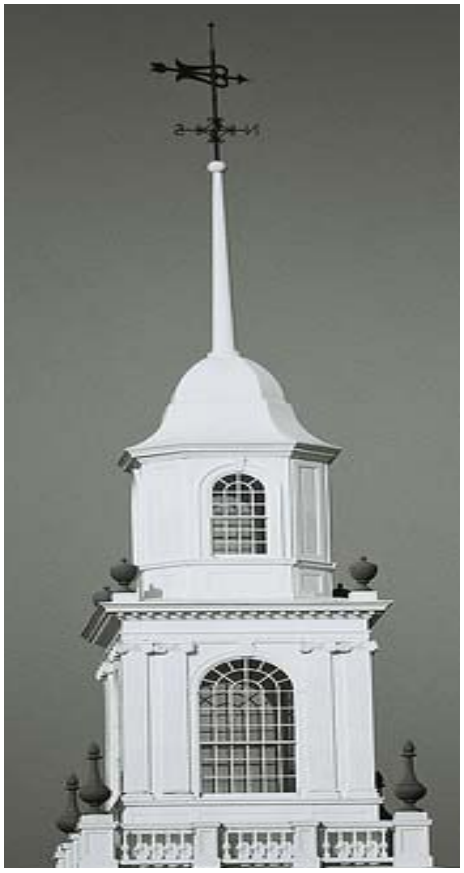


Office of Management and Budget

Human Resource Management

Workforce Planning Guide

May 2006

State of Delaware Workforce Planning Guide

Overview

Human Resource Management (HRM), Office of Management & Budget (OMB), established a statewide Workforce Planning & Performance Measurement section to emphasize the importance in addressing the aging workforce, shrinking labor pool, and anticipated employee turnover due to retirement and other attrition within State government. With approximately 30% of classified (Merit) employees eligible to retire within 5 years, and another expected wave of Baby-Boomer retirements to follow 5 years after that, HRM recognizes how important it is for agencies to begin their workforce planning efforts *now*.

HRM wants to ensure that State agencies have the information and tools necessary to develop successful workforce plans. Therefore, all agencies should be carefully preparing workforce plans and developing strategies to ensure necessary staff levels and competencies are in place to carry out agency missions. As part of the OMB strategic plan, HRM conducted a workforce analysis and developed a model Workforce Plan. Initially, only Merit agencies are required to develop a workforce plan, however, all State agencies should conduct a strategic planning staffing analysis and develop a workforce plan.

This *Workforce Planning Guide* will help agencies develop their workforce plans. The Guide outlines the importance of strategically anticipating workforce changes through workforce planning and offers basic planning steps, issues to consider, and strategies.

HRM Workforce Planning & Performance Measurement section developed this Guide and will update it as processes are refined and new tools and strategies are created.

What Is Workforce Planning?

An effective workforce plan is an essential tool to identify appropriate workload staffing levels and justify budget allocations so that agencies can meet their strategic objectives. While workforce planning has many definitions, for purposes of this Guide, we have adopted the following common definition: *Workforce planning* is the process an agency uses to analyze its workforce and determine steps it must take to prepare for future needs.

According to the National Academy of Public Administration (NAPA), workforce planning involves:

- A *systematic process* that is integrated, methodical, and ongoing.
- *Identifying the human capital required to meet agency goals*, which consists of determining the number and skills of needed workers and where and when they will be needed.
- *Developing the strategies to meet these requirements*, which involves identifying actions that must be taken to attract (and retain) the number and types of workers the agency needs.

In other words, effective workforce planning is a continuous process that ensures an agency has the right number of people in the right jobs at the right time—***RIGHTSIZING!***

Why Workforce Planning Is Important

Within the next decade, the State of Delaware can expect to see:

- An increasing number of employees retiring, at all levels.
- Its workforce age and diversify.
- Increased competition for talent.
- Workers with changing values and expectations. (Generation X, Generation Y)

This information is critical to know as it reveals there will be more vacancies and fewer eligible workers and, alarmingly, a significant loss of institutional knowledge and expertise as the more seasoned, experienced workers retire and/or voluntarily separate. As reported in the American Federation of Teachers (AFT) Public Employees Recruitment and Retention Task Force, "although the work force continues to grow in absolute terms, it has been growing at a declining rate since about 1980 and there are 3.4 million *fewer* workers in Generation X and Generation Y."

