



WEBINAR

# Workforce Planning for an Economic Restart

Pragmatic steps and easy to use tools for planning a safe and successful post-COVID-19 recovery



- ✓ Workforce analytics, market intelligence & planning firm
- ✓ Pioneer in linking people investments to financial ROI
- ✓ Software, managed analytics services, and consulting
- ✓ Advanced analytics & planning SaaS to optimize labor spend
- ✓ 1,000s of AI powered metrics with dynamic visualization
- ✓ Scenario planning links HR, Finance, & Operations data



## PRESENTER

### Stephen Weltz – Workforce Analytics Manager, HCMI

As a workforce analytics manager at HCMI, Stephen specializes in synthesizing, analyzing and visualizing seemingly disparate data sets to uncover key workforce insights that link to business results. Stephen combines experience in workforce analytics applied statistical analysis, and organizational research to help companies make better data-driven decisions.



# The Impact of COVID-19 on Global Economy

## 2.7 billion

workers are affected by coronavirus either in form of layoff, furlough or hour reduction

Source: [International Labour Organization \(ILO\)](#)

	Decline in working hours (%)	Full-time equivalent (40 hours, million)	Full-time equivalent (48 hours, million)
World	6.7	230	195
Americas	6.3	29	24
Europe	7.8	12	15

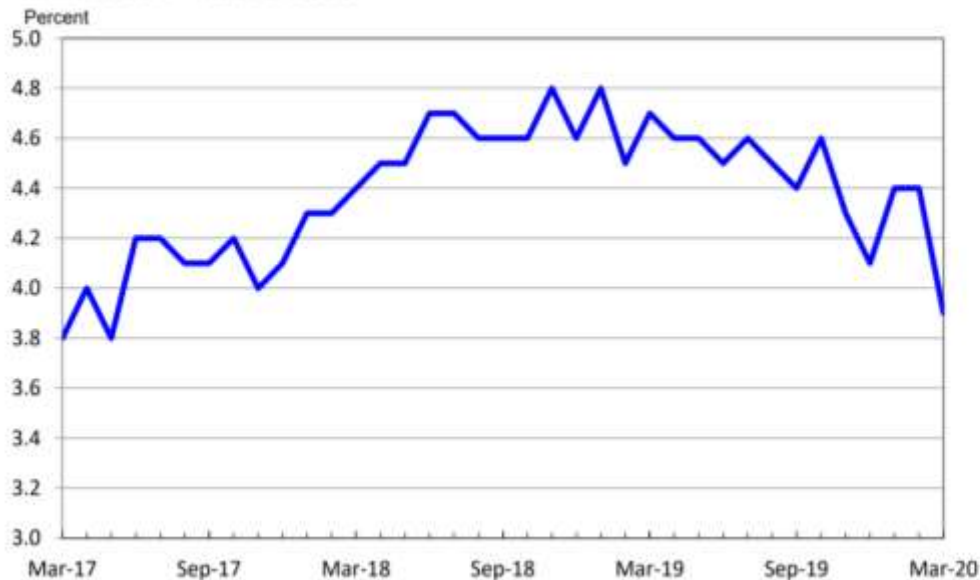
Table 1. Crisis is leading to a severe decline in working hours and employment (FTE)



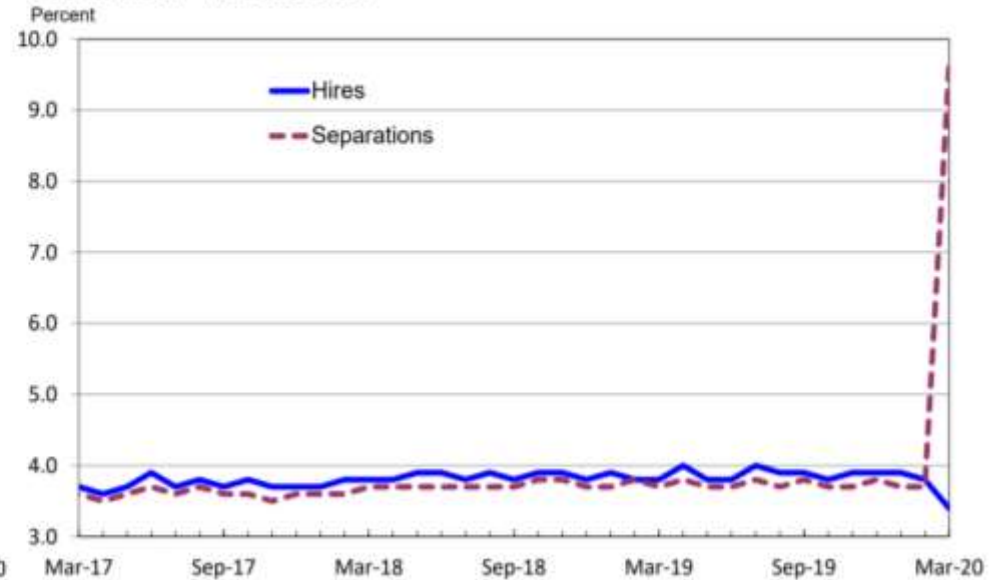


# Latest Official Data on U.S. Economy (May 15)

**Chart 1. Job openings rate, seasonally adjusted, March 2017 - March 2020**



**Chart 2. Hires and total separations rates, seasonally adjusted, March 2017 - March 2020**



Separations includes quits, layoffs and discharges, and other separations. Total separations is referred to as turnover

Source: [Bureau Labor Statistics \(BLS\)](#)



## This Would Mean...



Talent Supply ↑



Salary & Bonus Growth ↓

- If you already implemented cost control interventions, use scenario modeling and Total Cost of Workforce to see if current Workforce Planning measures are sufficient to meet your financial targets
- If you're hiring or replacing existing positions, now is a great time to hire great talent with the same budget



