



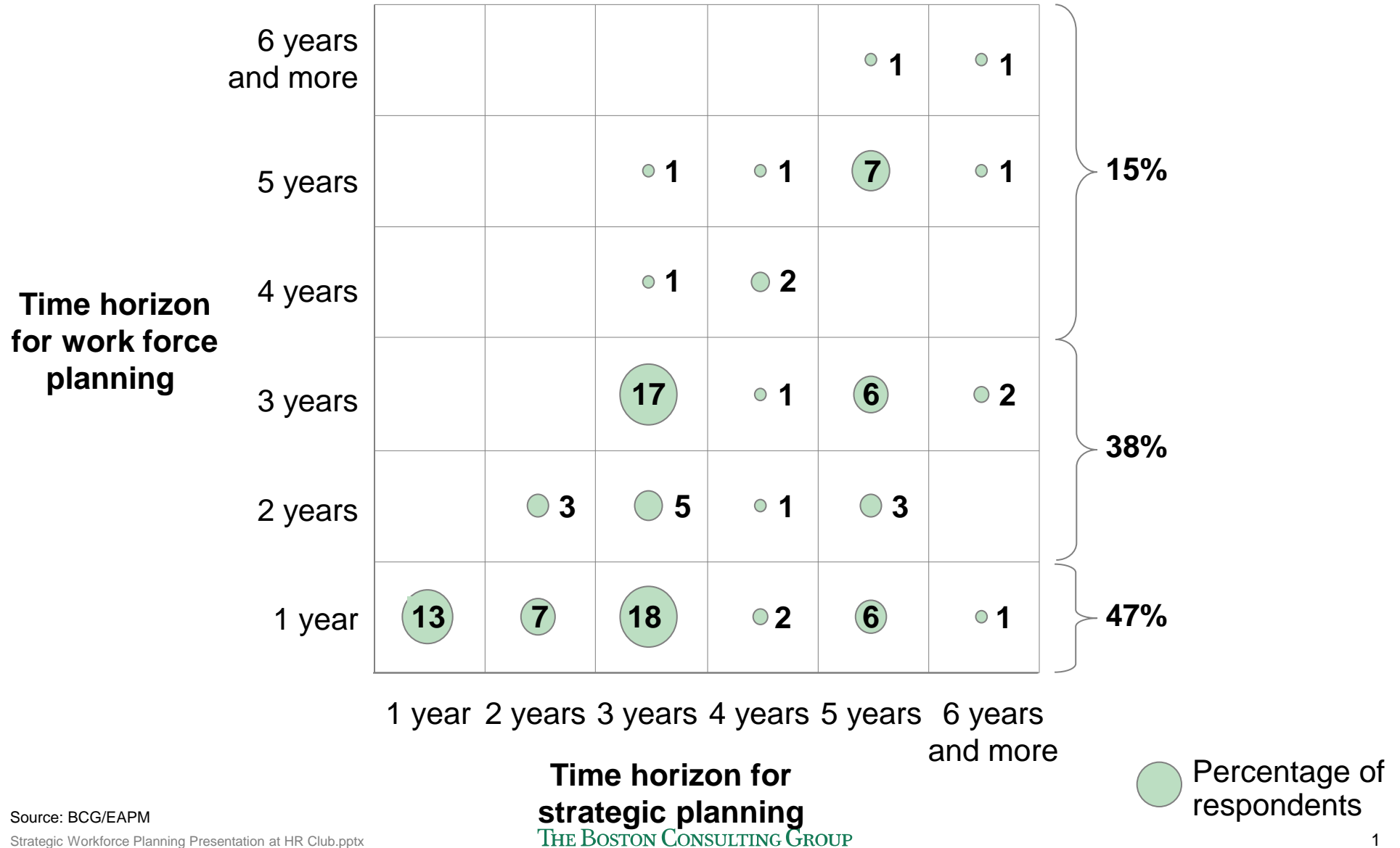
Strategic Workforce Planning

Dr. Christopher Daniel
Project Leader, Dubai

February 8, 2011

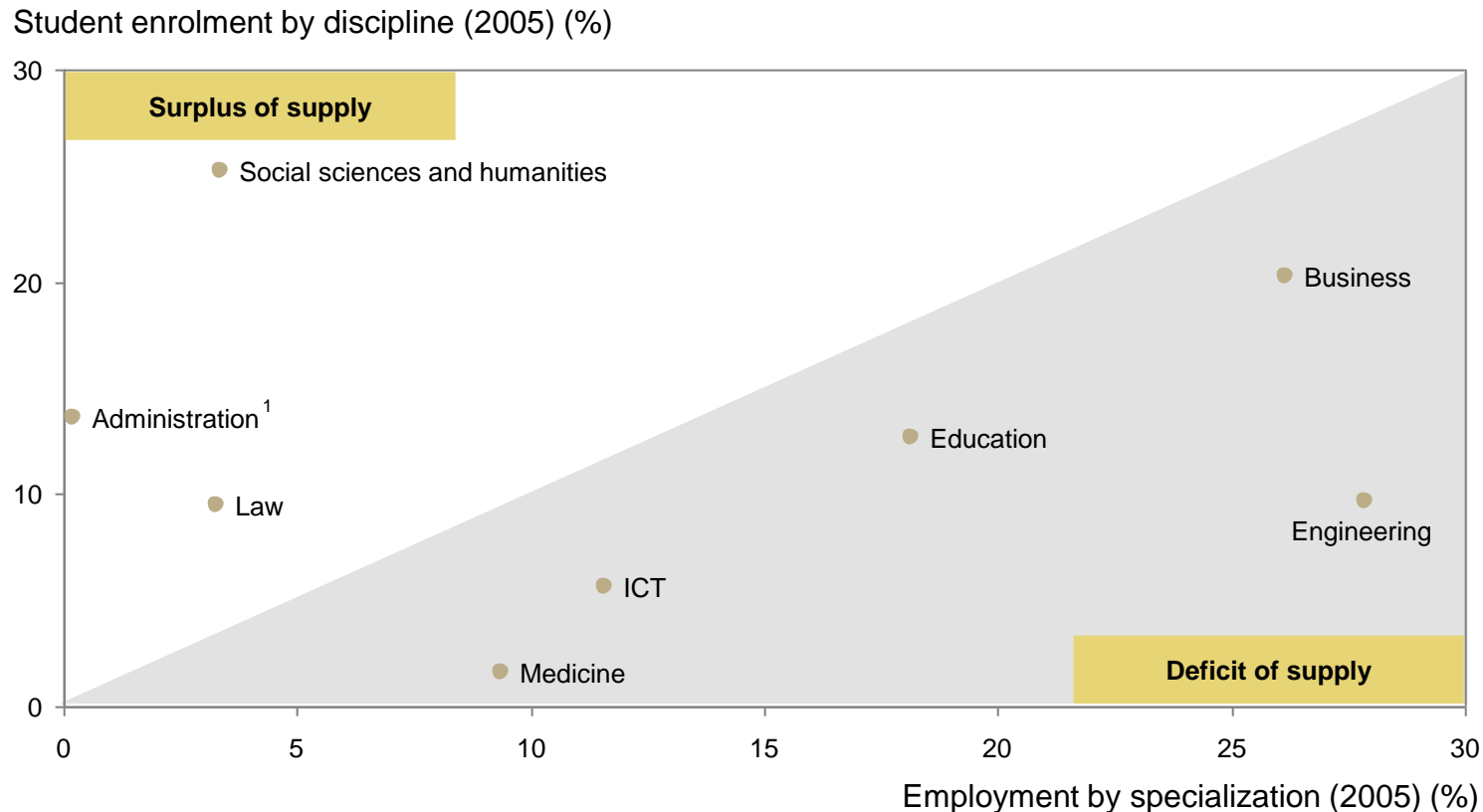
THE BOSTON CONSULTING GROUP

Only 15% of companies plan their work force needs more than three years into the future



