SAP SuccessFactors Workforce Planning
Plan Your Workforce to Achieve Your Business Objectives
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Agenda

• Defining Workforce Planning
• Strategic Workforce Planning
• Operational Workforce Planning
• Wrap-up
Defining Workforce Planning

Workforce planning is the process by which organizations ensure they have:

- Right place
- Right skills
- Right people
- Right time
- Right price

...in order to execute business strategy successfully with minimum risk.

It is *ALWAYS* relevant – in good economic times as well as bad.

Defining Workforce Planning
Drivers and focus of workforce planning

**Strategy**

- "At last, someone is taking a step back and asking: Do we have the talent we need?"

**Drivers of Workforce Planning**

- "Finance sends us a spreadsheet and asks for next period's staff numbers"

**Budget**

- "To increase APAC sales, we need new strategies to hire up to 500 staff with local language fluency over the next 2-3 years"

**Headcount**

- "We’re doing a skills assessment of our current workforce to see where the biggest gaps are"

**Competencies**

Focus of Workforce Planning

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Defining Workforce Planning
Honing in on the definition

Forecasting, and addressing, the risk of talent shortage under alternative business futures, to ensure a sustainable and cost-efficient human capital pipeline.
32% Lower employee turnover in organizations that have enterprise-wide visibility into workforce availability and gaps

27% Fewer HR FTEs in strategic and planning functions in companies with planning and analytics to simulate workforce changes and financial impacts

10% Higher employee engagement in organizations that align HR strategy with business strategy

18% More trained employees in organizations with enterprise-wide visibility into workforce availability and gaps

Source: SAP Performance Benchmarking
Yet, very few do …

11% of organizations use strategic workforce planning

… Why?

Source: Sierra-Cedar 2104-15 HR Systems Survey
Defining Workforce Planning
Determined by planning horizon and workforce segment

- Filling vacancies and gaps today
- Based on current & next financial year
- Cascade down reporting lines
- Encompasses entire workforce
- Offers micro-view of talent
- Budgets and headcount

- Managing future demographic risk
- Possible complex demand planning
- Based on strategy-driven scenarios
- Enables macro-view of talent
- Based on strategic Planning Groups and critical capacities
Workforce Planning Solutions from SAP

Operational Workforce Planning
- 0 to 18 Months
- SAP Multiresource Scheduling (MRS)
- SAP Cloud Resource Scheduling (CRS) *(Planned)*

Critical Capacity Groups
- 6 to 24 Months
- SAP SuccessFactors Workforce Planning
  - Operational Headcount Planning *(Planned)*
  - Strategic Workforce Planning

Entire Workforce
- 24 Months +

Strategic Workforce Planning
- Strategic (Years)
Transforming HR from service provider to business driver

DRIVE HR EFFICIENCY
- Respond to ad-hoc report requests from business
- Analyze talent activities & processes
- Optimize use of HR technology

DRIVE HR IMPACT
- Increase workforce productivity
- Measure business impact of HR

DRIVE BUSINESS STRATEGY
- Forecast and plan future workforce
- Long-term workforce strategies
- Drive strategic business planning
- Executive-wide support for workforce analytics and planning

Align HR with business strategy
Embed workforce planning in the business planning

Respond to ad-hoc report requests from business
Analyze talent activities & processes
Optimize use of HR technology
Increase workforce productivity
Measure business impact of HR
Forecast and plan future workforce
Long-term workforce strategies
Drive strategic business planning
Executive-wide support for workforce analytics and planning

Forecast business & financial impact of workforce programs
Business receives and acts on workforce reporting
Analyze quality and efficiency of workforce programs

Forecast business & financial impact of workforce programs
Business receives and acts on workforce reporting
Analyze quality and efficiency of workforce programs

Optimize talent processes
Increase HR efficiency

Optimize talent processes
Increase workforce productivity
Measure business impact of HR
Forecast business & financial impact of workforce programs
Business receives and acts on workforce reporting
Analyze quality and efficiency of workforce programs

Optimize talent processes
Increase HR efficiency

Optimize talent processes
Increase workforce productivity
Measure business impact of HR
Forecast business & financial impact of workforce programs
Business receives and acts on workforce reporting
Analyze quality and efficiency of workforce programs
SAP SuccessFactors Human Capital Analytics
Key capabilities

from **HR & Operational** \[\longrightarrow\] to **Business & Strategic**

### Workforce Reporting
- Standard and ad-hoc reports
- Embedded intelligence
- Report and dashboard builder

### Workforce Analytics
- Automated data integration
- Ensures data quality
- Predefined metrics, analyses, benchmarks & best practices