In Delaware, demand for agency services may increase as the State's population continues to grow. US Census Bureau data indicates Delaware increased its population by nearly 18% between 1990 and 2000. Health care and technology occupations are among the fastest growing in Delaware and are projected to remain so through 2012. According to Ed Simon, Director, Office of Occupational and Labor Market Information (OOLMI) at the Delaware Department of Labor, recent trends indicate strong job growth in government, including public education. The demand for workers in these areas should continue to expand for several years due to the State's growing population. Delaware's population is aging but at the same time the school age population is increasing as well.

Currently, the average age of the full-time State classified workforce is 45 years, with an average length of service of 11.2 years.

Agencies with no Workforce Plan will face a difficult challenge in attracting, developing, and retaining a workforce that will be competent to address new objectives, new technology, and new business requirements. If done correctly, workforce planning allows agencies to build and shape a workforce prepared to achieve strategic objectives.

Specifically, workforce planning provides agencies with many benefits:

- More effective and efficient use of workers. This will become increasingly important as some agencies find themselves having to do the same amount of work or more with fewer staff members.
- Ensures that replacements are available to fill important vacancies. Filling vacancies is especially critical as organizations face an increasing number of workers eligible for retirement, combined with labor market shortages and limited compensation levels.
- Provides realistic staffing projections for budget purposes. Realistic projections are very helpful when justifying budget requests.
- Provides a clear rationale for linking expenditures for training and retraining, development, and recruiting efforts.
- Helps maintain or improve a diversified workforce.
- Helps an agency prepare for restructuring, reducing, or expanding its workforce.

Getting Started

Build Support

Gaining and maintaining management and staff commitment to the workforce planning process is key to developing an effective workforce plan. Therefore, agencies must work hard to gain commitment at the beginning of, or very early in, the workforce planning process. Agencies can use the following techniques to build support for the workforce planning process:

- **Obtain support from senior leaders within the agency**. It is important that the Cabinet/Agency head and other top management officials understand the value of workforce planning as commitment from agency leadership can determine its success or failure. Understanding the factors that affect the agency's future operations and competition will help convince senior leaders of the need for workforce planning.
- **Communicate benefits and results of workforce planning to managers and workers**. Management should be involved in understanding the link between workforce plans and the budget, and workers need to understand how workforce planning affects them and the agency.
- **Establish a workforce planning team consisting of dedicated and knowledgeable employees from different functional areas and organizational levels**. Trust for the workforce plan can be achieved by involving employees in the planning process.
- **Develop and implement a plan to ensure accountability within each participating division of an agency**. This will help ensure success of the strategies within the plan and hold those who are not meeting the goals accountable.
- **Solicit continuous feedback for improvements to the process**. The workforce planning process should be continually reviewed and refined to ensure effectiveness and continuous improvement.

