Strategic Staffing Guidebook—Table of Contents

EXECUTIVE SUMMARY

This guidebook recommends an approach to "Strategic Staffing" for the State of Minnesota as developed through the Human Resource Reengineering Project Strategic Staffing Team. The process outlined in this guidebook will provide managers with key information to make informed staffing decisions.

Strategic Staffing is a process for defining and addressing staffing implications of strategic and operational plans. Staffing, in this context, includes all managed movement into, around, and out of an organization (e.g., recruitment, hiring, promotion, transfer, redeployment, attrition, retention, etc.). Strategic Staffing also takes into consideration other human resource (HR) activities such as employee development and classification.

Strategic Staffing is not intended to be a process for determining layoffs or a proscriptive roadmap for job security.

This guidebook presents a design concept for Strategic Staffing that can be used at any level or agency within state government. It focuses on critical issues within the context of existing strategic or operational planning processes. *It does not recommend the development of a comprehensive master plan for all staffing*.

The **Strategic Staffing model** is visually portrayed with each step described in the narrative. Briefly, the future staffing requirements (**the demand**) are determined by strategic and operational planning efforts (**issue identification**). Simultaneously, the model takes current staff data and forecasts what the future staffing needs (**the supply**) will be. These two pieces of information (the supply and the demand) are contrasted to determine what the **gap or surplus** will be. From this analysis, **staffing plans** are created and implemented. Finally, the **results** are measured for efficiency and effectiveness.

The proper alignment of participant roles and responsibilities is significant to the model's success. A shared responsibility between line supervisors, managers, and HR professionals is important in identifying the critical human resource issues in strategic and operational plans. In addition, line managers must lead the development and implementation of staffing plans while human resource staff provides consulting and technical support for data collection, analysis, measurement, and staffing activities.

The effectiveness and efficiency of the Strategic Staffing model cannot stand alone; it must be integrated with other human resource processes. Also presented is a model that links Strategic Staffing with the selection and classification processes.

SECTION 1: Introduction

Background

Shortages in certain job categories (e.g., information technology and certain health care occupations) along with recognizing the benefits of retraining and redeploying current employees has motivated human resource directors, managers and supervisors to begin strategically planning to meet future needs. Use of a Strategic Staffing approach will allow agencies to improve staff utilization, address critical human resource issues in an organized and integrated way, and recruit, develop and deploy the talent required to meet future agency needs.

Workforce planning is the term typically used to describe the process through which human resource planning is integrated with an organization's strategic plan. For purposes of this guidebook, the term Strategic Staffing will be used in place of Workforce Planning, as it more closely defines the activities necessary to have "the right people with the right skills in the right place at the right time."

This guidebook represents the Strategic Staffing Team's efforts over ten months during 1997 and 1998 in researching and identifying the key elements of Strategic Staffing and its integration within the state agency planning processes.

Strategic Staffing results in having the right people with the right skills in the right place at the right time.

Issues Driving the Need for Strategic Staffing

Employees are state government's most valuable resource. Systematic approaches to Strategic Staffing have yet to be incorporated into most agencies' human resource planning activities. State government's workforce has experienced a number of new and recurring issues that demand we do a better job of strategically addressing human resource implications. Examples include:

- A shortage of qualified persons to fill information technology jobs.

- A functional skills shortage (i.e., occupational and physical therapists).

- Obsolete employee skills.

- The need for ensuring that employees possess the right skills to meet agency business priorities.

- Changes in how government does business (e.g. welfare reform).

- The expansion/downsizing of state services.

- The centralization/decentralization of agency services/ programs.

- Partnering with other agencies, governmental units, and private businesses.

- Increased public expectation for responsiveness.

- The need for development of career paths and systems that will attract/retain qualified and diverse applicants.

Strategic Staffing will assist in addressing these issues by providing a process and framework in which to determine the staffing implications and subsequent action plans necessary to ensure the State of Minnesota has the "right people with the right skills in the right place at the right time."

Purpose of the Guide

- To provide resources for agency planning teams as they perform Strategic Staffing planning.

- To serve as a resource of case studies and best practices from within our organization as they become available.

- To promote the following processes and relationships:

  - A proactive approach to planning for change instead of crisis based.

  - Strategic partnership with HR as part of the planning team, which brings together the unit manager and the human resource person to address staffing issues.

  - A Labor/Management relationship through pro-active planning that better serves employee and state government goals.

The Guidebook as a "Living Document"

The guidebook will be updated and amended as processes are refined and new tools and strategies are created. New materials will be distributed to all guidebook holders as they are developed.

SECTION 2: Basic Strategic Staffing Concepts

What Is Strategic Staffing

- A process for defining and addressing the staffing implications of an organization's strategic and operational plans.

- A long-term context for short-term activities.

- A focus on critical issues.

- A managed movement into, around, and out of an organization (e.g., recruitment, hiring, promotion, transfer, redeployment, attrition, retention, etc.).

- A consideration of other human resource activities that support Strategic Staffing such as employee development and classification.

