



MERCER

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PPMA 2015

STRATEGIC WORKFORCE PLANNING MANAGING IN AN AGE OF UNCERTAINTY

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MARSH & McLENNAN
COMPANIES

In the Public Sector A Workforce Tsunami Is Approaching

DISPARATE
PROFESSIONAL
GROUPS



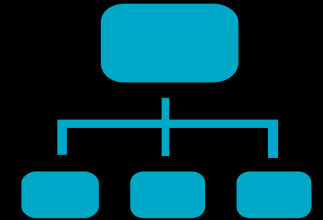
COMMISSIONING
AND
OUTSOURCING
SERVICES



BACK OFFICE
REFORM AND
SHARED
SERVICES



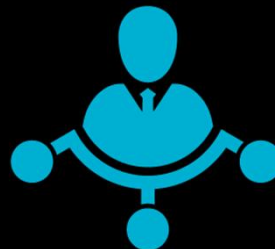
CHANGING SIZE
AND SHAPE OF
THE WORKFORCE



AGEING WORKFORCE
AND CHANGING
DEMOGRAPHICS



THE
OVERWHELMED
EMPLOYEE



DIVERSITY AND LABOUR
PARTICIPATION





What is Strategic Workforce Planning?

A systematic, **disciplined** process for identifying and addressing **gaps** between **current and projected future** workforce **requirements**.

It provides a rational business basis for **prioritising, developing, and funding** the people practices to support **business objectives**

**Right
People**

**Right
Location**

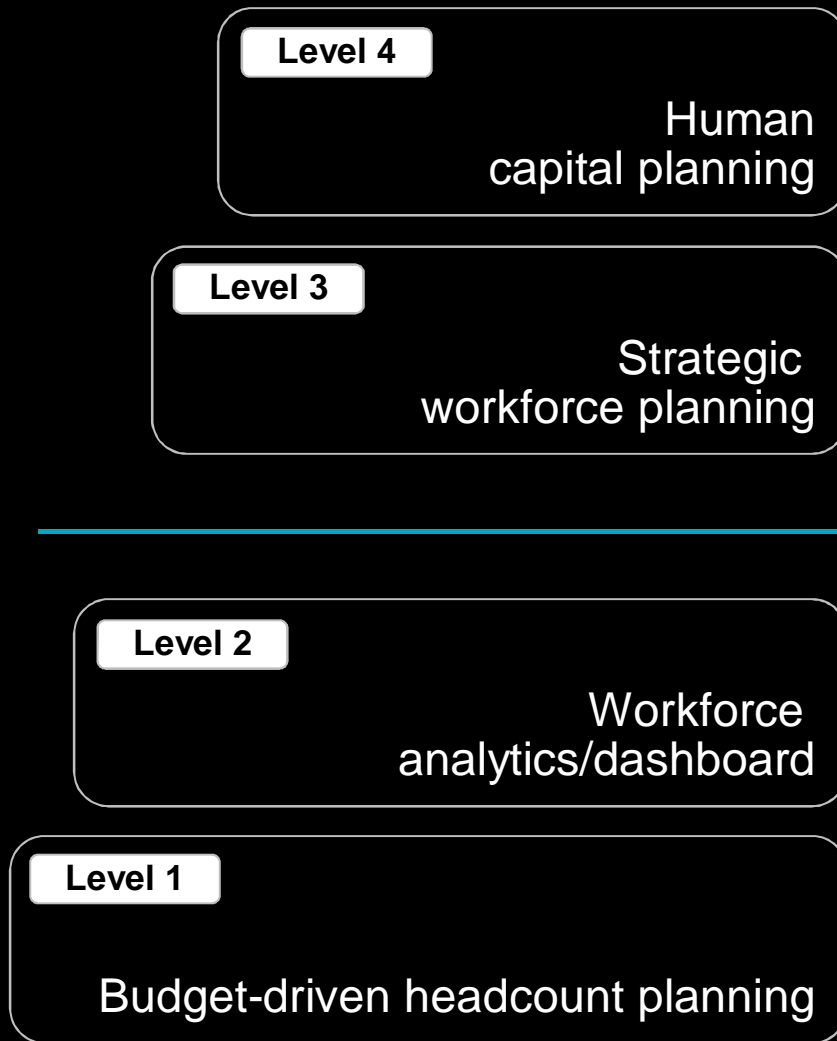
**Right
Time**

**Right
Cost**

**Right
Shape**

Maturity of Workforce Planning

Impact: Business Performance



- Manage workforce like an asset
- Create Analytics and Planning Center of Expertise

