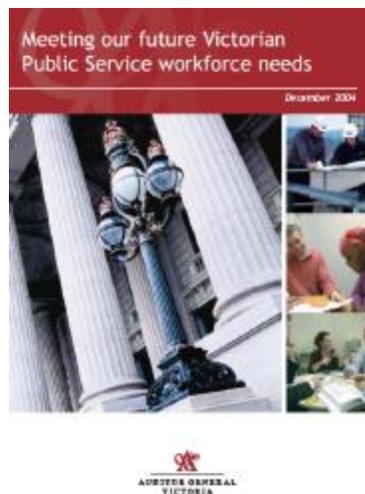# Research into Better Practice Workforce Planning

Please find attached a copy of chapter 3, which contains the findings of the research, undertaken by Karen Delvin, into Better Practice Strategic Workforce Planning. Companies in the research were from both public and private sectors and included - ANZ Banking Group, Australia Post, Australian Bureau of Statistics, IAG Insurance Australia Group Ltd, Australian Customs Service, Coles Myer Ltd, and Southern Health. All companies were involved in culture change programs that focused on building values based leadership.

The full report, *'Meeting our future Victorian Public Service workforce needs'* can be viewed at:
http://www.audit.vic.gov.au/publications/2004/20041202-Victorian-Public-Service-Workforce-Needs.pdf

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Meeting our future Victorian Public Service workforce needs

3. WHAT IS BETTER PRACTICE?

3.1 Introduction

As part of the audit, we conducted research into better practice in strategic workforce planning in 7 private and public sector organisations with reputations for excellence in this area[1]. The results of the research are summarised in this part of the report and represented diagrammatically in Figure 3A at the conclusion of this chapter.

Each of the organisations examined was at a different point along the journey to achieving better practice in workforce planning. The length of time each organisation had been on this journey varied, from 1 to 10 years.

3.2 Triggers for better practice strategic workforce planning

All organisations indicated that there were a small number of important triggers that had put their organisation on the journey to better practice workforce planning. Any one of these may have been the catalyst, and they were often interconnected. These conditions are summarised below.

3.2.1 A burning platform

One trigger can be described as "a burning platform": an important and unavoidable business imperative that stings the organisation into action. Examples of such business imperatives include:

• a recognition that a quarter of executive leaders would leave within 5 years

• a royal commission report recommending a shift in workforce values

• the need to build a competitive business into a sustainable business

• increased business risks due to the absence of a significant human resource function to assess workforce implications of future business directions.

3.2.2 A paradigm shift

Another trigger is a fundamental change in thinking about what is important to drive organisational performance. Senior leaders understood the need to bring about a paradigm shift within the organisation. The most common beliefs and values found in the study were:

• a recognition that sustained business performance is dependent on adequate workforce capability

• a recognition that the organisation is a fluid body with interconnected functions and parts

• a recognition that an organisation's culture drives its performance

• that performance improvement requires a mind-set shift and thoughtful creativity, not only financial investment

• that sustained realignment requires a change from shorter-term to longer-term thinking and commitment with results likely to improve only progressively over time.

The unique feature observed during the research was the commitment to intellectual rigour and thoughtfulness, applied to all aspects of strategic business and workforce planning. There was continual acknowledgement of the organisation as a complex system and of the significant length of time needed to establish a successful and effective workforce planning approach.

3.2.3 A place to start

The willingness of senior management to commit to a major strategic initiative is another trigger that frequently commences the journey to achieving measurable progress in organisational change.

The initiatives described as catalysts for workforce planning reflected the particular challenges facing each organisation at a particular point in time. The focus of these initiatives ranged from a specific succession planning strategy, to cultural change initiatives, to a business and people strategy and to implementing a strategic human resource information system.

3.2.4 The right person

The appointment of a person to drive strategic workforce planning across the organisation is a further trigger. This person needs to understand the business, have a strong systems orientation, a high level of intellectual ability and be comfortable with complexity.

