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WORKFORCE MODELING SAVES TIME AND IMPROVES WORKFORCE PLANNING

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Organizations are facing rapid changes that are increasing uncertainty in resource planning. The unpredictability of change is challenging traditional workforce planning, leading HR organizations (HROs) to improve competencies in data modeling. HR's new planning goals include understanding how changing impact factors will alter KPI outcomes as quickly as possible.

Challenges as Drivers of Change

Best-in-Class companies are 86% more likely than All Others (39% vs. 21%) to find that their most pressing challenges come from external market changes. In the near past, more than 60% of Best-in-Class HROs felt comfortable with their ability to contain change and minimize the impact that it had on long-term strategic workforce planning (SWP). Today, more than 75% find that an inability to control change in SWP is increasing the failure rate of the resulting plans while shortening their relevant shelf life so significantly that the cost of planning can outreach the benefits of the plan itself.

When HROs cannot adapt SWPs to external market changes, it has a ripple effect on how well HR can maneuver resources to optimize workforce costs against productivity and the fulfillment of business goals. Consequently, 54% of Best-in-Class HROs find that they lack strong bargaining power when it comes to promoting new HR strategies and workforce plans to other stakeholders like finance and operations. As HR, talent teams, and managers grapple with how to effectively plan around uncontained change, the Best-in-Class are 94% more likely than All Others (64% vs. 33%) to embrace automated data modeling to analyze the current business state, project it out into the future based on existing context factors, and assess the outcomes of adjusting those context factors to simulate further change.

The Current State of SWP

Best-in-Class companies are 3.2x more likely than All Others (90% vs. 28%) to utilize automated analytics to explore the next generation of workforce planning. At the same time, more than 65% of companies realized cuts to talent training at the end of the last fiscal year despite more than 70% realizing increases in spend on external talent acquisition. The shifts in talent priorities make it harder to acquire highly sought-after talent that is skilled in

The Aberdeen maturity class framework is comprised of three groups of survey respondents. This data is used to determine overall company performance. Classified by their self-reported performance across several key metrics, each respondent falls into one of three categories:

► **Best-in-Class**

Top 20% of respondents based on performance

► **Industry Average**

Middle 50% of respondents based on performance

► **Laggard**

Bottom 30% of respondents based on performance

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data analysis and digital systems management. As the Best-in-Class pursue automated analytics, 92% find that they already have data links in place thanks to either strong HRIS systems or competent data strategies facilitated by their underlying data tools. What these organizations lack is deep visibility into the narrative the data is telling and how the narrative could change in response to changes in certain dependencies.

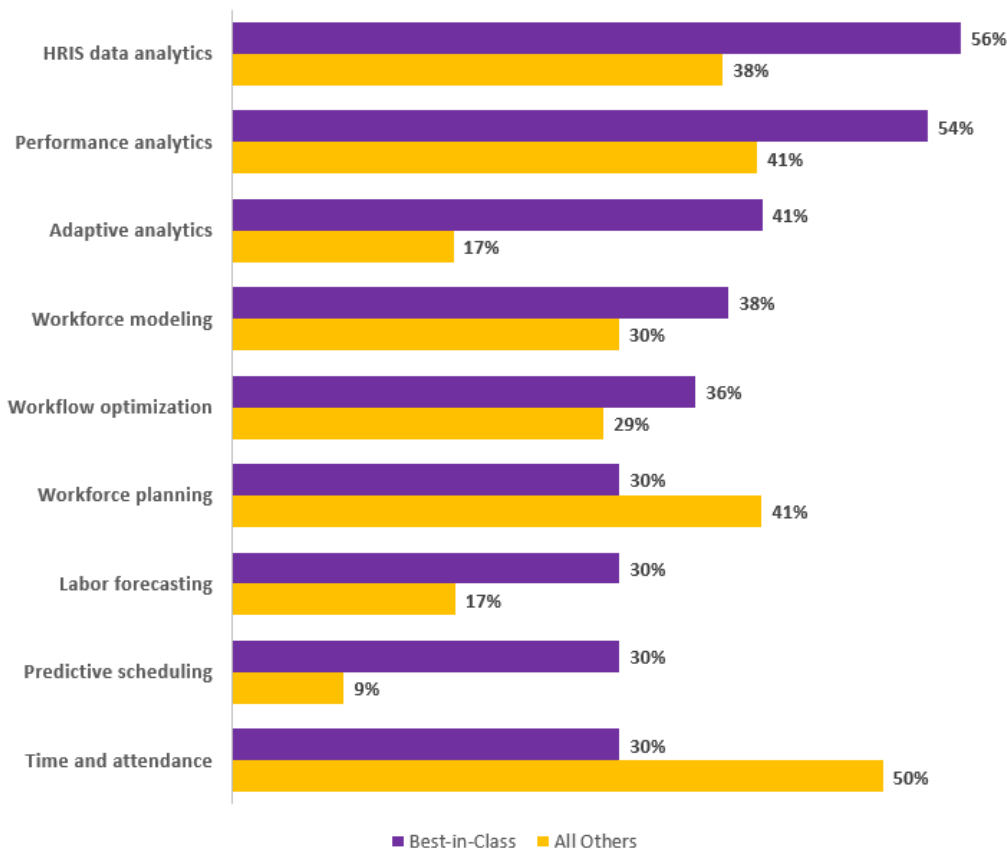
HR data tools present a unified picture of the current state of business while highlighting immediate challenges that threaten or alter existing plans. While more than 60% of these tools have predictive capabilities, 63% of firms still rely on HR and talent teams to manually reconcile internal and external data to make future state projections. Aberdeen has also found that 76% of HROs are expected to carry out organizational change in response to changes to the business strategy without the direct support or input of the operations team. In fact, HR and operations at these organizations directly link only through finance except for 38% that rely on corporate performance management (CPM) tools to link HR and operational data in real time. What this means is that HR lacks real-time context into how small or full-scale resource changes impact workforce and business value KPIs. When it comes to advocating for optimized responses, 72% of HROs find themselves in a weak position to quickly justify recommended changes to key stakeholders like the finance team.