- Identify critical workforce segments + gaps + "what-if" future scenarios
- Employ workforce strategies to close gaps

▲ **STRATEGIC WORKFORCE PLANNING**
▼ **FOUNDATIONAL WORKFORCE PLANNING**

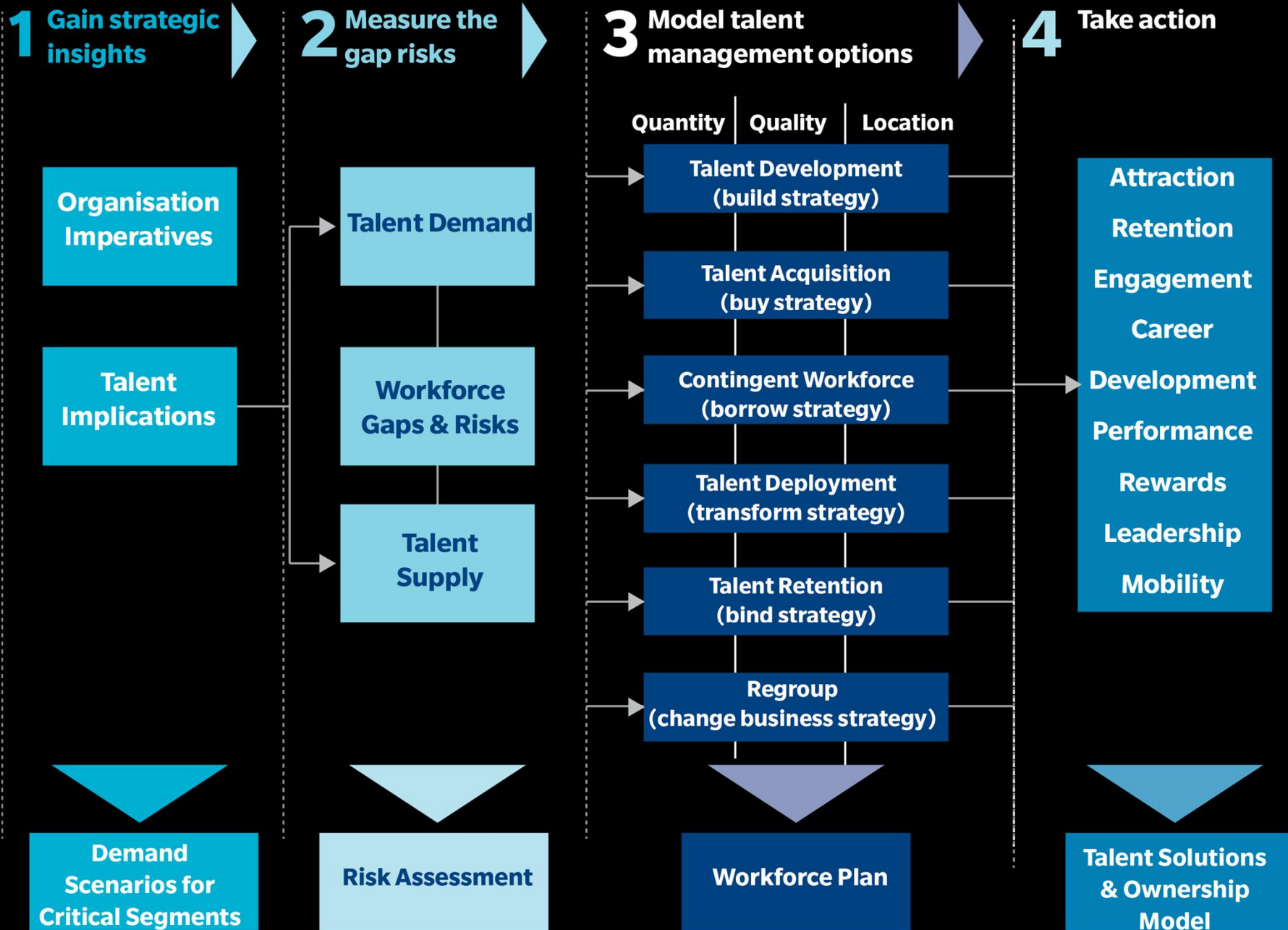
- People strategy and business strategy aligned
- Use technology to leverage data + drive business results

