

Commonwealth of Kentucky Workforce Planning Guide

Personnel Cabinet



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WHAT IS WORKFORCE PLANNING?

Workforce planning is the systematic process for identifying and addressing the gaps between the workforce of today and the human resource needs of tomorrow. It provides the foundation for strategic human resource decisions. As with any planning, this process draws together program management, human resources, budgeting, and program staff. In developing a workforce plan, your organization should systematically address the issues driving change.

Workforce planning addresses staffing needs by:

- Linking human resources planning with strategic planning – assuring that human resources are aligned with the agency’s strategic goals and objectives;
- Understanding how the agency’s mission will change over time;
- Understanding how changes in mission will affect job requirements;
- Understanding how the workforce is changing in terms of demographics, skills, interests, and performance;
- Understanding how well the current workforce is prepared for future job requirements and identifying potential gaps in capability;
- Developing strategies, including recruitment, retention, training, etc., to address staffing needs, based on the gaps.

Workforce planning requires strong management leadership and cooperative, supportive efforts of staff in several functional areas. Strategic planning, budgeting, and human resources staff are key players in workforce planning. Human resources staff provide tools for identifying needed competencies and for building the future workforce through strategic recruitment, training, development, and retention techniques.

WHY IS WORKFORCE PLANNING NECESSARY?

Nationwide statistics from the United States Office of Personnel Management reveal that 30.9% of the workforce, 52.7% of managers and supervisors, and about 65% of the Senior Executives are eligible to retire in the next five years.

Workforce planning provides managers with a strategic basis for making human resource decisions. It allows managers to anticipate change rather than being surprised by events, and it provides strategic methods for addressing present and anticipated workforce issues.

WHAT ARE THE BENEFITS OF A WORKFORCE PLAN?

- Allows Kentucky to bridge knowledge gaps caused by attrition
- Allows organizations to achieve maximum effectiveness
- Provides needed human resource information to effectively manage programs and projects

WHAT IS THE ROLE OF THE OFFICE OF DIVERSITY, EQUALITY & TRAINING (ODET)?

ODET will play three roles in facilitating this initiative:

- Guidelines – ODET will develop research-based guidelines for agencies to use in order to compile a workforce plan.
- Deliverable Tools – ODET will develop tools that will assist agencies in obtaining and organizing the information necessary to develop a workforce plan.
- Support – ODET will provide consultation, deploy a workforce planning survey and disseminate its results, and facilitate workshops to assist agencies in the developing their workforce plans.

WHAT IS THE AGENCY'S ROLE IN WORKFORCE PLANNING?