### Workforce Planning
- Supply-demand gap analysis
- Financial modeling and business impact
- Risk analysis and strategy guidance
Strategic Workforce Planning

Mitigating the risk of talent gaps in critical job roles

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External Pressures
Major changes driving the business world

Demographic change
- Many countries (EU, Canada, Japan) are rapidly aging and shrinking
- Other regions (Asia, Africa, Latin America) are growing and improving their educational systems

New employment models
- Workforce is becoming more “mobile”
- Skills and job types are evolving (e.g. knowledge worker)

Emerging markets
- Need to address new market situations; for example, a shift from old and mature markets to new emerging markets

Faster economic cycles
- Economic developments are harder to forecast, which makes it more important to find right answers regarding workforce fast and effectively
Challenges in Managing the Workforce on a Strategic Level

Management
- Strategic business imperatives are not translated into the company’s workforce plan
- The organization is challenged to progress towards its strategic goals
- Strategic topics are not supported with enough qualified employees

Human Resources
- Lack of insight into key critical resources and potential skill shortages
- Right resources cannot be sourced in time or without significant cost
- Challenges in identifying risks regarding the workforce

HR IT
- Process is manual, ad-hoc, cumbersome, mostly operational and misaligned
- Inadequate tools to provide visibility into data
- Difficult to consolidate planning across the organization

Costs: HR costs are too high due to a large number of ad-hoc hires
Revenue: Revenue opportunities cannot be exploited because the right talent is not available
SAP SuccessFactors Makes It Simple to...
Align long-term workforce plans with business strategy
Determining critical capacity gaps example
Can be first done for each capacity family and then each capacity function

**Estimate workforce Supply in 3 years**

<table>
<thead>
<tr>
<th>Current Workforce Structure</th>
<th>Workforce Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 Engineers</td>
<td></td>
</tr>
</tbody>
</table>

2 resign
24 Retire

Will have 74 Engineers

- **Projected Workforce Supply in 2018**

**Strategic Assumptions**
- New technologies
- Productivity increase
- Growth targets
- New business models

**Estimate workforce Demand in 3 years**

<table>
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7 Fewer planners needed because of changes in strategy and productivity

Will need 93 Engineers

- **Projected Shortage or Surplus**

-20%
SAP SuccessFactors Makes It Simple to...
Perform demand & supply models
SAP SuccessFactors Makes It Simple to…
Perform risk analysis and decide on best interventions
SAP SuccessFactors Makes It Simple to…
Perform simulation & “what-if” scenarios
# Action Planning: Six ways to close the talent gap

Fall into two categories and integrate with multiple people processes

<table>
<thead>
<tr>
<th>Estimate workforce <strong>Supply</strong> in 3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase your future <strong>supply</strong> for qualified workers</td>
</tr>
<tr>
<td>• Transfer employees (<strong>Balance</strong>)</td>
</tr>
<tr>
<td>• Train employees (<strong>Build</strong>)</td>
</tr>
<tr>
<td>• Increase employee retention (<strong>Bind</strong>)</td>
</tr>
<tr>
<td>• Recruit more employees (<strong>Buy</strong>)</td>
</tr>
<tr>
<td>• Core HRMS</td>
</tr>
<tr>
<td>• Learning &amp; Succession Planning</td>
</tr>
<tr>
<td>• Integrated Talent Management</td>
</tr>
<tr>
<td>• Recruitment (Rx)</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Reduce your future <strong>demand</strong> for labour</th>
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</thead>
<tbody>
<tr>
<td>• Increase productivity (<strong>Boost</strong>)</td>
</tr>
<tr>
<td>• Outsource work (<strong>Borrow</strong>)</td>
</tr>
<tr>
<td>• Scheduling, Integrated Talent Management</td>
</tr>
<tr>
<td>• Contingent Staffing &amp; Service Procurement</td>
</tr>
</tbody>
</table>

Source: The 6 B’s - HCI and David Ulrich.

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<th>Estimate workforce <strong>Demand</strong> in 3 years</th>
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Six Pitfalls of Strategic Workforce Planning

1. **EXPECTING HR TO “OWN” WORKFORCE PLANNING**: Division managers are responsible for the success or failure of their strategic plans, and the human capital requirements of the strategy are no less a part of their responsibility than financial, technical, or operational tasks; HR does play a critical role, and that is one of stewardship.

2. **FAILING TO SEE THE BIGGER PICTURE**: Workforce planning is a strategic exercise, not a short-term budgeting endeavor. Ergo, the goal is not to slot employees onto project teams or into schedules, but to ensure talent managers prepare a future workforce. As a rule of thumb, the time frame of the forecast should be equal to the time required to source and fully train an employee.