Companies often ignore mismatch between capabilities available on the labor market and demanded by employers

Higher Education Specialization Supply versus Labor Market Demand in UAE



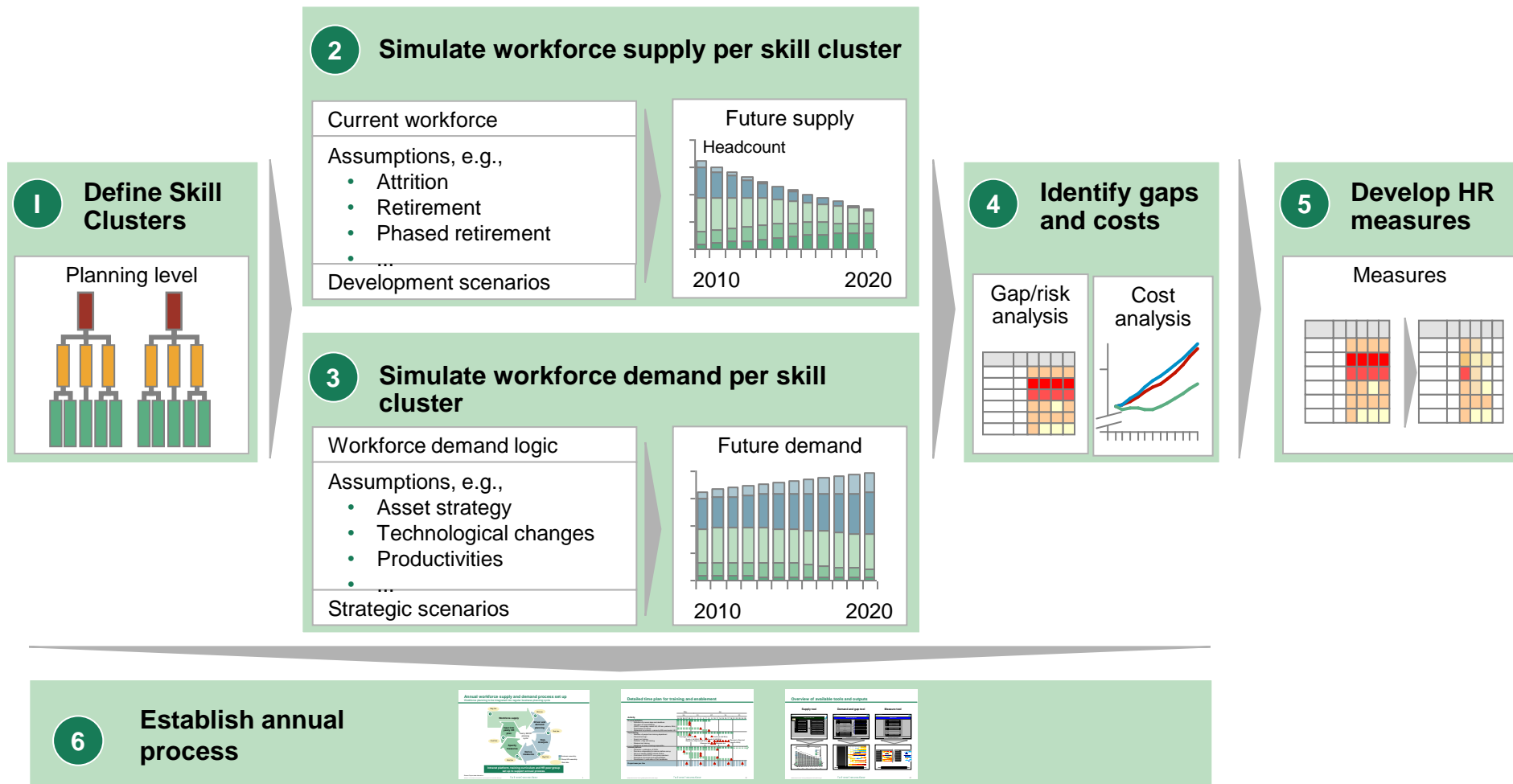
1. Administration includes among others public administration and affairs, translation, general secretariat, etc
Source: BCG Analysis

