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Ashley Meyers
Cornell University

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Taking Business to a "Hire" Level: Strategies for Workforce Planning

Abstract
[Excerpt] Workforce planning has always existed in some form, but has seen a recent reemergence in the human resources arena as companies try to move away from just-in-time staffing. This renewed focus has forced HR professionals to question how to create a pipeline that considers both the number of required employees and the types of skills needed. The following paragraphs argue that, through estimating, collaborating, and adapting, organizations can maximize their opportunities for a strong pipeline. First, staffing models will be paired with HR metrics to formulate the staffing needs of the organization. Second, collaboration with other functions will be emphasized to maximize the accuracy of the estimations. Finally, emerging concepts, such as eLancing, will be discussed as a way to adjust for unexpected changes in human capital needs.

Keywords
HR Review, Human Resources, Human Capital, Workforce, Staffing, Organization, Turnover, Metrics

Comments

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CORNELL HR REVIEW

TAKING BUSINESS TO A "HIRE" LEVEL: STRATEGIES FOR WORKFORCE PLANNING

Ashley Myers

Workforce planning has always existed in some form, but has seen a recent reemergence in the human resources arena as companies try to move away from just-in-time staffing. This renewed focus has forced HR professionals to question how to create a pipeline that considers both the number of required employees and the types of skills needed. The following paragraphs argue that, through estimating, collaborating, and adapting, organizations can maximize their opportunities for a strong pipeline. First, staffing models will be paired with HR metrics to formulate the staffing needs of the organization. Second, collaboration with other functions will be emphasized to maximize the accuracy of the estimations. Finally, emerging concepts, such as eLancing, will be discussed as a way to adjust for unexpected changes in human capital needs.

Estimation

To tackle the estimation process for an organization's staffing needs, a good place to start is with existing HR metrics. Data on turnover and internal organizational movement is available in most companies and can be a driving force in predicting staffing needs in the future. Although the future will not always mirror events of the past, these internal benchmarks offer a good jumping-off point in building a staffing model.

Transitioning these metrics from pages of data to readable models is critical in creating value with a pipeline. One model that is simple yet customizable is a Markov Analysis Tool. Markov's models have many different uses, but they offer a clean way of displaying HR planning data based on predicted hiring, internal transfers, and attrition. By simply finding the ratios of each type of movement historically, those rates can be applied to a start-of-year population to extrapolate to the end of the year and beyond.[1] What is particularly valuable about a Markov Analysis Tool is that it can be modeled in a way that best suits the organization. Whether the priority is location, job role, skill set, or some combination of these items, these models can be customized to address different components of the pipeline

Collaboration

Although metrics and models can be powerful tools in workforce planning, they have significant shortcomings if they do not align with the organization's ever-evolving business strategy. Therefore, an equally important component of forecasting staffing needs is to collaborate with other functions to ensure alignment. HR professionals must extend beyond the borders of their own departments to understand the changing needs of the business units, as well as how other functions plan to respond in kind.

This process can begin by encouraging human resources professionals to be more actively engaged in strategic planning and the decision-making processes for business units. By better understanding the changing needs of their internal clients, human resources will be able to more effectively fulfill these needs. For example, if a business unit announces that they will be creating a new product line which requires a new skill set, human resources can proactively hire or train for these skills to meet upcoming demand.

Further, the human resources department needs to collaborate with other corporate functions, such as finance and marketing teams. If finance is aware that staffing budget limits will be enacted, HR professionals can shift their focus to training current staff rather than hiring for new skills. Conversely, if the marketing team is projecting an increase in sales in upcoming years, adjustments to the estimation models can be made to accommodate these increased hiring needs. Therefore, although estimation models are a strong first step in forecasting a pipeline, collaboration with the rest of the business will offer a more accurate alignment to hiring needs.

Adaptation

Estimation and collaboration can be used to build fairly solid hiring needs models, but unforeseen events are still inevitable. A shift in the economy could have profound effects on the organization's needs; the performance of a product that exceeds expectations could quickly create a labor need that was not predicted. Therefore, adaptation is an equally important component to meeting an organization's needs.

If an organization finds itself needing a quick staff increase, the method of adaptation should depend on the skill set required. If the positions require little training and minimal onboarding – or if a large supply of these workers are available in the external market – then just-in-time hiring may be sufficient in meeting the demand. However, if the need is temporary or requires strong skill sets, two emerging practices may be utilized: making use of the retired workforce and eLancing.

We are in a unique time where a significant population – the baby boomer – is beginning to retire. Approximately 10,000 individuals are turning 65 each day, representing a population moving toward retirement that has experience and skill sets valuable to organizations.[2] If an organization has an unplanned staffing need and new employees cannot be trained quickly enough to accommodate this demand, temporary use of retired workers may be a viable option. Willingness from retirees may not be an issue, since 83% of baby boomers intend to work after retirement.[3] These retirees have the background to step back into these roles without significant investment in training and onboarding and can help offset the staffing need until full-time employees can be recruited and trained. Further, if the staffing need is only temporary, bringing on retirees may also be a desirable choice, since this population understands that the work is short-term.

However, there may a better solution to short-term staffing needs. Rather than spending significant time and money recruiting, hiring, training, and onboarding employees that

only fulfills a temporary need, companies are beginning to turn toward eLancing as an alternative solution. E-lancers are self-employed individuals that market their services for work or projects that last anywhere from a few hours to over a year.[4] Companies like Elance and Innocentive offer a place for companies to post their work requests and for E-lancers to respond with their qualifications. eLancing allows companies to make use of skilled individuals without having to make long-term investments. This may not be the best alternative for long-term pipeline planning, but offers a cost- and time-effective alternative to unexpected or short-term work.

Workforce planning is an increasingly important component of modern human resources to ensure the quality and quantity of employees meets staffing needs. Through the utilization of estimation, collaboration, and adaptation tools, organizations can maximize the opportunity to meet these demands. These efforts will undoubtedly drive the staffing function – and human resources as a whole – toward business alignment and success. א

Ashley Myers is a student in the Master of Industrial and Labor Relations program at Cornell University, having also earned her BSILR degree from Cornell University in 2007. She has a background in consulting and HR metrics, and will be joining Boehringer Ingelheim upon completion of her degree in May 2012. This essay received the first place prize in the Cornell HR Review 2012 Essay Competition.

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