

STRATEGIC WORKFORCE PLANNING CASE STUDIES



WORKFORCE PLANNING PROJECT EXPERIENCE

We have performed a wide range of workforce planning projects including (but not limited to) workforce planning process design and knowledge transfer, workforce forecasting, labour market analysis/sourcing strategies, location choice, workforce business requirements and gap analysis, and workforce plan development.

Manufacturing Organisation – Emphasis was on helping the client forecast and plan for its workforce to realise an aggressive growth strategy and mitigate risks associated with an aging population of ‘critical’ talent. This company expected to lose approximately 1,000 people per year to retirement and as much as 60 percent of its workforce over the next decade. Among other implications, the potential financial impact of these exits included turnover costs estimated at \$45 million to \$90 million per year. The new workforce planning process allowed leaders to forecast and assess critical talent gaps leading to targeted decisions about specific buy and build strategies. Also, the enhanced forecasting ability that was adopted provided tighter forecasts of future employee costs to planners in the finance function and has become part of the annual financial planning cycle.

Creating A Workforce Planning & Analytics Division For A National Oil Company – A joint company/Mercer team was engaged for 10 months on a Strategic HC Management Project to determine how best to attract, develop, motivate, and retain the talent required to meet business goals. To achieve these workforce outcomes, fact-based decisions need to be quickly agreed, targets set and tracked. Using Human Capital (HC) Scan and Mercer’s Internal Labor Market statistical modeling tools to explain what drives workforce outcomes such as performance, retention, and development

this approach identified changes to policies, practices unique to each business and workforce segment to improve their ability to secure a world-class workforce and manage it effectively. Creation of an HC Dashboard to allow for continuous measurement and assessment of key workforce drivers and outcomes. In addition, Mercer trained a select group of HR professionals to use workforce diagnostic and reporting tools to support strategic workforce planning and analysis on an on-going basis.

Establish Workforce Planning In A Global Manufacturer – A global manufacturer set an ambitious goal to double sales in four years and key to this growth was having the needed engineering and other critical talent in operations for their over 60 countries. Starting from having no workforce planning at all, they laid out a multi-year process to gradually build a workforce planning process that brought together the workforce gaps and solutions to fill those gaps for each of its many business units and regions. Mercer helped first pilot their process in one country that was a focal point for talent gaps and then, taking lessons learned from that experience, trained a cadre of 30 SWP Specialists each responsible for working with the leadership team of a specific business unit. They also created a small core group to both manage the SWP process and provide key workforce data and forecasts to the Specialists. The effort created a clear blueprint of what critical workforce gaps exist and would likely exist in the next few years and the business units had a quantified set of workforce priorities and a more systematic approach to planning for recruiting and development. Now a much longer time horizon comes into play when making decisions concerning workforce investments buffeted by changing customer demand.