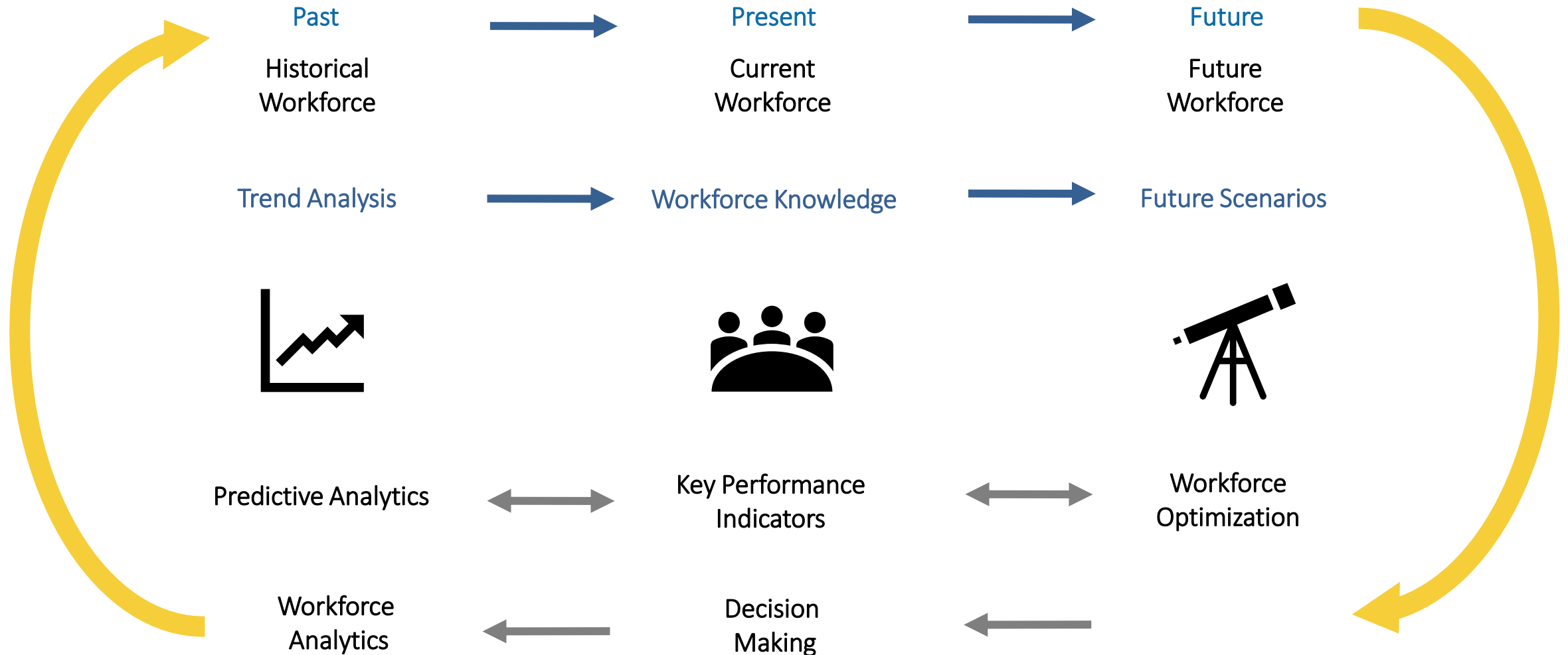
# What is Workforce Planning?

5 R's - The Right talent, the Right roles, at the Right time, the Right place and the Right cost

Practice	Description
Integrate Business to Workforce Strategy	Integrate Top Management (Strategic Planning), Finance (Budget), Line Management (Demand) and Human Resources (Supply)
Forward-Looking	Forecast future needs for “Pro-active” not “Reactive” Talent Management
Guide Talent Management Decisions	Segment workforce, find high volume-high impact roles to focus on
Find Productivity Gains, Efficiency + Savings	What work is best done where and by what skill level? Do we build, buy or rent talent?
Identify Talent Gaps and Risks	Discover future talent gaps What can we do today to solve talent gaps of tomorrow?
Workforce Optimization Take Action	Workforce Planning is the HR counterpart to Financial/Strategic planning. It is about capability to manage our greatest asset and largest cost