- Lack consistent methodology for workforce analysis
- Lack the technology tools to improve productivity + save time

Operational

Strategic

Strategic Workforce Planning





Advantages Of Addressing Workforce Gaps Early

Buy

Build

Borrow

Bind

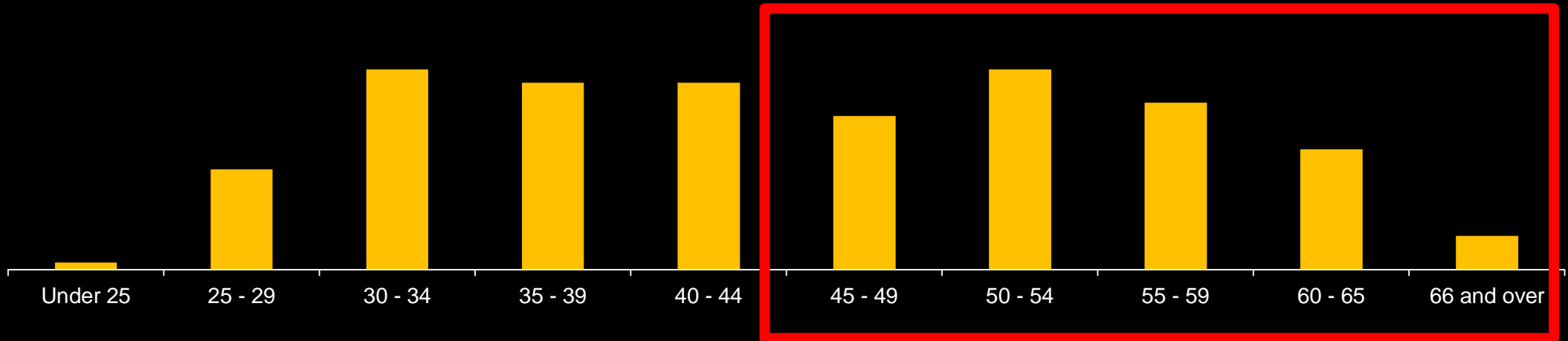
Transform

Regroup

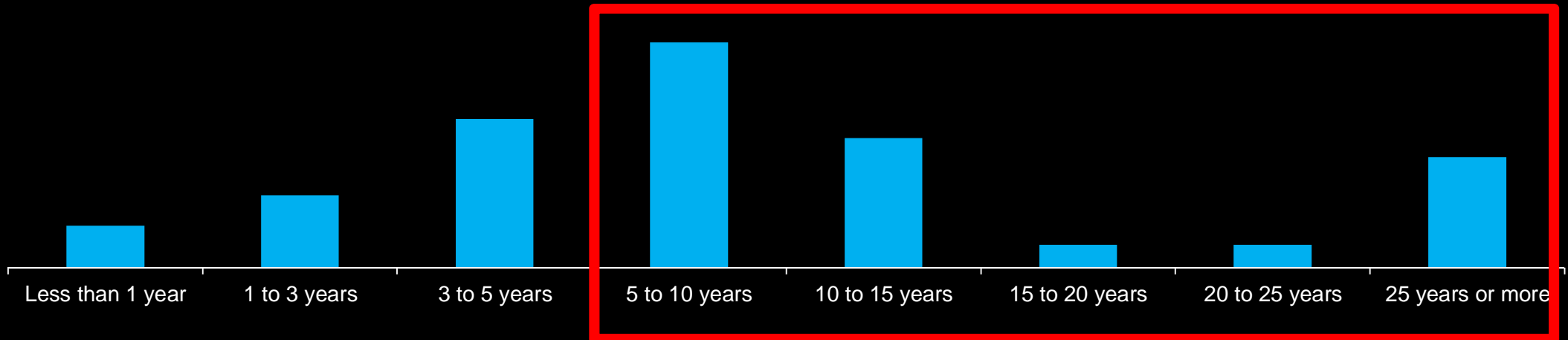
Public Utilities Org Case Study

ILLUSTRATIVE DATA

Ageing Workforce



Tenured Workforce



Public Utilities Org Case Study Workforce Map

ILLUSTRATIVE DATA

Utilities Co



Public Utilities Org Case Study Workforce Map

ILLUSTRATIVE DATA



Opportunities

- “Need philosophy of developing our people”
- “Provide interesting and challenging work”
- “Define technical career paths and opportunities for progress”
- “Look at how people can move laterally”
- “Recognise employee’s contribution to the organisation’s success”
- “Ingrain clear line of sight to strategy”
- “People learn best on the job – what opportunities exist to move?”
- “Look at people coming in and out of panels as potential candidates”