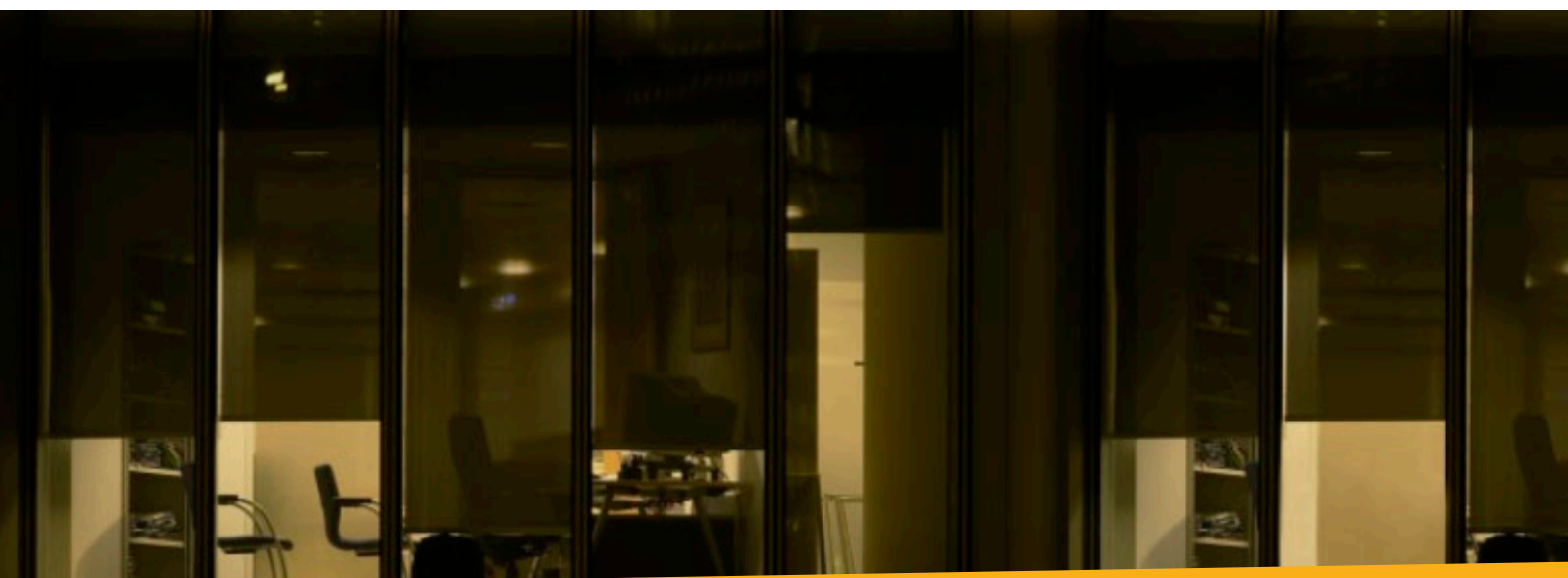
Workforce Planning And Process For A Chinese Bank – A state-owned commercial bank in China undertook a major transformation to increase market share and sustain its market leading position. To execute, the bank needed to increase the number of client-facing employees, while keeping overall workforce levels stable. Key to this strategy were analytics and processes that determined mission-critical competencies and supply/demand of these competencies by key locations. Based on these analyses, the bank developed a three-year workforce plan that included a strategic focus on the right level of building and buying critical talent. By placing an increased emphasis on talent development from within and internal transfers, the bank is building an internal talent pipeline to meet its future workforce needs. To guide future efforts, a new workforce planning process was put in place to allow the bank to make quick, appropriate adjustments based on market and business developments in this dynamic market.

Workforce Plan And Organisation Design – Complete organisation redesign that matched business priorities to workforce requirements. The project engaged the entire leadership team in determining the workforce solutions to speed new product development and establish new lines of business. Used Mercer’s Internal Labor Market (ILM)[®] analysis to analyse the way employees moved through the organisation and the realities

of their human capital development, remuneration, and retention.

Creating A Workforce Planning Unit For An Utility And Oil & Gas Company – Created a complete Workforce Planning capability within the client organisation to deal with the impending loss of 57,000 person-years of experience from retirements and a competitive marketplace for talent. Integrated the recommendations into the yearly planning cycle, held an annual workforce planning “summit” to share lessons between units, and developed a process handbook. Workforce plans were created for each line of business to ensure the availability of critical skills over the next ten years. Project included detailed workforce forecast, development of ongoing workforce planning process, workforce plans for each business unit, and future labour market analysis. Projected savings from turnover and retained human capital amounted to tens of millions of dollars.

Services Provider – Ageing workforce and an upcoming wave of retirements put pressure on this firm to fill looming vacancies. Effort emphasised analysing the impact of buy vs. build strategies on revenue and profitability. In the end, revenue and profits would be sacrificed by external recruiting; and investments were better placed on enhancing performance management and reward practices to encourage building of key talent internally.



