Workforce Planning Toolkit for Diagnosing and Addressing Strategic Talent Gaps

The workforce planning toolkit was created by GrowthLines, Incorporated and has been used by several CLC members. For more information on this process and other services, please contact the Council or GrowthLines:

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Objective

This toolkit aims to aid organizations in translating business strategy into critical capabilities. This translation enables organizations to drive workforce planning around the talent implications of the critical capability gaps.

Guide to Workforce Planning Toolkit

- **Step 1: Surfacing Strategic Priorities**—Members can utilize this seven question conversation guide to understand long-term business strategy.

- **Step 2: Identifying Critical Capabilities for Strategy Execution**—The organizational capability review worksheet allows members to identify the capabilities most critical to business strategy execution across the portfolio.

- **Step 3: Diagnosing Strategic Capability Talent Gaps**—The gap analysis matrix allows members to identify which capabilities are current gaps and surpluses.

- **Step 4: Allocating HR Resources to Minimize Strategic Talent Gaps**—The talent resource planning guidelines worksheet allows members to prioritize HR resources on the most critical capability gaps.

- **Step 5: Creating the Workforce Planning Agenda**—The workforce planning solutions worksheet provides a comprehensive list of solutions that members should evaluate when building a comprehensive strategic workforce plan.

Practice in Context

Seeking to translate business strategy into talent needs, organizations should prioritize workforce planning efforts on the critical capabilities needed for strategy execution. HR resources should focus on the critical capability gaps to ensure that the workforce plan complements long-term business strategy.

DIAGNOSING AND ADDRESSING STRATEGIC TALENT GAPS

Organizations should follow a simple five-step process that begins with understanding business strategy and ends in the creation of a workforce planning strategy

Workforce Planning Steps and Associated Tools

① Surface Strategic Priorities through Conducting a Forward-Looking Conversation with the Line

Tool: HR Business Partner Conversation Guide
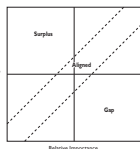Members can utilize this seven question conversation guide to understand long-term business strategy.

② Identify Critical Capabilities for Strategy Execution

Tool: Organizational Capability Diagnostic Worksheet
The organizational capability review worksheet allows members to identify the capabilities most critical to long-term business strategy execution.

③ Diagnosing Strategic Capability Gaps

Tool: Capability Gap Analysis Tool
The gap analysis matrix allows members to identify which capabilities are current gaps and surpluses.

④ Allocating HR Resources to Minimize Strategic Talent Gaps

Tool: Talent Resource Planning Guidelines
The talent resource planning guidelines worksheet allows members to prioritize HR resources on the most critical capability gaps away from the capability surpluses.

⑤ Creating the Workforce Planning Agenda

Tool: Workforce Planning Solutions Worksheet
This worksheet captures strategically aligned HR solutions that in combination result in a comprehensive workforce plan.

Source: Corporate Leadership Council research.

Step 1: Surfacing Strategic Priorities

The HR Business Partner and their line leadership meet to discuss the business unit's long-term strategies for the next 3–5 years. This process is revisited annually to ensure the HR plans are strategically aligned.

A BUSINESS FOCUSED CONVERSATION

The HR Business Partner and Business leader utilize a seven question conversation guide to understand long-term business strategy

Business Strategy Conversation Guide for the HR Business Partner

Complete the following questions for each core strategy of the business.

☑ Describe a core strategy for the business in the next 3–5 years?

☑ What are the major steps or tactics needed to execute this strategy?

☑ What obstacles could prevent us from being successful?

☑ To execute on this strategy, what would we have to change about how we do business?

☑ What would the external world see to help them evaluate our success relative to this strategy?

☑ Why can we "win" in the marketplace with this strategy?

☑ How will this strategy help grow our business and create competitive advantage?

Value of Forward-Looking Conversation

- HR business partner and business leader build common understanding of business strategies

- Conversation is business-focused rather than HR focused

HR Business Partner   **Business Unit Leadership**

Source: Corporate Leadership Council research.

Step 2: Identifying Critical Capabilities for Strategy Execution

Organizations create a list of capabilities most relevant to their organization to focus workforce planning on business strategy rather than particular jobs or talent groups. In addition, capabilities allow all support functions (including HR) to have a consistent planning language. The HR business partner and business leader score the capabilities based on their importance to the organization's long-term business strategy.

IDENTIFYING THE MOST CRITICAL CAPABILITIES

The HR business partner and business leader identify the capabilities most critical to business strategy execution over the next three years

Organizational Capability Diagnostic Worksheet

Step #1: Identify Key Strategies

Business leader identifies the key strategies for the business for the next 3–5 years.

Rationale for Focusing on Capabilities

Capabilities stretch across single positions which provide more flexibility than focusing on specific jobs.

Step #2: Score the Importance of Each Capability

The HR business partner guides the business manager through a scoring exercise to identify the importance of each capability relative to each strategy.