Strategic workforce planning: typical weaknesses at many companies

- 1 Workforce planning only has a very short-term orientation
- 2 Pure capacity planning without differentiation by qualification or job families
- 3 Often no workforce demand planning with link to company strategy
- 4 Recruiting and training goals often not systematically deducted from company strategy
- 5 Qualification programs often not systematically deducted from company strategy
- 6 Internal transfer potential from surplus to shortfall often not used
- 7 Capacity reduction often with "lawnmower" method
- 8 Demographic challenges often not systematically addressed
- 9 Integration of HR department into strategic discussions often not happening

BCG's Strategic Workforce and Cost Planning Approach

Very well proven approach



Methodology has been proven in multiple projects

Extract of project references



DAIMLER



Lufthansa Technik



UniCredit Group



SIEMENS

Clustering of employees based on skills and experience

Pair-by-pair comparison with regard to exchangeability

Exchange analysis	F 1	F 2	F 3	F 4
F 1	●	●	●	○
F 2	○	●	●	●
F 3	○	○	●	●
F 4	○	○	○	●

Job family groups

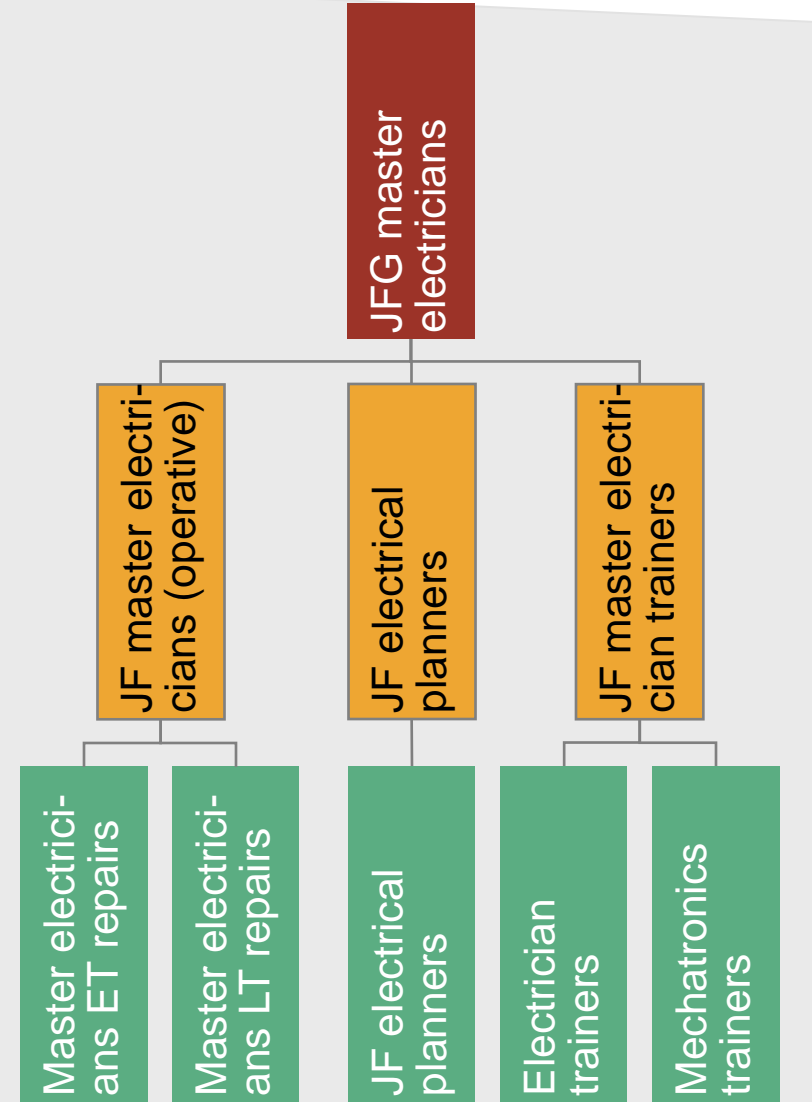
●
 ≤ 36 months
 Staff development possible in medium term—at relatively high expense