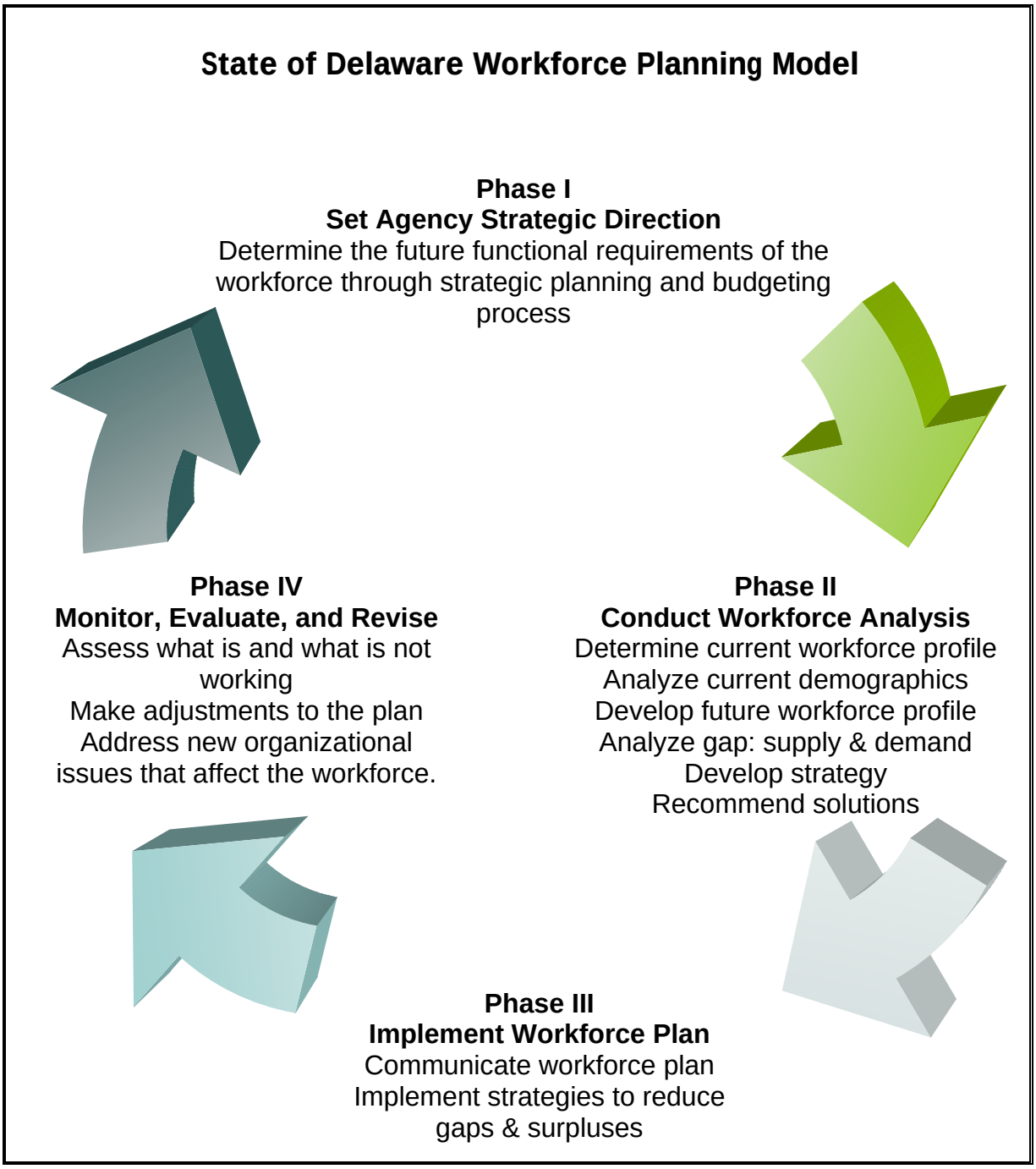
Important First Steps

Workforce planning does not need to be a time consuming and cumbersome process. Input from cross-functional areas and levels within the organization is important. Before staff assigned to participate in the workforce planning process conduct their analyses, they should:

- Clearly understand the purpose of workforce planning.
- Determine the timeframe.
- Identify the resources available.
- Adapt strategies, tools, and processes specific to the agency's culture and needs.
- Identify planning outputs that are meaningful to the organization and that support agency objectives, budget requests, staffing requests, and strategic plans.

The Workforce Planning Model

Workforce planning can be conducted in many ways depending on the requirements of an agency; therefore, the order and phases used may vary.



