



C-Suite perspectives: CFOs and CHROs

June 8, 2023

As organizations are operating in a complex corporate environment, strategic workforce planning is becoming even more vital. It brings finance, HR, and operations together, and rolls everything from strategy and headcount analysis to talent mix and organizational changes into the same conversation. The result is a workforce plan that's both flexible and future oriented and centered on matching talent to strategy rather than headcount and titles.

This webcast discussed the importance of strategic workforce planning in helping Chief Financial Officers (CFO) and Chief Human Resources Officers (CHRO) build the workforce for the future.

The panelists addressed the following topics:



An overview of strategic workforce planning

Strategic workforce planning (SWP) is a process for aligning an organization's talent with its overall business strategy. It involves understanding current and future workforce needs, predicting and incorporating labor market trends, and identifying potential workforce gaps in an organization. SWP is aimed at ensuring that an organization can meet its business objectives through effective workforce planning and workforce management. This process helps organizations to optimize their workforce and make informed decisions around workforce development.

An effective SWP includes:

- Organizational partnership and alignment: Aligning planning cycles between business, HR, and finance; bringing a single view across the business to align workforce needs across the organization.
- Integration with technology: Integrating existing CM systems and external data sources, embedding automation for increased efficiency and powerful forecasting and scenario planning
- Business outcomes: Forecasting skills to match talent demand with supply, business planning, and buy-build-borrow decision-making while building an optimal workforce to achieve business objectives.

Challenges faced by organizations while adopting SWP

Business executives from all industries have begun to grasp the value of SWP and are increasingly using it to plan their future workforce. However, incorporating successful SWP involves the following considerations:

- **Data availability:** Having real, reliable, relevant data to inform decisions is one of the key challenges. Proper data helps predict future demand accurately, comprehend supply, foresee talent shortages, and identify any possible threats.
- **Demographic changes:** Due to rapid digitalization, new skills and competencies are in demand. Many workers will retire soon, creating a scarcity of skilled people in many places. Executives need to keep up with these changes to ensure a highly skilled talent pool is active.
- **Undefined roles and responsibilities:** The ability to attract, develop, and retain the right talent is a key challenge for modern enterprises. The roles and duties designated to different professionals should be maintained to achieve a successful SWP.
- **Organizational agility:** Organizations should be nimble enough to deal with evolving changes in the global business environment. This requires a focus on rescaling and upskilling their workforce. It also requires creating organizational structures to satisfy the demands of both the workforce and company strategy.
- **Inconsistent job architecture:** Having a common talent language with consistent job titles, job families and job levels is a key challenge for most organizations today and forms the foundation of effective strategic workforce planning.



Value proposition to CFOs and CHROs

- For CFOs, SWP is all about optimizing the overall cost of the workforce while balancing the operational budget and different capabilities. CFOs should be thoughtful about identifying capacities and redeploying to other areas of the business where needed.

- From a CHRO's point of view, SWP is a great tool for underpinning the skills and roles that equip their organization with proper personnel to fulfill future needs. Ethics and social responsibility are key to strategic workforce planning. This involves using fair employment practices, development processes, and providing fair work-life balance. SWP provides a unified view to CHROs on how a company can make informed workforce decisions and plan business strategies accordingly.

Tools that CFOs and CHROs could use to implement strategic workforce planning

- Most companies rely on cloud-based ERP platforms for workforce planning. Before hiring new resources, it's always better to connect with HR to see whether the organization already has people with the skill set and experience needed for the roles.
- Utilize data wisely to take talent considerations into account when planning the workforce. Data analytics can be used to detect talent risks to achieving corporate objectives and identify future needs.



Increasing analytics maturity to drive business value

In disrupted markets, companies are under constant pressure to make the right workforce decisions. Despite technological advancements, many HR functions lag significantly behind marketing and finance when it comes to delivering deep, data-driven insights. With new analytics tools, technologies, and skill sets, HR can unlock value from workforce data and provide insights that help achieve competitive advantage.

Effective workforce planning gives a clear understanding of employee skills and areas where they can make the most impact in the business. Rather than letting employees go, companies can retain top talent through well-planned redeployment of skills. Organizations need to identify potential retention risks and understand the data points to improve business strategy.

The journey requires maturity and vision.

Strategic workforce planning brings cross-functional insights from finance, HR, and other business functions to accomplish strategic, operational, and financial goals through automated modeling and forecasting. A solid headcount and financial planning foundation provide insights into how you would address people moving up the maturity curve.

Predictive and prescriptive analytics tools to drive business values

- Although many organizations have their own enterprise performance management tools and built-in modules with predictive capabilities, a business-specific solution adds value and helps comprehend the bottom line.
- Business executives should be aware of the tools used to make every choice when it comes to agility. Diagnostic tools foster autonomy. But the journey to maturity is a collaborative and partnership effort.
- Some of these talent-related concerns are integrated into quarterly or monthly business evaluations. When considering retention and headcount projections, we must understand skill gaps and how they will help the plan succeed.