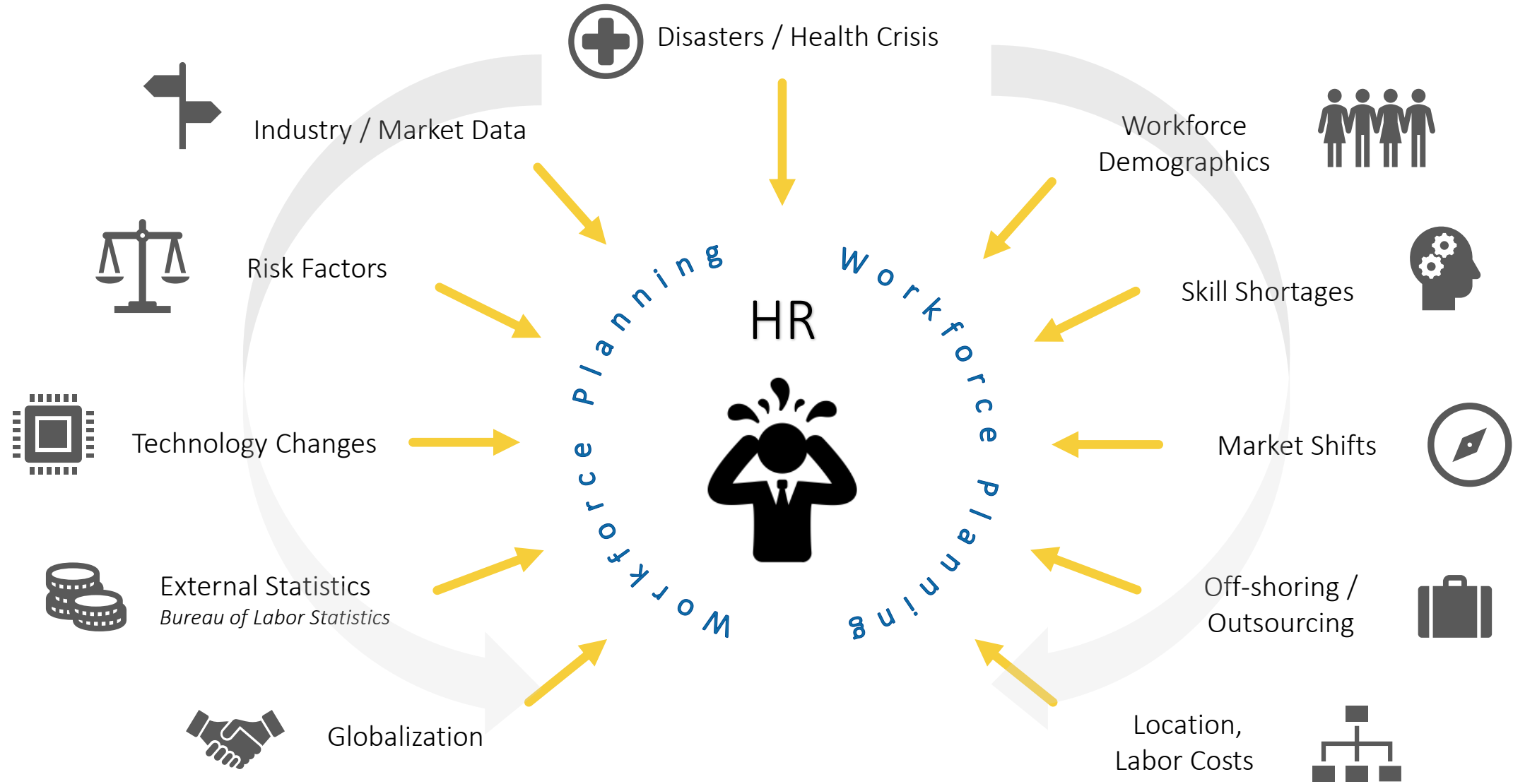


# How Workforce Analytics Can Boost Workforce Planning





# The Business Case for Workforce Planning







# Addressing Human Capital Risks Resulted from COVID-19

## How to Reduce Labor Costs with Least Possible Talent and Business Impact

- Using workforce data to model ‘what-if’ scenario options for leaders is the critical
  - “You Can’t Manage, What You Can’t Model”
- Reductions in Force aka Layoffs should be surgical, not blunt across the board
- Reducing hours, salary reductions, eliminating bonuses cutting contract staff can achieve cost reductions without staff cuts

## Manage Total Cost of Workforce (TCOW)

- Workforce cost does not move exactly in line with headcount, so it is possible to reduce workforce costs greater than any workforce headcount change

## Retain, Develop, and Acquire Key Talent

- Retaining Key talent in uncertain times
- Plan for talent needs of stabilization and recovery

## Leadership and Development

- Ensuring leaders communicate with sincerity and empathy and don’t panic





# Workforce Cost Key Input Metric

Total Cost of Workforce

=

Total workforce direct business costs + HR, including:

- + Employee compensation (salaries/wages, incentives, overtime, equity & other pay)
- + Contingent temporary / contract labor (costs)
- + Employee benefits and perks (costs)
- + HR function (costs e.g., recruiting, training & support)
- + Retiree or inactive workforce costs\* (costs)

## Why is Total Cost of Workforce (TCOW) important?

- Workforce costs are the largest cost (average 70% of operating expenses)
- What gets poorly measured, gets poorly managed
- In growth: budgets, requisitions and position control leave too many holes
- In decline: TCOW shows how much to cut
- Need for a metric to manage the complexity that is the workforce
- Existing cost control tools don't work (what tools?)
  - Status quo drives the binge (hiring) / purge (layoff) cycles
  - Off-shoring/Outsourcing reduce costs but not competition
- How does TCOW Control Costs?
  - Set targets to budget, forecast, benchmark or improvement goals
  - Link to new hire requisitions, hiring freezes, bonus-incentive payouts
  - Benchmark business unit and organizational performance
    - Compare TCOW as a % of Revenue & a % of Total Expenses
- 1% TCOW savings at a Fortune 500™ co. = \$30 million



# Poll Question 1

Do you have a workforce plan for economic recovery?



