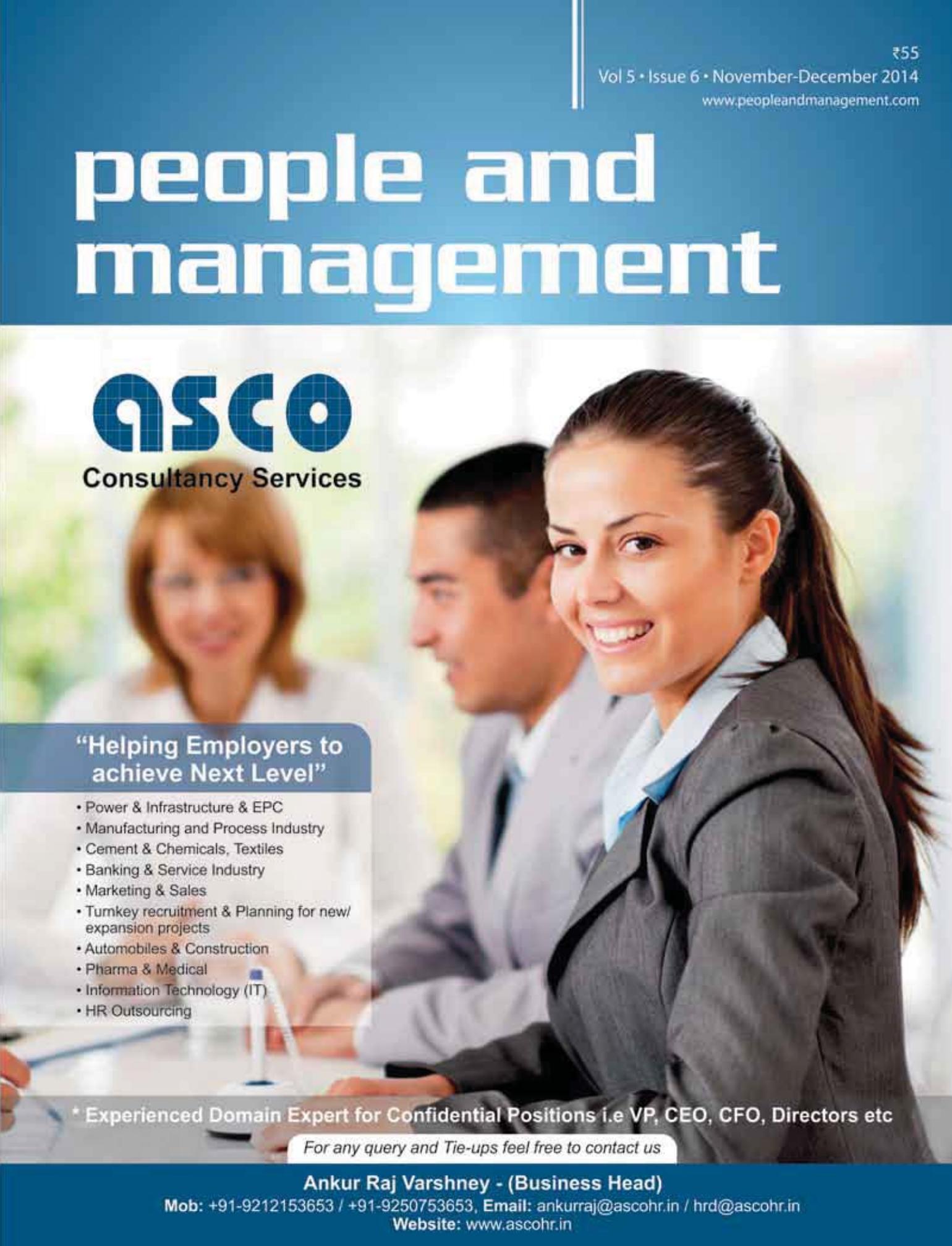


# people and management

The logo for ASCO Consultancy Services, featuring the letters 'ASCO' in a bold, blue, sans-serif font. The letters are set against a background of a light blue grid pattern.

Consultancy Services

A background photograph of three business professionals in an office setting. A woman in the foreground is smiling and looking towards the camera. Behind her, a man and another woman are seated at a table, looking towards the left. They are all dressed in professional attire.

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# Workforce Planning Indispensable Strategy for Business Growth

■ Shyaam Sunder K

**T**he Norwegian Arctic explorer, Roald Amundsen, once said that adventure is just bad planning! Amundsen is hailed as a hero no doubt and the wisdom he offers may sound critical but makes sound business sense. Businesses are ‘ventures’ (read not adventure) and one cannot afford to take the risk of not planning. No matter how turbulent the business climate may seem, business planning has been considered essential. Drucker eminently qualified it by saying that planning is future of present day decisions rather than future decisions themselves. It is in this spirit that this article is presented.

