



8 Ways Workforce Planning Can Increase Your Profits

With so much focus on data-driven decision making, *many business managers have forgotten that their workforce is what drives their enterprise forward.*



Companies that want to stay competitive must have the right talent in the right positions at the right time. *This is where Workforce Planning comes into play.*

How Can **Workforce Planning** Help Your Company?

- 1** **Anticipate talent deficits** in key areas of your organization;
- 2** **Avoid over- and understaffing**;
- 3** **Enhance customer satisfaction**;
- 4** **Improve efficiency**; and
- 5** **Reduce the impact of workforce fluctuations** on your strategic, operating and financial plans.

The **REAL** Cost of Your Workforce

Employee costs of a company's operating expenses



Annual salary increase



Target bonus percentage for **nonexecutives**



Target bonus percentage for **executives**



Source: <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/2016-Human-Capital-Report.pdf>

The **REAL** Cost of Your Workforce

Average cost per hire **\$4,129**

Cost of employee benefits:

Tuition reimbursement averaging \$4,000

 **61%**
percent of employers

Retirement benefit

 **92%**
percent of employers

Source: <https://www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/2016-Human-Capital-Report.pdf>

How to Use
**Workforce
Planning**
to Increase
Your Profits



1

DETERMINE YOUR HEADCOUNT



Calculating the size of your workforce is not as easy as it sounds – especially if you hire temporary workers and independent contractors. Most of your company's current headcount data can be garnered from your payroll and/or HRIS but that still leaves out contractors and contingent workers. This only provides a small snapshot in time that might not be entirely accurate. **High-performing organizations integrate their headcount data sources into a single tool that pulls human resource data together in real time.** This provides the most current picture of a company's workforce as possible.

2

FORECAST ATTRITION

The goal here is to identify patterns in employee turnover. Your attrition forecast should be based largely on historical data. Key variables to consider include turnover by period, job category and type of termination (voluntary or involuntary). High-performing organizations are using data analytics to determine the risk of turnover, retirement and workforce mobility. **Combining your organization's current headcount with forecasted attrition will produce your company's true internal workforce supply** and will give your company the intelligence it needs to offer strategic promotions, introduce knowledge transfer initiatives and develop succession plans.



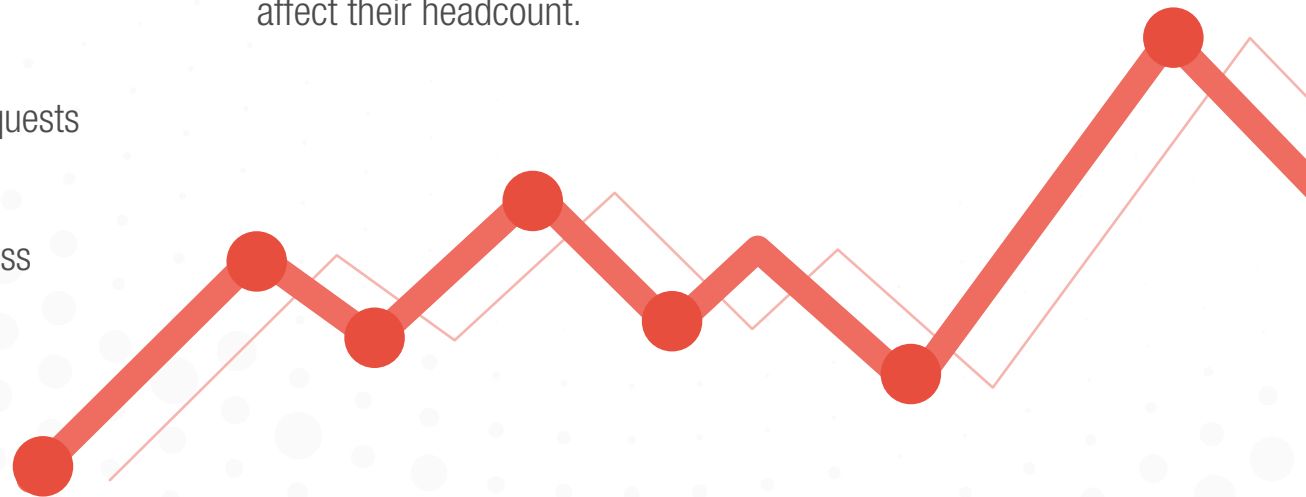
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FORECAST WORKFORCE DEMAND

A driver-based process is ideal for forecasting workforce demand because it allows for:

- The greatest alignment of strategic, operating and financial plans;
- Quicker root-cause analysis to explain staffing variances;
- Less sandbagging by stakeholders in their requests for resources; and
- Higher productivity with more focus on business operations and less on empire building.

The goal here is to identify quality drivers that link workforce to business performance. To accomplish this, business managers should coordinate with finance teams to decide the optimal workforce drivers for their areas and to understand how changes in one metric will affect their headcount.



4 PERFORM A WORKFORCE GAP ANALYSIS



A GAP analysis allows your company to minimize risk, set expectations and ensure the workforce is sufficient to meet all business objectives.

The goal is to get the right people in the right positions at the right time. Quite often, that means transferring, retraining, downsizing and outsourcing. Additional considerations such as organizational change management initiatives, cultural implications, efficiency and customer/client impact must also be considered. As business conditions change, their effects should ripple through the Workforce GAP analysis, which will need to be updated with the current makeup of the workforce.

