

Connected planning starter kit: Build a winning workforce plan

Best practices and first steps



How to effectively plan for a rapidly changing workforce

Imagine that you are a “workforce planning” superhero, keeping employees happy and the business financially sound. While saving the day is a challenge, there are ways to unmask planning complexities.

You may feel like you need superpowers to plan for recent workforce changes and trends. The workforce, as we knew it before the COVID-19 pandemic, has changed dramatically. Managing this shift is affecting how companies are running their businesses.

In the US, nearly 4 million Americans left their jobs in April 2021 alone, according to data from the Bureau of Labor Statistics; this is the highest rate in the last 20 years. Quit rates are 24% higher than before the pandemic. And employees are leaving their jobs for different reasons:

- Many employees are leaving companies that don’t offer a more flexible hybrid or remote office environment.
- Others are deciding to retire early due to the stresses of the pandemic and other personal factors.

The workforce is the highest cost driver for a majority of companies; now companies are shifting how and where they are searching for talent, and employees are shifting where they want to work. The “hiring from anywhere” opportunity presents compensation and tax challenges that can be addressed with a fully connected workforce plan.

Companies need to make sure HR and finance is more tightly aligned in light of these workforce changes. That alignment

is critical for analyzing workforce changes on future hiring, employee retention, compensation, and revenues.

A truly connected and continuous workforce plan provides visibility throughout the organization so that you can manage and forecast workforce costs, and successfully save the day by hiring for the right skills and talent at the right cost.



Before the pandemic

38% of employees preferred a hybrid or fully remote working model before the pandemic.¹



After the pandemic

63% of employees would prefer a hybrid or fully remote working model after the pandemic is over.¹

¹ Andrea Alexander, Aaron De Smet, Meredith Langstaff, and Dan Ravid, “What employees are saying about the future of remote work,” McKinsey & Company, April 1, 2021.

Five best practices for workforce planning

1 Recognize the paradigm shift

Business as usual is not an option. A post-pandemic world means a different way of conducting business and a new way of managing and planning the workforce.

Recognize workforce changes within your company so that you can respond appropriately. Your visibility into workforce changes and trends could be the difference between company-wide success and failure to reach financial targets. Ask the important questions that will help recognize workforce change, such as: “How many of my employees are quitting? How are my costs and strategic goals being affected by employee movement?”

Recognize changes in your customer spending behavior, such as online versus in-store shopping trends, or product and service buying trends. These trends will influence your approach to addressing workforce costs, hiring, or shifting the workforce to accommodate demand.

Recognizing changes in workforce costs, customers, employees, and trends requires the merging of data, people, strategy, and decisions. Connected workforce planning provides the visibility and insights to capture those changes.

