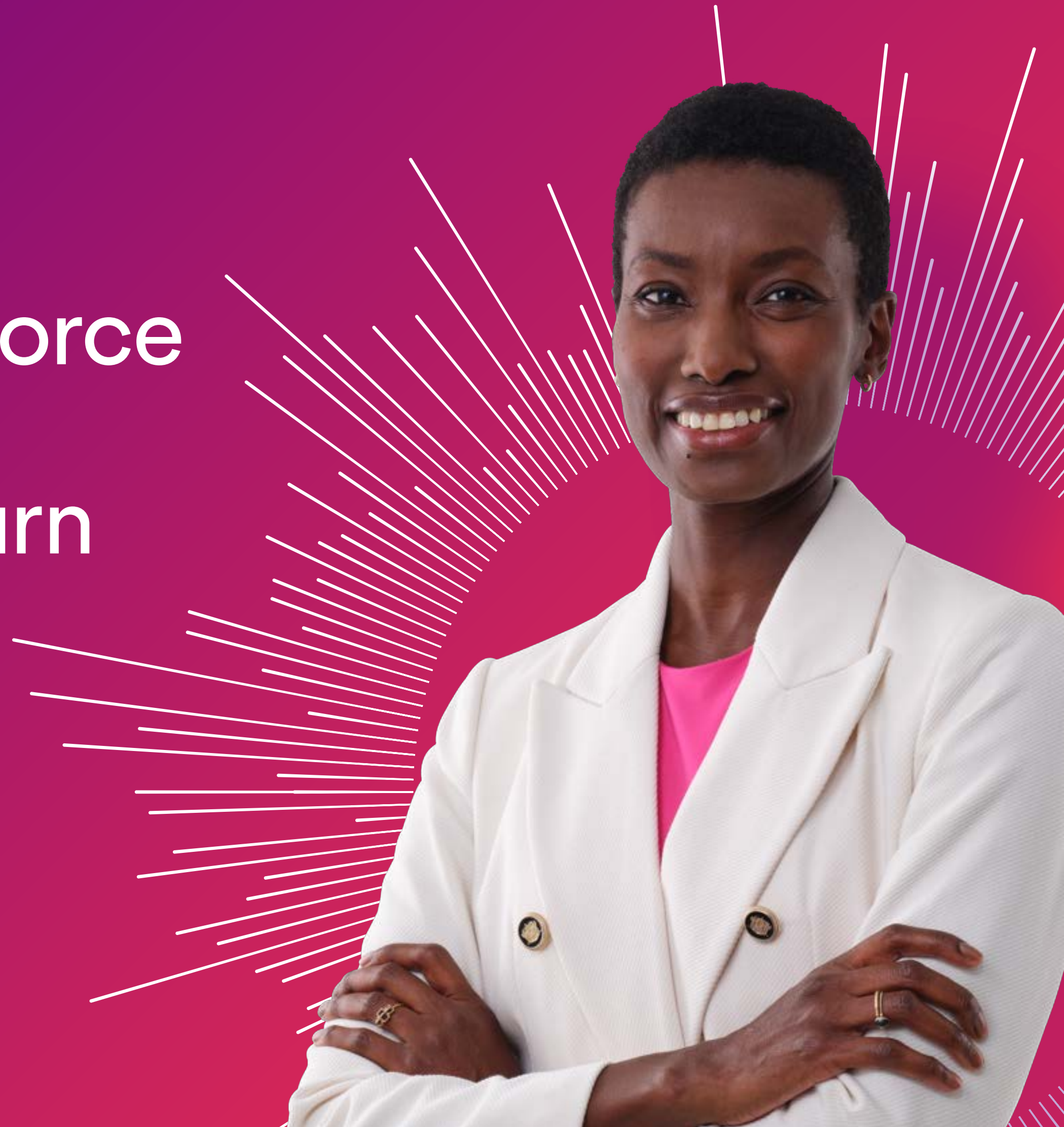


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Continuous workforce planning in an economic downturn

A practitioner's workbook



Welcome to the age of uncertainty



Welcome to the age of uncertainty

By the time you read this, inflation may still be rising, beginning to plateau or already in decline. It's likely we'll continue to see layoffs in some sectors, despite the fact that we could be in the middle of the tightest recruitment market in decades.

Add to this rising interest rates, a shrinking labor market, evolving skills market, quiet quitting, and all the other challenges we see and it seems the only certainty today is that nothing is certain.