Purpose of Strategic Staffing

- To define and integrate short term staffing actions with the longer term context of business strategy.

- To identify and develop a skilled workforce to meet the changing needs of the organization.

Benefits of Strategic Staffing

A well-designed staffing strategy will help to improve an agency's ability to:

- Recruit, develop, and deploy the talent required to meet future demands.

- Adjust overall staffing to meet changing business issues.

- Improve staff utilization.

- Retrain or redeploy employees as organizational needs change.

- Address critical human resource issues in an organized and integrated way.

- Define future staffing requirements to assist employees in identifying career preferences and focusing development efforts.

- Enhance more efficient use of HR resources (i.e., trainers, recruiters, diversity staff, and others involved in staffing activities).

- Achieve a diverse workforce.

- Achieve workers' compensation/Americans with Disabilities Act (ADA) requirements.

- Identify and utilize appropriate external resources (i.e., consultants, shared services, partnerships, etc.).

SECTION 3: A Recommended Process

Description

The **Strategic Staffing Model** is visually portrayed (pages 8-16) with each step described in the narrative. Briefly, the future staffing requirements (**the demand**) are determined by strategic and operational planning efforts (**issue identification**). Simultaneously, the model takes current staff data and forecasts what the future staff (**the supply**) will be. These two pieces of information (the supply and the demand) are compared to determine what the **gap or surplus** will be. From this analysis, **staffing plans** are created and implemented. Finally, the **results** are measured for efficiency and effectiveness.

The proper alignment of roles and responsibilities of participants (page 7) are significant to the model's success. Line supervisors, managers, and HR professionals must share responsibility for identifying critical human resource issues in strategic and operational plans. In addition, line managers must lead the development and implementation of staffing plans while human resource staff provides consulting and technical support for data collection, analysis, measurement, and staffing activities.

The effectiveness and efficiency of the Strategic Staffing Model cannot stand alone. It must be integrated with other human resource processes. An illustration on page 20 (and back cover) presents a model that links Strategic Staffing with the selection and classification processes.

Roles and Responsibilities

The effective development and implementation of Strategic Staffing and its subsequent strategies and actions require the involvement and commitment of individuals who both participate in and access resources from the human resource function. These include:

Agency line managers and supervisors who are ultimately responsible for managing people and carrying out strategic and operational plans. They should lead efforts to define staffing requirements and strategies by:

- Involving HR early on in strategic and operational plans, and

- Communicating staffing needs to employees so they can take responsibility to learn new skills wherever possible.

Human resource staff play a major role in assuring the success of Strategic Staffing by:

- Acting in partnership with line management to identify staffing issues and develop required strategies;

- Acting as internal consultants to line management helping managers participate effectively in the process;

- Creating and integrating programs and initiatives needed to implement strategies that emerge; and

- Implementing the changes in how people and organizations will be managed as a result of the strategies.

Collective bargaining representatives and agencies should be encouraged to partner in implementing and designing Strategic Staffing processes and action plans through appropriate collective bargaining and related processes.

Employees need to take responsibility for understanding the key critical strategic issues facing their agencies and develop an ability to meet the changing organizational needs and environment.

Involving Others

Depending on your Strategic Staffing plan, others may become involved in the processes as needed. They may include finance and budget staff or committee, training departments or other related resources, employee assistance program staff, lobbyists or legislative liaisons, and communications staff.