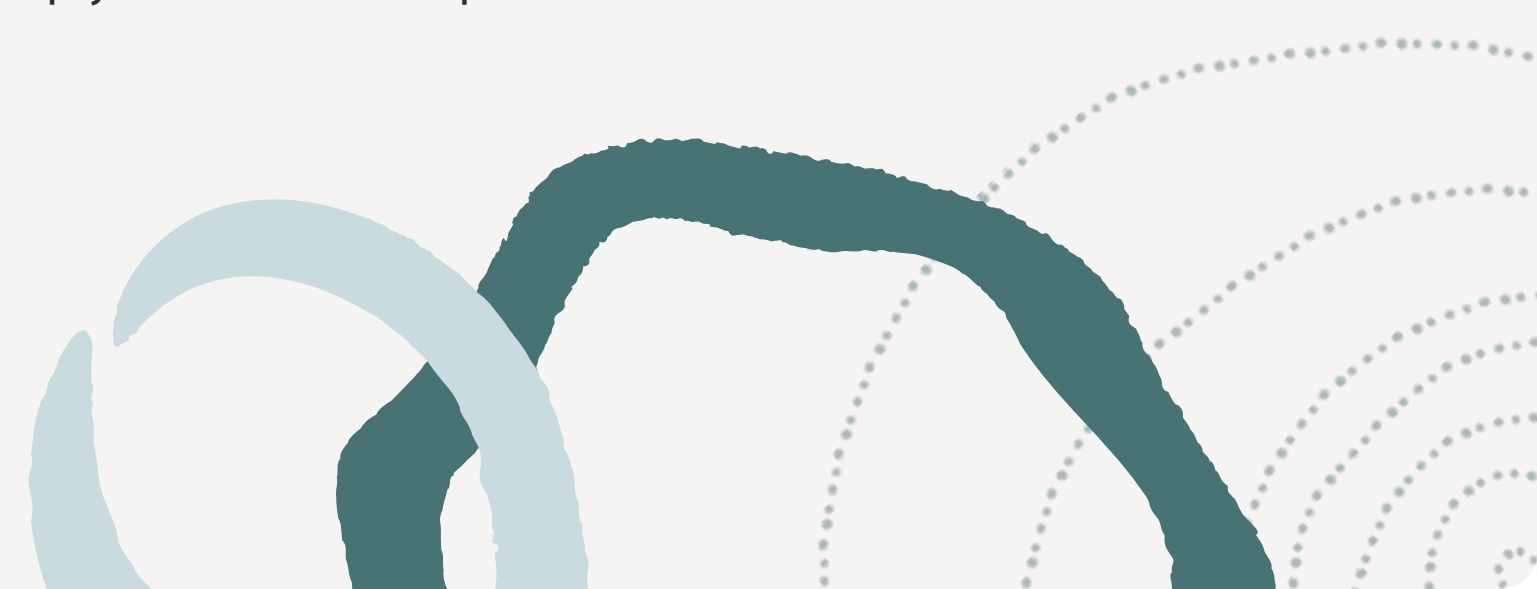
2 Understand the compensation equation

The balance between hiring and retention of top talent, salary expense, and other workforce costs can be tenuous at best. A solid workforce plan will anchor those costs and prevent a business from losing a steady balance.

Pay attention to workforce movement and how that affects both your hiring costs and compensation. The workforce landscape is more complex now, with a work-from-anywhere reality. Organizations need to plan for workforce cost variables (location, currency, salary, benefits, etc.) and still attract the right talent and skills.

Understand how the cost of living affects movement trends for remote workers, and how compensation plays into that variable. Your workforce planning may enable your organization to be more flexible with where and when it hires, leading to a better control of compensation expenses.

Review how compensation costs relate to HR needs and strategy to meet company growth and revenue targets. A workforce plan will help you make that important connection.



Five best practices for workforce planning

3 Gain tighter alignment

Aligning your strategic workforce planning with your workforce and financial planning process is a major step in the right direction for aligning HR and finance, and aligning workforce planning priorities. In fact, it's key to building a successful workforce plan and hiring the best-fit talent with the appropriate skills at the right cost.

View HR and finance as equal partners to help drive towards a workforce that will help grow the business, as well as provide visibility into the relationship between workforce costs and skills, hiring, and the future strategy for the business. Changes in strategy will prompt changes in workforce costs. If the two aren't in sync, it could cause unanticipated business costs to crop up related to changing skills requirements. A misaligned HR and finance planning solution could steer a company in the wrong direction, causing a missed revenue or strategic opportunity.

Align common financial and HR systems, or invest in one that integrates seamlessly with third-party systems to provide a continuous way of understanding and managing workforce planning performance.



Five best practices for workforce planning

4 Expect the unexpected

Expectation is defined as: “a strong belief that something is going to happen.” This anticipation, in the context of the workforce, can be varied and complex, and companies need to anticipate changes through their connected workforce plan in order to respond quickly.

Workforce planning agility takes into account multiple factors, data points, and scenarios. For example, if airlines see a big drop or increase in demand for flights, they need to be prepared to furlough or hire quickly, and understand cost implications for taking those actions.

Model various “what-if” scenarios around employee headcount, attrition compensation, and other influencing events and cost drivers with input from all stakeholders. If you are seeing trends for early retirement, customer demand, or employee movement, for example, then your modeling will help you make credible decisions and take immediate action.

You need to be able to adjust quickly in order to control workforce expenses. Agility only goes as far as preparedness, however. Organizations that proactively monitor their workforce changes while trusting the top modeling scenarios are the ones that will succeed.