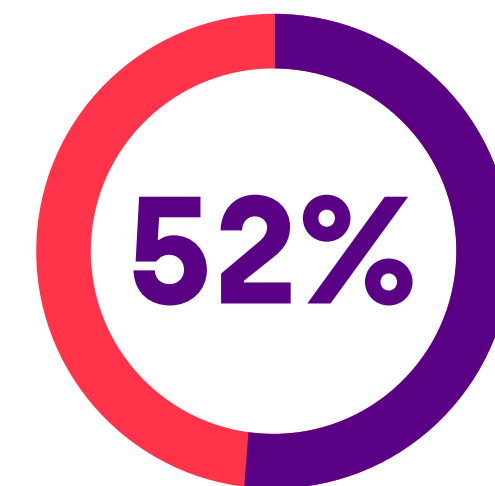
Hire. Fire. Re-hire. Regret.

What we can be sure of is that the indiscriminate downsizing and sweeping cost reductions we've seen in previous downturns won't work in this environment.

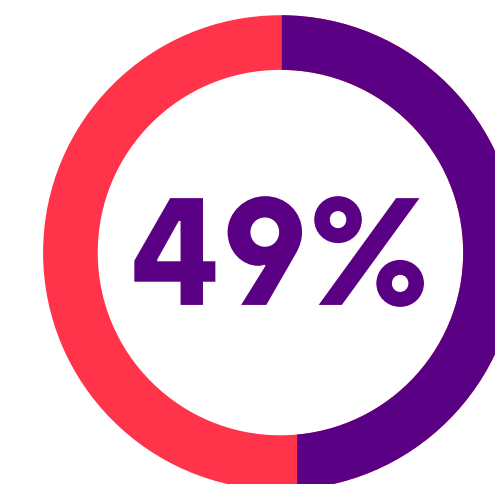
Research from Gartner found that **52%** of CEOs have announced hiring squeezes and **44%** are rescinding job offers. However, that same research also revealed that **64%** of CEOs have increased compensation and **49%** have encouraged employees who've left to re-join¹.

In our own research, we found that while almost all senior leaders have made fast cost-cutting decisions, more than a third (**38%**) later regretted them.

Source: Gartner, Economic Downturn Insight, 03 January 2023



52% of CEOs have announced hiring squeezes



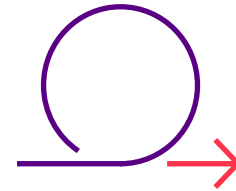
49% of CEOs have encouraged employees who've left to re-join.



We're not in Kansas anymore

It's abundantly clear that it's no longer business as usual. And the pace of change makes identifying the skills needed to achieve an organization's strategy and objectives much more difficult. Against this backdrop, how do you plan for a future that's so unpredictable?

A periodic approach to planning can no longer keep up with modern market demands. Planners are forced to make reactive decisions they later regret because they have little understanding of the organization's current position or the big picture longer term. They're unable to model changes in demand and supply forecasts, and consequently are unable to capitalize on skills and talents that could help tackle future challenges.