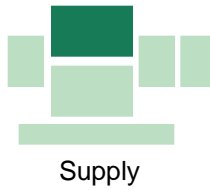
Job families

●
 < 18 months
 Exchangeability quickly achievable - little additional training required

Functions

●
 < 3 months
 Directly exchangeable—functions directly replaceable



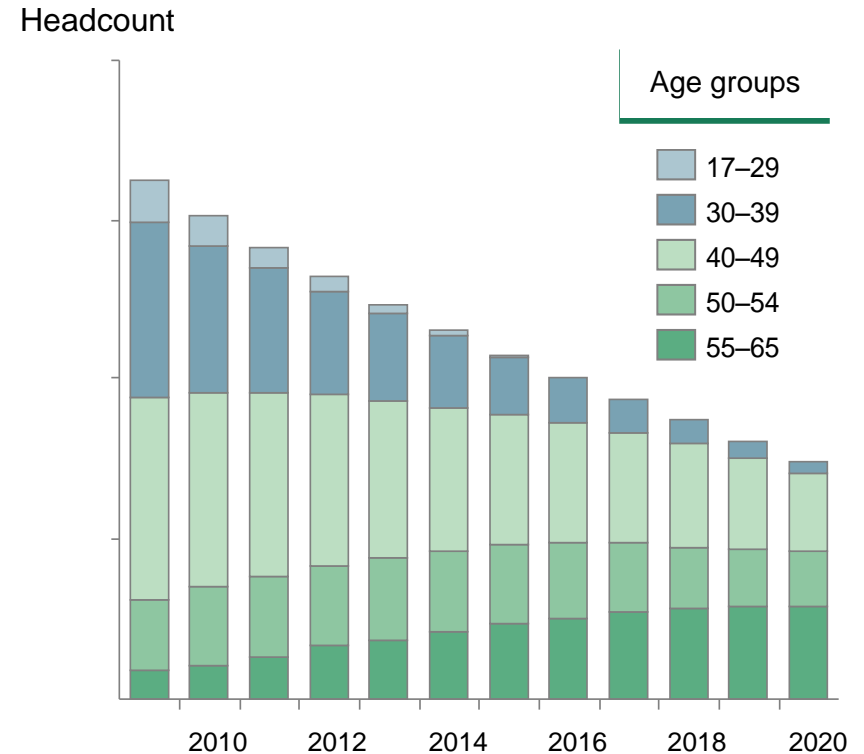


Flexible simulation of workforce supply scenarios

Illustrative parameters

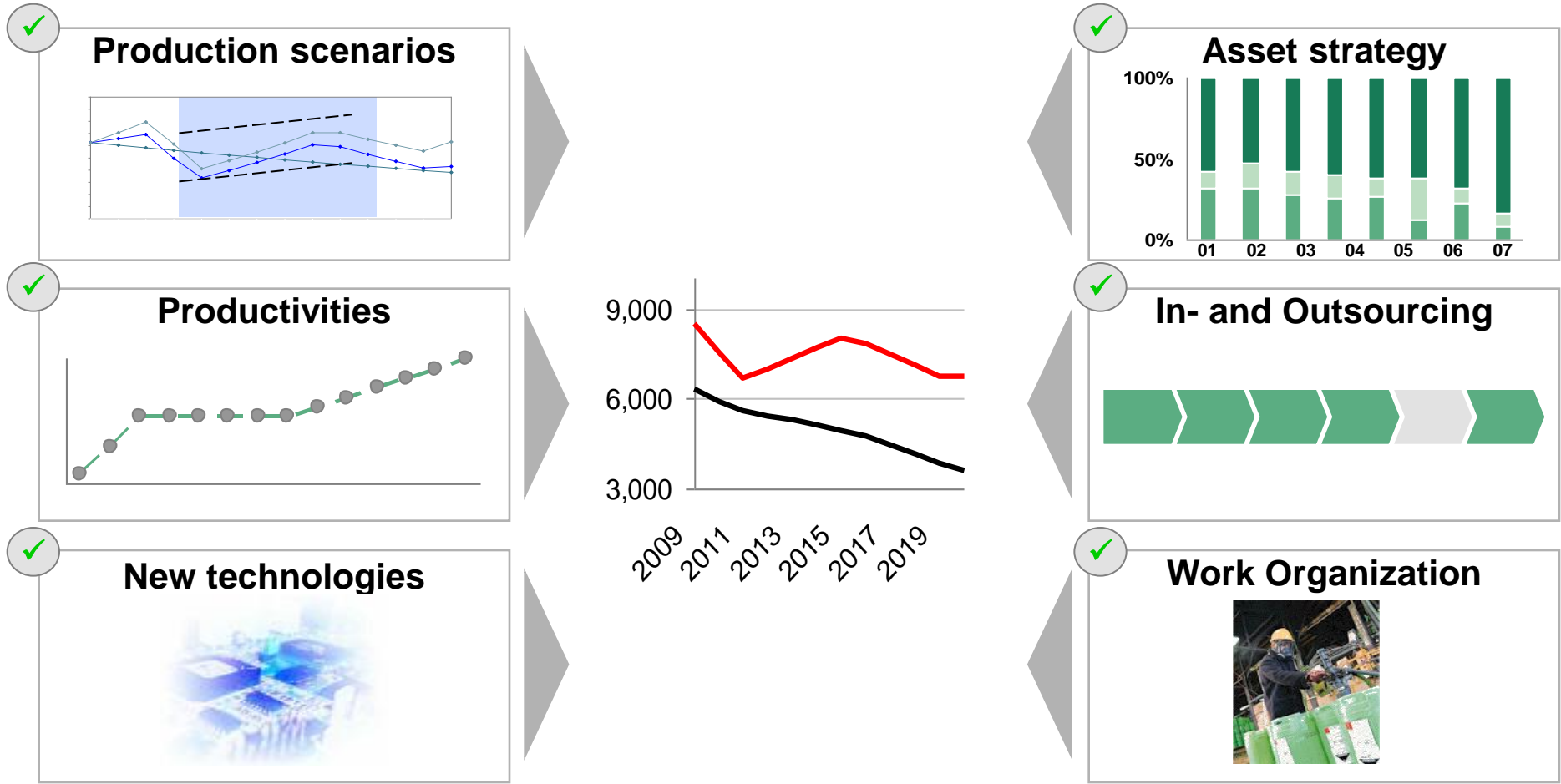
Retirement	• 65 years
Fluctuation	• Ø 6.8% per year, derived from historical data by age group and by business unit
Recruiting	• none
Productivity	• 3.5% absence rate
Partial retirement	• none
Cost	• 7% inflation

Development of staff levels



Note: FTE data as of 31 Dec 2009; Permanent employees only
 Source: Central HR data; Central HR event list; BCG analysis
 Strategic Workforce Planning Presentation at HR Club.pptx

Approach **links** business strategy to workforce scenarios



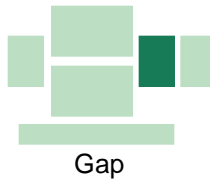


Specific simulation model

The screenshot displays the DemandTool software interface. On the left, a workflow diagram shows the process from 'Job Family Tree' to 'Result: Chart'. The main window shows a 'Block-unit power station' table with columns for 'Type', 'Power station', 'Unit', 'Name of block-unit', 'Start-up year', 'ramp-up', 'Shut-down year', 'ramp-down', and 'Cap'. A large data table on the right shows numerical values for years 2011 through 2031, color-coded by gap magnitude. A legend at the top indicates gap ranges from -45,000 to 25,000. Below the table, there are buttons for 'back to main menu', 'Select Scenario', 'Save Scenario', and 'Load Scenario'.

