



# Strategic workforce planning finally gets strategic

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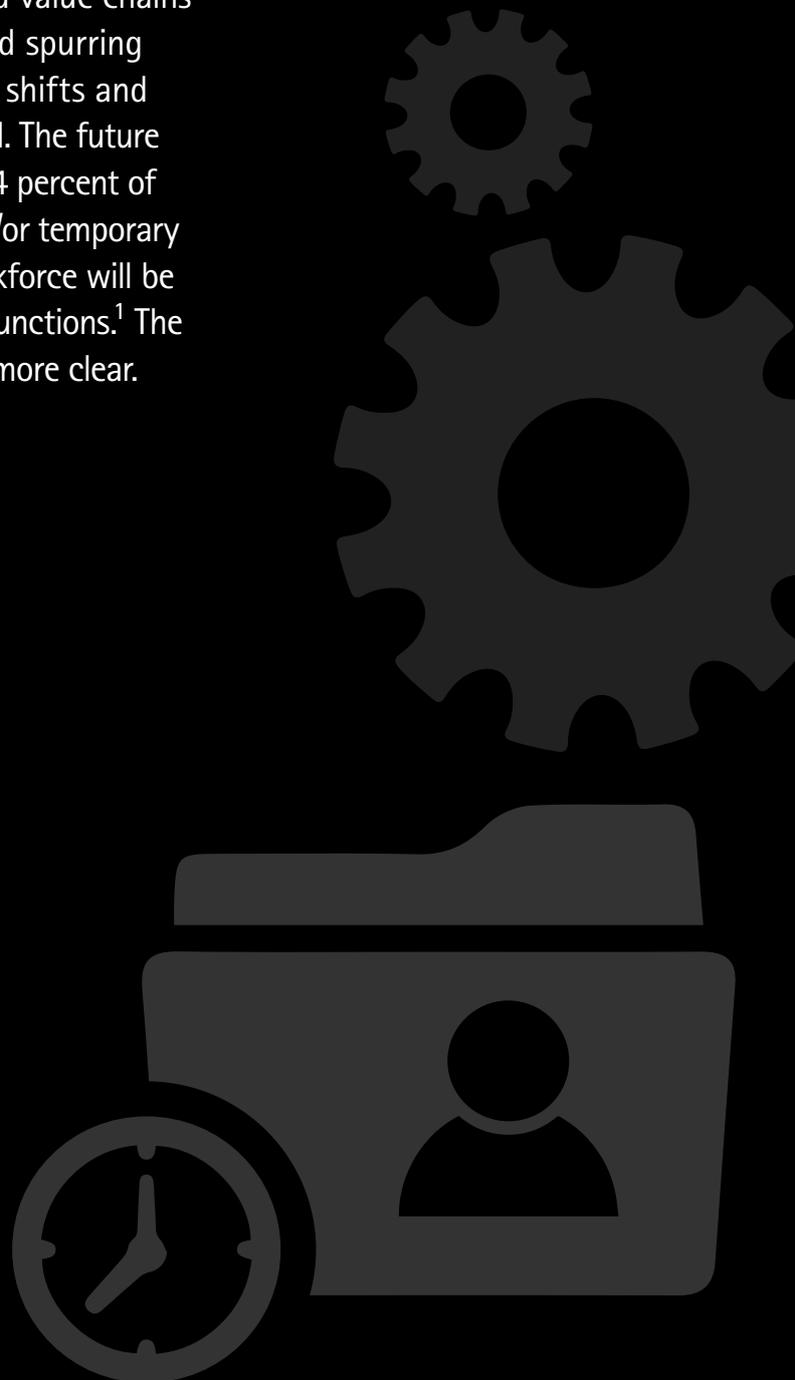


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Strategic workforce planning today is static, sporadic and spreadsheet intensive—if it happens at all. Yet failure to plan invites disruption by the next digital darling or corporate titan that has reinvented workforce structures to shape the workforce of the future.

Before the constant change of the digital era, companies could get by with underestimating the importance of planning as part of their workforce strategy. Not anymore. Lower barriers to entry and the rise of ecosystems and integrated value chains are quickly eroding organizational boundaries and spurring industry convergence. Automation, demographic shifts and globalization are upending labor supply and demand. The future is in flux. Executives estimate that in three years, 44 percent of the workforce will be comprised of contractors and/or temporary internal positions. And 79 percent of this liquid workforce will be aligned to dynamic projects, rather than static job functions.<sup>1</sup> The case for strategic workforce planning could not be more clear.