Workforce Planning Model Phase I - Set Agency Strategic Direction

Workforce planning naturally complements and is a follow-up to strategic planning. Just as strategic planning helps agencies map where they are, where they are going, and how they plan to get there, a workforce plan lays out the specific tasks and actions needed to ensure an agency has the resources to accomplish its mission. [An environmental scan examining internal and external strengths, weaknesses, opportunities, and threats (SWOT analysis) should be factored into this review.]

One of the main purposes of workforce planning is to ensure that an agency has the necessary workers to support its mission and strategic plan. In Phase I, those responsible for workforce planning should identify the agency's mission and the key goals and objectives of its strategic plan.

A strategic plan charts the future with broad mission-related targets and milestones. An agency's vision, mission, and measurable goals and objectives drive the identification of what type of work needs to be accomplished. A workforce plan translates strategic thinking into concrete action in the area of workforce staffing and training needs. It attempts to answer the following questions:

- How many and what types of jobs are needed in order to meet the performance objectives of the organization?
- How will the agency develop worker skills?
- What strategies should the agency use to retain these skills?
- How have retirements, hiring freezes, and turnover affected your agency's ability to get the work done?

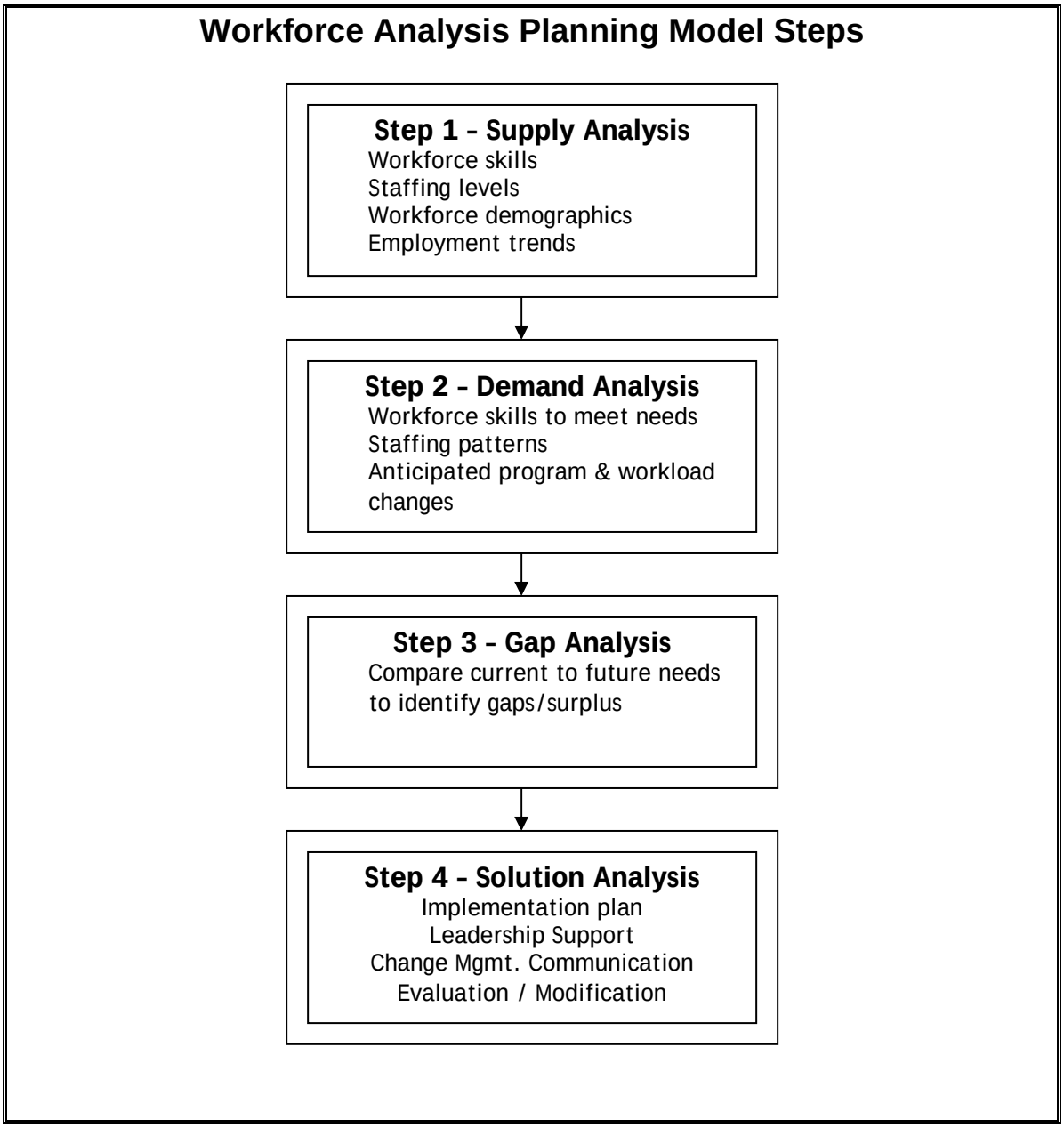
Workforce Planning Model Phase II - Conduct Workforce Analysis