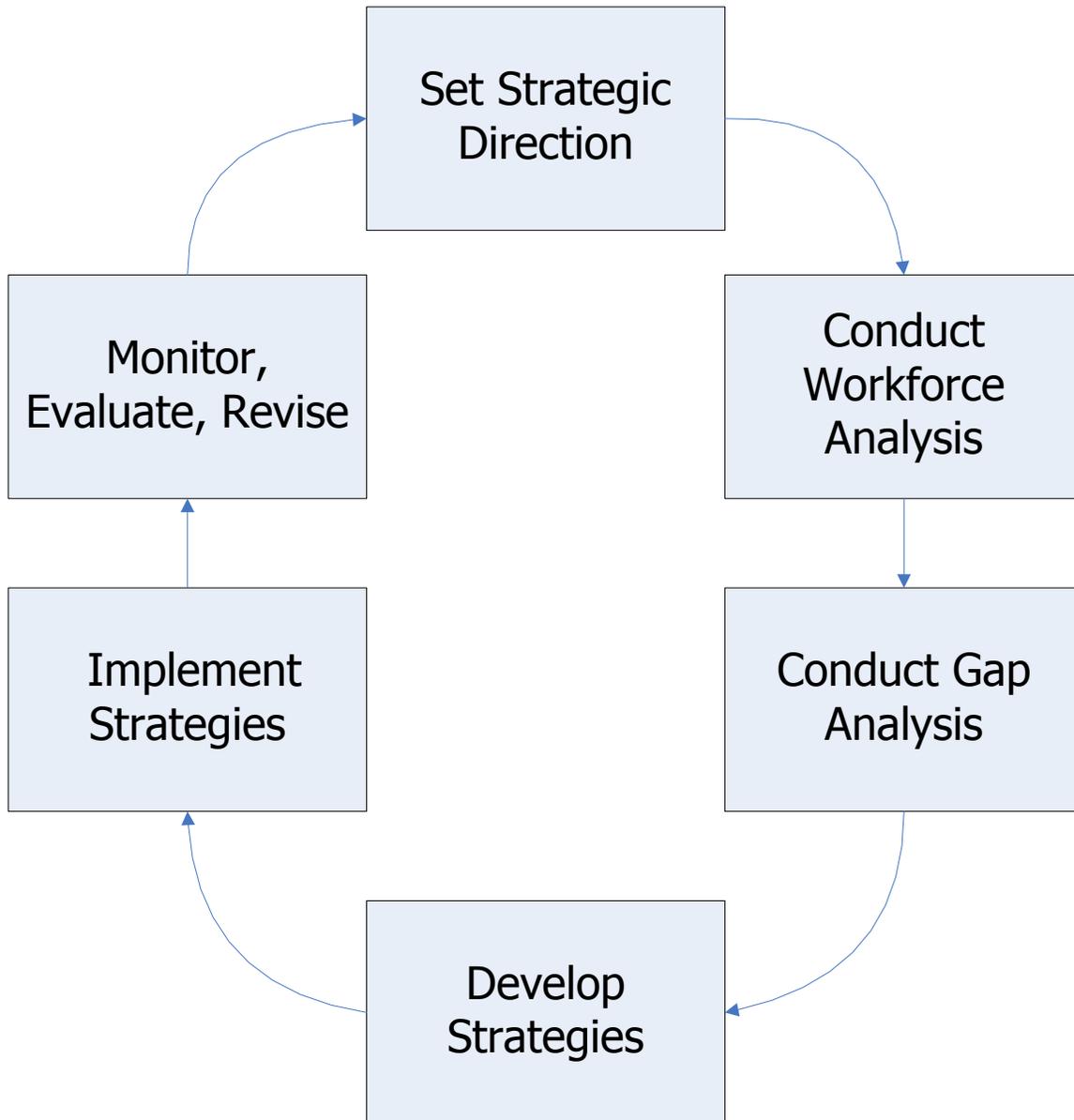
- Assign staff members to be part of an internal Workforce planning Team.
- Establish a Workforce Planning contact person.
- Encourage participation in ODET facilitated workshops, conferences, surveys, and other events related to Workforce planning.

The Office of Diversity, Equality & Training has developed this *Workforce Planning Guide* and templates to assist agencies with their workforce planning processes and in developing their workforce plans. The workforce planning model and processes described in this guide are derived from workforce planning in other states and federal agencies and an extensive review of workforce planning research and literature.

KENTUCKY'S WORKFORCE PLANNING MODEL

The Office of Diversity, Equality & Training developed Kentucky's Workforce Planning Model as an example for state agencies to follow (see figure below). This model was derived from various state and federal organizations throughout the United States. Each state agency has unique operating cultures and business needs; therefore, this model and its associated considerations and strategies can be modified by each agency to address its unique needs.

This planning guide and associated templates have been developed to assist agencies in developing their workforce plan.



Strategic planning sets organizational direction and defines agency goals and measurable objectives. These goals and objectives not only provide the basis for determining necessary financial resources, but they also provide the basis for determining workforce needs. Workforce planning complements and is a follow-up to strategic planning. A workforce plan translates strategy into action to identify workforce staffing and training needs.

Agency strategic plans are required to be submitted with each biennial budget request in accordance with KRS 48.810. KRS 48.810 outlines the components required of the strategic plan.

An agency's vision, mission, and measurable goals and objectives drive the identification of future functional requirements. In turn, those requirements drive the analysis and elements of the workforce plan.

When identifying future functional requirements, focus on function, not on the people needed to do the job. The overarching question is: "What key functions need to be performed in order to accomplish the goals and objectives set out in the strategic plan?" This may include many of the organization's current functions, in addition to forecasting important future functions and activities.

What is the appropriate organizational level for developing a workforce plan? There is no single answer. A useful guideline in determining planning levels is to ensure the outcomes of workforce planning will relate directly to the organization's strategic plan. The level of analysis should be at least equivalent to that of the strategic plan, and preferably carried out at the program-level basis where the front-line effects will be felt.

Conduct
Workforce
Analysis

The key element in the workforce planning process is an analysis of workforce data. It considers information such as job classifications, skills, experience, retirement eligibility, diversity, turnover rates, education, and trend data. This step reviews the work that will be required for an agency to achieve its goals and objectives, the knowledge and skill sets, and the staffing levels necessary to perform that work.