A Strategic Staffing Model

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┌──────────────┐        ┌──────────────┐        ┌──────────────┐
│Define Current│        │    Define    │───────▶│    Define    │
│    Supply    │        │   Strategic  │        │  Operational │
│ (Supply Now) │        │    Plans     │        │    Plans     │
└──────────────┘        └──────────────┘        └──────────────┘
       │ Assumptions
       ▼
┌──────────────┐        ┌──────────────┐
│Forecast/Proj.│        │ Define Future│
│ Future Supply│        │ Requirements │
│(Supply Then) │        │ (Demand Then)│
└──────────────┘        └──────────────┘
          │                   │
          └────────┬──────────┘
                   ▼
          ┌──────────────┐
          │  Calculate/  │
          │  Determine   │
          │Gaps & Surpluses│
          └──────────────┘
                   │
                   ▼
          ┌──────────────┐
          │Create/Develop│
          │Staffing Plans│
          └──────────────┘
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    Effectiveness ┌──────────────┐
          │       │  Implement   │
          │       │Staffing Plans│
          │       └──────────────┘ Efficiency
          │              │
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          │       ┌──────────────┐
          │       │   Desired    │
          │       │  Workforce   │
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          │              │
          │              ▼
          │       ┌──────────────┐
          └───────│   Measure    │
                  │   Results    │
                  └──────────────┘
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Strategic Staffing Guidebook
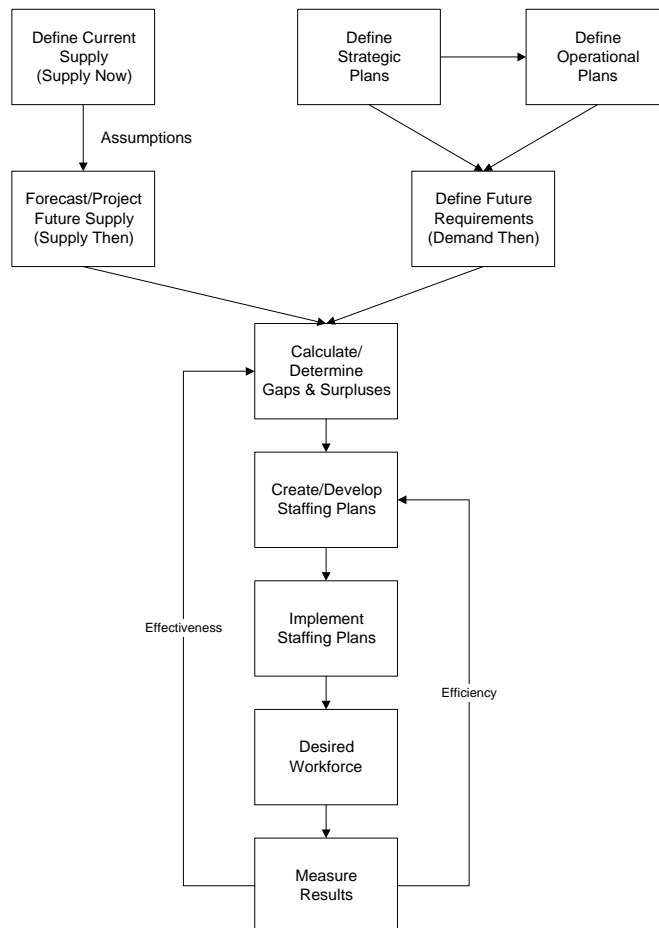
Description of the Strategic Staffing Model

This section does not provide an explanation of a standard strategic planning process. Rather, the step-by-step description of Strategic Staffing provided below will begin from the assumption that a strategic and operational planning process is currently in place. If this is not the case, it is highly recommended that a process to identify critical strategic and operational issues be established prior to implementing a Strategic Staffing approach. It is also important to note that one of the strengths of Strategic Staffing lies in its ability to adapt to an individual agency's strategic and operational planning processes.

Defining Requirements—Identify Critical Business Issues

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┌─────────────┐        ┌─────────────┐
│   Define    │        │   Define    │
│  Strategic  │ ─────▶ │ Operational │
│    Plans    │        │    Plans    │
└─────────────┘        └─────────────┘
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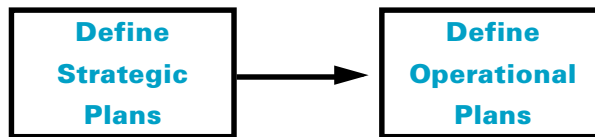
To begin the Strategic Staffing process, it is important to first identify the critical issue(s) and determine the environment, resources, and other factors that need to be addressed. This type of information is obtained by reviewing the organization's strategic and operational plans. In addition, some basic parameters should be established. The parameters should define:

- The population that will be reviewed and studied.

- The time frame or planning horizon in terms of how often and how long the issue and affected population should be reviewed.

- A structure and framework to assist in translating and identifying the gaps between **demand** and **supply** within the organization.

Once a critical issue has been identified and parameters established, applying the Strategic Staffing Model can begin at either the **Supply** or **Demand** side of the model. Beginning at either side will not alter the

results when calculating the gaps or surpluses; **however, research has shown that beginning at the demand side better focuses the issue because it highlights the future human resource requirements needed up front and assists in providing a more targeted analysis when determining the current and future supply within the organization.**

Defining Demand

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┌─────────────┐                      ┌─────────────┐
│   Define    │                      │   Define    │
│  Strategic  │ ───────────────────► │ Operational │
│    Plans    │                      │    Plans    │
└─────────────┘                      └─────────────┘
        │                                   │
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         ┌───────────────────────┐
         │   Define Future       │
         │   Requirements        │
         │   (Demand Then)       │
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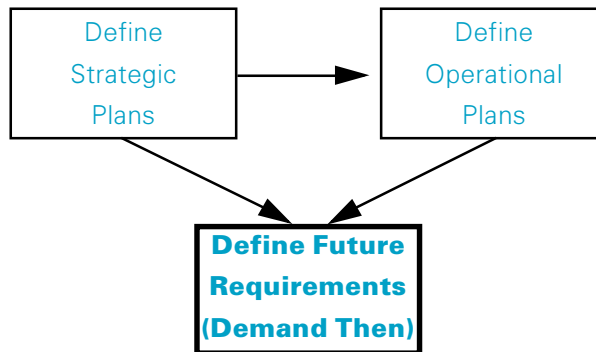
In defining the future requirements needed by the organization, the following steps should be completed:

1. Considering the critical issue and employee population affected, determine the five to ten most critical competencies (skills, abilities, knowledge) essential to address this issue.

2. Determine the skills that differentiate one level of the employee population from another.

3. From the information collected in 1 and 2 above, define the future staffing levels and competencies needed to address the critical issue.

