



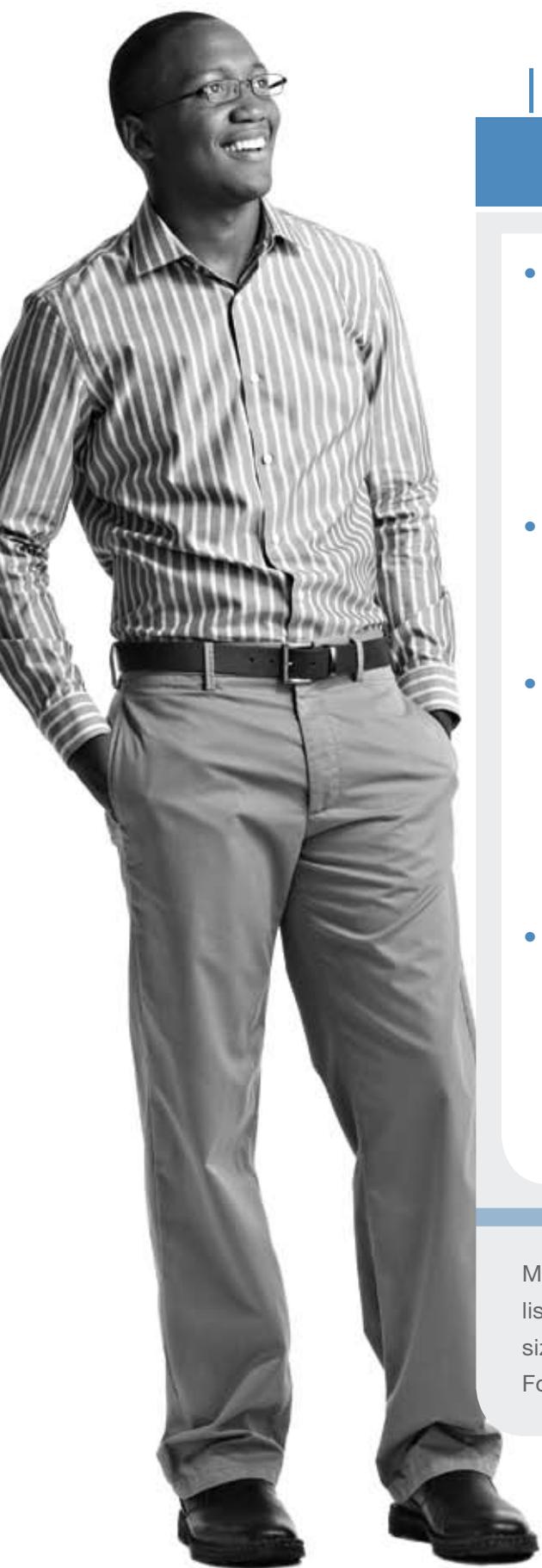
Fresh Perspectives

# Is Talent Holding You Back?

## Designing Workforce Strategy for Sustained Business Growth



Manpower®



## In This Article



- Manpower identifies that most organisations are thinking short term about talent needs and workforce strategy in general. But despite the current economic environment, now is the time to devise and implement a workforce strategy that accounts for the increasing pace of change and drives corporate growth. In short, an organisation's workforce strategy must support the chief executive's vision and long-term goals of the business.
- Human Resource leaders are the essential link in aligning workforce strategy to business strategy. They are uniquely positioned to drive the conversation among the business's leaders and challenge old assumptions about workforce management.
- To attract, engage and retain the talent needed, a robust and well-documented workforce strategy will: include an honest assessment of long-term organisational needs; evaluate a variety of alternative work models and workforce mixes; consider changes to existing organisational behavior that may more effectively engage workers both now and into the future; and make clear where the organisation can "build" rather than "buy."
- Just as with business strategy, leaders must regularly revisit and challenge workforce strategy for strategic alignment and accountability. This is a non-stop process to ensure that the workforce strategy serves to accelerate the organisation's execution of the business strategy.

*More articles like this can be found in Manpower's Research Center at [www.manpower.com.au/research/](http://www.manpower.com.au/research/)*

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# Introduction

Even as we emerge from the global recession, with unemployment continuing at high levels, the talent that drives business success is still in high demand. Indeed, 31 percent of employers worldwide can't fill key positions, according to Manpower's fifth annual Talent Shortage Survey.<sup>1</sup> That finding suggests that the "talent mismatch"—the inability to find the right skills in the right place at the right time—is a looming threat to all employers. Even those who are comfortable with where they are at right now need to think hard about whether the talent plans they have in place will generate the talent that is needed in this rapidly changing world of work. Increasing competition, changing demographics and demands from individuals as well as technology are placing pressures on businesses like we have never seen before. Employers need to ask themselves "Do our current workforce strategies and plans support our plans for long-term growth in this changing environment?" Given how dramatically the world has changed, and the fact that the speed of change is accelerating, the answer is probably "no."