There are two phases in conducting the workforce analysis:

The Workforce Demand forecast identifies the future workforce needed to carry out the agency's mission. The focus of this step should be on the *work* the agency must perform and on the *staff* needed to perform that work. In this step, identify the current work functions being performed, future or new functions that will need to be performed, and how the work will be performed in order to achieve the goals of your strategic plan. You may also identify current functions which will not be necessary in the future due to changes in technology or responsibility in providing specific services.

The Workforce Supply analysis focuses on an agency's existing and future workforce supply. It answers the question, "What is the existing profile of the current workforce, and what does it need to be in the future to accomplish the agency's goals and objectives?" Once the work functions that must be performed have been determined, identify the staffing, or workforce, needed to perform those functions. Focus on defining the competencies (i.e., knowledge, skills, and abilities) staff must possess to successfully perform the work. Determine the number of staff with these competencies that your agency will need to accomplish its functions.

Conduct Workforce Analysis

WORKFORCE PLANNING MODEL Step 2 - Conduct Workforce Analysis

Phase 1 – Workforce Demand Forecast

The Demand Forecast deals with the workforce that will be needed to achieve the agency's strategic goals and objectives. Information derived from Step 1 – Set Strategic Direction – forms the basis for this analysis.

In this step, a staffing assessment against future functional requirements is conducted. The result is a forecast of the type of competencies, numbers, and locations of employees needed in the future. This makes up the future workforce profile.

An important part of the demand analysis process is examining not only what work the agency will do in the future, but how that work will be performed. Some possible considerations include:

- How will jobs and workload change as a result of technological advancements, economic, social, and political conditions?
- What are the consequences or results of these changes?
- What will be the reporting relationships?
- How will divisions, work units, and jobs be designed?
- How will work flow into and out of each part of the organization?

After determining the future work functions and how they will be performed, identify the competencies employees will need to carry out that work. Competencies are a set of behaviors that encompass the knowledge, skills, and abilities that, taken together, are critical to successful work accomplishment.

Competencies may be defined both organizationally and on an individual basis. Identifying competences on an organizational basis provides a means for pinpointing the most critical competencies for organizational success.

Individual competencies are those that each employee brings to his or her function. Individual and team competencies are critical components of organizational competencies. If the individual competencies in the workforce are not in accord with those needed by the organization, workforce planning will identify these gaps.

Conduct Workforce Analysis

WORKFORCE PLANNING MODEL Step 2 - Conduct Workforce Analysis

Phase 2 – Workforce Supply Analysis

This step involves (1) developing a profile of the current workforce, and (2) projecting future workforce supply.

There are a host of factors that may be included in the workforce profile, including:

- Number of employees
- Knowledge and skill sets
- Job classifications and grade levels
- Salary level
- Race/Ethnicity
- Gender - #Male/#Female
- Locations
- Education levels
- Experience levels
- Appointment status (permanent, temporary, etc.)

Once the current workforce profile has been prepared, project it out into the future as if no special management action was taken to replace attrition or develop existing staff. This projection can be accomplished by determining attrition rates for the organization and/or occupational areas and applying those to the present profile.

In order to project your future workforce supply, calculate past attrition by adding up the number of employees who left the agency and dividing by the total number of employees. Include:

- Retirements
- Resignations
- Deaths
- Transfers
- Interdepartmental promotions
- Dismissals
- Etc.

It is important to remember that, although the process of projecting workforce supply focuses on staffing numbers, the employees those numbers represent are still required to possess the competencies identified in phase 1.

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 competencies level. The agency will establish workforce strategies based on the results of this analysis.

Analysis results may 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. It is important to know what critical jobs will have gaps so the necessary training or recruiting can be anticipated.
- A surplus (when projected supply is greater than forecasted), which indicates a future excess in some categories of workers and may require action. The surplus data may represent job classifications or skills that will not be needed in the future or at least not be needed to the same extent.

Measure the extent of any gaps for each classification and competency set. Identify where candidates will come from to fill these gaps.

Once an agency identifies a workforce gap, it needs to develop and implement effective strategies to fill the gap. Critical gaps should be analyzed with care to ensure that timely action is taken before these gaps become a problem for the organization.

A wide range of strategies to address future gaps and surpluses exists. Strategies include the programs, policies, and practices that assist agencies in recruiting, developing and retaining the critical staff needed to achieve program goals.

Strategies can fall into the broad categories of:

- Position classification actions, redefining title series, adding new job classifications, reallocating job classes, and rewriting position descriptions to better reflect future functional requirements.
- Staff development strategies to prepare employees for specific positions, titles, or occupations.
- Recruitment/selection strategies to find and hire qualified candidates from various sources to include other agencies or the private sector.
- Retention strategies to encourage employees to stay in the agency.
- Organizational interventions such as redeployment of staff or reorganization.
- Succession planning strategies to prepare to ensure that there are highly qualified candidates capable of filling critical positions.
- Knowledge transfer strategies to capture the knowledge of experienced employees before they leave the agency.