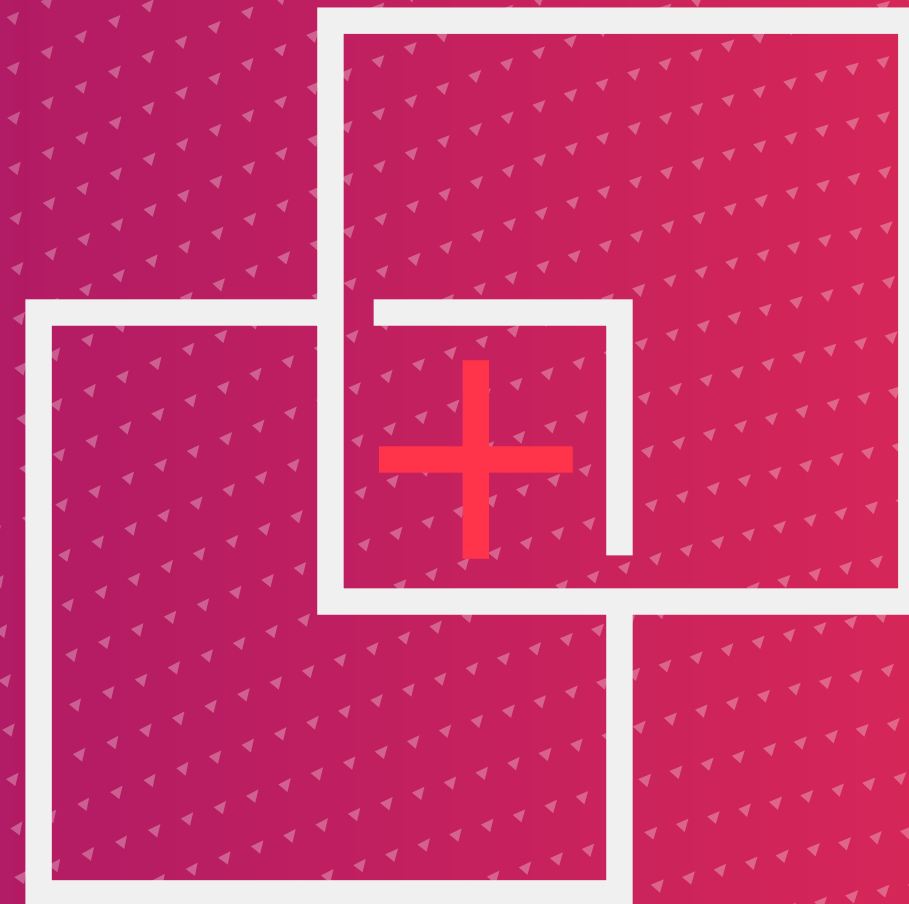


Moving to an iterative planning approach that links strategy to people can help address these challenges, but it's difficult to do. It requires a level of adaptability that many large organizations struggle with, but new technologies can make continuous workforce planning more achievable.

In this workbook, we'll unpack some of the practicalities of adopting continuous workforce planning and shortening your planning cycles. We'll set out the steps to a faster, data-driven workforce planning process that will position your organization to respond quickly to uncertainty and change.



01 Begin from a position of strength



Begin from a position of strength

It's perhaps an obvious point but it's important to be clear on what you want your workforce plan to accomplish before you begin. Too many planning initiatives run the risk of underperforming because of ambiguous expectations.

You need to have agreement from senior leaders on the organization's strategic purpose, goals, and ambitions. You'll then be able to determine whether your current workforce will get you there or whether you need to make adjustments.

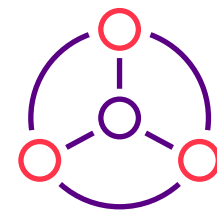
Whatever the workforce planning end-state is for your organization, most planning processes will aim to get the right people doing the right work at the right time to achieve your business objectives.

More frequent planning is just a part of the picture

We're looking to shorten planning cycles, but this must be done in a focused, sustainable way if the organization is to maintain alignment with its business goals over time.

Conventional, periodic planning cycles run the risk that the business can drift out of sync with market changes. Leaders then find that they either lack the people to meet customer demand or they quickly become over-staffed when there's a rapid contraction.





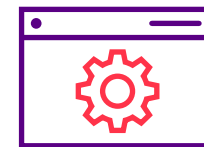
This can lead to organizations cutting too deeply into the workforce or in the wrong places, only to be caught out when the market improves and demand ticks upward again. The situation is further exacerbated when other businesses in the market plans more effectively. Those more agile businesses will likely have greater capability and achieve better cost efficiencies as a result.

With continuous workforce planning, you're aiming to get the workforce capacity and skills focused on the work that needs doing at an optimal cost to support the business strategy.

This means:

- Your workforce will have the right shape at the right cost to deliver what the business needs at the right budget level
- Your employees will be focused on the work suited to their skills and your future strategy
- They'll be located where they're needed, where relevant
- They'll come from diverse backgrounds

Your plan should cover both short- and long-term objectives. It should minimize the possibility of surplus or deficit. And it should be adaptable to changing circumstances.



Dealing with data complexity

For many organizations, among the many challenges is capturing and synthesizing data to remove inconsistencies quickly and making it available to the right people in the right format. This is because business data is often high in volume, highly variable, and highly dispersed.

Based on your organization's strategy, start by identifying the data that's relevant for your planning process. Begin with what you have available today and add as you iterate. Ultimately, you want a plan that's backed by different data sources, including HR, finance, and operational data.

This may require you to synthesize different data types in a range of formats, from different sources, both structured and unstructured, to provide a single source of truth for analysis and modeling. Cumbersome, error-prone spreadsheets and manual processes are not enough in today's business environment. Organizations need data insights in real time to support fast, accurate decision making.

Once you have your data in good shape, it becomes much easier to extract actionable insight that will make a real difference to your planning. You'll also be able to provide insights to different stakeholders in ways that are meaningful to their objectives. This will lead to more effective conversations between those focused on strategy and those responsible for operational execution.

The data foundation you build now will subsequently allow you to see how talent demand and supply changes over time. In turn, this will enable you to identify gaps and make adjustments, keeping the plan aligned with your business strategy, as well as upstream and downstream processes.



Building the capability the business requires

Importantly, continuous workforce planning isn't just about headcount and cost control. Although this is often the focus of financial targets, it's just as important to model the work that needed to achieve the organization's goals, identifying critical skills and people along the way.

Being able to anticipate current and future talent and skills gaps can help you proactively close those gaps to keep your workforce plan in alignment with business goals.



Key questions to ask:

1. Do you have an agreed view of how continuous workforce planning will help build the workforce you need to achieve business goals over time?
2. Can you align your approach with the organization's strategy?
3. How can you see beyond headcount metrics to focus on longer-term business outcomes?

How technology can help

A modern organizational planning platform such as Orgvue can help you bring together the needs of your key stakeholders, combining top-down strategies with bottom-up input.