# Example: The Lock & Key of Workforce Strategy



## IF...

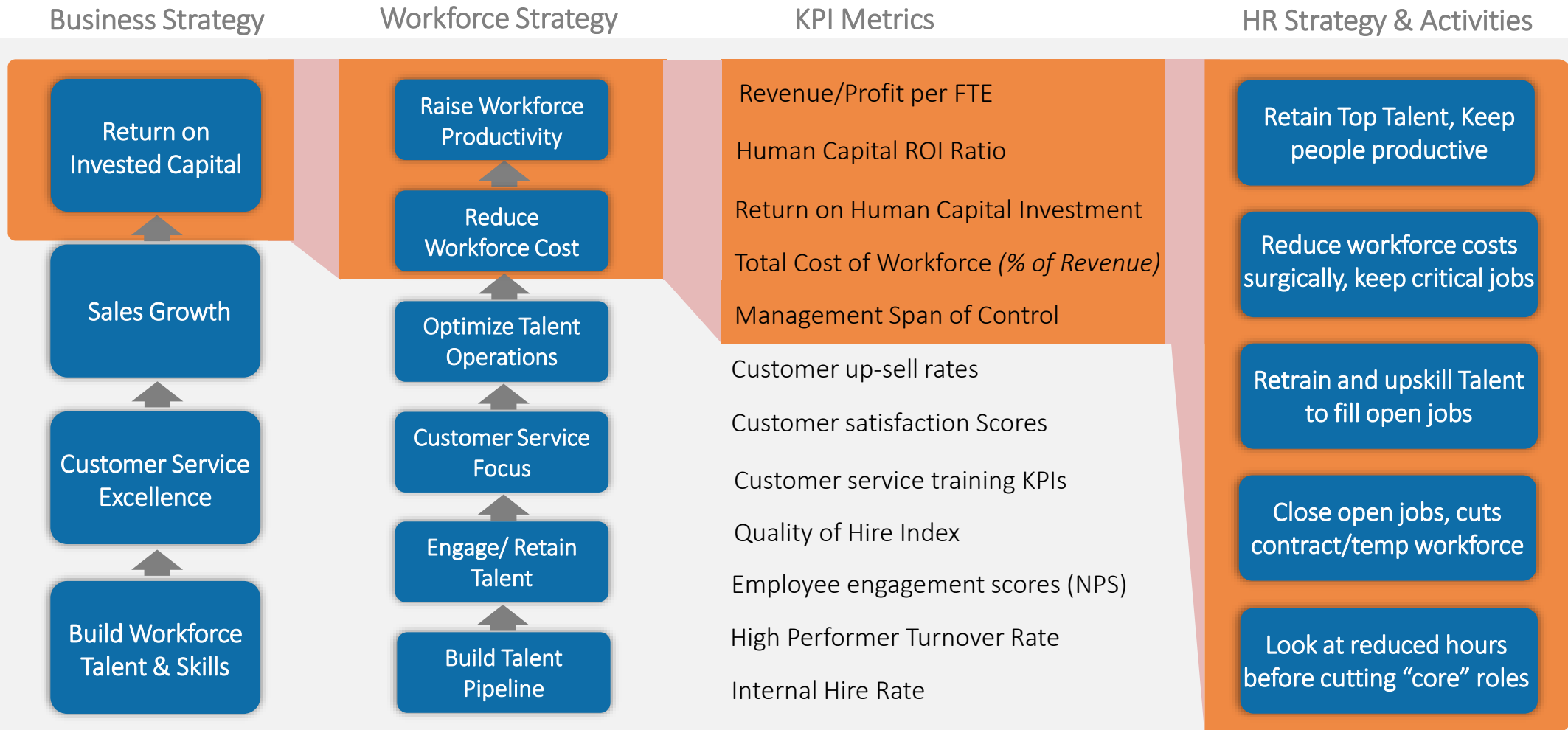
If the lock is to consistently achieve 10% revenue growth and 12% profit growth for the next three years.

## THEN...

The key is to find out what it is we can do from a workforce strategy standpoint to enable the organization to achieve this goal.



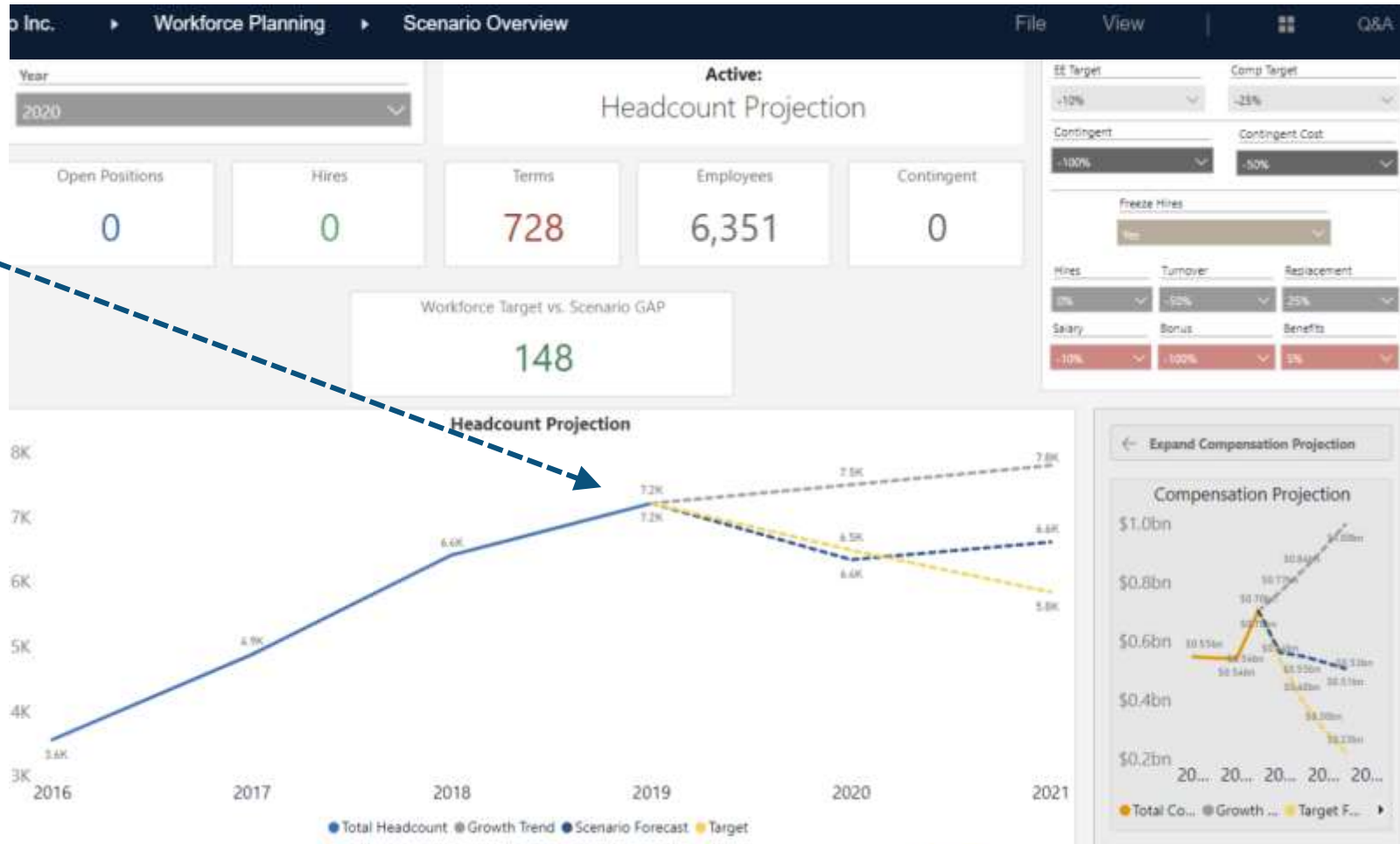
# Business Strategy Linkage to Create Workforce Strategy