In this new and complex environment, talent is increasingly the key competitive differentiator. In less than a decade, people with high-demand skills will be the scarcest resource for companies.<sup>2</sup> Even now, the talent gap is slowing recovery and growth for many organisations. As the global economy improves, that situation will only worsen.

Business leaders can and should meet this challenge head-on. Now is the time to devise and implement a workforce strategy that accounts for the increasing pace of change and drives corporate growth. In short, an organisation's workforce strategy must be able to generate the talent needed to achieve the chief executive's vision and long-term goals of the business.

## Where we are and how we got here

Over the last several years, businesses have been preoccupied with taking costs out of the system to improve productivity. This was most recently demonstrated in the height of the recession with wide-scale reductions in force. At the same time, the market demands have increased, which means companies likely do not have all of the right people with the right skills to drive innovation and business results.



*Now is the time to devise and implement a workforce strategy that accounts for the increasing pace of change and drives corporate growth.*

And, they are assuming that there will be a ready supply of these people when they need them. Given the demographic shifts, this assumption will not serve companies well. Instead, companies need to think strategically about what they need to do to ready their workforce for long-term growth in today's and tomorrow's environment.

The world of work is changing and the velocity of change is accelerating. As a result, business leaders can't reset to pre-recession approaches. They must take a new approach to thinking about their workforce and the assumptions they are using to inform their strategy and plans.

*For more information about the trends changing the world of work, visit [www.manpower.com/worldofwork](http://www.manpower.com/worldofwork)*

Demographic and economic trends are exacerbating the talent challenge.<sup>3</sup> Older workers with valuable skills and experience are exiting the workforce, but there aren't enough skilled younger people to take their place. As industries and the marketplace grow more complicated, organisations will continue to demand more specific skills and behaviors from their employees. At the same time, leverage is shifting from employers to employees, and workers with in-demand skills are asserting their power, seeking more flexibility and investment in professional development. Those pressures will only grow as economies rebound, emerging markets develop, and the nature of work shifts, forcing employers to rethink how they define job roles and how better to attract and retain scarce talent.

Too few organisations are prepared to address their long-term needs in the rapidly changing world of work. Sustained competitive advantage requires not only a smart business strategy but also a workforce that is equipped to execute on that strategy and understands its role in achieving its goals. Manpower's new Workforce Strategy Survey reveals that nearly

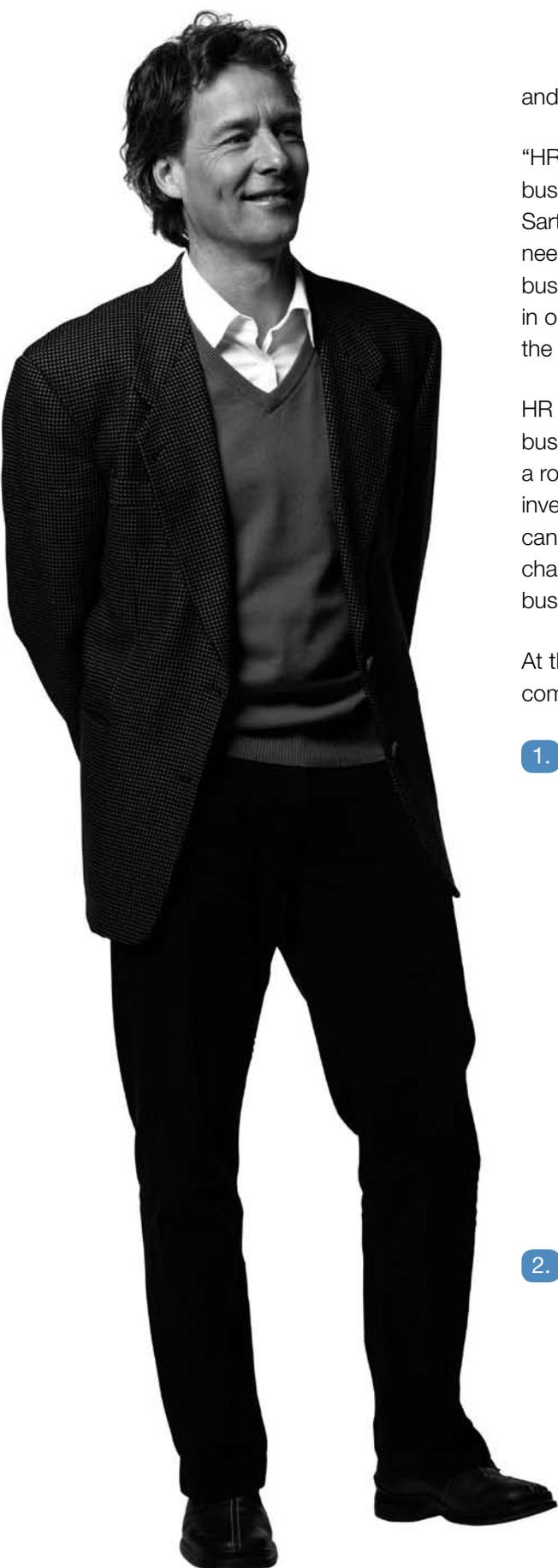
one quarter of employers across 36 nations concede that their organisations' workforce strategy does not support their business strategy or don't know if it does. Even more alarming: Among those two subsets of respondents, more than half (53 percent) admit that they are not doing anything about it.<sup>4</sup>