Careers need to be positioned as a **“climbing wall”** where people move around the organisation to explore new opportunities, **not a “ladder”** that people move up.

Public Utilities Org Case Study

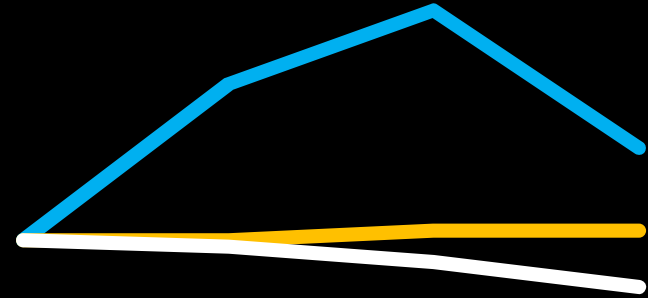
ILLUSTRATIVE DATA

Role 1



Year 0 Headcount To Year 1 To Year 2 To Year 3

Role 2



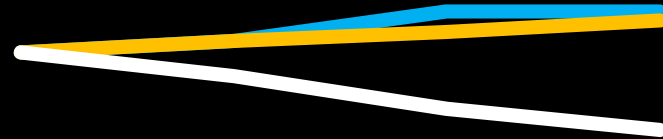
Year 0 Headcount To Year 1 To Year 2 To Year 3

Role 3



Year 0 Headcount To Year 1 To Year 2 To Year 3

Role 4



Year 0 Headcount To Year 1 To Year 2 To Year 3

— Supply — Demand (1) — Demand (2)

Public Utilities Org Case Study Critical Workforce Capabilities

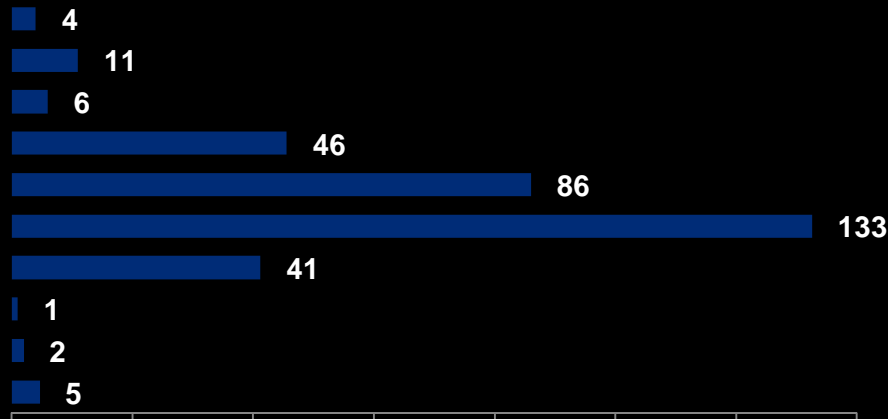
ILLUSTRATIVE DATA

Capability Area	Future Importance	Actual Proficiency	Desired Proficiency	Change Magnitude*
Customer Focus	5	2	4	10.0
Project / Programme Management	5	3	5	10.0
Collaboration	4.5	3	5	9.0
Safety Culture	5	4	5	5.0
Leadership & Self -Management	4	3	4	4.0
Achieves Results	5	4	4	0.0