Analysis of workforce data is the key element in the workforce planning process. Workforce analysis frequently considers information such as occupations, skills and experience, retirement eligibility, diversity, turnover rates, and trend data. Questions agencies should consider include:

- Are there certain occupational groups with increasing worker turnover?
- Can factors influencing turnover be identified?
- Has turnover reduced the skill set of a certain occupational group?

Answering these questions should help agencies develop plans for succession planning, and skill development.

There are four key steps to the workforce analysis planning model. These steps are illustrated below.



Step 1: Supply Analysis

Supply analysis focuses on the specifics of an agency's existing workforce and projects future workforce supply. This step involves identifying the composition (demographics) and capabilities (competencies) of the current workforce. A profile of the existing workforce helps an agency understand where it is in terms of the right number of people with the right skills. Analysis of the current workforce can include:

- Number of employees and casual/seasonal/temporary workers
- Skill assessment of employees
- Salary and contract workforce expenditure data
- Workforce diversity (age, gender, and race)
- Retirement eligibility statistics

Of the items above, all but the skill assessment are available to agencies utilizing data from PHRST.

Agencies should track data to identify trends, which will provide a picture of what occurred in the past. It can also help predict the supply of skills that may be available in the future. Trend data can be useful in determining hiring patterns (time required to fill vacancies, average number of vacancies in a year, etc.), retirement patterns, and turnover statistics.

It may be helpful to break down the trend analysis by agency divisions or by occupational groups. Looking at trend data will help an agency project future workforce supply. It will also help an agency apply assumptions about how the variables listed above will influence the future workforce. Trend information combined with the current workforce profile is an essential building block for forecasting workforce supply.

Step 2: Demand Analysis

Demand analysis identifies the workforce needed to carry out the mission of an organization. The focus of this step should be on the *functions* that an organization must perform and not just on the *people*. One reason this step is separated from the supply projections is to ensure that changes in *functions* are considered. These changes might have a significant impact on the size and kind of workforce that will be needed in the future. This step may provide one of the greatest benefits in workforce planning because it offers the chance for an agency to re-examine long-standing assumptions about the purpose and direction of its programs in light of changes that are taking place in the external environment. Results include a forecast of the numbers of employees needed in the future (for example, 1 to 5 years out) and the skills workers will need.

Two ways to determine future functional requirements are through environmental scanning and organizational analysis. *Environmental scanning* is the process of examining external trends to obtain a better understanding of what is happening in the environment in which the agency operates. There are several approaches to environmental scanning. The scan should include trends and issues in the economic, social, technological, legal, and political areas. It is important to track the legislative and appropriations processes to identify factors that may change the agency's mission or program priorities. It is also important to track the changing composition of the workforce and shifting work patterns including demographics, diversity, and growing and vanishing occupations. An *organizational analysis* should include internal factors such as strategic objectives, business functions, and technology.