Manpower is not alone in spotting this risk. The Boston Consulting Group and the World Federation of People Management Organisations report that only 15 percent of the companies they surveyed strategically plan their workforce more than three years in advance.<sup>5</sup>

And though many business leaders say talent management is a top priority for 2010, according to a survey by Right Management (a Manpower company), those statements don't always translate into action.<sup>6</sup> On the whole, talent management is not yet an embedded business activity, and large sections of the workforce are still in the dark about their contributions.<sup>7</sup> Manpower's new research finds that more than one in five employees say either that they don't understand their company's business strategy or they don't know how their role supports it.<sup>8</sup> In too many cases, the emphasis on talent management is tactical and short term when it ought to be strategic and long term.

## Connecting Strategy and Organisational Performance

Human Resource (HR) leaders are the essential link in aligning workforce strategy to business strategy. They are uniquely positioned to drive the conversation among the business's leaders and challenge old assumptions about workforce management. Their role is to facilitate the process of creating an aligned workforce strategy, helping the executive team identify gaps that may prevent meeting business objectives



and pinpoint the roles and skills that will drive growth and deliver results.

“HR leaders must help the organisation align workforce strategy to business strategy in order to drive business performance,” says Libby Sartain, former Chief People Officer, Yahoo! and Southwest Airlines. “They need to facilitate the discussion with the leadership team around what the business needs from its workforce in the short term and in the long term, in order to close the gap between what the workforce can do and what the business needs them to do.”

HR needs to not only help the business identify the gaps between their business strategy and workforce strategy, but they need to also design a roadmap for success. This includes determining the choices and investments that need to be made to ensure they have a workforce that can deliver the business plan. This process requires a firm grasp of the changing world of work dynamics, as well as a deep knowledge of the business and understanding of human potential.

At the heart of this approach are three fundamental questions that companies need to ask themselves—and answer:

- 1. What implications does our business strategy have on our workforce strategy?** The first step is to help the business determine the implications of their business strategy on their workforce strategy, both in the short term (one-to-three years out) and in the long term (three years and beyond). It starts with an explicit, shared understanding of the organisation’s goals. How will the business evolve over time? Will the company introduce new products or services? Move into new markets? Shift emphasis? What core business capabilities and skills will the organisation need to support those changes? What kind of leaders will the organisation need? What roles in the organisation will drive the most value? The analysis should be holistic, covering basic, technical and soft skills—such as problem-solving, communication, planning and organisation, collaboration, self-management, initiative, critical judgment and decision-making—that are so critical to any operation.
- 2. Is our leadership aligned around the key workforce challenges required to drive the desired business results?** This part of the discussion zeroes in on what the leadership team believes to be the priorities in the short term and long term. This is an essential piece of the process as the leaders will not only be the ones that determine the needs and priorities, but also determine the workforce investments and outcomes.

**3. What talent gaps do we have?** This is where the HR leaders need to help the leadership team connect the business needs to the abilities of the current workforce, as well as the availability of those skills. At this point it's critical for the HR leader to bring in external demographic data and trends, and juxtapose them against internal talent availability (considering attrition, retirement, etc.) and determine a skills match or mismatch. It is essential to prioritize the talent gaps that matter most to achieving the business strategy, as this will be used to shape the workforce action plan that breaks down each of the steps to execute.

Armed with the survey of needs and the gap analysis, the HR leader can then facilitate his or her business colleagues through the process of creating a workforce strategy and later an action plan that ensures that the organisation will always have the right array of skills in the right places and at the right times to meet its evolving needs. For this to be successful, close and constant collaboration between HR and the business leaders is essential.

## Creating the Workforce Strategy Aligned to Business Strategy

As the velocity of change in the business environment and the world of work accelerates, the point is to have the right skills in the right place no matter what. The aligned workforce



## Filling the gaps

Talent needs change with the business and therefore an organisation's workforce strategy must be flexible to find, assess and fill the gaps.