Public Utilities Org Case Study

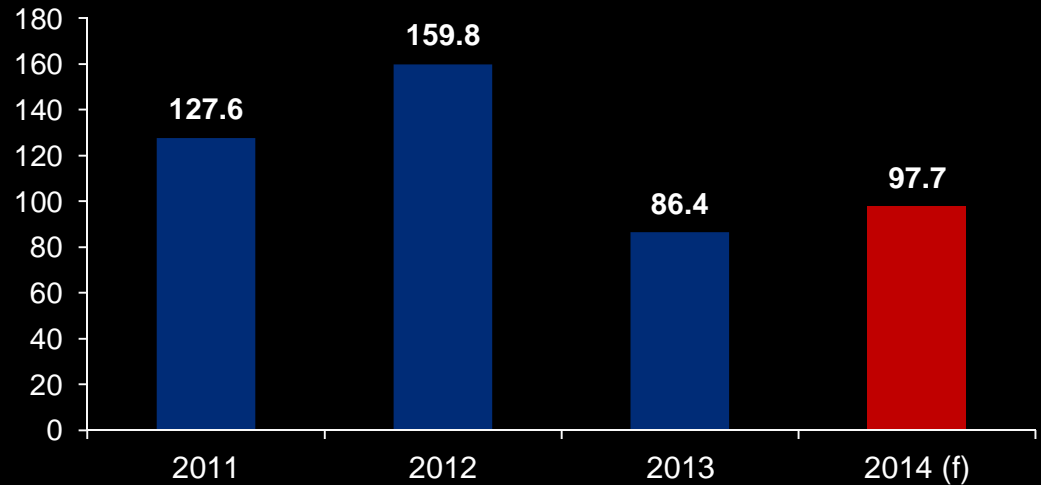
ILLUSTRATIVE DATA

of employees by salary grade in 2014



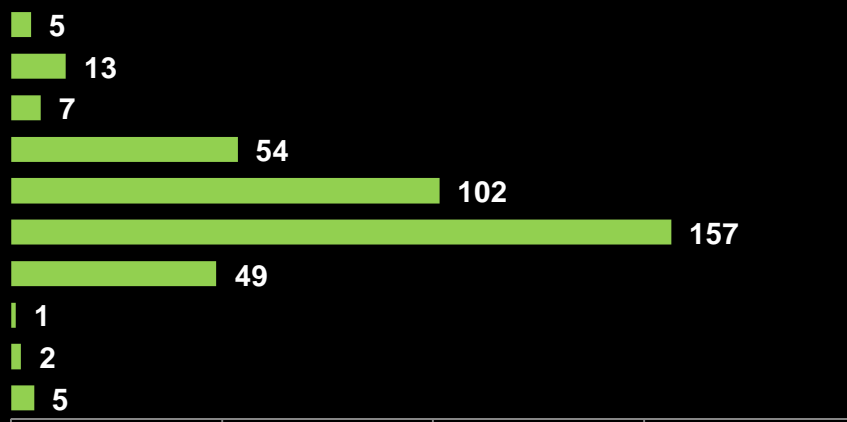
Total employee costs = 167M

Contractor spend \$M



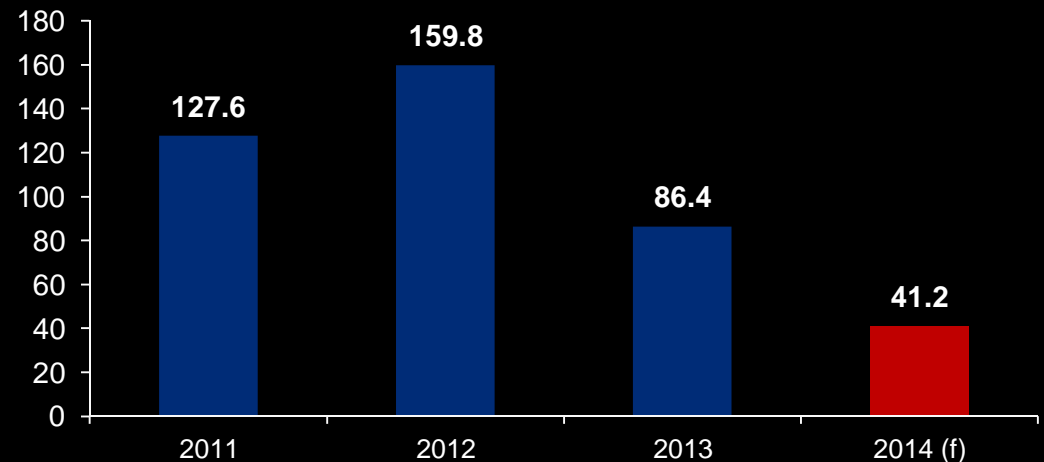
Total cost of labour for 2014 = 265M

Proposed # of employees by salary grade