# A Cost Reduction Scenario: What-If Modeling to See What Works

Scenario: contingent -100%, salaries xx?, hours xx?, benefits +5%, bonus 0, hiring ? = 25% Labor Savings



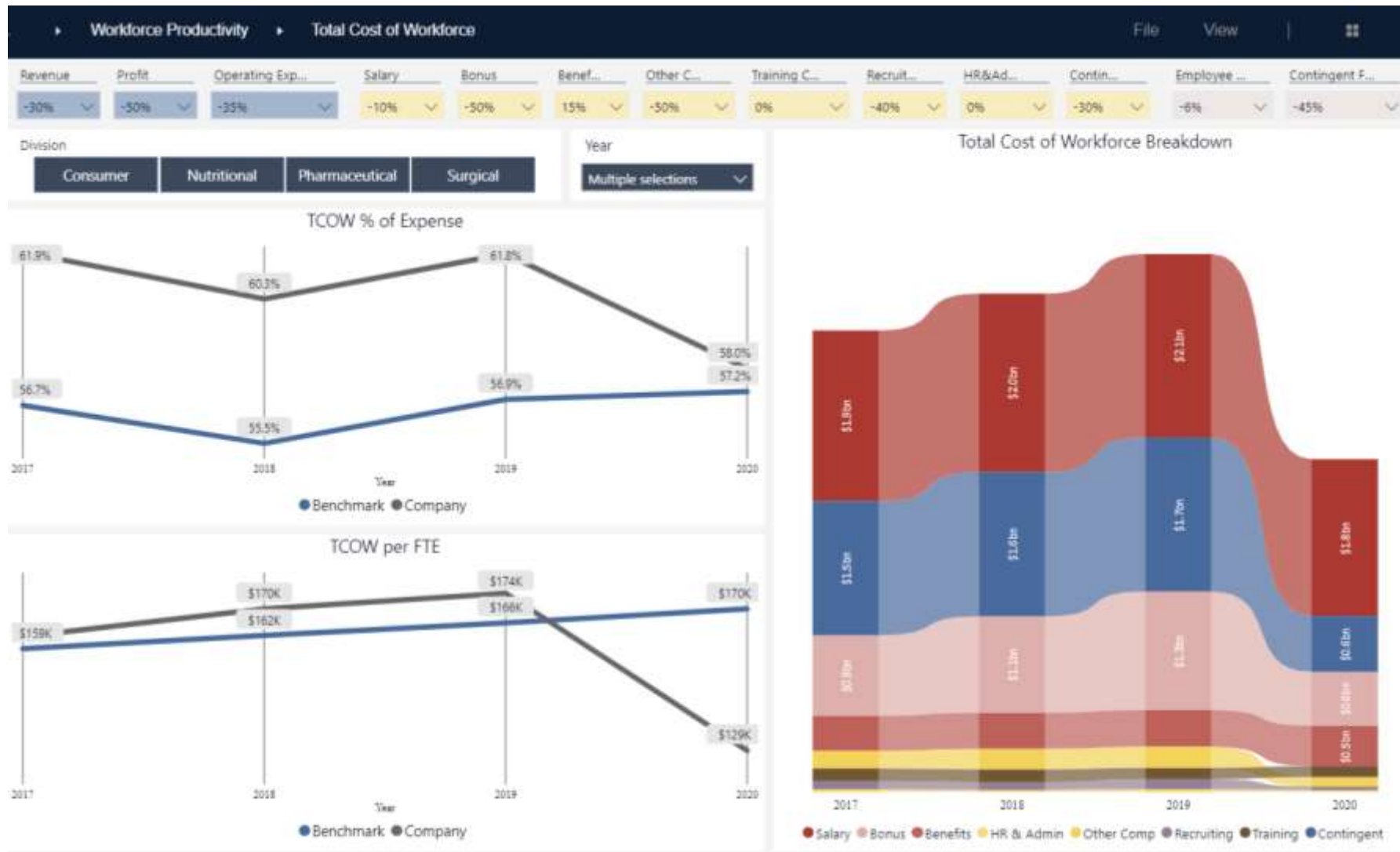
Pandemic 2020 Scenario calls for xx headcount reduction to achieve 25% Cost savings

Pandemic 2020 scenario 25% Cost Reduction and 10% staff reduction Targets

Solving the cost gap means reducing labor costs in the least impactful way to retain talent for future growth