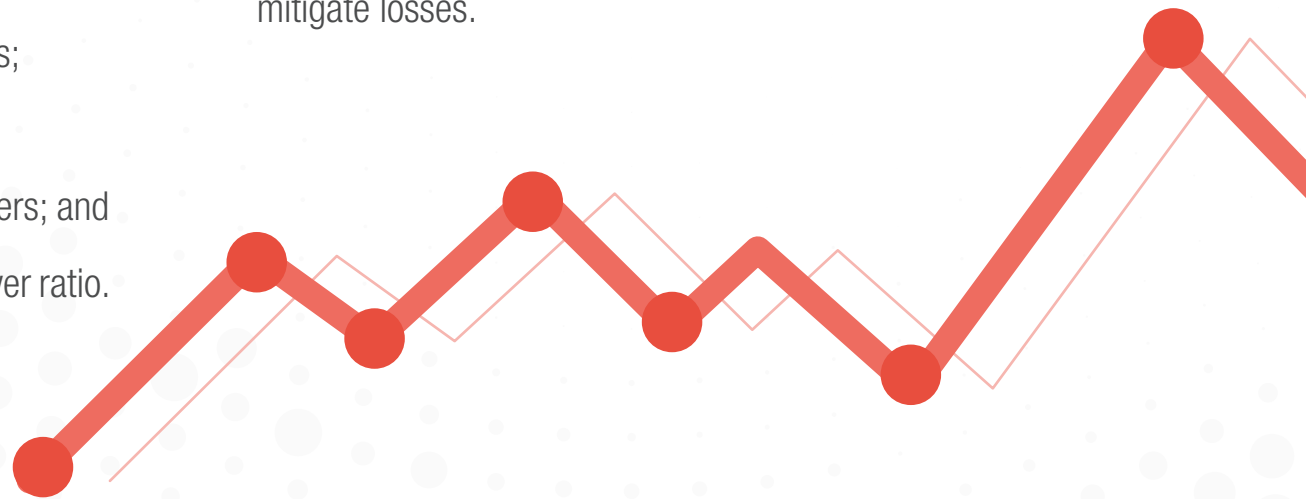
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RUN WORKFORCE PLANNING SCENARIOS

Your Workforce Planning scenario analyses should account for the following variables:

- Ratio of contractor and outsourced workers to in-house employees;
- Ratio of full-time to part-time workers;
- Relocation, openings and closing of operations;
- Pay strategy and merit increases;
- Reorganizations, promotions and lateral transfers; and
- Changes in productivity, ramp-up time and driver ratio.

The goal here is to understand what levers you can pull when certain situations arise, and to create a playbook of actions based on a well-structured model. These analyses will make your company much more adaptable and allow it to take advantage of new opportunities and mitigate losses.



6

DEVELOP A HIRING PLAN AND SET EXPECTATIONS

A driver-based hiring plan will give managers the intelligence they need to negotiate service level agreements (SLAs) with other departments to retain their talent, or to transfer, relocate or alter their staffing ratios (part-time vs. full-time) as needed. Your hiring plan can be enhanced using data analytics. Tracking applicants by job category or position, location and recruiting method will help you identify trends and determine where to advertise each position and how many applications are needed per hire. This gives further credibility to those departments charged with delivering on a recruiting SLA.



7

USE WORKFORCE PLANNING TO EFFECTUATE TACTICAL STRATEGY



Instead of developing a Workforce Planning model based on the number of new partners or span of control, base it on the number and type of proposals being sent out. This will ensure a better alignment of resources. For example, let's assume that over the past three months, a professional service firm received a 50% increase in proposals for implementing a new technical accounting pronouncement. In such a scenario, the Workforce Plan should adjust to seek new hires with that specific skillset. This would increase the potential productivity of new employees and reduce their downtime. **Businesses of all types and sizes should look for ways to leverage their Workforce Plan to gain a productive advantage.**

8

REMEMBER THE HUMAN FACTOR IN WORKPLACE PLANNING

Companies must consider qualitative factors when creating their Workforce Plan. Some employees are attracted to great benefits or the ability to work from home. Others want flexible work hours or a fun office environment. **These qualitative factors should play a key role when forecasting attrition or workforce demand, performing a GAP analysis or developing a hiring plan.** And don't forget training. Investing in an employee's future skills is just as important as investing in fixed assets or new software.

*Most people
want to work for a
company that cares
about them*

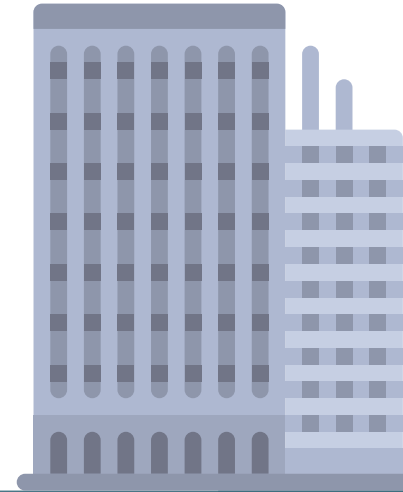
Start Workforce Planning Today





SMALL BUSINESSES

Smaller organizations can focus their **Workforce Planning process on individual employees**. They can start by adding a Workforce Planning worksheet to their financial planning and analysis Excel workbook.



LARGE BUSINESSES

For larger organizations, it is more efficient to analyze **employee classes or departments**. They should start by breaking down business silos, enhancing collaboration and integrating data sources into a Workforce Planning solution as a component of their corporate performance management system.

Regardless of the size of your company, **Workforce Planning** should be a key component of your overall Corporate Planning process. It will help your organization gain an edge over competitors, increase forecast transparency and better align your human capital requirements with your business goals.



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