Total employee costs = 198M

Proposed contractor spend \$M



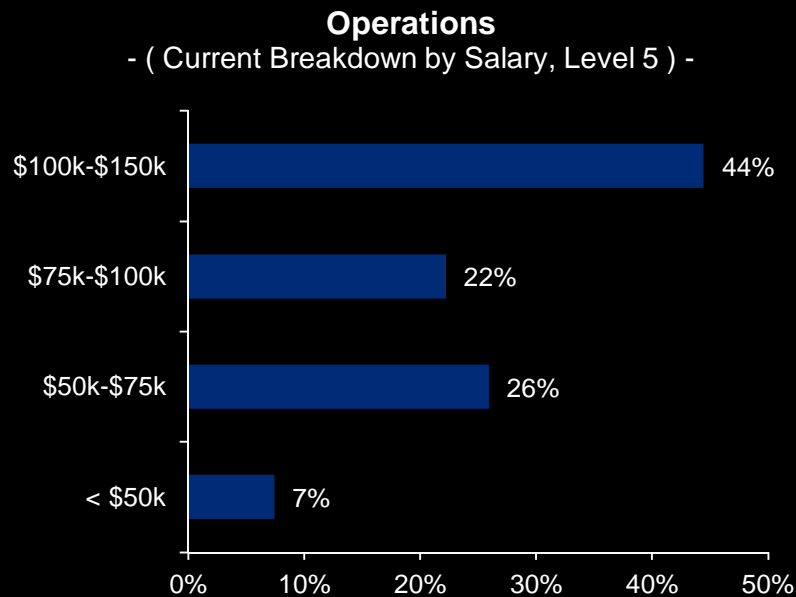
Total cost of labour for 2014 = 239M

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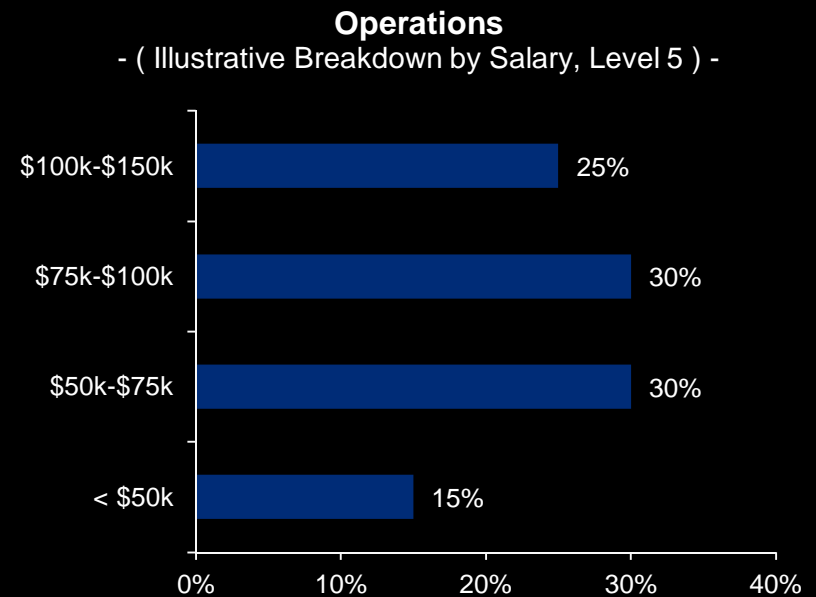
ILLUSTRATIVE DATA

Rebalancing the workforce composition may help to increase productivity and realign workloads based on seniority...