Best-in-Class HROs and talent teams are also 36% more likely than All Others (45% vs. 33%) to find that an increasing amount of time is being spent on data management for future state analysis. As external change mounts, talent teams are increasingly called on to reconcile internal response strategies to unpredictable external change factors. In the last five years, the average driver of new SWPs came from internal changes driven by the creation of new business units, mergers and acquisitions, or internally driven reorganizations at the division or corporate level. In the last five months, the average driver has shifted to incorporate short-, medium-, and long-term market impact changes over which the firm has no control. Consequently, where before there was one SWP per strategy action with some contingency factors built in for new initiatives, talent teams may be called on to produce an average of 4-6 different plans per action based on a host of different market impact scenarios, or to produce one plan with upwards of 50%-60% more contingency factors.

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Figure 1: Top Resource Considerations for HR Analytics



n = 238, Source: Aberdeen, June 2020

The Best-in-Class know they need to improve HR’s response time while reducing their dependence on HR as data analysts — particularly for the future state of the workforce. While Best-in-Class companies are prioritizing HRIS data analytics to glean information about the current state of the workforce, adaptive analytics (previously number 8) and workforce modeling (previously number 15) are rising in the ranks of the top ten resources for which these organizations plan to increase spend in the next year.

The Future State of SWP

The current state of SWP is strong in that HR can quickly understand the current state of the workforce and its delivery value toward achieving business goals. The current state fails, however, to reconcile the internal state with an understanding of external impact drivers to forecast, assess, and simulate different internal response options to change. As talent teams are increasingly pressured to optimize the workforce strategy, from the

organizational structure to labor resource deployments, the future state is increasingly important.

Workforce modeling overlays already unified data systems to augment data visualizations. The augmentation assists in SWP by highlighting future states of the internal organization based on strategic changes to the organizational structure, labor resource deployments, changes in headcount ownership, and / or changes to reporting and management. When organizations face increased uncertainty, particularly in their ability to manage external business impact factors, modeling internal responses adds value by simulating what the firm will look like in response to strategic change at different levels (financial, operational, HR, etc.).

As Figure 1 indicates, Best-in-Class companies are rapidly pursuing future state analysis as workforce modeling moves up in the list of priorities for workforce planning. When coupled with the Best-in-Class strategy for workforce management, Aberdeen expects workforce modeling to overtake workforce planning as a top priority for talent teams as they seek greater flexibility in response to changes in the business strategy. The future state of SWP will look very different from the current state as modeling visuals promote a real-time response to change moving away from static plans.

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The Value of Workforce Modeling

Best-in-Class HROs and talent teams are 36% more likely than All Others (45% vs. 33%) to find that an increasing amount of time is spent on data management for future state analysis. Previously, the average talent team produced one SWP per strategy action with some contingency factors built in for new initiatives. Talent teams may now be called on to produce an average of 4-6 different plans per strategy action based on a host of different market impact scenarios, or to produce one plan with upwards of 50%-60% more contingency factors.

Table 1: Key Benefits of Workforce Modeling

	Workforce Planning	Workforce Modeling
Likelihood to increase productivity	65%	88%
Likelihood to increase SWP accuracy	64%	84%
Likelihood to reduce HR time spend	53%	67%
Likelihood to boost revenue per FTE	132%	142%

Visualized data simulations for resource deployment and change factors drastically reduce the dependence on HR to manually produce workforce plans while simultaneously reducing the time it takes to make planning decisions. Companies that use workforce modeling are 26% more likely than those that strictly work with workforce planning (67% vs. 53%) to reduce HR time spend on SWP and to reduce the time it takes to produce and make changes to workforce plans.

Aberdeen's data shows that the median reduction in time spend on SWP with workforce modeling overlaying workforce planning comes in at 67% on existing work time totals for workforce planning and future state analysis. Aberdeen's data also shows that the median amount of time spent on workforce planning per individual talent team is around 30 hours per week. A two-thirds reduction in time reallocates 20 hours of time per team per week while improving the responsiveness of the SWP. In fact, organizations that incorporate workforce modeling are 31% more likely than All Others (84% vs. 64%) to find that their workforce plans are more reliable and support a more successfully aligned future state outcome over time.

Summary

Workforce modeling is a key feature in the next generation of workforce planning that puts the plan into action. Traditional workforce planning relies on multiple data sets to produce an action plan for workforce resource allocations in response to corporate or divisional changes. Workforce modeling, as an overlay to automated workforce planning, provides analysis tools that enable HROs, talent teams, and managers to make organizational changes to workforce plans and simulate the resulting KPI outcomes.

Workforce modeling enhances traditional workforce planning by automating how the future state of the business is modeled in response to different impact factors that cause changes to the business, finance, or HR strategies. Talent leaders can use the tool to model changes and assess impact much faster and with much more accuracy than ever before, reducing decision-timing.

As the rate of change of business impact factors grows more unpredictable, workforce modeling improves the responsiveness of talent teams while giving HR the leverage it needs to advocate for organizational structural adjustments that help to optimize how the workforce supports business outcomes. At the same time, workforce modeling reduces organizational dependence on HR to be a data analyst and drives a much higher value out of overall workforce planning.

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About Aberdeen

Since 1988, Aberdeen has published research that helps businesses worldwide to improve their performance. Our analysts derive fact-based, vendor-neutral insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategies. Aberdeen is headquartered in Waltham, Massachusetts, USA.

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