Strategies should be kept to a manageable number. They should be prioritized to allow an agency to focus its resources on the most important strategies first. In addition, there are several factors that influence which strategy or 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 – The availability of adequate resources will likely influence which strategies are used and to what degree, as well as priorities and timing.

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 competencies – What competition exists for future competencies that are needed? Will the agency need to recruit for these competencies or develop them internally?
- Workplace and workforce dynamics – Do particular productivity and retention strategies need to be deployed to address workplace climate issues (e.g., employee satisfaction levels), workforce age, diversity, personal needs, etc.?
- Job classifications – Do the currently used job classifications and position descriptions reflect the future functional requirements and competencies needed?

Implementation brings the agency’s workforce plan to life. An agency may need a separate action plan to address the implementation of each strategy in the workforce plan. Before implementing the plan, agencies should:

- Ensure that there is executive support for the workforce strategies.
- Allocate necessary resources to carry out identified workforce strategies.
- Clarify roles and responsibilities in implementing strategies. This includes identifying who is involved in implementing what, and where coordination among different parts of the organization or with different agencies is needed.
- Establish timelines.
- Determine performance measures and milestones and expected deliverables.
- Communicate the plan. The basis of the plan, as well as its elements, should be communicated to all employees. Include why and how it was developed, how it will be applied, and how it will affect staff.

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

WORKFORCE PLANNING MODEL
Step 6 – Monitor, Evaluate, and Revise

Monitor,
Evaluate, and
Revise

Ongoing evaluations and adjustments are important in workforce planning and are key to continuous improvement. If an agency does not regularly review its workforce planning efforts, it risks failing to identify and respond to unanticipated changes.

Agencies should establish a process that allows for a regular review of their workforce planning efforts 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.

Agencies should ask the following questions to determine if revisions are required:

- Have agency strategies changed?
- Are the assumptions used in both the demand and supply analyses still valid?
- Have there been changes that would cause the strategies to need revision?

Organizations that have already been using workforce planning have found the following data collection tools to be helpful in determining whether or not the workforce plan is achieving results:

- Customer satisfaction surveys
- Program progress reviews
- Standardized questionnaires

Agency Workforce Plan Template

Date:

Cabinet/Entity

Department/Office:

Division/Branch/Section

Workforce Planning Contacts:

Step 1. Set Strategic Direction

Your agency's strategic plan identifies your mission, vision, and measurable objectives. In this step, which provides the context of your workforce planning efforts, you should ask:

- What direction is the agency taking? What are the key performance indicators?
- What are the key issues and challenges facing the agency that will affect its mission, strategies, or goals?
- How will the agency's structure look in five years, and how will the current structure evolve?
- What are the customer's expectations? How are they changing?
- How might technology change the way we work?

- What is the state legislature considering that might impact our agency?
- What federal legislation is being considered?
- What are the key economic and environmental factors facing the agency?
- What impact do changes in the state, national and world economy have on the services we provide?
- Will the plan cover the entire workforce or a more limited scope?
Specify

Step 2. Conduct Workforce Analysis

The results of your workforce analysis will establish the requirements for your agency's future workforce and lead to an assessment of staffing and competencies.

Phase 1. Workforce Demand Forecast – Identify Work Functions

Asking the following questions will help determine the current and future work functions:

- Which functions will remain unchanged?
- What services may be discontinued or outsourced?
- How might existing services be enhanced or changed and what effect will that have on the work and human resource needs?
- Will any functions be consolidated?
- Are any process changes being proposed or have any other factors changed which might result in an increase or decrease in workload?
- How will divisions, work units, and jobs be designed?
- How will work flow into and out of each part of the department? What will be done with it?
- What new services will be offered?
- What technology changes will be made or new technologies introduced?
- Are any reorganizations planned or needed?
- Are there any plans to open new offices, collocate offices, or close existing offices?
- How soon will changes be needed?

Phase 1. Workforce Demand Forecast – Identify Staffing Requirements

Now that you have identified the work functions that must be performed to achieve the goals of your strategic plan, it is time to identify the workforce needed to perform these functions. Some questions to consider when identifying required competencies:

- What are the critical functions that must be performed to achieve the agency's strategic plan?
- What competencies are needed to perform each of the work functions?
- What job classifications could be expected to possess the needed competencies?
- Which of the identified competencies do not fit any of the existing classifications?
- What measurement tools will be needed to assess applicants/employee level of the desired competencies?