Additional features associated with the work of these key workforce planners include having:

• responsibility for the organisation's human resource function, often with a law, finance or business background

• an understanding of strategic workforce planning, even though they may not be human resource specialists

• an appreciation of the importance and impact of culture on strategic business and workforce planning

• a determination to build interest in, and to facilitate the understanding of, the interconnected aspects of the business across the organisation

• access to key decision makers through a chair at the strategic table or reporting to the executive team.

3.3 Eight elements of better practice

As a result of the research, we identified 8 elements of strategic workforce planning. These elements are integral to an organisation's strategic planning, and are measured and analysed as part of business operations and performance management.

Most strategic workforce planning is based on these elements. However, high-performing organisations take typical practice to a better practice level. We have differentiated these 2 levels in the text that follows.

3.3.1 The purpose of the business and its strategic directions are widely communicated and understood

Typical practice

• The business purpose and strategic directions are clearly described and widely accessible through many different sources and forms.

• The organisation's purpose and directions are clearly understood by employees, who also understand how they can contribute.

What makes better practice?

• The organisation has inspiring, committed and thoughtful leaders who continually refine its purpose and directions.

• The strategic planning and operational practices reflect the complexity of the organisation and are multi-dimensional.

• There is clear recognition of medium-term and long-term time frames and strong commitment to them.

3.3.2 Organisational values and cultures are defined, modelled and embedded into practices and systems

Typical practice

• The organisation's values and culture are described and the level of staff support is measured.

• The organisation's business systems and processes are designed to reinforce its desired values and behaviours.

What makes better practice?

• Cultural transformation is thoughtful, deliberate and planned.

• The personal and professional behaviours of the chief executive officer and executives support and reinforce the organisation's desired values and culture.

• The chief executive officer is highly visible in influencing cultural change in symbolic and meaningful ways.

• Initiatives to change the organisation's culture are adequately resourced.

• Values and culture are measured at intervals of 12 -18 months, with pulse checks at regular intervals.

• All staff are recognised and rewarded for behaviours that reflect the organisation's values and culture, and sanctions are applied for non-compliant behaviours.

• Staff are recruited and promoted against values, culture and leadership filters, using robust and transparent methods.

3.3.3 Strategic workforce planning occurs at the highest level and is seen as a critical part of business strategy

Typical practice

• Strategic workforce planning is championed at the highest level and is taken into account in all strategic decisions.

• Strategic workforce planning is cascaded throughout all levels of business planning.

What makes better practice?

• The mandate for strategic workforce planning comes from the highest possible level within the organisation, i.e. board and chief executive officer, and is actively supported by the executive team.

• There is a clear and recognisable business imperative driving strategic workforce planning.

• For executives and managers, strategic workforce planning is equally important to the more-common business drivers, such as product or service quality and the requirement to meet budgets.

• The inter-relationships between workforce considerations and other key aspects of the business, such as information technology and finance, are considered as part of business planning.

• Funding the "people" aspects of the business is seen as an investment rather than a cost.

• Staff responsible for strategic workforce planning participate in or influence organisational decision-making. For example, the strategic human resources director may be a member of the executive team or report to the chief executive officer, or the senior workforce planner may report to an executive team member.

• There is a close formal or informal relationship between the chief financial officer and the strategic human resources director.

• Managers at all levels are held accountable for the outcomes of the workforce planning process as part of their business planning.

3.3.4 The external environment is scanned for issues impacting on the organisation and its workforce

Typical practice

• General workforce and industry sector trends are analysed and assessed for their impact on the business and its workforce.

• External labour markets for specific job families and workforce segments are analysed.

What makes better practice?

• A planned and strategic approach is taken to scanning external data relevant to all aspects of the business.

• Senior leaders are committed to looking outside and recognising the inter-connectedness of the organisation and the broader community.

• There is a comprehensive understanding and analysis of the drivers connecting workforce motivation and business productivity issues.

• Extensive data collection and analysis informs workforce decisions.