Defining Supply

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┌─────────────────┐           ┌─────────────────┐        ┌─────────────────┐
│ Define Current  │           │     Define      │ ────▶  │     Define      │
│     Supply      │           │    Strategic    │        │   Operational   │
│  (Supply Now)   │           │      Plans      │        │      Plans      │
└─────────────────┘           └─────────────────┘        └─────────────────┘
        │                              │                          │
     Assumptions                        ╲                        ╱
        │                                ╲                      ╱
        ▼                                 ▼                    ▼
┌─────────────────┐                    ┌─────────────────────────┐
│   Forecast/     │                    │   Define Future         │
│ Project Future  │                    │   Requirements          │
│     Supply      │                    │   (Demand Then)         │
│  (Supply Then)  │                    └─────────────────────────┘
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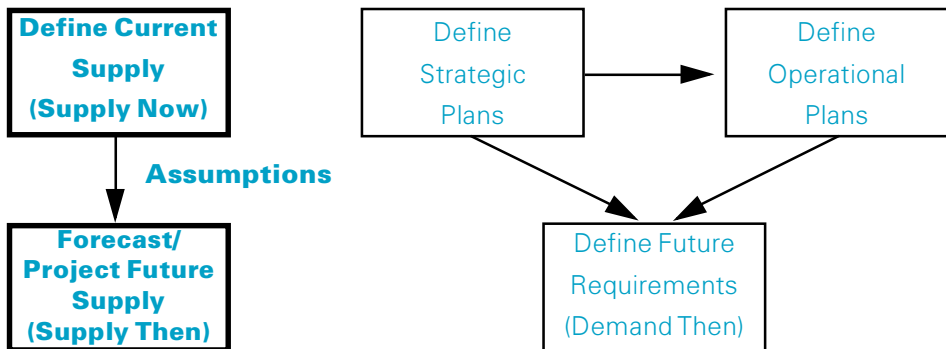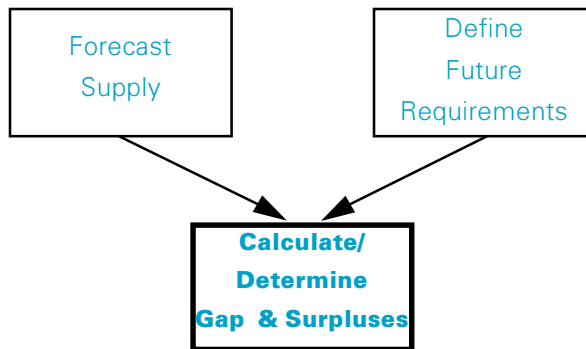
With the future requirements (demand) defined, the next step is to assess the organization's current staffing level and then to forecast or project the future supply. To define the current supply, it is necessary to assess the number of people the organization currently has with the competencies needed to address the critical issue.

Forecasting or projecting the future supply requires identifying variables (such as turnover rate, the rate of promotions based on seniority, projected retirements, voluntary resignations, and current recruitment efforts) and applying assumptions about how these variables will influence the type of and level of workforce the organization will have in the future.

Determining Gaps and Surpluses

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┌─────────────────┐        ┌─────────────────┐
│    Forecast     │        │     Define      │
│     Supply      │        │     Future      │
│                 │        │  Requirements   │
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          ╲                      ╱
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        ┌───────────────────────┐
        │     Calculate/        │
        │     Determine         │
        │  Gap  & Surpluses     │
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To calculating or determining the gaps and surpluses that exist within an organization compare the future demand with what has been forecasted regarding the future supply. Entering the information into a gap matrix (see pages 34-37) provides a framework for looking at how many (numbers of people) and where (physical location, job classes or skills, etc.) gaps or surpluses may exist. It is important to note that calculating/ determining gaps and surpluses will provide the organization with simple data in terms of what needs to be done. **However, it is the actions that the organization decides to take to address the gaps and surpluses (how people will be moved) that result in the staffing plans.**
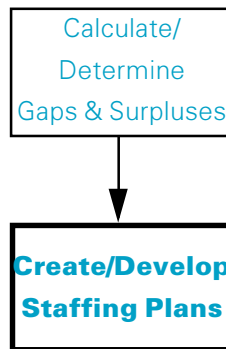

Supply and Demand Process Outline

1) Assess   the current supply

2) Factor in   variables/assumptions

3) to come up with   supply then

4) compare to   demand then

5) to come up with   gaps and surpluses

Developing Staffing Plans

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┌─────────────────┐
│   Calculate/    │
│    Determine    │
│ Gaps & Surpluses│
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│  Create/Develop │
│  Staffing Plans │
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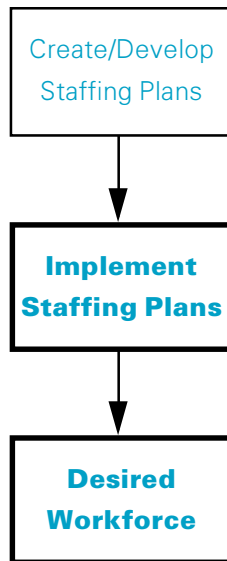
The design of Strategic Staffing plans can include (but are not limited to) the following types of actions:

- Defining required movement (e.g., numbers, sources/paths, and possible redeployment).