It can help you answer questions such as:

- How do I segment my data to show the work that people are doing, how many of them are doing it, and where they're located?
- How much will the workforce cost and what additional skills does the organization need to meet its business objectives?
- Where in the organization am I over- or under-invested today?
- Where are my critical resourcing gaps?
- And where should I focus my attention for greatest return?

02 Set your planning baseline



Set your planning baseline

With the right foundations in place, you can begin to establish your workforce planning baseline and the time horizon to address any gaps between demand and supply.

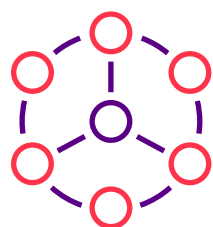
As you review the data you're going to use for your planning baseline, you'll want to assess your organization as it is today. This means carrying out a *current-state analysis*.

This analysis will cover the number of positions in place, their cost, where they're located, how you describe those positions (including the work done), workforce attrition, and planned retirements. The results will help you identify both organizational strengths and risks that might inform your plan.

You'll also want to assess the business' current strategic and operational plans. This assessment may cover the whole organization or be limited to a specific business unit or location where you're planning to make changes. The objective is to see clearly what's changing, what will stay the same, and when changes will come into effect.

Finally, you want to make sure your planning cycles are aligned with other business reporting cycles. This will enable you to keep in step and use strategic outcomes of reviews to inform your next planning iteration.

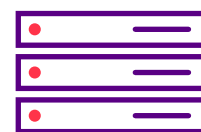




Determine relevant inputs

Depending on the goals and expectations you have for your workforce plan and the results of analyses, the inputs for your planning baseline may include:

- What time horizon will your plan cover?
- What other data is relevant to building and expanding your plan?
- What assumptions can you include in your plan?
- Who are the key stakeholders you should include in your planning process?



It's worth bearing in mind that workforce planning is essentially a data and intelligence exercise. But not all data is foundational and not all is relevant. You should be clear on what is a must-have and what's nice-to-have.

Importantly, don't let incomplete or unclear data hold you back. Start with what you have and improve over time, rather than wait until you've gathered everything.

Key questions to ask:

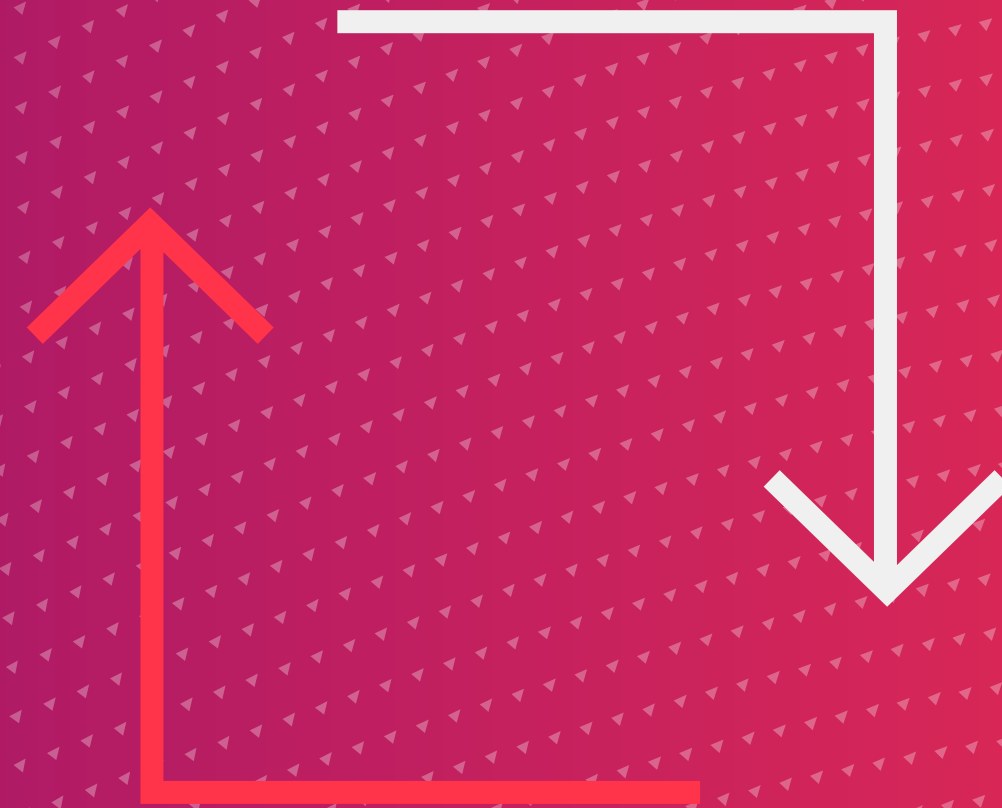
1. What time horizon will your plan need to reflect?
2. What data will be important to support the strategic and operational assumptions within the plan?
3. What are the strengths and risks in your organization's workforce that you need to account for?
4. How can you segment your data to show the work people are doing, how many are doing it, and where they're located?
5. Can you align your planning cycles to business reporting cycles and build a feedback loop between the two?