Once the "what" and "how" of future work are determined, the next step is to identify the skills employees need to carry out that work. The future workforce profile shows the number of workers and the set of worker skills needed for the agency's future workforce.

Step 3: Gap Analysis

Gap analysis is the process of comparing the workforce supply projection to the workforce demand forecast. An analysis should consider the composition of the workforce, including demographic characteristics, geographic location, size, and employee skill level. The agency will eventually establish workforce strategies based on the results of this analysis. Analysis results will show one of the following:

- A gap (when projected supply is less than forecasted demand), which indicates a future shortage of needed workers or skills.
- A surplus (when projected supply is greater than forecasted demand), which indicates a future excess in some categories of workers and may require action. The surplus data may represent occupations or skills that will not be needed in the future or at least not needed to the same extent.

Step 4: Solution Analysis

The final step in the workforce analysis phase involves the development of solutions (strategies) to address future gaps and surpluses. Strategies include the programs, policies, and practices that assist agencies in recruiting, developing, and retaining the critical staff needed to achieve program goals. A wide range of strategies exists for attracting and/or developing staff with needed skills and dealing with workers or skills no longer needed in an organization.

Once an agency identifies a workforce gap, it needs to develop and implement effective strategies to fill the gap. Such strategies include outreach recruitment, staff training, and succession planning.

Several factors influence which strategy or, more likely, which combination of strategies should be used. Some of these factors include, but are not limited to, the following:

Time - Is there enough time to develop staff internally for anticipated vacancies or new skill needs, or is special, fast-paced recruitment the best approach?

Resources - What resources (for example, technology, Web sites) are currently available to provide assistance, or must resources be developed?

Internal depth - Does existing staff demonstrate the potential or interest to develop new skills and assume new or modified positions, or is external recruitment needed?

"In-demand" skills - What competition exists for future skills that are needed? Will the agency need to recruit for these skills or develop them internally?

Job classification - Do presently used job classifications and position descriptions reflect future functional requirements and skills?

Reorganization - Will some divisions need to be reorganized to meet business needs and strategic objectives?

Workforce Planning Model Phase III - Implement Workforce Plan

Implementation brings your workforce plan to life. You may need a separate action plan to address the implementation of each strategy in the workforce plan. Before implementing the plan, agencies should consider:

- Ensuring agency top leadership support for the Plan.
- Allocating necessary resources to carry out workforce strategies.

- Clarifying roles and responsibilities in implementing strategies. This includes identifying who is involved in implementing what and identifying the need for coordination among different parts of the organization or with different agencies.
- Establishing time lines.
- Defining performance measures/milestones and expected deliverables.
- Communicating the plan.

The workforce plan should be implemented in connection with the requirements of the organization's strategic plan. If the strategic plan changes due to unanticipated customer, leadership, or legislative changes, adjustments to workforce plan strategies may be necessary.

Workforce Planning Model Phase IV - Monitor, Evaluate, and Revise

Ongoing evaluation and adjustments are imperative in workforce planning and are keys to continuous improvement. Workforce plans should be reviewed annually. If an agency does not regularly review its workforce planning efforts, it runs the risk of failing to respond to unanticipated changes.

Consequently, agencies should establish a process that allows for a regular review of workforce planning efforts in order to:

- Review performance measurement information.
- Assess what is working and what is not working.
- Adjust the plan and strategies as necessary.
- Address new workforce and organizational issues that occur.

Tips to Ensure Success:

1. Keep top leadership involved.
2. Set realistic time lines.
3. Keep it simple.
4. Be flexible and visionary in order to prepare for changing needs.
5. Communicate, communicate, communicate.
6. Address difference between "head count" and "head content." In other words, it's not just about "bodies"; it's about keeping and developing quality employees with the right skills.

Implementing workforce plans requires dedication, time, and the resources needed to address the critical gaps or surpluses in workload, workforce, and competencies in your agency. This includes identifying specific actions to take—with whom, when, where and how—and targeting specific movements, managing voluntary attrition, and improving staff utilization.

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