- Defining recruiting needs and developing recruiting strategies (e.g., numbers, types, sources, and lead times).

- Defining reductions (e.g., early retirements, layoffs, and voluntary resignations).

- Defining training and development needs to support planned movement/redeployment.

- Defining diversity initiatives.

When defining Strategic Staffing plans, it may be important to conduct an environmental scanning process. Environmental scanning provides information regarding the external environment in which the organization operates. For example, if you need to use outside recruiting, information may include: the availability of skills in the labor market, salary information for particular jobs, demographics, and labor market trends.

Implementing Plans

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┌─────────────────────┐
│   Create/Develop    │
│   Staffing Plans    │
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┌─────────────────────┐
│     Implement       │
│   Staffing Plans    │
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┌─────────────────────┐
│      Desired        │
│     Workforce       │
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The implementation of staffing plans involves dedicating time and resources to address the critical gaps or surpluses that exist within the organization around the critical business issue identified earlier in the process.
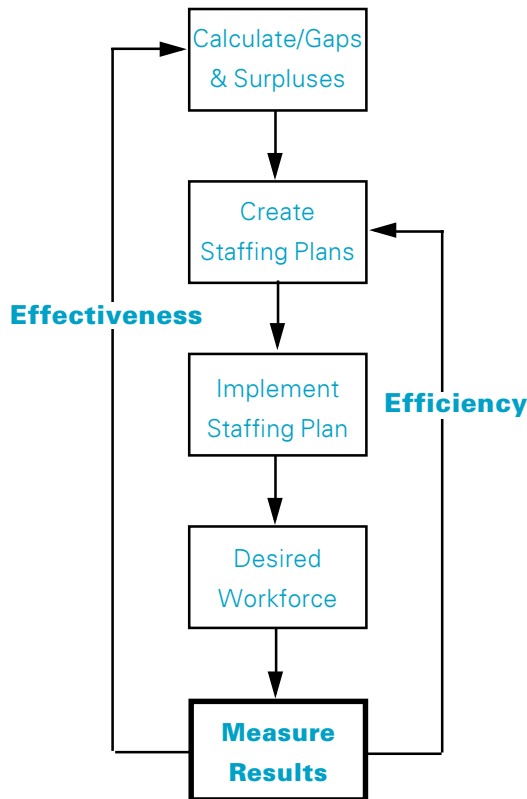
Implementating staffing plans could include:

- Evaluating the current talent that exists within the organization (e.g., skills, performance, and potential).

- Identifying what specific actions will be done with whom, when, where and how. This could include:

  - Targeting specific movement (promotions, transfers, etc.).

  - Managing voluntary attrition (early retirement and separations).

  - Improving staff utilization (redesigning work and organizational structure, redeploying and retraining talent).

- Intensifying the focus on performance standards, evaluation, and actions (performance improvement, redeployment or corrective action).

- Using alternative staffing (part-time, temporary, and contract services as necessary).

- Addressing employees without internal options (layoff, separation, outplacement, and early retirement).

The implementation of the Strategic Staffing plans should result in the desired workforce the organization needs in terms of the number of employees, the appropriate skills, employees at the right locations, etc. These plans should be measured for efficiency and effectiveness.

Measuring Results

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                    ┌──────────────────┐
              ┌────►│  Calculate/Gaps  │
              │     │   & Surpluses    │
              │     └──────────────────┘
              │              │
              │              ▼
              │     ┌──────────────────┐
              │     │      Create      │◄──────┐
              │     │  Staffing Plans  │       │
Effectiveness │     └──────────────────┘       │
              │              │                 │
              │              ▼            Efficiency
              │     ┌──────────────────┐       │
              │     │    Implement     │       │
              │     │  Staffing Plan   │       │
              │     └──────────────────┘       │
              │              │                 │
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              │     │     Desired      │       │
              │     │    Workforce     │       │
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              │     ┌──────────────────┐       │
              └─────│     Measure      │───────┘
                    │     Results      │
                    └──────────────────┘
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1. **Efficiency** of the staffing plans in terms of time, speed, cost and volume (e.g., reducing recruitment time; lowering recruitment costs).

2. **Effectiveness** of the staffing plans in achieving the desired result of not only eliminating gaps or surpluses, but having the right skills or capabilities to implement the strategic or operational plans within the organization (e.g., Do the people recruited have the skills and competencies required? Did lower recruitment costs result in candidates who can address the business issue at hand? Is the organization meeting customer needs?)

If the measurements indicate that gaps or surpluses still exist, it could indicate that incorrect assumptions were made when forecasting the future supply. This may require reviewing the assumptions, recalculating the gap matrix, and/or redefining the staffing plans. In addition, if measurements also indicate that employees are not developing or do not have the right skills or competencies, the staffing plans should be reviewed and modified.