How technology can help

Segmenting data from different sources to inform your planning process and making it available to key stakeholders is where a platform like Orgvue shines. It will help you answer key questions such as:

- Do I have access to the right positions and people data to support my planning?
- Where in the organization do I have strengths or risks in the demand and supply of positions and people?

03 Understand demand and supply requirements



Understand demand and supply requirements

Securing a good supply of talent with the right skills and competencies relies on balancing many different factors.

The process begins by understanding what you have today, then forecasting what you'll need over time. Ideally, using simulations to explore scenarios and factor in various assumptions to get an accurate view.

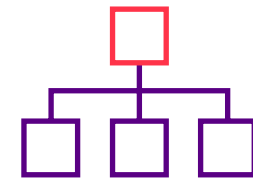
These scenarios could include:

- A tougher talent market caused by fewer people entering the workforce and more going into retirement
- Promotions lifting individuals out of one talent pool and into another
- Competitive remuneration offers and preferential working conditions persuading workers to take up new opportunities

But attrition isn't the only mitigating factor. There are many other variables and unforeseen events that create significant change. The demand for new skills is constantly evolving and is another reason conventional supply and demand modeling simply can't keep pace.

Today's planners need to regularly reassess their demand and supply forecasts as part of a continuous planning approach.

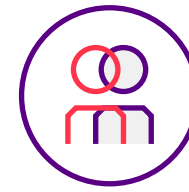




Considerations when developing your forecast

To accurately understand changing demand, there are a number of considerations to take into account that may lead you to adjust your forecast, including:

- The number of positions needed to support future growth and the work involved. This should include new projects, new business models, new ways of working, projected sales, new products and services



- The assumptions underpinning your demand forecast. Take into account inputs from strategic and operational plans, key stakeholders, and both internal and external assessments
- The relationships between positions and business targets such as sales volume, number of products and services offered and customer support. These can help build connections between those targets and the positions needed to support them
- Whether these relationships differ by business unit, location, or type of role

Then, to accurately understand your existing supply and forecast what's needed to meet demand, you should:

- Review your current supply of people and the positions they hold
- Estimate the hire rate or time-to-fill for these positions and whether the organization can hire internally or externally
- Determine the typical exit rates for the work. Are people leaving these positions voluntarily or involuntarily? Can you foresee a spike in retirement or voluntary exits in the future?
- Identify whether you can call on people from other parts of the organization for this work

Key questions to ask:

1. What are the main drivers of change in demand and supply for your business?
2. Where do you need to further refine your analysis of demand?
3. Where do you have risk in supply?
4. What factors could alter the demand or supply assumptions? What's the likelihood of those factors taking effect?

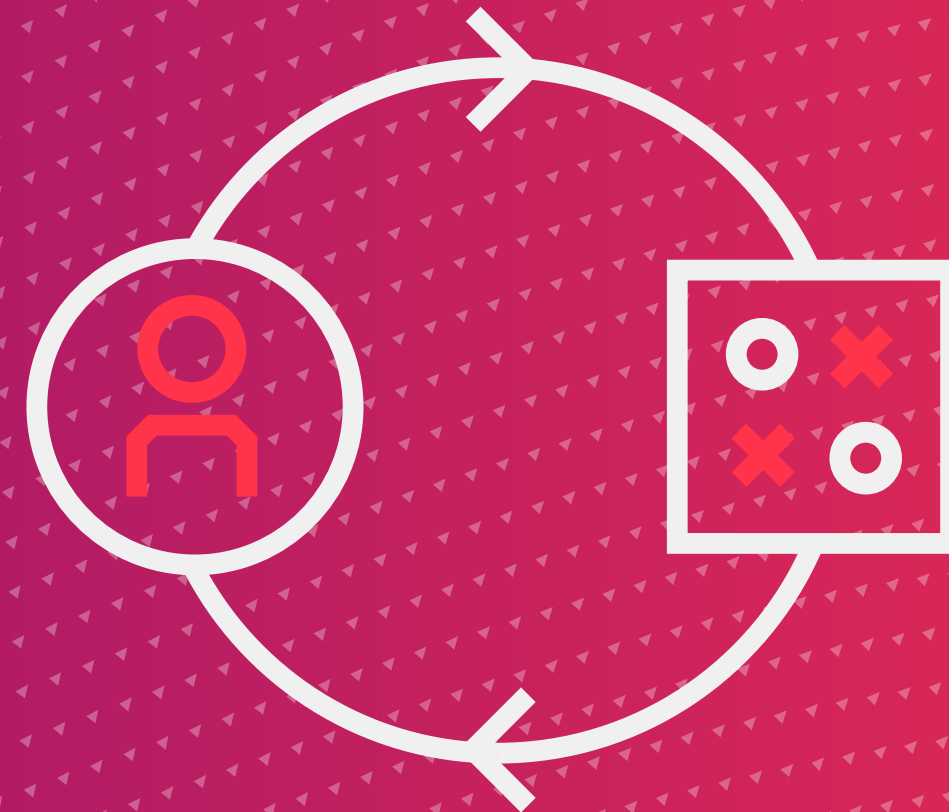
How technology can help

By enabling you to build a planning baseline , a platform such as Orgvue can help you quickly simulate and assess workforce demand and supply across different organizational dimensions.