Transportation Equipment Manufacturer –

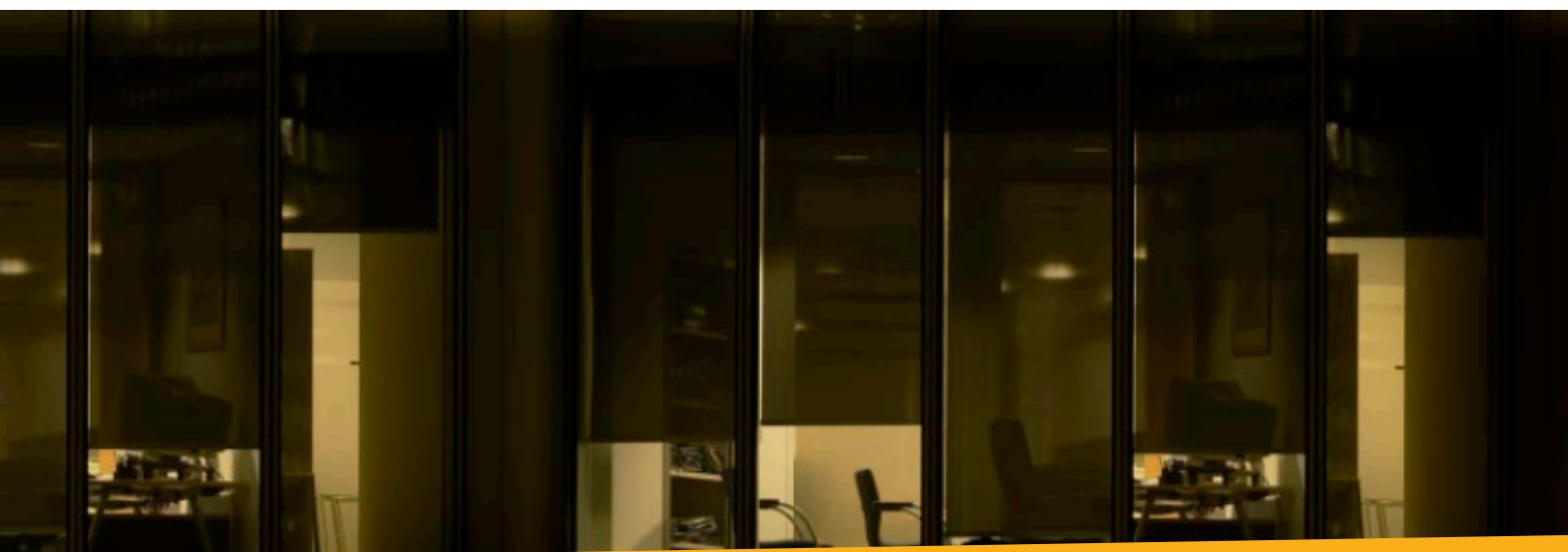
Misalignment between forecasting and resourcing, combined with labour shortages in both mature and emerging markets made meeting commitments to have resources in place for contract start dates and anticipated budget impact a challenge. Besides developing overall workforce plans, we analysed labour markets in 14 countries.

Healthcare – Focus was on identifying skill requirements, accessing to what extent they are available within the local labour markets, and increasing sourcing alternatives and how best to develop talent from within. Program changes included 3-yr planning process; providing educational incentives; identifying non-traditional candidates; realigning rewards; and creating a compelling employment brand. The impact of its new workforce plan was quickly felt, including a 15% decrease in total separations and an 85% decrease in “quick quits”.

Critical Workforce Planning For Natural Resource Company – Wishing to rapidly expand the workforce in the face of an ageing demographic and problems with getting employees to move to remote work locations. A joint Mercer/company team evaluated the impact of the ageing demographic and traditional hiring practices, and determined that changes were needed to career development; how and where the company did its

hiring; and the company practice of requiring employees to live with their families at the remote work locations. Used External Labor Market[®] Analysis to tap new labour markets for employees, while piloting a “fly-in, fly-out” model of staffing. Moreover, non-critical workforce segments, such as HR and IT support, are moved from remote work locations and centralised at the urban head office location where attraction and retention are not an issue. Mercer Workforce Forecaster[™] was used to analyse internal workforce supply.