Methods of Measuring Results

I. Efficiency measures

A. Overall parameters

When measuring staffing efficiency, consider all placements and terminations, including both external recruiting and internal placements

To measure staffing efficiency, consider any or all of the following:

- Time (e.g., how long)

- Speed (e.g., how fast)

- Cost

- Volume

B. Specific Examples

- Response time (e.g., between requisition and interview)

- Fill time (e.g., between offer and acceptance)

- Cost per hire by source, recruiting program or initiative

- Cost per hire for those that stay at least three years

- Cost per relocation

- Cost per internal placement

- Number of openings filled

- Number of qualified resumes submitted

- Number of qualified applicants identified

- Number of interviews

- Number of special hires (e.g., to achieve diversity targets)

- Number of "good hires" (e.g., defined in terms of tenure and performance)

- Number of "good hires" by source, program, or initiative

- Number of voluntary quits

- Average tenure per hire

- Ratio of open positions to filled positions

- Ratio of "call backs" to interviews

- Ratio of acceptances to offers

- Percentage of openings filled from the outside

II. Effectiveness measures

A. Overall parameters

Measuring effectiveness complements the efficiency measures. While efficiency will indicate the time, speed, cost, and volume regarding staffing plans; effectiveness measures indicate whether the staffing plans are achieving the desired result in "having the right people with the right skills at the right time."

B. Specific examples:

- Do the individuals recruited have the skills and competencies required to close the gaps?

- Did lower recruitment costs result in candidates who can address the business issues at hand?

- Is the organization meeting customer needs?

- Have the designated training and development programs provided employees with the appropriate skills?

- Did the cost of relocation result in individuals being placed where they are most effective in addressing business needs?

- Does the use of alternative staffing (i.e., part-time, temporary, etc.) provide for adequate staffing levels and skills needed by the business?

- Is the succession planning process identifying and developing the most qualified people for key senior positions?

Linkages to Other Processes
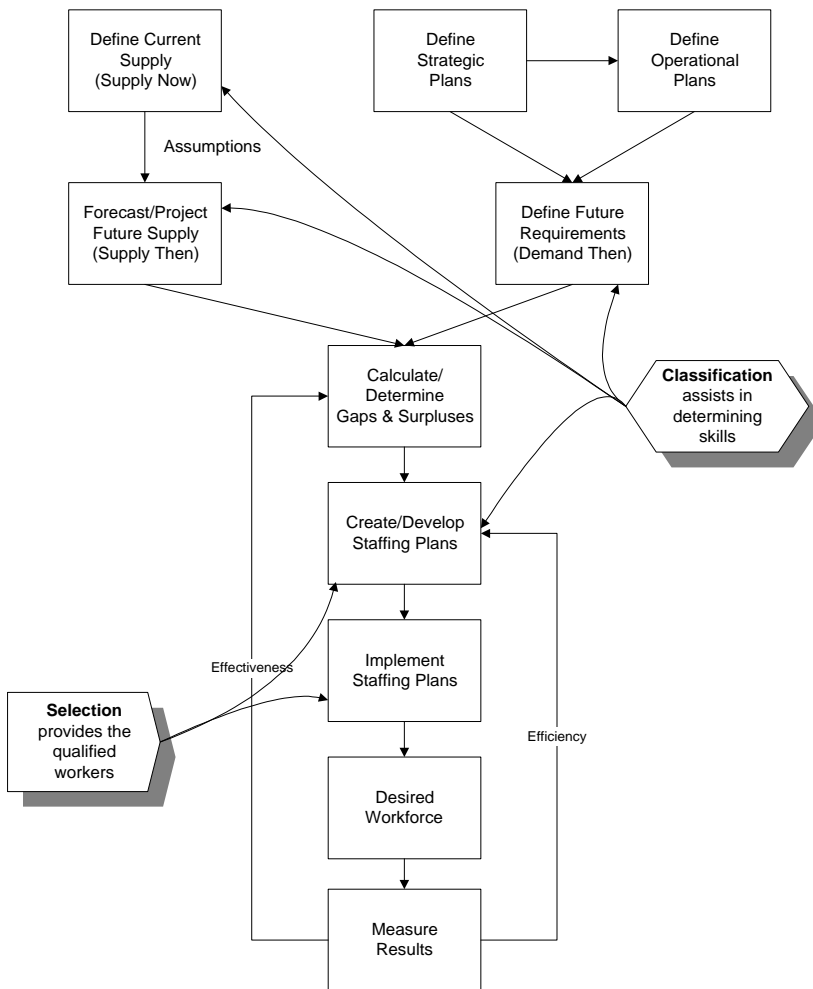
- The Strategic Staffing process identifies the staffing requirements to meet the organizational goals.

- The Classification process assists in determining the workforce's skills.

- Selection provides the qualified workers.

Time Lines

At the division level, the process, from critical issues to Strategic Staffing completion should take an average of six to eight weeks. To complete it within this time requires that the issues are clearly identified and all necessary information is readily available. Factors that may influence your time line are:

- The planning horizon of the organization's goals may be longer or shorter.