You'll be able to model business demand drivers by choosing from different planning methods and applying growth assumptions made in the business strategy. And you can translate assumptions about the future of your workforce into a supply forecast, modeling supply drivers such as attrition.

This will enable you to map these against the organization's strategic plan. You can then assess whether you have the skills and competencies to execute on your strategy. And you'll be able to anticipate where gaps may appear over time.

04 Review gaps and identify actions



Review gaps and identify actions

Accurately assessing gaps between demand and supply is fundamental to understanding the workforce challenges that face your organization and their potential impact on your business strategy.

Once you've defined and agreed the demand and supply components of your plan, you can begin to identify where and when gaps are likely to appear. You can then decide on the steps to take to close those gaps.

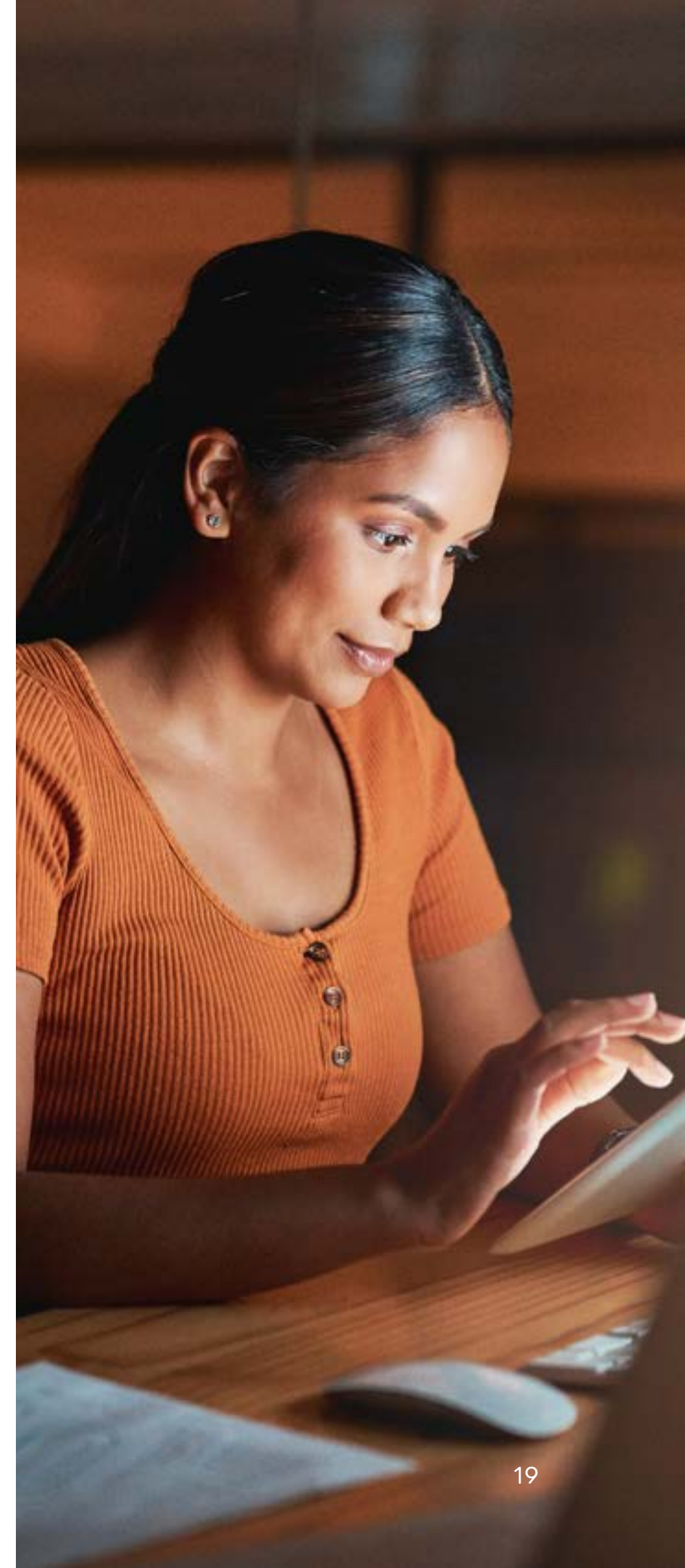
Typically, you'll see different gap ranges depending on the view you use, whether by role, business unit, location, quantity, or cost.