Block-unit power station	Type	Power station	Unit	Name of block-unit	Start-up year	ramp-up	Shut-down year	ramp-down	Cap
wha unit 2	1983	4 year Ramp Up Coal	2065	3 year Ramp Down					
wha unit 3	1983	4 year Ramp Up Coal	2065	3 year Ramp Down					
wha unit 4	1983	4 year Ramp Up Coal	2065	3 year Ramp Down					
potfwei unit 1	1973	3 year Ramp Up Coal	2035	3 year Ramp Down					
potfwei unit 2	1973	3 year Ramp Up Coal	2035	3 year Ramp Down					
potfwei unit 3	1973	3 year Ramp Up Coal	2035	3 year Ramp Down					
potfwei unit 4	1973	3 year Ramp Up Coal	2035	3 year Ramp Down					
ndrina unit 1	1973	4 year Ramp Up Coal	2013	3 year Ramp Down					
ndrina unit 2	1973	4 year Ramp Up Coal	2013	3 year Ramp Down					
ndrina unit 3	1973	4 year Ramp Up Coal	2027	3 year Ramp Down					
ndrina unit 4	1973	4 year Ramp Up Coal	2030	3 year Ramp Down					
ndal unit 1	1993	4 year Ramp Up Coal	2029	3 year Ramp Down					
ndal unit 2	1993	4 year Ramp Up Coal	2029	3 year Ramp Down					
ndal unit 3	1993	4 year Ramp Up Coal	2029	3 year Ramp Down					
ndal unit 4	1993	4 year Ramp Up Coal	2029	3 year Ramp Down					
mati unit 1	1966	2 year Ramp Up Coal	2032	3 year Ramp Down					
mati unit 3	1966	2 year Ramp Up Coal	2026	3 year Ramp Down					
mati unit 4	1966	2 year Ramp Up Coal	2019	3 year Ramp Down					
el unit 1	1979	2 year Ramp Up Coal	2032	3 year Ramp Down					
el unit 2	1979	2 year Ramp Up Coal	2027	3 year Ramp Down					
el unit 3	1979	2 year Ramp Up Coal	2027	3 year Ramp Down					
el unit 4	1979	2 year Ramp Up Coal	2027	3 year Ramp Down					
habo unit 1	1980	4 year Ramp Up Coal	2045	3 year Ramp Down					
habo unit 2	1980	4 year Ramp Up Coal	2045	3 year Ramp Down					