# A Cost Reduction Scenario: What-If Modeling to See What Works





# Case Study: Reduce Workforce Cost and Solve Demand-Supply Gaps

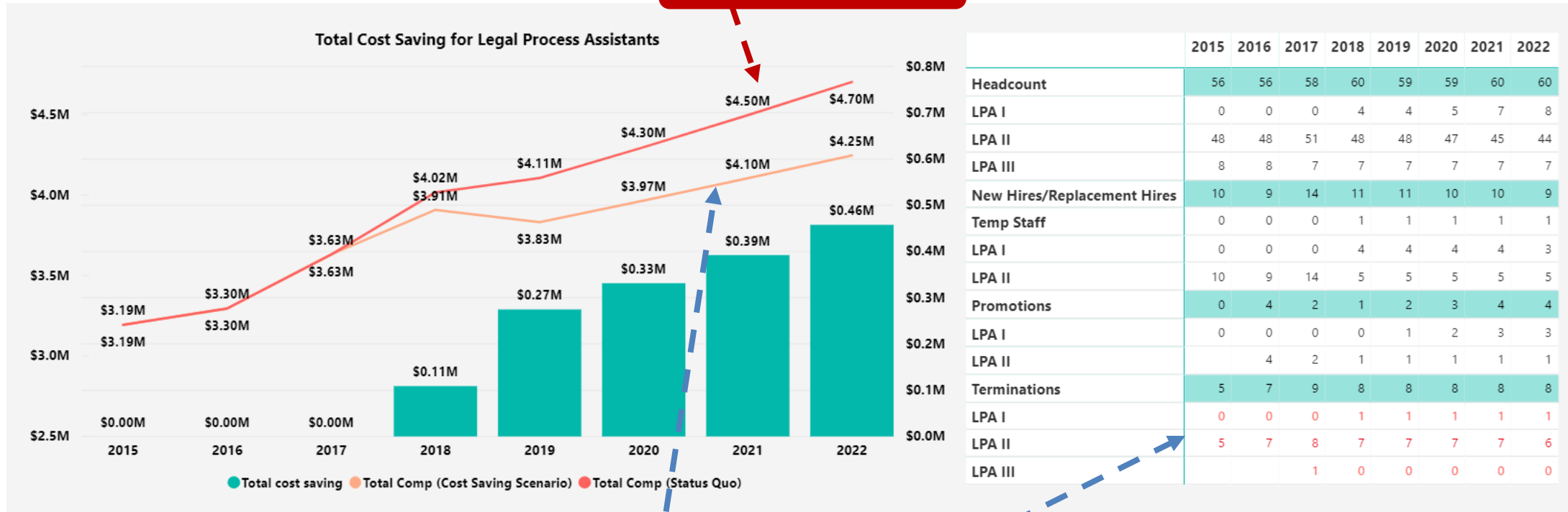
## Projected Total Labor Cost

Based on Scenario Workload Forecast

Default Scenario "No Change" - Do it like last year

## Headcount Needed

Based on Scenario Workload Forecast



"Young Talent" Scenario Bring in new young talent to fill gaps





# Build vs. Buy vs. Rent

## BUILD

- Includes transfers and promotions
  - Build talent pipeline
  - Higher probability of fit and performance
  - Career path engages employees
  - Typically cheaper and quicker to start
- 
- Limited to certain positions
  - Leaves new open positions
  - Requires time and training investments

## BUY

- Brings in fresh talent and skills
  - Allows for company growth
  - Replaces talent lost to turnover
  - Necessary for highly specific skills
- 
- Often more expensive hiring and comp
  - Job requirement inflation
  - Risk of turnover or lack of fit
  - Longer ramp up time (on boarding, etc.)