5 Predict your workforce future

Have you ever wanted to jump forward in time and experience how an initiative or a business event would unfold? Would it be successful? Would it have a positive impact on the business, or even your career? Well, the future of your business may not be known, but it can be predicted. A workforce planning future requires a continuous approach with data visibility across not only HR and finance but across other areas of the business.

HR and finance have the challenge of making the right strategic decisions to support short, medium, and long-term company strategy goals.

Working with a workforce planning product that incorporates machine learning and AI capabilities can validate assumptions, reduce risk, and streamline your decision-making process.

Budget future workforce expenses with a tool that helps you better understand the relationships between workforce cost drivers and other business triggers for a better-connected workforce plan. Only then will you know with a high degree of confidence that the workforce path you have chosen leads you to the best possible future.

Steps to get started



1. Start with the path of least resistance

Ditch the spreadsheets and integrate your HR data and financial planning processes with a common application. This enables you to place your data in the context of a continuous workforce planning solution. Work with a product that can handle not only multiple data sources, but easily integrate with operational systems.

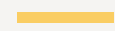
2. Pay attention to the details

Taking action on hiring, compensation, and other workforce initiatives involves more than integration and viewing the workforce costs. Connected workforce planning involves asking why, where, and how to provide a deep understanding of all related workforce costs and their impact on workforce strategy and the business.

3. Align on everything

Finance and HR are the primary partners in workforce planning, but workforce interests involve other lines of business (LOBs) within the organization. Map out, for example, not only the expenses of hiring for specific skillsets for specific areas, but how those hires will affect future revenues or strategic direction. Ensure hiring decisions are aligned with the company strategy. Aligning finance, lines of business, data, and systems while sharing workforce insights will forge your path to success.

Quick reminders

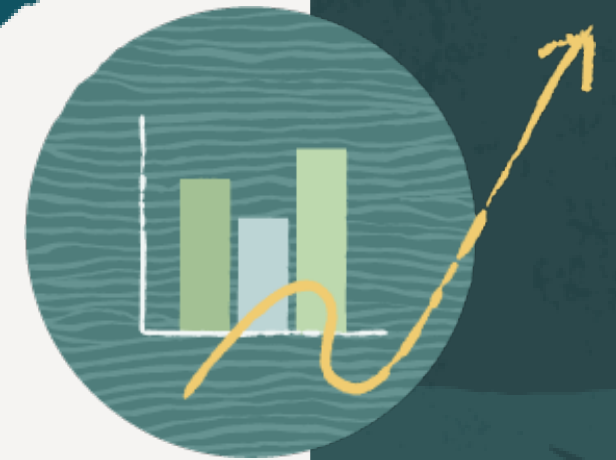
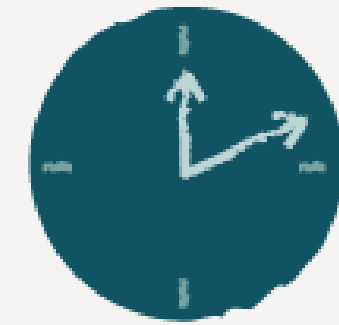


Do:

- ✓ Recognize the new workforce (work-from-anywhere) paradigm
- ✓ Anticipate workforce expenses by understanding total expenses
- ✓ Align HR with finance and other areas of the business
- ✓ Monitor proactively your workforce costs, talent needs, and performance

Don't:

- ✗ Lack insights into workforce trends that impact your business
- ✗ Lose sight of all your current and forecasted workforce expenses
- ✗ Miss opportunities (and revenues) with a misaligned workforce plan
- ✗ Take a siloed planning approach by not aligning with stakeholders



Looking forward

Finance and HR leaders are poised to work together to make their company succeed. Connected workforce planning showcases the commonality and synergies between finance and HR, and requires a focused effort to create workforce planning visibility throughout an organization.

Companies now more than ever are taking notice of dramatic workforce trends and are taking action to create a strategic, connected workforce plan. Manage your workforce effectively and forecast your future.

To learn more about connected workforce planning, [visit our site](#) or take a quick [product tour](#).

Visit site

Copyright © 2021, Oracle and/or its affiliates. This document is provided for information purposes only, and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission. Oracle and Java are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