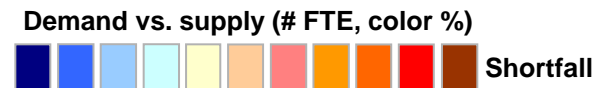
Also templates for data requests are ready to use



Detailed identification of capacity risks

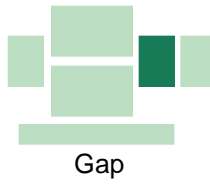
Company example

Qualification	WF 09	2009	2010	2011	2012	2013	2014	2015	2016
Skilled tech. worker	242	37	32	-31	-61	-76	-79	-74	-194
Logistic planner	407	34	45	41	-59	-65	-92	-96	-130
Worker mech. eng.	397	58	53	59	46	-112	-156	-216	-204
Commercial clerk	799	104	101	80	-237	-202	-159	-114	-100
Robot expert	286	0	23	20	0	-24	-28	-32	-36
Metalworking mach. op.	190	16	9	0	3	8	13	16	18
Quality supervisor	581	-136	-124	-127	-113	-123	-123	-145	-185
Technical worker	853	118	120	121	63	41	20	6	-25
Production IT expert	352	66	-102	-98	-94	-140	-126	-119	-112
Machine operator	465	-46	-73	-95	-73	-54	-41	-30	-21
Specialized molder	711	119	110	86	-271	-179	-77	-17	-16
Machine supervisor	574	-57	-55	-53	-219	-381	-440	-414	-664
Development engineer	288	-18	-66	-85	-210	-207	-249	-384	-363
Development techn.	453	49	67	-47	-45	-43	-40	-38	-32
Molding specialist	1,256	135	140	116	83	-22	-111	-193	-297
Mining engineer	771	70	74	21	-131	-124	-144	-145	-145
Assembly technician	1,642	122	220	211	108	115	171	214	225
...	430	-13	-13	49	53	-4	-7	-3	-42
Sum FTEs	10,697	654	562	268					