• There is a commitment to organisation-wide dialogue about significant issues and trends and their impact on the organisation.

3.3.5 The organisation collects and analyses internal workforce information to assess its capacity to meet current and future business needs

Typical practice

• Critical roles and strategic workforce segments are identified.

• The workforce is analysed in terms of capability, size, mix and flexibility.

• Processes for continually identifying talent and capability are in place.

What makes better practice?

• Comprehensive data is collected about the most important roles and strategic workforce groupings.

• Data is analysed and used for both workforce and general business planning.

• Data is analysed and used at the highest level - by the board or chief executive officer.

• Various sources and types of quantitative and qualitative data are collected and used.

3.3.6 Capability frameworks for the workforce, including critical job roles, are developed and incorporated into organisational systems

Typical practice

• The workforce capabilities needed to deliver business outcomes, now and in the future, are clearly defined.

• Capability frameworks needed to deliver business outcomes are understood and used throughout the organisation.

• Capability frameworks are used in workforce planning to encourage an integrated human resource response in relation to recruitment, learning and development, performance management and succession planning programs.

What makes better practice?

• The organisation has a thoughtful and rigorous process of understanding the linkages and interdependencies between business drivers and workforce capabilities.

• The organisation's most important job families and roles are identified, and performance expectations for these are clearly defined.

• Capabilities, which include generic and technical skills, knowledge, experience and behaviours required by the organisation, are clearly identified and measured.

• Capability measures and performance expectations provide the basis for the appointment of employees to suitable job roles and their development in these roles.

• The capability of individuals and the workforce is continually assessed through a talent review process that is supported by performance data.

3.3.7 Investment in initiatives to attract, recruit, develop and retain employees is pivotal and is made to address workforce planning issues

Typical practice

• There is a clear and demonstrated long-term commitment by management to investing in all aspects of workforce sustainability – attraction, retention, development and realignment.

What makes better practice?

• Issues identified by workforce planning are given critical attention at the highest level within the organisation.

• There is a demonstrated commitment to align the workforce with the workforce capabilities required to deliver on business strategy.

• Investment in solutions to critical workforce issues is designed to address both the short and longer term.

• Investment is designed to achieve cost-effective and creative solutions and does not necessarily involve significant costs.

• There is a focus on the contribution of the workforce to the delivery of business results, rather than managing the workforce by head count.

• There is a strong commitment to talent attraction and management within the organisation through the application of robust performance data.

3.3.8 Comprehensive data is used to measure the impact of workforce strategies on business performance

Typical practice

• A range of performance measures are established for workforce strategies at the outset and used to assess their impact on business performance.

• Regular reporting of progress on workforce strategies and their impact on the business is provided to all levels of the organisation.

• Strategies are reviewed and adjusted and actions taken to improve performance.

What makes better practice?

• The organisation uses a range of data when analysing business performance, and this data is diverse enough to reflect the unique requirements of each division.

• Reporting processes at the divisional or unit level combine workforce planning data with finance and operational data. Processes are continually refined so that the measurement of day-to-day operations is progressively simplified, accessible to all and easy to use. All better practice organisations were able to provide a short summary of divisional performance combining workforce planning data with finance and operational data.

• The organisation's practices are regularly benchmarked against better practice organisations within and outside the sector.

• Considerable effort is undertaken to ensure knowledge management systems and processes support workforce planning.