Gaps can be expressed as a surplus (more people than positions), a deficit (fewer people than positions), or neutral, meaning a relatively equal number of positions to people. Based on the type of gap you find, you can then review what actions to take.

Closing the gap between demand and supply

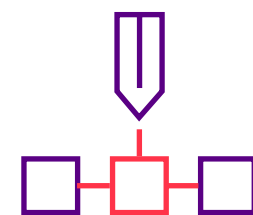
There are different actions organizations can take to close gaps between demand and supply. These could include:

- Moving a supply surplus from one business unit to another that has a deficit
- Upskilling people to fulfil positions where there are gaps
- Outsourcing positions to improve your cost structure
- Increasing or modifying talent acquisition strategies to hire new people



You could also model mitigating actions if you anticipate that gaps may open up. This will enable you to test what options would produce the best outcome, depending on the source and cause of the gaps.

Naturally, you'll want to prioritize which gaps to address first. This will largely be driven by their immediacy and potential impact. If you have a number of options, you'll also want to consider which actions are likely to be most effective and enduring. And you'll also need to consider whether a gap is likely to be short-term or long-term.



Exploring possible scenarios

Being able to quickly model and explore different scenarios and plan for a range of circumstances is fundamental to continuous workforce planning. In conventional approaches, this near-real-time gap analysis is a challenging task.

However, with the technology now available, running a number of what-if scenarios is much easier. This will enable you to iterate your plan frequently, adjusting responses to new information and updates on gap analysis.



Understanding the potential impact

With today's workforce planning systems, the impact of any changes you make can be calculated automatically. The most advanced solutions will allow you to simultaneously manage inputs from many projects, including different assumptions and possible actions.

This engages operational business unit leaders in the process and gives them the data insight and analysis they need to make more informed, faster business decisions.

Key questions to ask:

1. Where are the largest gaps between demand and supply?
2. How could different mitigating actions affect the workforce plan over time?
3. Which actions will close the gaps most effectively?
4. Can you quickly plan for a range of possible what-if scenarios?
5. How can you get the right data in the hands of business leaders to help them take the best actions?

How technology can help

An organizational planning platform such as Orgvue can model demand and supply quickly to highlight which business units, role clusters, or locations have the largest gaps.

It will also help you to run different what-if scenarios. You'll be able to look at these scenarios through different lenses, such as skills, work to be done, location, availability, cost, and full-time equivalent.

And it will enable you and your operations managers to quickly and safely model a range of possible actions and analyze the likely effects.

05 Monitor, execute, iterate



Monitor, execute, iterate

In today's changeable business environment, no plans should ever be set in stone. They must be flexible and able to adapt to changing market conditions, internal shifts, and business dynamics if they're to be effective.

It goes without saying that you should be able to fully execute the plans you develop. However, too many plans underperform when theory meets reality. This is why many of the most effective businesses start small and focus on a specific part of the organization. They test their thinking and generate valuable feedback before rolling the program out more widely.

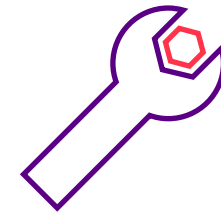
Critical to success will be your ability to quickly evaluate effectiveness and course-correct as needed. Doing this on a continuous basis will help you avoid knee-jerk reactions that can lead to demand and supply becoming misaligned, resulting in budget overruns or the need to make sweeping cuts.

Monitor and measure often

Monitoring and iterating your plan effectively requires you first set a regular cadence of review that's right for your organization. This could be weekly, monthly, or quarterly and should be aligned with your business reporting cycle.

Begin by comparing actuals against plan (positions, people, cost) to track changes since the last review. This will identify where the gaps are between actuals and plan. Gaps between actual and plan should prompt you to assess assumptions used in your plan and whether those assumptions were valid or if adjustments should be made.





Checking alignment and evolving your approach

As you implement a continuous approach to workforce planning, you'll need to ensure you regularly review progress and learnings with the organization's business leaders. As you iterate your approach, you should be asking:

- Were our assumptions correct or incorrect?
- Did the timing of a work change, product change, transformation, acquisition, or other assumption not happen as expected?
- Did something else happen that we didn't expect?
- Do we need to adjust our plan or adjust the timing of actions to keep our demand and supply forecasts on track?
- What did we learn during this planning cycle to improve the process, assumptions, and inputs in future cycles?

Ensuring you have an efficient feedback loop will enable you to effectively test and iterate your approach over time.