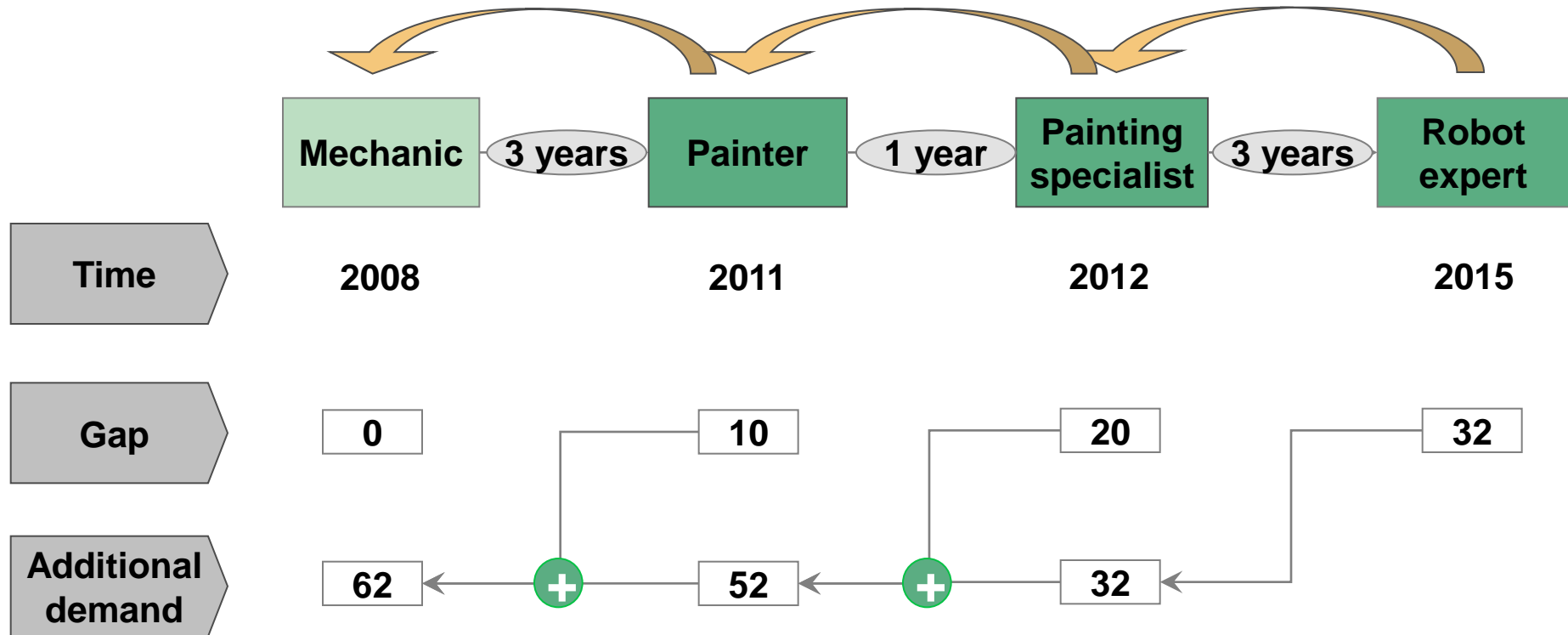


Source: Project example

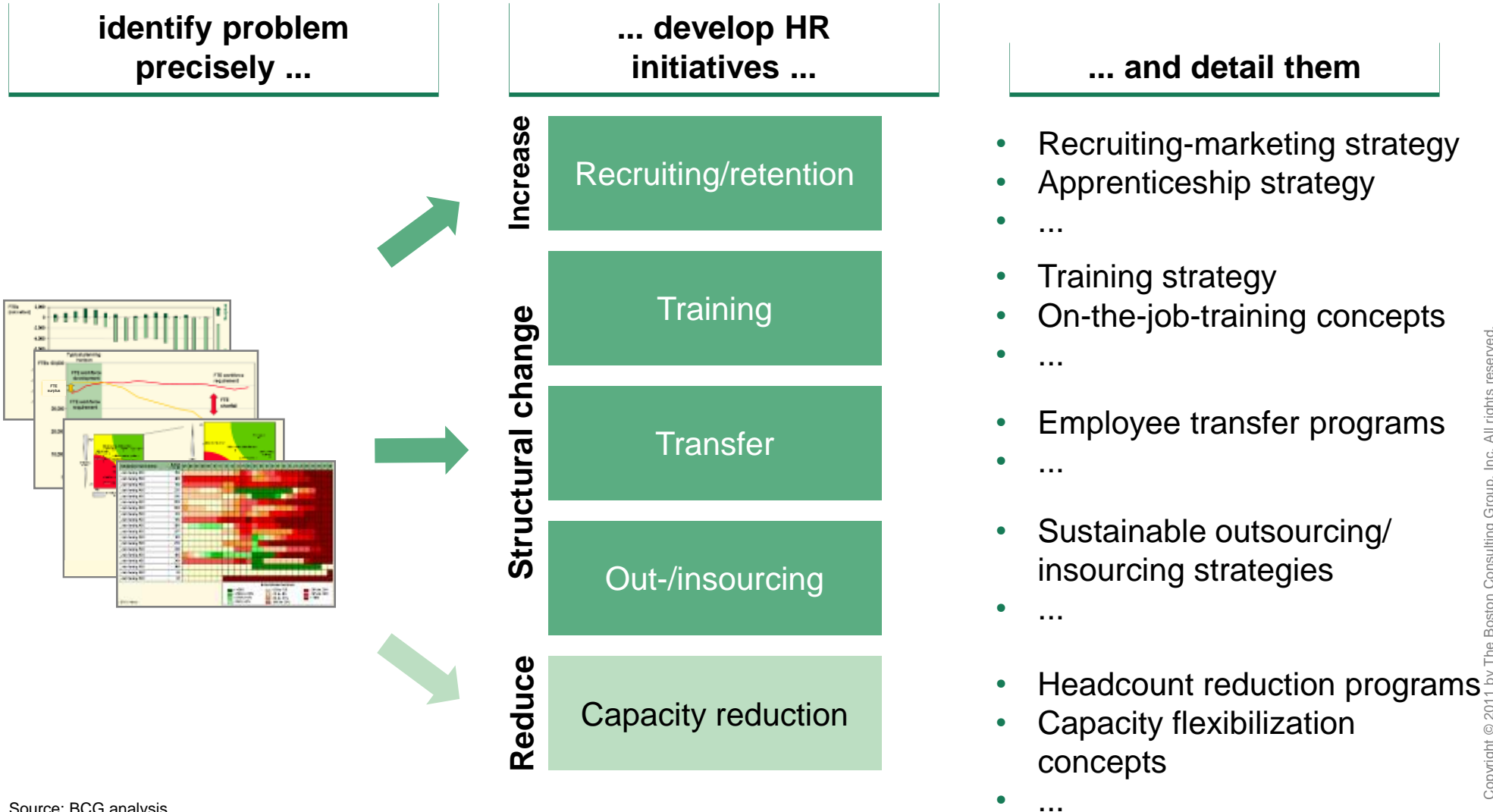
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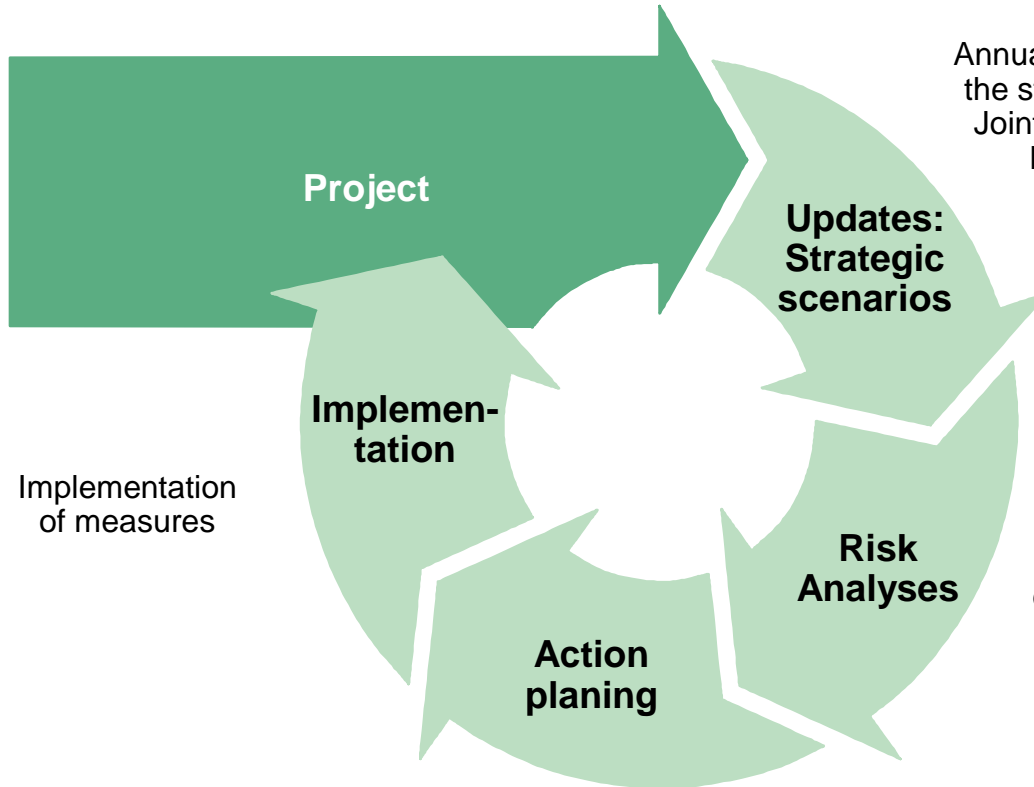
Closing gaps taking typical career paths into account