In addition to identifying competencies, determine the number of staff needed. The following questions will assist in quantifying your staffing requirements:

- What are the projected workload volumes?
- How will work flow into each part of the department? What will be done with it? Where will work flow? How will divisions, work units, and jobs be designed?
- What staffing levels will be required by competency and/or classification, division/section/unit, and geographic location?
- What are the potential impacts of technology, budget constraints, or other factors on the competencies and staffing levels?

Phase 2. Workforce Supply Analysis – Current Workforce Profile

The following factors may be included in developing a profile of the current workforce:

- Number of employees
- Required skills for the position
- Classifications and Grade levels
- Salary
- Race/Ethnicity
- Gender - #Male/#Female
- Locations
- Educational levels
- Appointment status (permanent, temporary, etc.)
- Experience levels

In order to project your future workforce supply, calculate past attrition by adding up the number of employees who left the agency and dividing by the total number of employees. Include:

- Retirements:
- Resignations:
- Deaths:
- Transfers:
- Interdepartmental promotions:
- Dismissals:
- Other:
- Total:

Total attrition ÷ total number of employees = Attrition rate

When projecting your workforce supply, consider:

- What are the existing employee competencies, within each classification?
- What are the employee-specific competencies, including those that fall outside of normal duties (e.g., personnel administrator may be able to speak Spanish)?
- What are the demographics of the scope area regarding classification, organizational structure, retirement eligibility, etc.?
- What are the attrition rates for each in the aggregate and by category such as retirement, resignation, death, transfer out or interdepartmental promotion?
- What are the projected attrition rates with the likelihood certain employees will retire?
- Based on the existing demographics and projected attrition rates by classification/competencies, what will the future composition of the workforce be without factoring in any hiring?

Step 3. Conduct Gap Analysis

This step requires you to compare your projection of the existing workforce (Workforce Supply Analysis), adjusted for attrition, with the number of staff required to perform the work functions (Workforce Demand Forecast). The result reveals any gaps and surpluses in staffing levels and competencies needed to perform the organization's functions such as:

- Inadequate supply of qualified people for positions in classifications that will likely remain the same.
- Inadequate supply of people with needed competencies for positions described within an existing classification.
- Excess staff performing obsolete or declining functions.

Once you measure the extent of any gaps for each classification and competency set, identify where candidates will come from to fill those gaps.

Step 4. Develop Strategies

To develop strategies to address the workforce gaps, prioritize the most pressing needs. Consider:

- Which workforce gaps can be handled in a routine way with a minimum commitment of resources?
- Of the remaining workforce needs, what is the benefit of addressing each?
- What would be the impact of not addressing each?
- Based on the benefits and impact identified above, what is the relative priority of each of the needs?
- Have you received executive input in setting priorities?

Once you have established the priorities for addressing the workforce gaps, identify appropriate strategies:

When exploring alternative strategies to address the workforce gaps, consider the following factors:

- 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 (e.g., technology, Web sites, etc.) 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 competencies – What competition exists for future competencies that are needed? Will the agency need to recruit for these competencies or develop them internally?
- Workplace and workforce dynamics – Do particular productivity and retention strategies need to be deployed to address workplace climate issues (e.g., employee satisfaction levels), workforce age, diversity, personal needs, etc.?
- Job classifications – Do the currently used job classifications and position descriptions reflect the future functional requirements and competencies needed?

Step 5. Implement Strategies

Use the following checklist to help ensure successful implementation of the workforce plan:

Ensure that there is executive support for the workforce strategies.

Allocate necessary resources to carry out identified workforce strategies.

Clarify roles and responsibilities in implementing strategies. This includes identifying who is involved in implementing what, and where coordination among different parts of the organization or with different agencies is needed.

Establish timelines.

Determine performance measures and milestones and expected deliverables.

Communicate the plan. The basis of the plan, as well as its elements, should be communicated to all employees. Include why and how it was developed, how it will be applied, and how it will affect staff.

Step 6. Monitor, Evaluate, and Revise

Your evaluation should answer the following questions:

- Has the strategic plan changed since the beginning of your workforce planning effort?
- If so, what are the implications for the strategies implemented?
- Have the implemented strategies achieved the intended results?
- What worked well? What didn't?
- Is a new analysis necessary before revising the strategies?
- What adjustments to the strategies are needed?
- What changes would you make to the planning process itself?

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