Johnson Controls Inc. is currently undergoing this very exercise as it plans for the expansion of energy-related jobs worldwide. Over the next five years, the company is forecasting the addition of more than 1,000 energy engineers, more than 1,000 employees with specific building sustainability accreditation, and more than 15,000 field service technicians. It has proactively forecasted the need for specific positions and is working on a plan to fill those gaps in its "green" workforce.<sup>9</sup>

*"The increased demand for renewable energy and more energy-efficient buildings is driving the need for individuals with new skills that aren't readily available in the labour market," said Dave Myers, President of the Johnson Controls Building Efficiency business. "We have to be creative about how we will fill those gaps in our workforce."*

Consider this: Now that Intel has restructured itself as more than a silicon chip maker, it needs software and services talent—as well as the skills to integrate solutions for customers from its hardware, software and services platforms.<sup>10</sup> So for Intel's HR teams, the new questions become: What kinds of software skills? How many software engineers do we need, and for which locations? And where will we find them?

strategy ensures you have the talent you need to accelerate the execution of your business strategy. Its horizon should be long term, while dealing with urgent needs here and now. It must also be practical and include contingencies for such risks as labour actions.

To attract, develop, engage and retain the talent needed, a robust and well-documented workforce strategy will:

- **Be more comprehensive and longer-term focused than an annual talent plan.** It will look at how you will attract, develop, engage and retain talent over the long term and include a view to what is changing in the market. It will also identify the implications to your business that will have an impact on talent demands.
- **Be focused on which work models will produce the best results for the organisation.** Consider what appropriate work models and workforce mix will be best for your organisation. With contingent workers rising as a percentage of an organisation's total workforce and the rise of virtual work arrangements to increase flexibility, think about what combination will work for your company.
- **Be introspective to understand what people practices need to be updated.** Consider how leadership behaviors need to change to engage, retain and unleash the potential of your workforce in contemporary ways.
- **Be inclusive by taking an outside-in view to talent sources.** Consider where you will find the talent you need. Does the demographic data indicate that the talent will be there? How can you tap into different talent pools to meet your needs? Create agile talent strategies to attract, select, onboard, train and reskill in new ways.

- **Be clear where the organisation can “build” rather than “buy.”** A comprehensive workforce strategy will emphasize opportunities for up-skilling current employees, accelerate the development of others, and build pipelines of “high potentials” at many levels across the current workforce. It may need to identify employees with skills adjacent to those that are needed, who can be trained to fill key positions with relative ease—an approach that we’ve dubbed “teachable fit.” It will also need to emphasize building capabilities—particularly of high-potential individuals and key contributors, regardless of whether they are permanent or contingent employees. This remains a weak spot for many organisations: according to Manpower’s newest findings, more than a third of employees say their organisations have not made training and development a priority. A fifth say that training and development opportunities are inadequate for achieving the company’s business strategy—or are not provided at all.<sup>11</sup>

Aligning workforce strategy to the business strategy is not a “once-and-done” activity. Just as with their business strategy, leaders must regularly revisit and challenge their workforce strategy for strategic alignment and accountability. This is an ongoing process of assessing, forecasting and adapting as business needs change, employees retire, and new generations join the workforce to ensure that the workforce strategy accelerates the organisation’s execution of the business strategy. It is the HR leader’s role to facilitate this process with leadership. Until HR leaders consider the impact of external forces (such as demographic trends, etc.) combined with internal forces (such as demography of current workforce, etc.) on their company’s ability to execute its business strategy, efforts will only be as good as tactical plans and actions that are hit or miss. The organisations that get this right will have the competitive edge. This is the time for HR to step up and lead the way to ensure their company has the talent it needs to win.



## References

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<sup>2</sup> "Creating People Advantage in Times of Crisis: How to Address HR Challenges in the Recession," The Boston Consulting Group, March 2009.

<sup>3</sup> "World of Work Trends," Manpower Inc., January 2010.

<sup>4</sup> *Workforce Strategy Survey*, Manpower Inc., 2010.

<sup>5</sup> The Boston Consulting Group, op. cit.

<sup>6</sup> "Talent Management Is a Top Priority For 2010," Right Management press release, November 3, 2009.

<sup>7</sup> "Talent Management for the Twenty-First Century," *Harvard Business Review*, March 2008.

<sup>8</sup> Manpower Inc., op. cit.

<sup>9</sup> "Intel's big strategy shift and AMD's opportunity," *Ars Technica*, May 13, 2010.

<sup>10</sup> "Johnson Controls projects 17,000 jobs for green buildings push," *Milwaukee Journal Sentinel*, June 10, 2010.

<sup>11</sup> Manpower Inc., op. cit.



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