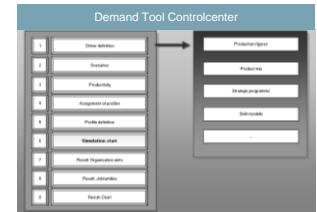
Focused HR initiatives can be launched to address capacity and skill risks



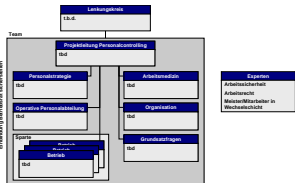
This is not a one-time exercise but a an enablement of HR into a continuous strategy HR process



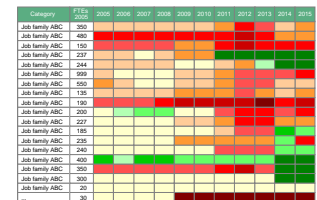
Annual updates during the strategy process:
Joint effort strategy, HR and line



Implementation of measures



Risk analysis of different strategy scenarios



Definition of concrete action steps



Very positive feedback – project enables the HR organization

Client feedback from BCG strategic workforce planning projects

"Mother of all HR projects!"

"We – as HR became actively involved in strategy process"

"First step towards becoming an HR business partner "

"Results were directly translated in concrete board decisions"

"We speak the same language as Finance and Strategy"

"We set up an implementation controlling to enforce all measures"

"Approach is easy to implement, it is pragmatic and goal oriented"

"Best consulting project ever"

Approach also covered in leading publications

Example Harvard Business Review

Managing Demographic Risk

An aging workforce will compel businesses to change how they operate and could even threaten some companies' viability. How vulnerable is your business?

by Rainer Strack, Jens Baier, and Anders Fahlander



Harvard Business Review

MOST EXECUTIVES in developed nations are vaguely aware that a major demographic shift is about to transform their societies and their companies—and assume there is little they can do about such a monumental change. They're right in the first instance, wrong in the second.

The statistics are compelling. In most developed economies

most nations' population... the ratio of young people to old... the overall population...

Sliding Up Your Transfer and Timing Options

If you anticipate a shift in one job function or one location in a given year... you might be able to advance that position by varying your transfer...

Alternatively, you have identified a number of transfer options... you could transfer some of them to fill the shortage.



Managing Demographic Risk

The challenge is particularly acute in certain industries. In the US, an aging workforce... the ratio of young people to old... the overall population...

What's at the Risk?

In most cases, companies will find one demographic or demographic risk... the ratio of young people to old... the overall population...

A Looming Challenge

An aging workforce will have significant implications for most developed economies, having increased its... the ratio of young people to old... the overall population...



Where Will You Face Talent Gaps?

To identify where your greatest challenges will be, we examined data... the ratio of young people to old... the overall population...

Managing Demographic Risk

As the demographic shift... the ratio of young people to old... the overall population...



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