3. **TRYING TO RUN BEFORE YOU CAN WALK**: Attempting workforce planning for an entire organization in the first iteration will almost certainly become overwhelming and limit program success. Start small, with five to ten critical job roles.

4. **TALKING IN A DIFFERENT LANGUAGE TO STAKEHOLDERS**: HR should be able to answer questions about the plan’s return on investment (ROI) – costs of vacancies in critical roles, savings expected from lower turnover, the return on investments in productivity enhancements, internal development, and a flexible workforce mix.

5. **FALLING AT THE LAST HURDLE - IMPLEMENTATION**: Each division should have an owner accountable for seeing the plan implemented. This facilitator will manage the outline of specific tactics, timeframes, budget, check-in dates and, most importantly, a set of metrics for monitoring progress.

6. **PLANNING WITHOUT THE RIGHT SKILLS**: At the core of SWFP is the organizational strategy, so the core capability of a successful workforce planner must be knowledge of how the organization delivers on its goals.
What Does this Mean for Your Business?

- Understand where critical resource gaps remain that will impede business progress
- Understand the future impact of workforce decisions
- Reduce risk associated with sourcing, especially for highly skilled and technical personnel
Operational Workforce Planning

Filling the known staffing gaps this year

SAP SuccessFactors
Budget Planning Basically Ends With a Number

We are busy…need more people

Let us agree to add 100 people next year

Everyone says that…
Now you know headcount will increase by 100 during next year…

…but the details about what job roles we will add is still just in the manager’s head!
Joys of Workforce Planning with Excel

What jobs roles do we plan to hire? And when & where?

Please fill out this list in Excel.

Of course! Thank you for giving me this additional task.

I delegated the budget to my direct reports, so I do not have these details.

Yet another one-time reporting exercise. This spreadsheet does not help me manage my team.

I will just fill it out quickly and get on with my real job.

Manager
Operational Workforce Planning Challenges

- Headcount planning and budgeting is manual, cumbersome, and takes too long
- Poor alignment across financial budget, headcount plans, and organization objectives
- Disparate spreadsheets sourced from various systems
- Accuracy of the budget and forecast are questionable
- Lack of visibility into workforce composition and costs
- Difficult to consolidate planning and budgeting across the organization
Operational Workforce Planning
Connecting HR & Finance

Core HR
- Positions
- Data & Structures
- Transactions

Finance
- Budget
- Forecast

Recruiting
- Recruitment planning
- Track status

Talent
- Job description manager
- Succession & career plans

Fieldglass
- Contingent workforce
Operational Workforce Planning

Connecting stakeholders across the organization

Operational Workforce Planning

Executives, Corp. Strategy

HR Business Partner

Workforce Planner

Manager

Recruiter, Contractor Management

Finance, Budgeting, Controlling
Operational Workforce Planning
Design principals

- Eliminate manual handling; minimize security concerns
- Shorten cycle time; continuous process through the year
- One version of the truth; maintain accuracy and quality
  - Sync organization changes and employee movement
  - Incorporate turnover and retirement factors
- Line-of-sight to strategy
- Compliance with top-down guidelines
- Integrated with recruitment and contingent workforce management
- Visibility into FTE and costs; ability to drill to detail
- Visibility into progress, and plan to actual variances
Operational Workforce Planning
Default process and workflow

Prepare
- HR Admin
  - Setup Plan
    - Configure templates
    - Set up data and cost elements
    - Define planning hierarchy
    - Configure the process workflow
    - Kick off the planning process

Plan
- Manager
  - View
    - Analyze current team
    - Review budget info
  - Plan
    - Add/remove positions
    - Provide reason for the plan

Follow-up
- HR Admin
  - Implement
    - Consolidate plans
    - Commit to HCM system

- Recruiting
  - Plan Hiring
    - Create hiring plan
    - Plan strategic activities

- Finance
  - Approve
    - Approve headcount plan.
    - Track plan vs. actual.
    - Adjust Budgets.
Budget section
Includes timeline view of headcount

Analytics section
Charts showing headcount by different dimensions

List section
Where you do the actual planning

What Does this Mean for Your Business?

- **Simplify budget set up and circulation**
  - Improve satisfaction
  - Minimize duplication, errors, and omissions
  - Eliminate unnecessary cycles

- **Manage risks and prevent errors in budget**
  - Enforce standards and consistency across the process execution
  - Estimate the impact of internal position changes on the financial budget

- **Accurately match staffing to objectives**
  - Align hiring with strategic direction of the organization
  - Manage hiring according to required skills
  - Quantify and demonstrate the business value of new headcount
Thank you