Step #3: Identify Most Critical Capabilities

The HR business partner adds up the scores assigned to each capability for all business strategies to identify the most critical capabilities.

Organizational Capability Review*				
	Expand in Asia	**Grow by M&A**	**Become Employer of Choice**	**Total**
Change Management Definition: *Ability to orchestrate and implement change without eroding value.*	2	2	1	5
Brand Identity Definition: *Ability to build and leverage the brand, enhance brand image.*	2	2	2	6
Operational Excellence Definition: *Lean manufacturing, process management, simple supply chain.*	1	1	0	2
Risk Management Definition: *Ability to manage and mitigate risk*	2	2	1	5
Speed to Market Definition: *Ability to capture first mover advantage. Speed in decision making.*	2	2	1	5
Diversity Definition: *Ability to leverage diversity to meet or exceed expectations of a global marketplace and employee population.*	2	0	2	4

Scoring System

Required to Win=2
Capability is important to surpass our competitors

Required to Play=1
Capability is required to be viable in industry

Not important=0
Capability is not important for business success

* Strategies are fictional.

Steps for Developing List of Critical Capabilities

• Interview Business Leaders to Surface Critical Capabilities to Execute on Current and Future Strategy
• Identify a Limited Set of Capabilities to Ensure Consistency and Prevent Process from Becoming Unwieldy
• Ensure Capability Applicability for all Functional Planning (including HR, finance, and IT)

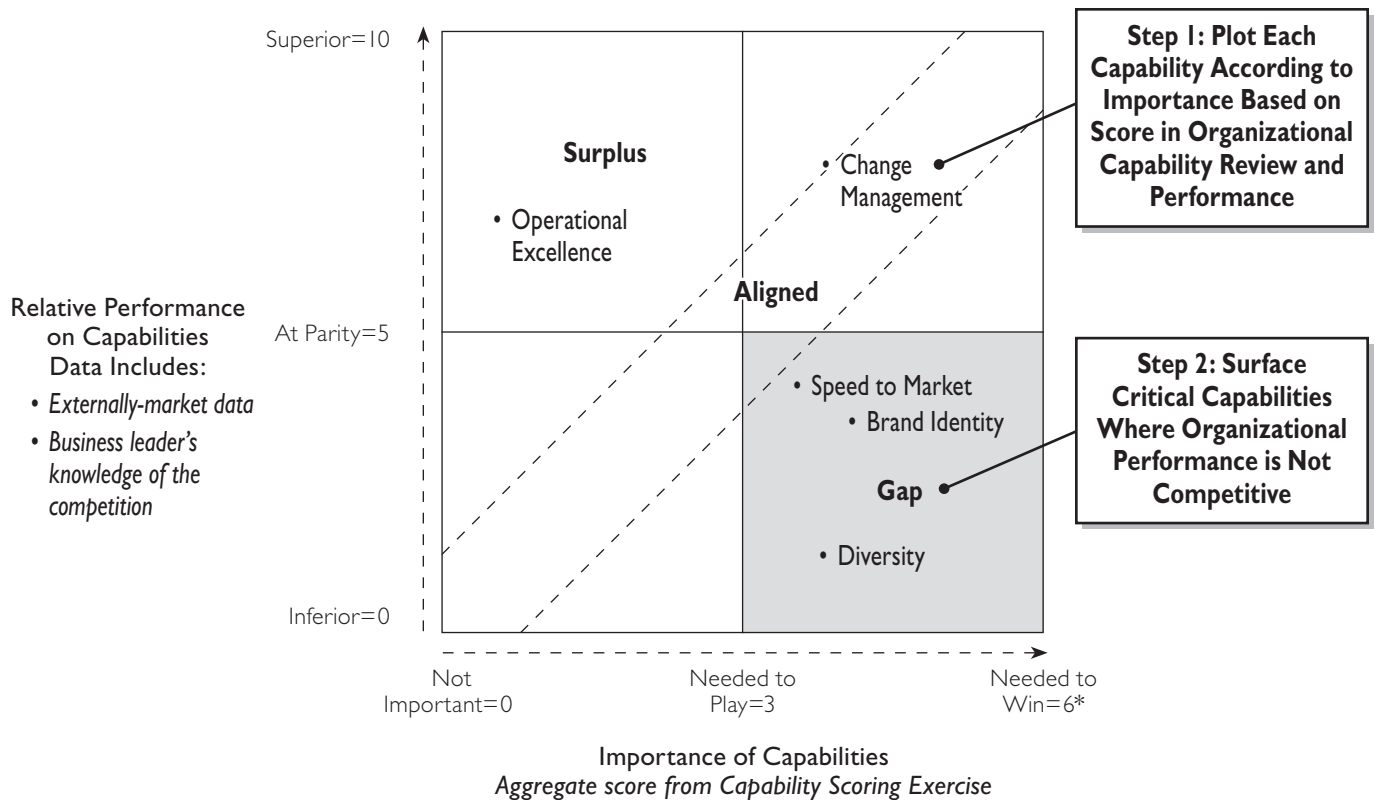Source: Corporate Leadership Council research.