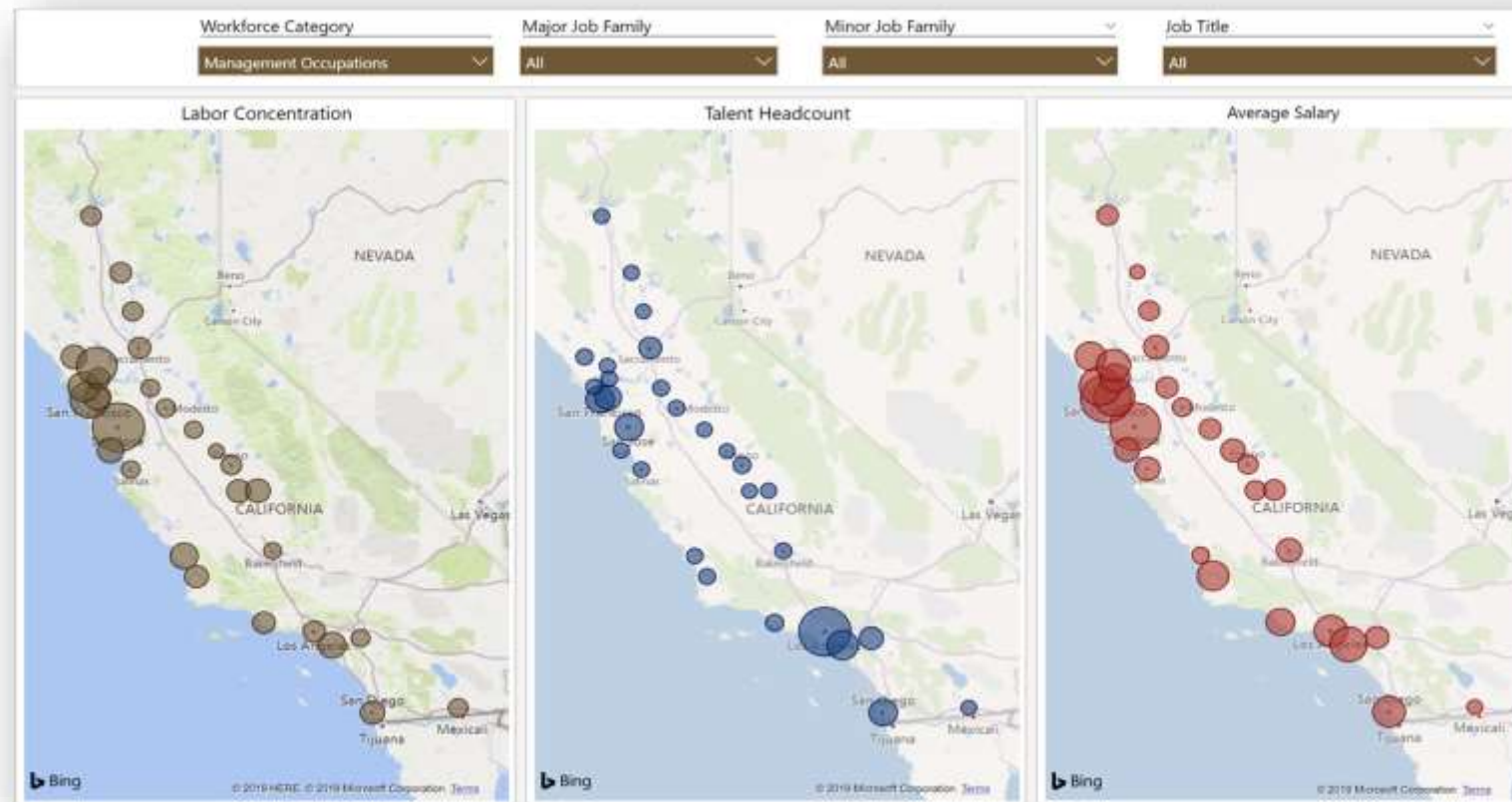
## RENT

- Highly flexible
  - Temporary, project, or seasonal basis
  - Avoids certain employee related costs
  - Lower management required
- 
- Poorly measured in many organizations
  - Once gone, training investment is lost
  - Over reliance leads to weak talent bench



# Example: Integrating External Data to Your Analysis

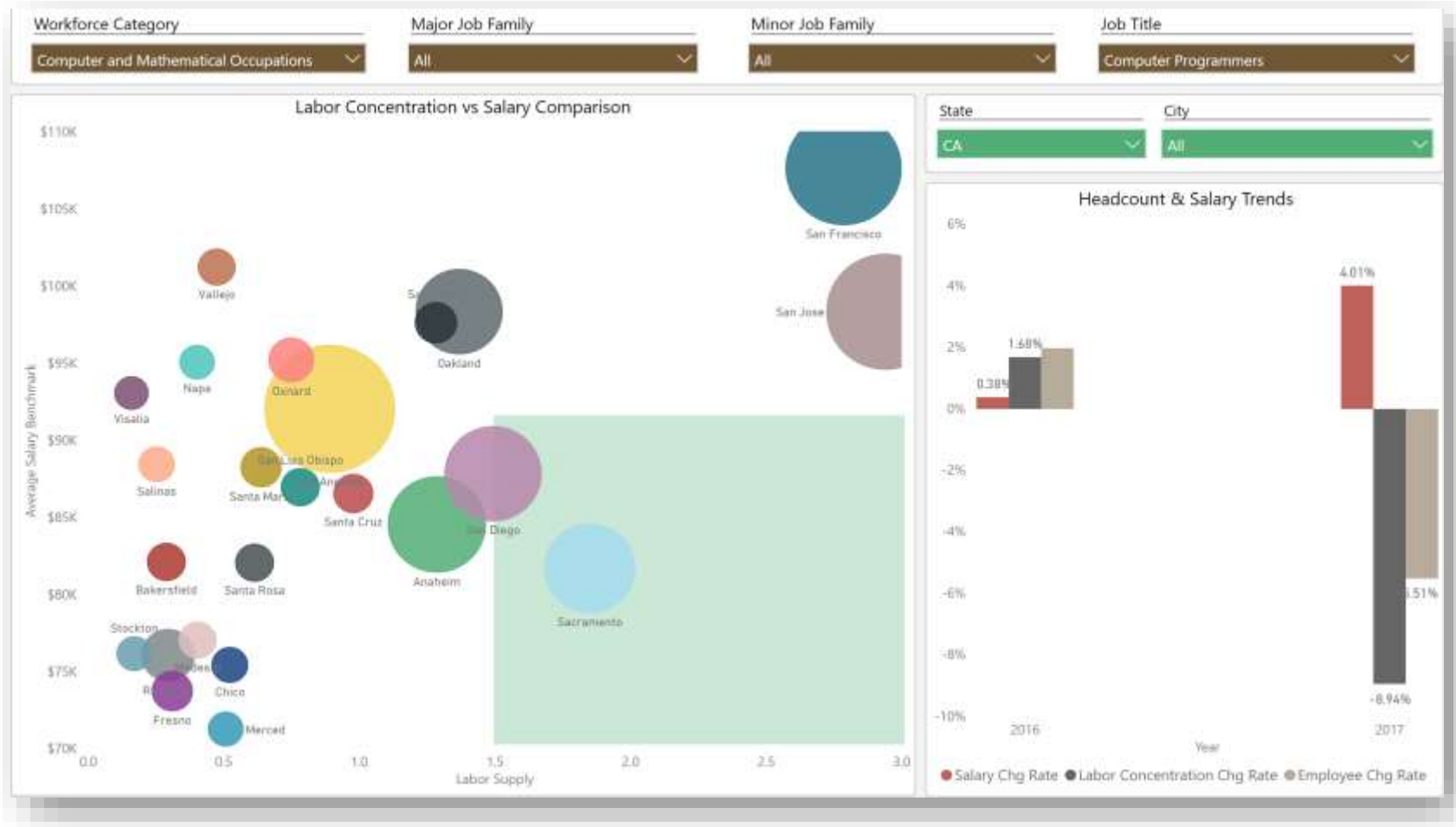
Analyze local talent supply and salaries by job title, job group and city.





# Example: Find the Best Cities to Hire for any Given Job

Where is the best location to expand or relocate?





## Poll Question 2

Does your company focus on Build, Buy, or Rent for its most critical workforce roles?



