The strategy should be owned by the business and deliver a relevant and appealing employee experience.

## Four Top Trends Shaping the Future of Work

Every year, Mercer conducts a Global Talent Trends study examining human capital issues that are helping to define the future of work. Mercer’s 2019 study<sup>4</sup> identifies four top trends that leading companies are pursuing in 2019.

- **Aligning Work to Future Value.** Some 60 percent of companies plan to automate more work in the next 12 months. Companies will unlock growth in this new world of work by redesigning jobs and moving people to where future value will be created.
- **Building Brand Resonance.** What matters to employees is the way a company conducts business and upholds the values of its brand. Companies need to create a brand proposition that attracts the talent they want.
- **Curating the Work Experience.** An effective and relevant day-to-day work experience is essential for retaining top talent. Companies should make work simple, intuitive, and digitally enabled to help their people thrive.
- **Delivering Talent-Led Change.** To ensure talent is at the center of change, HR should have a voice in business transformation.

Explore the findings and learn how high-performing organizations are building their workforce for the future. Download the full report at [www.mercer.us/global-talent-trends](http://www.mercer.us/global-talent-trends).

**Content from Mercer**

<sup>4</sup> Mercer, “Global Talent Trends 2019,” <https://www.mercer.us/our-thinking/career/global-talent-hr-trends.html>



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