Public Sector Workforce Planning – Maintaining staffing levels in the face of planned expansion and difficulty recruiting certain positions this agency undertook Workforce Planning with Mercer’s help. Mercer examined organisation’s staffing flows and identified critical workforce segments and external labour market availability of critical skills. Joint team determined that a development model for key positions would be a more appropriate than a pure “acquisition” model of talent, while some non-critical workforce segments could be outsourced. As an outcome the organisation moved to outsource certain segments, while developing career paths for others. In addition, recruiting and the employment proposition was rebranded to highlight career opportunities for new employees.



Energy Company Workforce Planning Project – Faced with trouble maintaining and growing its workforce in a very tight labour market, while working under tight cost constraints we helped this company to use data from the organisation's HR system and Mercer's ELM databases, and analysed links between career practices, pay and employee departures which suggested that internal policies and practices were undermining the development of key talent. In addition, Mercer found that the company was expending resources needlessly by seeking talent on the open market that was already available within its exiting workforce. As an outcome, the company moved to reinforce the positive elements of its employee practices, increasing the incentives for early and mid-career employees to remain with the organisation after promotions. Additionally, it re-examined its hiring policy – making sure that new hires were not blocking the career advancement of critical internal talent.

Consumer Products Company – Workforce redesign including setting optimal workforce profile and supporting pay and benefits structure.

Chinese JV – Used our HC Scan to determine business requirements and do a workforce diagnostic, job analysis, job evaluation, remuneration design, and performance management program design

Chinese Oil Company – Conducted an organisation review, competency modeling, job analysis and evaluation, remuneration, performance management, overseas expatriate remuneration program, leadership development and assessment as part of over workforce plan.

Chinese Independent Oil And Gas Company – Overall workforce analysis and plan covering: Strategy, organisation, job, remuneration and performance management

Business Equipment Manufacturing – U.S. workforce analysis and drivers of progression and retention to reshape the workforce. Extensive labour market and workforce analysis with

recommendations on HR policies and practices to fill future workforce gaps and move the skill base to emerging technologies.

Bank Workforce Strategy – Workforce career and retention analysis with targeted retention interventions using ILM and ELM analyses.

Logistics Company Workforce and Sourcing Strategy And Tactics – Labor supply analysis to assess staffing feasibility for a \$1B expansion.

Workforce Planning For US Integrated Oil Company – People strategy review and redesign of talent management processes in key business segments

Phase 1 Workforce Planning – Forecast future workforce vs. various operational business metrics and assess labour supply for major professions. Facilitated leadership offsite on implications and actions for top 50 officers.

SOE Workforce Planning – Assessment of future talent outlook for critical jobs. Examination of effective workforce practices in recruiting, development, performance management, and retention.

SOE Talent Outlook – Overall talent outlook to support workforce planning efforts.

5 Country Workforce Plan – Forecast workforce 5 – 10 years in the future and presented scenarios to all HR Managers on the future of company and industry workers.

Major North American Mining Company – Assessed the various labour markets for a target acquisition to understand labour availability and future employment cost implications if merger is completed.

Texas Workforce Commission – Workforce planning approach and outline for Texas covering 5 industry segments.

WORKFORCE SCIENCE'S WORKFORCE PLANNING RESEARCH

Mercer, and particularly its Workforce Sciences Institute, has conducted many research projects on workforce planning across companies. Here is a sample that the project team has worked on (some of these are publicly available):

“Talent Mobility Good Practices – Collaboration at the Core of Driving Economic Growth” World Economic Forum, Authors: Jay Doherty, Steven Faigen, Pat Milligan, Haig R. Nalbantian, Mike Piker, and Anne Schult, January 6, 2012

Talent Outlook Fundamentals and Trends – We have utilised Mercer’s global ELM (External Labour Market) database of occupational supply and demographic information to assess the future supply of upstream and downstream talent amongst 40 countries.