# Identifying Critical Job Groups

What critical job roles / groups are:

- A large, high cost or high impact group of jobs, typically “Core” to the organization

What critical job roles / groups are not:

- A single person or unique individual job

Strategic Critical



Operational Critical



Core



Non-Core



Support



Feeder Roles



Traditional Example

Strategic

- Sales
- **Pilots**
- Sr. Management
- Doctors

Operational Critical

- **Flight Attendants**
- Engineers
- Customer Service
- Nurses



Both Are Critical Groups:

Strategic Critical

- **Pilots**
- Doctors
- Sr. Management

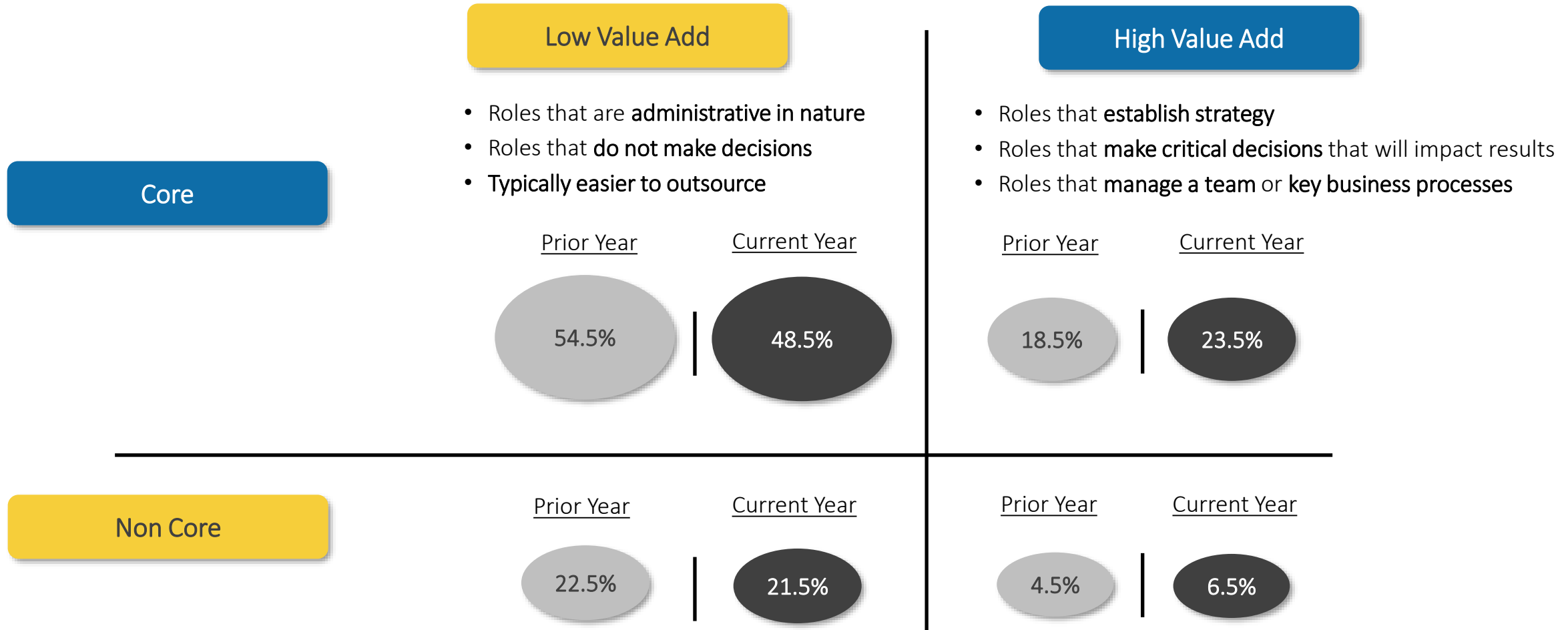
Operational Critical

- Nurses
- Customer Service
- **Flight Attendants**





# Case Study: Making Strategic Talent Management Decisions





## Poll Question 3

How well is your workforce organized into categories for segmentation and analysis?



# Example: Human Capital Flow Statement

## (B) HUMAN CAPITAL FLOW

Workforce by Job Category	Prior Year Headcount	Buy			Build			Current Year	
		New Hires	% Chg	Terms	% Chg	Internal Mobility	% Chg	Headcount	% Chg
<b>Total FTE* Employees</b>	13,300	2,500	18.8%	-1,400	-10.5%	150	1.1%	14,550	9.4%
Management, Senior Leadership	1,250	115		-90		75		1,350	
Scientific, Technical Staff (STEM)	550	120		-60		-10		600	
Sales Staff	3,000	860		-450		-10		3,400	
Professional Staff	2,000	290		-130		40		2,200	
Operations Staff	1,450	225		-110		85		1,650	
Service Staff	2,750	640		-465		-25		2,900	
Other Support Staff	900	105		-50		45		1,000	
Administrative Staff	1,400	145		-45		-50		1,450	
<b>FTE Contingent Staff</b>	1,700	850	50.0%	-550	-32.4%	-150	-8.8%	1,850	8.8%
Contractor	600	300		-110		-60		730	
Temporary	1,100	550		-440		-90		1,120	
<b>Total FTE Workforce</b>	15,000	3,350	22.3%	-1,950	-13.0%	0	0.0%	16,400	9.3%
<b>Workforce by Geography</b>									
North America	12,500	2,550		-1,590		-60		13,400	7.2%
Europe	1,500	180		-90		10		1,600	6.7%
Asia Pacific	1,000	620		-270		50		1,400	40.0%

### Management Internal Hire Rate

75 Internal Staff were promoted into management however 115 were hired externally or only 39% of internal staff was considered ready for management

### Critical Job Roles - Sales

While 860 sales people were hired, (450) departed. Why? Are they high or low performers, new hires or veterans? Co. Growth and success is heavily reliant on this group.

### Increases in Support Staff

What is driving increased support staff? Is this why TCOW is increasing faster than revenue?

### Contingent Workforce

Is contingent workforce a feeder group for critical roles? A low cost workforce strategy or a gap filler? How does contingent workforce fit in the strategic company direction?





# How to Apply a Surgical Scenario from the Bottom Up

Surgical Changes means not All Job Families are treated the same. Some are incentive driven like Sales or Mgmt, while lower paid roles are wage/salary and have less to give



Total Cost of Workforce (TCOW) aka Labor cost matter much more than headcount. NOTE: Cost goals achieved with only 3.5% staff cuts



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Have question or want to schedule a 1-on-1?

[Schedule Meeting](#)

