

Good talent is hard to find. Those words have never been more true as organizations scramble to keep pace with today's complex and changing workforce.

For the first time, companies across North America are encountering a critical workforce shortage – dwindling pools of experienced, local talent are forcing organizations to search further afield for new sources of talent. In fact, up to 44% of businesses in Canada have reported having difficulty in finding experienced personnel.¹

At the same time, changing demographics are affecting the workforce. Growth in the 55 to 64 year-old age group will account for about 70% of the net increase in Canada's working age population in 2010 – and all of it by 2020.² Worse, new hires are unable to replace the skill set of retiring older workers. Given that new hires can take several years to reach high proficiency levels, many organizations are worried about pending shortages of critical talent and drain on institutional knowledge as older workers leave the workforce.

And that's not all. To complicate matters, the expectations of today's workers are radically different than they were in the past. Young workers are more mobile and less loyal, resulting in higher turnover rates. As this workforce diversifies and disperses – by adopting flexible schedules, telework and other technology-driven arrangements – leaders must find new ways to cultivate their company's identity and retain valuable employees. Preparing for critical talent shortages and juggling diverse, multi-generational workforces require radical changes in your organization's leadership approach and workforce philosophy.



Put workforce planning to work
How a strategic workforce plan
can improve your bottom line

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How a workforce plan can work for you

How is your organization dealing with the dynamics of the new workforce reality? Which segments of your workforce create the most value? What is the turnover rate in your critical workforce segments and what is it costing you? Have you considered your future demand compared to your supply and how talent strategies may impact your recruiting and talent requirements? To answer these questions, your company needs to create a strategic workforce plan that enables you to proactively address the talent gaps within your organization. Areas to consider include:

- **Your “people strategy.”** An effective talent plan focuses on the critical roles within your organization, identifying the employees who drive disproportionate value. It also assesses how well your current and future talent pool will help deliver on your business strategy.
- **The supply and demand of talent.** Workforce planning provides an analysis of the supply and demand of your talent, today and over the next three to five years. It looks at more than just numbers – it evaluates internal supply, external trends and the skills and capabilities needed to execute your business strategy.
- **The steps to a solution.** A focused workforce plan recommends talent solutions – the best recruit, develop, deploy and rent options – that address gaps in your critical workforce segments, and informs how to best implement new strategies for the talent you need to improve productivity.

Improving your business with workforce planning

Workforce planning does more than merely count heads. Tailored to your specific organization, workforce planning can enhance your business planning and guide your decision-making. Here’s how:

- A workforce plan strengthens your ability to employ the right people with the right skills in the right roles, with competencies to support the execution of your business strategy. This is of paramount importance in an environment where 72% of businesses and HR executives cite talent management as one of the most critical issues to an organization’s success.³
- Workforce planning improves resource allocation and deployment. A workforce plan allows the human resources team to allocate scarce investment funds to the talent management solutions and infrastructure that will yield the greatest benefits.
- With 40% to 50% of Canadian corporate leaders expected to retire in the next five years⁴, an effective workforce plan enables an organization to anticipate and proactively address shortages or surpluses of critical talent.
- Many jobs of tomorrow don’t exist today. A workforce plan can help you look at external market trends and anticipate workforce gaps that are likely to emerge so you can cultivate the requisite skill sets in advance.
- A strategic workforce plan can identify and manage key talent segments, like high-potential employees within critical roles, to maximize growth and profitability within your organization. This can be game changing, as fewer than one third of directors are fully aware of the high-potential employees within their organization.⁵

Working the process to improve your organization

Deloitte’s strategic process offers a straightforward, structured and practical methodology to help your organization conduct workforce planning to better align your business and people strategies. Working together, we help you:

Identify your critical workforce segments

By identifying key talent segments and competencies (knowledge, skills and abilities) that drive value to your organization, you are better positioned to align your workforce planning strategy to your overall business and HR strategy.

Establish one source of the truth

Too often, data inconsistencies prevent organizations from making effective choices. To avoid potential missteps, it is essential to evaluate your current organizational workforce planning capacity and capabilities to ensure all stakeholders across the company can access up-to-date and accurate performance data.

Analyze your labour supply and demand

Is your workforce subject to frequent turnover? Are key employees slated for near-term retirement? To ensure you avoid critical talent gaps, it’s important to project your demand for key talent segments and competencies over time. This includes assigning key talent to critical and developmental roles and placing high potentials in a variety of cross-functional roles to foster their leadership development while addressing your business needs.

Identify strategies to mitigate future labour gaps

Once you understand where gaps in talent may arise, you are armed with the information you need to design, develop and implement workforce planning strategies to close those gaps.

Embed workforce planning into your annual planning process

Like other strategic initiatives, workforce planning is not a “one-shot” project. To ensure your organization is positioned to thrive over time, it makes sense to plan for workforce regeneration and manage talent movement on a consistent basis, as part of your overall corporate strategy.

¹ “Managing the Workforce Planning Process.” *Corporate Leadership Council*, August 2004.

² “Managing the Workforce Planning Process.” *Corporate Leadership Council*, August 2004.

³ “Aligned at the Top: How business and HR executives view today’s most significant people challenges – and what they’re doing about it.” *Deloitte* and the Economist Intelligence Unit.

⁴ “Growing and Developing Leaders.” *Verity International*, June 2008.

⁵ Fernandes-Araoz, Claudio, David Kidd, and Chris Tomas. “Are You Underutilizing Your Board?” *Sloan MIT Review*, 2007.

Solutions in action: a case study

Challenge

With weak HR data, an aging workforce and a growing population to service, this healthcare organization needed a way to build capacity, reduce vacancies and identify short- and long-term talent risks.

Solution

Using a comprehensive survey and proven workforce planning tools, Deloitte conducted a risk assessment to identify the supply and demand dynamics of this organization’s talent requirements. Based on the results, we developed a forecast model to project future staffing needs within all healthcare roles.

Result

Following this assessment, the organization took active steps to bridge its talent gap by focusing on recruitment, retention and skills development. As a result, it now makes more informed talent decisions and has the tools to refine its workforce planning model on an annual basis.

Reaping the rewards

Faced with critical talent shortages, changing demographics and new expectations of a younger workforce, organizations must adapt their talent management approaches. With a strategic workforce plan in place, you can not only enhance your business planning and decision-making, but can actually improve your overall productivity and profitability by focusing investment on solutions with the highest business priorities.