• Managers are provided with workforce planning information and tools to support business decision-making and evaluation.
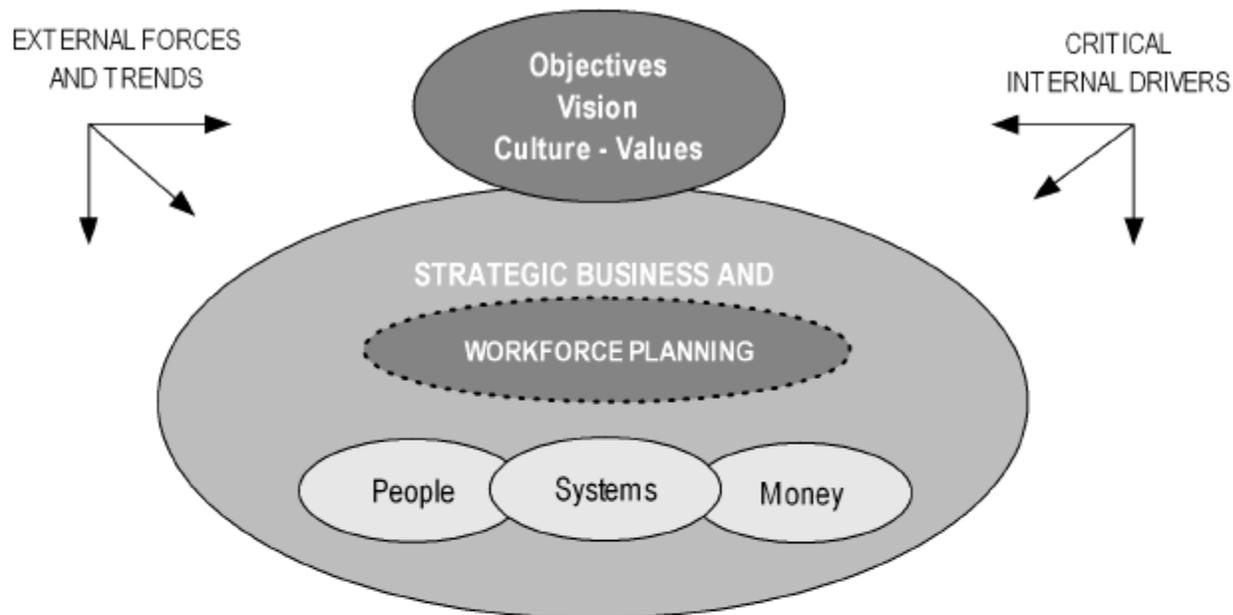
3.4 Concluding comments

The elements of better practice were developed from an organisational management perspective. These elements outlined approaches adopted by better practice organisations to achieve their current and future business goals, to ensure that they have in place a workforce with the necessary capacity and capabilities.

Each organisation had made a long-term commitment to strategic workforce planning. Each was at different stages in the journey to better practice and no one organisation was meeting all the elements of better practice.

We used these better practice elements as audit criteria. They provided a basis for measuring the level of effectiveness of strategic workforce planning at a central and individual agency level, as well as ascertaining where each organisation stood in relation to better practice.

The results of this analysis are outlined in the following chapters.

FIGURE 3A: SUMMARY OF RESEARCH RESULTS

BRIDGES

EXTERNAL FORCES
AND TRENDS

CRITICAL
INTERNAL DRIVERS

**Objectives
Vision
Culture - Values**

STRATEGIC BUSINESS AND

WORKFORCE PLANNING

People   Systems   Money

Eight elements of better practice

- Clear strategy and business drivers
- Defined and embedded values and culture
- High level champion
- Investment in attraction and retention

- External trend analysis
- Internal workforce information collected
- Core workforce capability identified
- WFP information drives business performance

**High workforce
capability**

**Better business
outcomes**

STRATEGIC WORKFORCE PLANNING FRAMEWORK

People
- Commitment to align workforce capability with business outcomes.
- Focus on culture and values.
- Investment in attraction, recruitment, development and retention.

Systems
- Workforce planning is critical to business planning.
- Organisation is measured as a fluid and complete system.
- Comprehensive data thoughtfully collected, analysed and shared.
- Data drives fact based decision-making at all levels.

Money
- Short and long-term financial planning.
- Investment in people applied interdependently with finance and systems.
- Expenditure in people is an investment not a cost.

Source: Victorian Auditor-General's Office.

[1] The organisations were the ANZ Banking Group, Australia Post, Australian Bureau of Statistics, Australian Customs Service, Coles Myer Ltd, IAG Insurance Australia Group Ltd and Southern Health.