- Initially, because the process is new, it may take longer.

Addressing Costs

Costs of using the Strategic Staffing process will depend on your staffing issues and support needed. Additional costs may include:

- Hiring an outside consultant

- Contracting assistance from the Management Analysis Division of the Minnesota Department of Administration

- Assessment tools to identify skills and competencies

- Training

SECTION 4: Tools, Techniques and Hints

In this section you will find practical examples of the Strategic Staffing process, including:

- A checklist of the implementation plan.

- Three "demand exercises" addressing:

  - staffing ratios

  - project-based staffing—zero based

  - project-based staffing—incremental

- A gap matrix example, which walks through the supply and demand process using a grid.

- A sample spreadsheet template using data from the gap matrix example. (This Excel template is available by request. See page 50 for more information.)

- A list of suggestions from the consultant and development team.

- A list of lessons learned from others using Strategic Staffing or similar processes.

Note: The checklist, demand exercises, and spreadsheet template are provided by consultant Tom Bechet of the Walker Group. (See page 47 for more information.)

Strategic Staffing Implementation Checklist

1. **Identify a client**
   - ❑ Line manager with a problem
   - ❑ A "friend" of the function
   - ❑ The biggest "naysayer"

2. **Identify the critical issue to be addressed**
   - ❑ Define business issues (internal or external).
   - ❑ Review long-range business plans and strategies.
   - ❑ Review operational or tactical plans.
   - ❑ Interview line managers and human resource staff.
   - ❑ Convene a task force.
   - ❑ Identify staffing issues and implications.
     — What new skills and knowledge will be required as a result of new technology or changes in organization and job design?
     — How will job design and working relationships change?
     — How will our organization structure look in five years, and how will the current structure evolve?
     — What will be the future complement of managers, professionals, and other employees required, and how will the required numbers and mix evolve?
     — How will management practices and policies need to adapt to enable this future organization to function effectively in tomorrow's environment?

3. Define model parameters and data requirements

❑ Include only data that addresses issues identified.

❑ Model row and column definitions, determine what data is available, and structure the model accordingly.

❑ Ensure that the cells of the matrix are at an appropriate level of detail.

❑ Determine whether historic rates or new assumptions should be used.

❑ Determine an appropriate time frame or planning horizon.

❑ If full data is not available, do the most you can with what you have.

4. Run the model for the first period

❑ Determine "demand then"

— Start simple and be logical.

— Be only as detailed as is absolutely necessary.

— Maximize credibility by utilizing existing processes and data.

— Use budgeted headcounts where available.

— Minimize "black box" techniques.

— Review data gathered and used by the Department of Finance (such as costing or to support proposals).

— Where data is unavailable, create and test scenarios based on current headcounts (e.g., plus or minus 10 percent).

❑ Determine impact on staffing of "drivers"

— Capital expenditures

— New products or services

— Environmental demands

— Quality initiatives

— Changing production volumes/mix

— Manufacturing flexibility

— Cost containment

— Workforce management changes

— Special management priorities

❑ Define "supply now"

— Define/allocate current headcount

— Define turnover rates

— Define movement opportunities

— Define entry points

❑ Determine "supply then" by aging the population (considering uncontrollables)

— Anticipated turnover

— Anticipated movement

— Anticipated recruiting

❑ Run the initial models

— For the first iteration, include only the "uncontrollables."

— Adjust hiring, movement, and recruiting as needed.

5. **Adjust supply and rerun the model**

❑ Adjust controllable staffing actions.

❑ Rerun the model.

6. **Develop staffing plans and actions**

❑ Interpret and apply results.

❑ Provide answers and recommendations, not just data.

❑ Create specific employee movement strategies.

— Identify who should be moved and when, not simply how many should be moved.

— Identify new internal sources of qualified talent.

— Identify development that must occur for moves to be possible.

❑ Create specific recruiting strategies

— Identify how many employees with what skills will be required.

— Determine when these employees will be required.

— Define where they will be found.

— Verify that they exist in the external market.

7. **Run the model for subsequent periods**

Demand Exercise 1: Staffing Ratios

Overview

This technique defines a quantitative relationship between work/output and headcount.   There can be two types of relationships: direct and indirect. In this example, the ratio for doctors is directly related to the number of members. The ratio for nurses is indirect—it depends on the number of doctors, not the number of patients.

Example

To increase revenues and improve member service to the community, Como Healthcare (formerly known as Como General Hospital) is considering opening a second full-service facility in the suburbs, twenty-five miles from its present urban location. By opening this facility, Como expects to attract new members as well as better serve existing members who are moving out of the city. Currently, Como has 50,000 members.

The Medical Economics group expects that this move will increase membership in Como Healthcare significantly, expecting to add as many as 30,000 new members in the first year and an additional 20,000 the second.