The word strategy added the burden on planners increasing five-fold. Why five? Why not ten or any other number? The word strategy applies generally to a five-year plan. Importantly, in Ramco’s experiences in delivering cloud services for planning, we have seen a 5-level maturity model in strategic workforce planning. It is acknowledged that there could be variants and more.

Coincidentally, global standards such as PCMM also advocate a 5-level model that goes from inconsistent, informal systems to a formal, auditable process for business change management. In some industries, notably utilities, hospitality, etc, and enterprise IT adoption has been slow, though they have been in existence. Their focus has been in customer service, billing and accounting, and much less on workforce planning.

When it comes to workforce planning, it would be almost clichéd to say it must be aligned with business strategy. GE’s 9-Box model has been in work for 20+ years and has been abstracted to a level of granularity where even employee decisions fit into it. The challenge is to adopt such systems through formal policy articulation and IT systems implementation. Organisations have succeeded as long as they have stuck to Drucker’s principles quoted at the beginning. “Here’s what we



are going to do and let’s talk about how to execute,” is the attitude adopted. Recent surveys have shown that managers consider implementation as being more important than the strategy itself.

Let’s go on to discussing the 5-level model.

In the simplest form of planning, organisations add people as the need comes in. Planning is against short-term goals. Systems support recruitment processes that are driven by strict head count budgets and are augmented, when needed.

At the next level, there is an attempt to link planning to business outcomes. Industries, typically, have been through the dotcom bubble without much affectation and know that intermediation is a subject, cast in stone either due to the deep skills need in customer management or the degree of customer leadership involved. Whether they are the original brands or franchises, they are possibly dealing with technology threats that will change the industry in a five to 10 year period.

The healthcare segment is an example. From incise treatments to drugs, the transformation is happening (and expected to happen) over a 150-year period. Short-term inflexions have been caused by investments into increasing precision (say in tomography), techniques in treatment, and digitisation of devices (blood pressure measurement). The fixed costs are high and it would be a bane to invest in something new, every day. Big data might change the mediation but that's yet to come in, substantially.

In the meantime, workforce planning solutions help maintain a simple ratio of, number of permanent positions to the number of patients treated. They are not always linked to a set of patient-outcomes as they ought to be.

This is partially due to an unintegrated approach to planning. Specialists and other technology positions that are called in at time of need sometimes don't fit into the main plan. Contingencies are usually a simple percentage over plan. It is evident from this problem that there is a need to integrate competencies and capabilities – in other words, the next levels in PCMM ladder:

Typically, in the services industry, business volumes are known to grow dramatically. Services organisations are cost efficient in providing certain services and scale in this aspect rapidly. Services referred to here are financial, travel related, payroll, IT, healthcare, conservancy etc. For example, in a staffing services organisation, planners must cognise the number of people needed based on their clients' growth plans. In a slight variation to this, planners must also recognise the skill sets needed, apart from just the volumes. Planning is not just about positions and numbers, but also about the domain skills.

Capability harnesses sit at the next and fourth level. When an organisation runs a process for a client, involving a wide variety of tasks, a planner would do well to consider task complexity, ensuring that experienced resources are assigned to complex jobs. Job complexity increases either due to the value of the service performed or due to the specialised know-how. For instance, in an insurance company, the planner must account for the number of high value claims and ensure experienced personnel are available to handle them.

Extending this argument further, a direct insurer linked its planning to market channels. Electronic claims are handled in a non-voice process at the back office, while over-the-counter claims are handled through a

front office. The latter, the reader appreciates, requires direct customer handling skills as well.

Staffing in all these scenarios are done with client contract in mind. Typically contracts are signed for a three to five-year period. This implies that, strategic elements in planning must also fall in place.

The strategic elements include, anticipated increase in pay, inflation, benefits pay out, locating and creating cost effective manufacturing and process centres, which bring us to the next step in planning. Compensation plans must be closely tied to the workforce plans, as explained above. It is only through an integrated process, that an organisation can predict its growing wage bill and anticipated commitments to the treasury function.

Job skilling, induction, staffing and other such plans also tie into these workforce plans. Hiring from inside the organisation for key positions reduces the cost per hire. Culturally, complex jobs are better fit through 'home grown' resources, rather than through external recruitment. This means that organisations are further compelled to form succession planning process in line with their workforce plans.

Thus, in systematic schemes of flow, workforce planning as a process must scale from reactive planning to skills and capability management. This must further tie into business plans and channels anticipated. It must be the impetus for further systematisation in the organisations processes.

Looking at the complexity and involvement of these tasks, and the guide-ways it creates, the clear implication is for the organisation to stay disciplined so as to handle the future outcomes of the present day decisions.

Business today is a turbulent battlefield. It was Eisenhower who observed, that *"In preparing for battles, I have always found that planning is useless but indispensable!"*



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