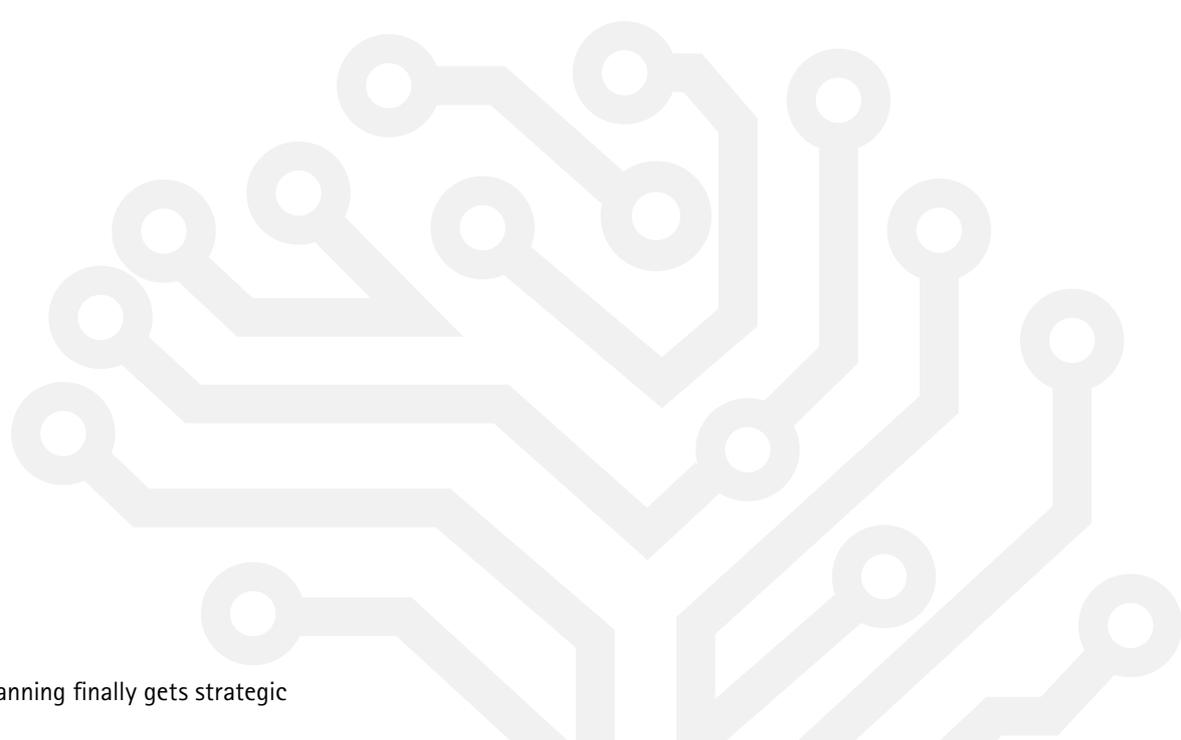
## Welcome to the digital playground

Workforce planning is catching up and finally becoming as dynamic as the business environment. What is different today is the availability of prescriptive analytics tools to help organizations go beyond describing “what is happening now” or “what might happen in the future” to control “what should happen.” Scenario-based strategic workforce planning does more than predict the future of work based on historical trends. It is a digital playground for the business to constantly optimize workforce choices—testing, learning and tweaking across multiple dimensions and futures—to deliver the business strategy.

This next-level planning is a business imperative. Business strategy is wishful thinking without it. Only strategic workforce planning validates that the organization has capability and capacity to deliver the business strategy. Without the right people at the right time, place and cost, companies risk eroding their competitiveness. Because people—not technologies—are the differentiators in the digital era. Yet 55 percent of executives say their organization does scenario planning at best annually.<sup>2</sup>



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## The big picture beats tunnel vision

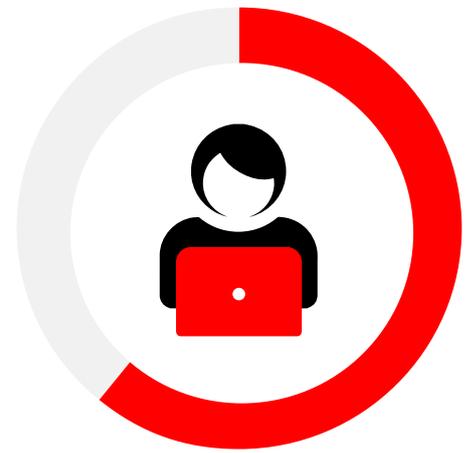
Not only are too few organizations engaged in scenario planning, those that do “plan” rely on insufficient methods. Planning is isolated in functional silos, reflects ad-hoc needs and uses delayed workforce data. It also has a narrow focus on internal employees only, excluding other dimensions such as the external workforce, material capacity or client interactions.