- Realign workforce composition (i.e., more 'junior' level 5) so more senior staff don't 'dip down'
- Productivity improvements due to improved project management and partnership management capability reduce headcount by 10%



Total Cost of Employment = 2.39M



Total Cost of Employment = 1.95M

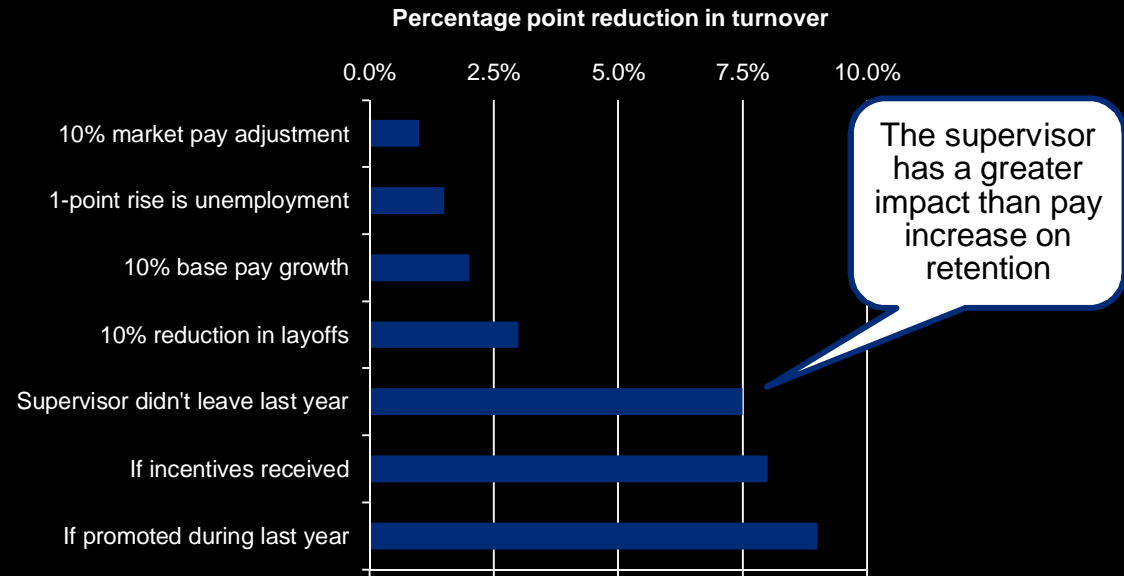
Public Utilities Org Case Study

ILLUSTRATIVE DATA

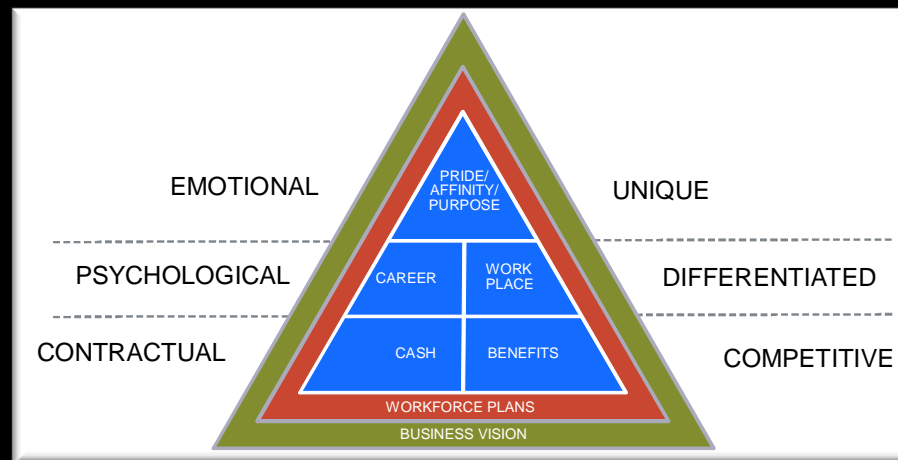
Say: Importance of EVP Elements



Do: What Drives Employee Retention



New Employee Value Proposition





Public Utilities Org Case Study Summary of Workforce Priorities

ILLUSTRATIVE DATA

1

Restructure / redefine work processes to ensure that work is being done by the right person at the right level to support growth, and increase productivity

2

Align contractor process with the workforce to get a better understanding of the total cost of the workshop and what is the optimal outsourcing mix to achieve flexibility and innovation, but minimise costs.

3

Define career paths and supporting development opportunities to improve ability to 'build' talent internally

4

Articulate desired culture and develop supporting Employee Value Proposition that engages the workforce and aligns with the organisation more broadly



Mercer's Top Tips



Have a clear but flexible methodology

The workforce plan is owned by the business, but the process is driven by HR

Focus on your critical workforce segments

Plan for more than one outcome

Find the right people (and skills) to support the process

Your workforce plan should tell a story

Workforce planning is not an “event”



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