Study of ASEAN Labour Market Practices – Endorsed by the ASEAN Senior Labour Officials Meeting in 2008, we carried out a project for Singapore Ministry of Manpower to examine the labour market competitiveness of each ASEAN member country and the region as a whole. The project involved quantitative and qualitative assessments of the strengths and weaknesses of each country’s professional workforce, relying on data collected from various sources as well as interviews of government agencies and employers. Besides analysing the current state of labour markets, our study also investigated the forecasted labour growth and wage dynamics. Based on the information collected, the region (and each country) was compared against other nations like Brazil, Russia, India and China and recommendations were generated to facilitate enhanced competitiveness for investment.

Chamber of Commerce Greater Boston’s Challenge, 2008 – A consortium of leading companies that make up the Greater Boston Chamber of Commerce retained Mercer to assist it in capturing facts and helping to make policy recommendations designed to grow the talent-based economy of this region. Mercer conducted extensive analysis of the region’s labour market dynamics, supplemented by interviews with a cross-section of the area’s business leaders. Out of the analysis came action recommendations, such as those addressing the need to increase the supply of STEM (Science, Technology, Engineering, Mathematics) graduates, the importance of reformed immigration and visa regulations that affect talent supply, and the need to create better bridges between educational institutions and employers. 2008; Jim McCaffrey, Anna Marley and Jay Doherty.

Workforce Planning in-depth industry workforce and labour market analysis for one country covering all employees in over 130 companies. This included a forecast of future gaps, statistical modeling of promotions, pay, incentives, and long term incentives on turnover and career path analysis.

Location decision analysis – This involved detailed analysis of the criteria and importance of labour and non-labour factors impacting company’s decision around foreign direct investment and expansion plans. Examination of over 100 actual site selection decisions.

OTHER PUBLICATIONS

Mercer publishes hundreds of labour market studies, cost and quality of living reports, and mobility guides each year. Some relevant publications from our project team include:

- *Implementing Strategic Workforce Planning in Asia*, Conference Board, (contributing authors, Brenda Wilson, Jay Doherty and Wei Zheng). September, 2009
- *Building a Human Capital System to Deliver the Workforce Your Business Requires*, Jay Doherty, Proceedings of the 10th ASHRM Conference, Bahrain, March 2010
- Our point of view titled *The New Global Workforce – Putting the right people in the right places* was co-authored by Jay Doherty who also contributed Mercer's Labour Market Analysis framework to the book *Offshoring Opportunities*, Wiley Publishing 2006.
- *Mastering Business in China, HR Management* book authors Hugh Bucknell and Reji Otaki (contributions by Wei Zheng)
- *Staying Ahead of the Curve: Employer Best Practices for Mature Workers Study Conducted for AARP* co-authored by Matt Stevenson
- *Labor pains: Planning for the future with an ageing workforce*, Jay Doherty, Perspective, Mercer
- *Anticipating the challenges of an aging workforce*, Mercer, 2007 and latter republished by Oliver Wyman co-author Jay Doherty
- *Closing the Talent Gap, Tailored strategies for workforce development*, Bob Orr B., Bridget McVerry, Jay Doherty, and Camilo Serna, Oliver Wyman Journal, January, 2008
- *Oil & Gas Talent Outlook and Strategies*, Jay Doherty, Arab World HR, February, 2008
- *Improve your global labor deployment decisions*, Jay Doherty, Perspective, Mercer 2007
- *Human Capital Strategies for Canada's Energy Sector*. DeLuca, D., Doherty, J. and Stevenson, M. Mercer white paper. Spring 2010
- *The Talent Crisis in the Canadian Energy Sector: Where are we now?* DeLuca, D., Diotte, S., Doherty, J. and Stevenson, M. Mercer Point of View. Spring 2010



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