This is essentially tactical workforce planning. Organic rather than systematic, it is far from the predictive planning necessary to build a sustainably employable workforce to support business priorities. This planning gap may be why 61 percent of executives say that they are not well prepared to change the skill and job mix of the workforce to transition to a digital business.<sup>3</sup>

Strategic workforce planning as a business capability requires enterprise vision. It continuously integrates planning across domains (process, workforce and supply chain), planning layers (physical, data and behavior) and time horizons (operational, tactical and strategic).

Only multi-domain planning provides an eyes-wide-open, real-time view of all the variables that impact workforce planning and talent strategy—and the interdependencies among them. Consider the workforce challenges that retail banks faced during the financial crisis. There was a significant reduction in demand for front-office staff just as demand for regulatory staff exploded. Banks could not efficiently or effectively address competency requirements, redeployment and transfers without cutting through functional silos.

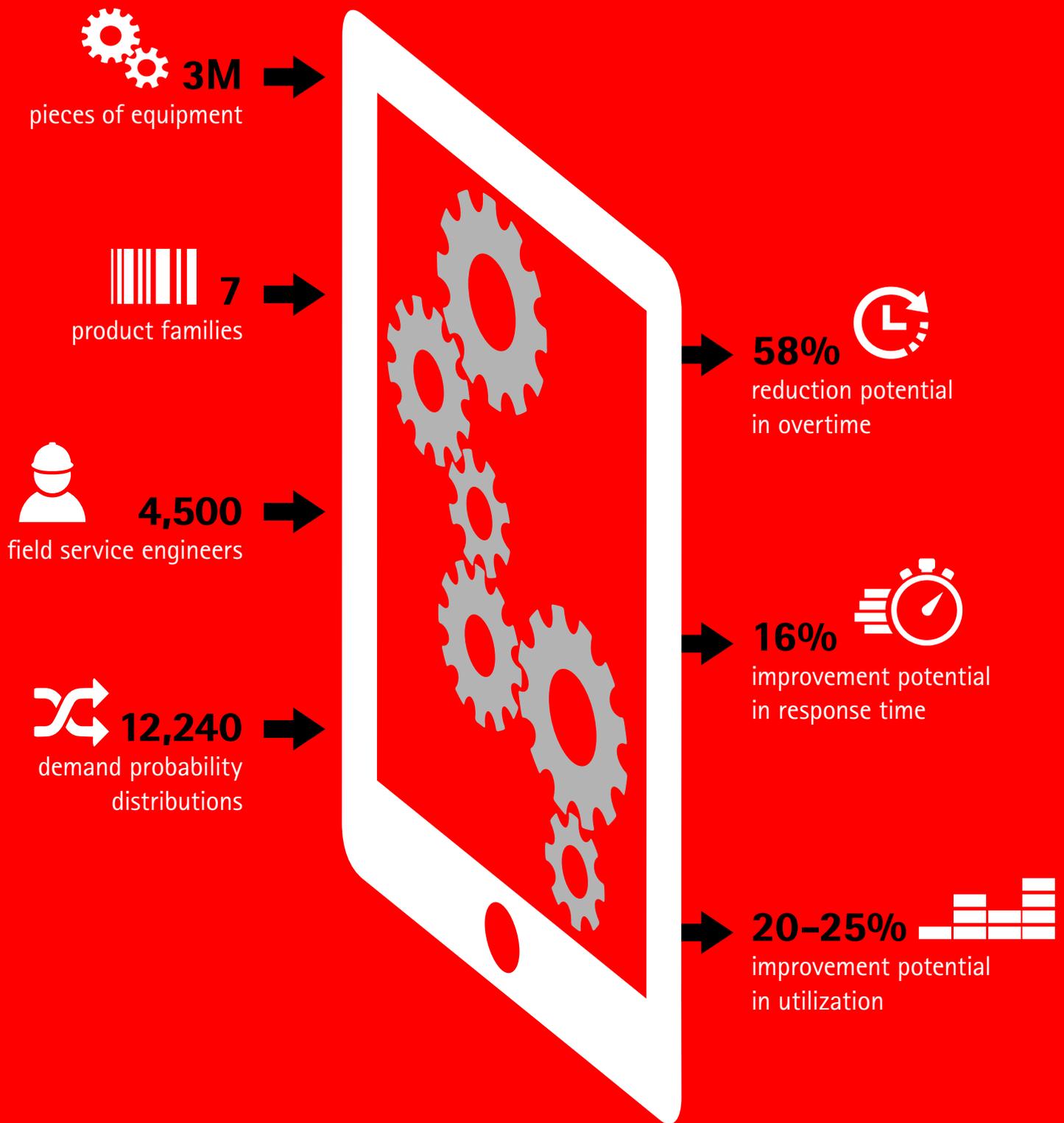
A silo-busting approach underpins the simulation capabilities that drive modern strategic workforce planning. Simulation models depend on a large amount of organizational information from across the business to generate a precise, on-demand picture of expected future supply and demand. The whole truly is greater than the sum of the parts.