Key questions to ask:

1. What external and internal factors might affect your plan and what might need revisiting?
2. How far off-plan are your actuals? Should you reassess your assumptions?
3. Are there new projects to complete or delays in planned projects that weren't known when the plan was built?
4. What more could the business achieve if it reviewed the plan more frequently or invested in building a continuous planning capability?

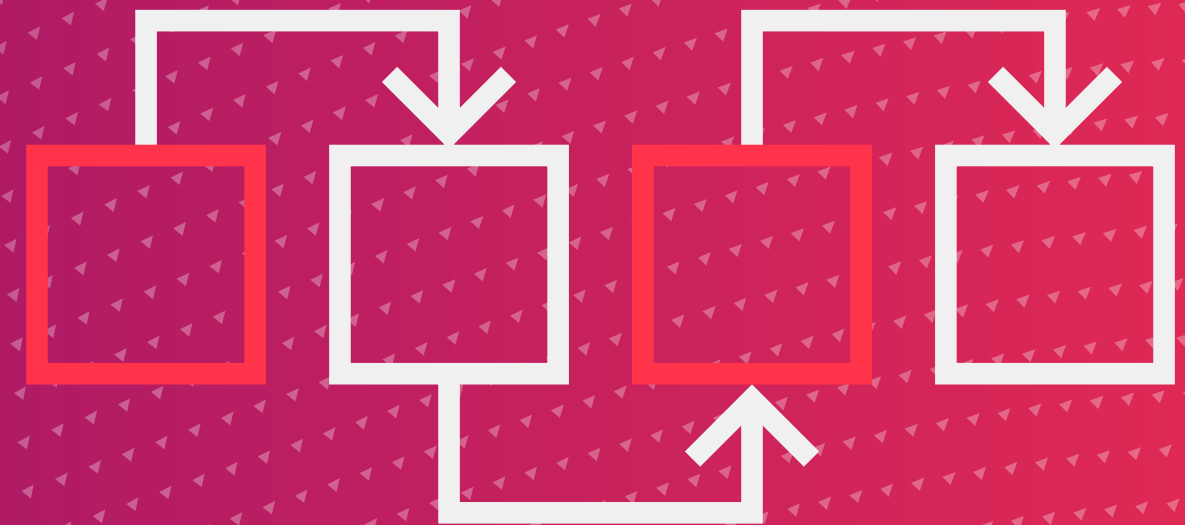
How technology can help

Continuous workforce planning with Orgvue does away with the reliance on slow, error-prone spreadsheets and generic business tools.

The Orgvue platform can integrate and synthesize data from different sources into a single source of truth. It allows you to model different scenarios, providing valuable data insights and supporting more effective decision making.

With Orgvue, a data-driven planning cycle can support continuous planning and faster, iterative decision making.

Making the move from periodic to continuous workforce planning



Making the move from periodic to continuous workforce planning

Today's markets move too fast, change too abruptly, and contain too much endemic risk for yearly planning cycles to keep pace. Data and assumptions lag too far behind, making it almost impossible to successfully align workforce planning with the wider business strategy.

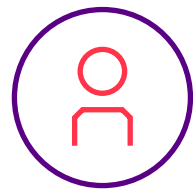
Using a periodic planning approach, planners default to making operational decisions reactively when an event occurs. They do so without having an up-to-date understanding of the organization's current position or the big picture longer term. They aren't able to quickly and accurately model changes in demand and supply forecasts. And they struggle to capitalize on skills and talents that could help tackle future challenges.

Capturing data to make better planning decisions

To make the move to continuous workforce planning, organizations need to capture, clean, and synthesize data from many different sources. They must be able to quickly assess demand and supply status and the constantly changing gap between the two across any time horizon. And they need to be able to quickly plan and test solutions for a wide range of scenarios.

These requirements can seem overwhelming but with the right approach and the right technology, continuous workforce planning is achievable for even the most complex international businesses.





The continuous workforce planning dividend

A more iterative approach will deliver greater alignment of your workforce plan with your strategic business goals.

You'll be able to segment your workforce into key organizational dimensions, delivering clarity on current cost and headcount. You'll be able to identify gaps between workforce demand and supply. What's more, you'll be able to model changes and assign the right people with the right skills to appropriate work.

And with effective tracking and monitoring, you'll be able to course correct your plan as things change, mitigating risk and enabling the business to take advantage of new opportunities as they arise.

How Orgvue helps

The Orgvue platform helps you align workforce capacity, capability, and cost with your business strategy. It combines strategic workforce planning, operational workforce planning, and organizational design in one continuous planning cycle.

Orgvue brings together the planning needs of Finance, HR, and Operations, aligning team efforts to a common goal. You can quickly and easily overcome data challenges by creating a single source of truth to track baseline, actuals, and plan at scale. And you can minimize risks within a safe environment to model, plan, and take effective action.

Contact us to see how Orgvue can improve your workforce planning.
Visit orgvue.com/talk-to-us to get in touch.



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