Step 3: Diagnosing Strategic Capability Gaps

After determining the most critical capabilities for business success, the HR business partner and the business leader analyze the organization's ability to perform against the critical capabilities. The gap analysis enables the HR business partner to understand and prioritize workforce planning on the most critical talent implications of business strategies.

SURFACING THE MOST CRITICAL CAPABILITY GAPS

The HR business partner and business leader identify gaps in organizational performance on the capabilities most critical to strategic outcomes

Capability Gap Analysis Tool

Relative Performance on Capabilities Data Includes:
- *Externally-market data*
- *Business leader's knowledge of the competition*

Superior=10

Surplus

- Operational Excellence

- Change Management

Aligned

At Parity=5

- Speed to Market
- Brand Identity

Gap

- Diversity

Inferior=0

Not Important=0   Needed to Play=3   Needed to Win=6*

Importance of Capabilities
Aggregate score from Capability Scoring Exercise

Step 1: Plot Each Capability According to Importance Based on Score in Organizational Capability Review and Performance

Step 2: Surface Critical Capabilities Where Organizational Performance is Not Competitive

* Maximum score equals the number of strategies mapped on page 3 miltiplied by 2.

Source: Corporate Leadership Council research.

Step 4: Allocating Resources to Minimize Strategic Talent Gaps

HR leadership meets with their HR team to analyze the talent implications of the critical capability gaps, surpluses, and alignment. The HR team is responsible for setting the workforce planning agenda based on the talent implications of the critical capabilities.

Targeting the Workforce Plan

The HR business partner reallocates and prioritizes HR resources to the critical capability gaps in a two-step process

Workforce Planning Guide*

Step 1: Identify Critical Capability Gaps and Surpluses

The HR Business Partner identifies the critical capability gaps, and surpluses from the capability gap analysis.

Talent Resource Planning Guidelines			
	Gap	**Surplus**	**Aligned**
Critical Capability	• Brand Identity • Speed to Market • Diversity	• Operational Excellence	• Change Management
HR Resource Allocation Guidelines	Dedicate resources or additional focus	Redeploy surplus resources	Maintain efforts until surplus state occurs

Step 2: Reallocate HR Resources on Critical Gaps

The HR business partner reallocates resources from improving surplus capabilities to critical capability gaps.

*Fictional information included.

Source: Corporate Leadership Council research.

Step 5: Creating the Workforce Planning Agenda

The HR business partner creates the workforce plan around each of the identified critical capability gaps. The workforce plan targets these gaps utilizing a combination of five talent and structural responses.

DEVELOP A COMPREHENSIVE WORKFORCE PLAN

HR creates a workforce plan for each critical capability gap utilizing a combination of talent and structural responses

Workforce Planning Solutions Worksheet

A workforce plan is created to address each critical capability gap (typically 3–5).

HR should consider a wide range of talent management responses and solutions to address critical capability gaps.

HR selects a set of actions to minimize the critical capability gap.

Workforce Plan for Capability Gap: Speed to Market		
Potential Responses	**Potential Solutions**	**Selected Solutions**
Source	• Talent Requirements • Leadership Profiles • Position Descriptions • Talent Pools • Replacement Plans • Recruiting • Sourcing • Broker • Outsourcing	- Source Experienced Talent - Build Critical Bench Strength - Have Backups (Outsourcing Brokering)
Position	• Leadership Communications • Executive Onboarding • Structure • Reporting Relationships	- Ensure Role Clarity and Workflow Processes
Align	• Employment Brand • Technology • Benefits • Career Paths • Orientation Programs • Security • Legal Requirements • Employment Policies and Practices	- Streamline Processes to Expedite Execution
Compensate	• Base Pay • Incentives • Stock Options • Benefits Retention Strategies	- Create Pay Incentives Linked to Cycle Time Reduction and Speed
Evaluate	• Assessment Tools • 360 Feedback • Talent Management Reviews • Leadership Competencies • Succession Planning	- Assess Critical Skill Requirements
Develop	• Mentoring • Coaching • Developmental Experiences • Training	- Ensure Staff is Trained on All Processes, Technology and Tools

Source: Corporate Leadership Council research.

IMPLEMENTATION TIPS

- **Create comprehensive list of organizational capabilities:** The list of organizational capabilities must be comprehensive to enable consistent application across the business and across time.

- **Engage business leadership in translation process:** To understand the talent implications of business strategy, HR and business leaders must work together to ensure consistency in understanding and interpretation.

- **Translate business strategy into capabilities not talent needs:** Translate business strategy into critical capabilities with talent implications rather than directly inferring talent needs from business strategy.

Source: Corporate Leadership Council research.