The evolution of SWP

- SWP has undergone several changes over time, largely due to the tools, technological advancements, shifting economic conditions, and evolving organizational structures. In the past, SWP was focused on just staffing needs—finding the right candidates to fill positions. Organizations now are more complex and globalized about managing and deploying the workforce. The focus has shifted towards skills based strategic workforce planning to not only meet current business needs but also plan for the future.
- The need for agility requires collaboration across business functions. To achieve an organization's strategic operational and financial goals, thinking must shift beyond headcount planning, resource planning, and data analysis. A cost-benefit analysis of growing more talent—borrowing or automating parts of the work that specific occupations demand—helps accomplish business objectives.



Integrating SWP with enterprise performance management

SWP is a critical component of enterprise performance management (EPM), which drives corporate business planning. While SWP describes how the workforce supports strategic objectives, EPM identifies them. As consumer needs change and firms rapidly evolve, organizations must determine the workforce profile required.

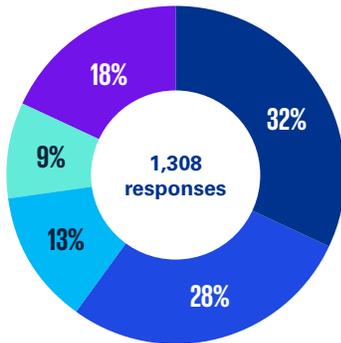
- Mitigating enterprise risk: SWP identifies gaps between workforce demand and supply, informing where to hire, develop, or supplement the workforce.
- Optimizing cost: SWP highlights where cost efficiencies can be found from both process and people perspectives.
- Transforming target operating model (TOM): SWP rebalances the workforce plan once the TOM is refreshed. Apart from identifying the right people with the right skill sets, it is also vital to take governance, the right technology, and accurate data reporting into consideration. So, leveraging all of this information is very helpful to drive better decision-making.
- Making and enhancing technology investments: A variety of SWP tools can be selected to match an organization's unique needs and value proposition. Several HCM platforms include SWP tools that can integrate into an organization's existing toolsets.



Closing comments

As the global business landscape shifts, companies are reinventing their employee experience. Effective workforce planning paves the way for C-suites to pinpoint talent requirements linked to their long-term objectives and develop a plan to ensure the ideal blend of skills, technology, and employment models. SWP can help unlock actionable talent insights that allow a company to tap the full value of its most vital asset: its workforce.

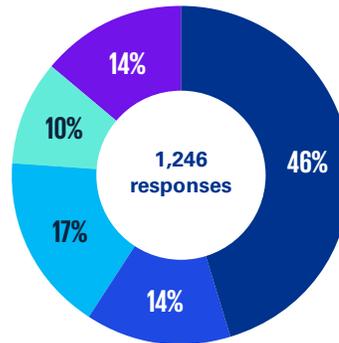
What is the biggest challenge facing your organization related to strategic workforce planning?



- Cross-functional collaboration and sharing of insights across the business, finance, and HR
- Highly manual and disparate processes
- Insufficient tools for forecasting and scenario planning
- Integration with HCM systems and external data sources
- Misaligned planning cycles between business, finance, and HR

Note: Percentages may not total 100 percent due to rounding.

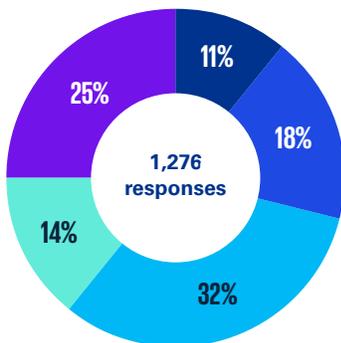
Which stage of maturity best describes where your organization is in the workforce planning journey?



- Financial planning and headcount planning
- Scenario-based resource planning
- Strategic workforce planning and forecasting
- Workforce insights and optimization
- Workforce modeling

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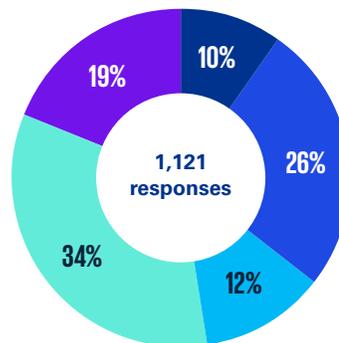
What level of data and analytics capability has the biggest opportunity at your organization in the next 12 months?



- Descriptive what happened?
- Diagnostic why did it happen?
- Predictive what will happen?
- Prescriptive what should we do?
- Reporting what does it look like today?

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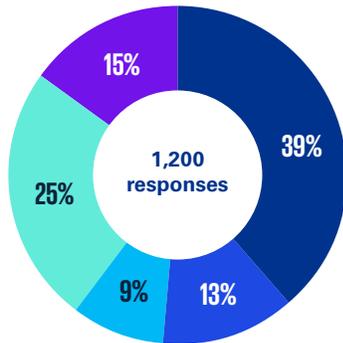
Which outcome of enabling strategic workforce planning is top of mind for your organization?



- Consistent use of buy-build-borrow decision-making, not just in times of expansion
- Forecast skills needed within your organization's workforce
- Greater accuracy in financial forecasting of headcount
- Match talent demand with supply
- Refine our overall talent strategy

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Which of the following EPM strategic objectives are you most interested in SWP helping address?



- Cost optimization from a process and people perspective
- Enhance current technology investments with SWP tools
- Make new technology investments in SWP tools
- Mitigation of enterprise risk
- Transformation of the current target operating model

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