**61%** of executives say they are not well prepared to change the workforce skill and job mix to transition into a digital business

# Scenarios, not surprises

A major technology firm reduces overtime and improves workforce use globally with a prescriptive simulation model of end-to-end field workforce planning and scheduling.



## Humans and machines work in unison

Both humans and machines have their own role in the success of prescriptive analytics simulation models. Together they bring the strength and the sophistication that elevate strategic workforce planning.

Advanced customizable, flexible and scalable analytics platforms can help the business visualize future demand and supply across an increasingly liquid workforce of humans and machines. They bring limitless computational power that humans cannot match. Case in point: China recently launched a supercomputer that can make 93 quadrillion calculations—or 12.5 million calculations for every human on the planet—per second.<sup>4</sup>

At the same time, humans have nuanced judgment that machines lack. That is why people identify input variables, configure software, define algorithms, evaluate simulation outcomes, determine alternate scenarios, and implement organizational changes to align future supply with projected demand. Accenture Strategy data suggests that managers value such skills. Digital and technology know-how (42 percent), creative thinking and experimentation (33 percent), and data analysis and interpretation (31 percent) are the top new skills that managers say are needed to succeed in their roles in five years.<sup>5</sup>

Strategic workforce planning simulations utilize this human-machine dynamic. Machines conduct prescriptive simulations, while humans analyze the results to understand how personnel shifts impact the talent pool for the most critical positions across the organization. Humans then use these insights to develop succession and recruiting plans, redefine nomination criteria for critical talent, and identify the appropriate talent interventions to ensure future talent needs are met.



**Machines have limitless computational power, whereas humans bring nuanced judgment that machines lack**

## The future is built on sand

Change is constant and fast. And it is difficult to predict so many variables—particularly with the workforce. Executives cite availability, sourcing and cost of labor along with changing level of demand as among the top ways volatility is impacting their business.<sup>6</sup>

Strategic workforce planning offers a pragmatic approach to managing volatility inherent in the future. It is not about predicting a single, “perfect” future—one that does not even exist in such a dynamic business environment. Prescriptive analytics capabilities empower organizations to dive deep into the impacts of possible future scenarios, including:

- > What will happen if policies change?
- > What is the impact of future demand scenarios or different supply options?
- > What are the outcomes of different courses of action?
- > Which areas are priorities for intervention?
- > What specific actions will optimize the workforce?

Strategic workforce planning is an adaptive approach using machine learning algorithms and human judgment. The focus is to identify optimal solutions to prepare the workforce—and the business—to respond to the inherent uncertainty of every possible future. After all, 30 percent of executives see uncertainty as an opportunity to create competitive advantage.<sup>7</sup>



## **Change the workforce planning game**

Today's strategic workforce planning is actually neither strategic nor planning. However, the availability of data and rapid digitalization of analytics means that it can be. Success with next-generation strategic workforce planning starts with the fundamentals, including:

### **Abandon the idea of perfect data**

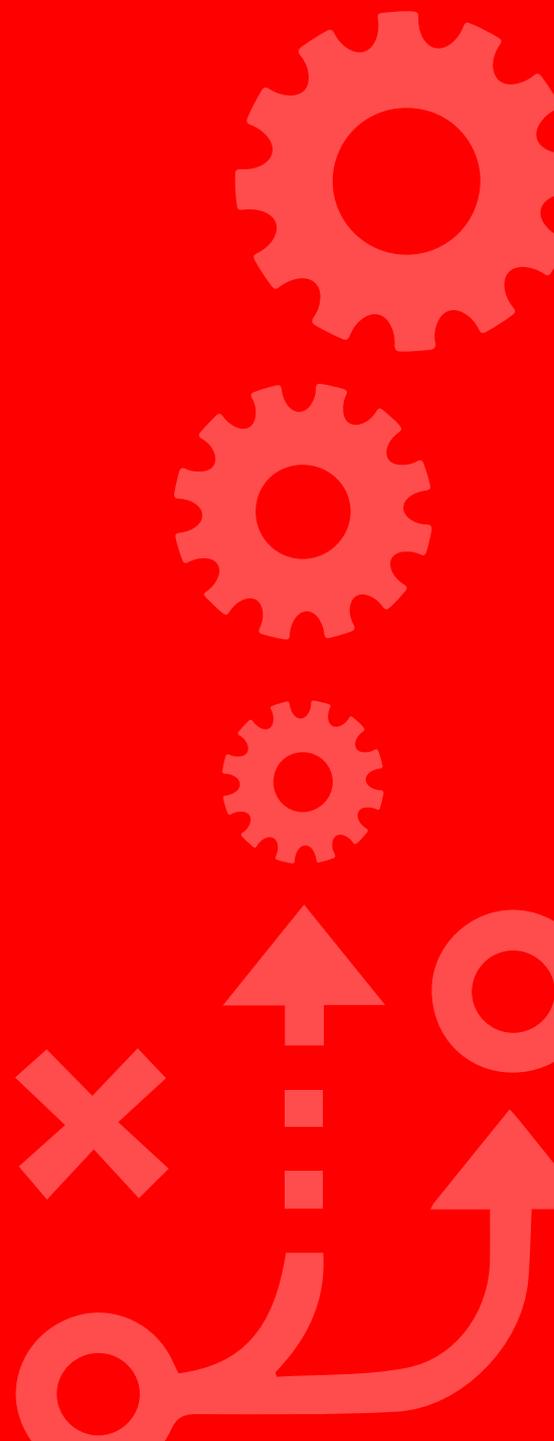
With data at the heart of prescriptive modeling, organizations often get paralyzed waiting for perfect data. But it does not exist. Simulations depend more on the right data for the task at hand, than on this elusive perfect data. Organizations typically have access to more data than they realize, and increased automation of data cleansing continues to improve the quality of available data to build scenarios.

### **Focus less on ownership, more on action**

The choice where to embed the strategic workforce planning capability is unique to every organization, and it is easy to get caught in turf battles. What is non-negotiable is that both the business and human resources are involved and aligned, and that predictive analysis integrates enterprise and human resources data.

### **Master both art and science**

Scenario-based strategic workforce planning takes a combination of skills and roles. Data scientists are critical to develop and run the algorithms. Business leaders who make decisions based on the results must be immersed in the broader business context. Both must be highly adaptive, willing to question their own assumptions and able to pivot in a new direction.



## **Plan the work, work the plan**

There is no finish line to strategic workforce planning. It must be a continuous, iterative and closed-loop process involving the parts of the organization that do the workforce forecasting as well as those responsible for demand fulfillment—from development to recruiting and procurement. This ensures that no one works from an old plan and that approaches support ongoing renewal of skills.

## **Trade business cases for trial and error**

It is a waste of precious time and energy for organizations to wait and develop a business case before pursuing strategic workforce planning. The better, faster way to results is through pilots. Organizations can choose a priority area, trial it and extrapolate results to pinpoint the broader potential.

Strategic workforce planning finally empowers companies to operationalize predictions of changing workforce supply to shape the future of work. There's no delivering the business strategy without it—and definitely no competing as a digital business without it.



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## Notes

<sup>1</sup> Accenture Technology Vision Survey, 2016

<sup>2</sup> Accenture Strategy Business Agility Research, 2013

<sup>3</sup> Accenture Strategy Being Digital Research for Executives, 2015

<sup>4</sup> Kirstie McCrum, "Supercomputer that can make 93 quadrillion calculations per second tops 'world's greatest' list," June 22, 2016, retrieved on June 28, 2016.

<sup>5</sup> Accenture Institute for High Performance and Accenture Strategy, "The Impact of Cognitive Computing in Management" study, 2015.

<sup>6</sup> Accenture Strategy Business Agility Research, 2013

<sup>7</sup> Ibid

## About Accenture

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