Based on an analysis of history and desired future staffing levels, Como has developed the following staffing ratios:

Job Category	Ratio
Family practice physicians	1:2000 members
Cardiologists	1:15000 members
Psychologists	1:8000 members
Physical therapists	1:10000 members
RNs	(# of physicians)*(.8)*(.5)
LPNs	(# of physicians)*(.8)
Lab staff	1:25000 members
Appointment Clerk	(# of family practice physicians)*(.6)+ (# of specialty physicians)*(.4)

James Kildare, the Como Healthcare CEO, has stated that 60,000 new members must be added over the next two years if the new facility is to remain viable. Consequently, the marketing targets have been set at this level and programs are underway to attract this membership.

Define required staffing levels for each of the above job categories.

Solution

First, define the scenario you are analyzing. This solution assumes that we are analyzing marketing's projections for the "next" year. Total membership would then be 80,000 (the original 50,000 plus the 30,000 to be added).

Now we can define the staffing needed to support this number of members:

Category	Solution
Family Practice Physicians	80,000/2000 = 40
Cardiologists	80,000/15000 = 5.33
Psychologists	80,000/8000 = 10
Physical Therapists	80,000/10,000 = 8
RNs	(40 + 5.33) x (.8) x (.5) = 18.13
LPNs	(40 + 5.33) x (.8) = 36.26
Lab staff	80,000/25,000 = 3.2
Appointment Clerk	(40 x .6) + (5.33 x .4) = 26.13

Demand Exercise 2: Project Based Staffing—Zero Based

Overview

This technique requires the user to define staffing requirements for various components of an organization (e.g., projects or units) and then sum these individual requirements to calculate a total.

Example

The North Dakota Department of Transportation* is currently staffed effectively; current staffing will allow the agency to complete all the assignments it has "in house" for the remainder of the year (i.e., projects 1, 2, and 3). The current headcount is as follows:

	Team A	**Team B**
Engineering Managers	15	14
Engineers	30	40
Highway Technicians	30	25

Next year, the following work plan is anticipated:

- Project 1 will continue and will require

  - 5 Engineering Managers on Team A and 3 on Team B

  - 12 Engineers on Team A and 8 on Team B

  - 15 Highway Technicians on Team A and 10 on Team B

- Project 2 and 3 will be completed in the current year and will require no staff

Note: This is a ficticious example for illustrative purposes only.

- Project 4 is a new project that will require

    - 4 Engineering Managers on Team A and 4 on Team B

    - 10 Engineers on Team A and 9 on Team B

    - 8 Highway Technicians on Team A and 11 on Team B

- Project 5 is also a new project and will require

    - 6 Engineering Managers on Team A and 2 on Team B

    - 9 Engineers on Team A and 10 on Team B

    - 9 Highway Technicians on Team A and 8 on Team B

What will the staffing demand be for NDDOT in the coming year?

Solution

Identify the staffing requirements of each project in each of the six categories (the data is provided in the example) and simply add them up. In a "real life" situation, this staffing information would probably be extracted from a project plan or unit business plan. It might also be provided by a manager through some kind of structured interview. Note that the starting headcounts that are provided in the example should be ignored.

Category	**Team A**		**Team B**	
Engineering Managers	Project 1:	5	Project 1:	3
	Project 2:	0	Project 2:	0
	Project 3:	0	Project 3:	0
	Project 4:	4	Project 4:	4
	Project 5:	6	Project 5:	2
	Total	**15**	**Total**	**9**

Engineers	Project 1:	12	Project 1:	8
	Project 2:	0	Project 2:	0
	Project 3:	0	Project 3:	0
	Project 4:	10	Project 4:	9
	Project 5:	9	Project 5:	10
	Total	**31**	**Total**	**27**

Highway Technicians	Project 1:	15	Project 1:	10
	Project 2:	0	Project 2:	0
	Project 3:	0	Project 3:	0
	Project 4:	8	Project 4:	11
	Project 5:	9	Project 5:	8
	Total	**32**	**Total**	**29**

Demand Exercise 3: Project Based Staffing—Incremental

Overview

This technique is similar to demand example 2, but is somewhat different. With this technique, we define how staffing levels will change from current levels (in the previous example we started with a "zero base"). Usually this technique is supported by a structured interview with a manager in which the interviewer varies current staffing levels, discusses changes in business with the manager, and helps to identify how these changes will impact required staffing in each category.

Example

The current headcount for Cosworth/SVO is as follows:

	Team A	Team B
Engineering Managers	15	14
Engineers	30	40
Highway Technicians	30	25

Based on interviews with senior managers, the following changes are expected in Team A:

- District 5 will build 40 miles of new interstate and will need additional staff, including 1 Engineering Manager, 3 Engineers, and 4 Highway Technicians.

- District 3 will build one bridge. To support the team, NDDOT will add 2 Engineering Managers, 4 Engineers, and 6 Highway Technicians.

- District 2 has decided to rebuild 600 miles on trunk highways, thus freeing up 3 Engineering Managers, 10 Engineers, and 15 Highway Technicians.

Based on interviews with senior management, the following changes are expected in Team B:

- Project A will expand and will require additional staff of 1 Engineering Manager, 4 Engineers, and 2 Highway Technicians.

- Project B has proven unrealistic and will be dropped, resulting in a reduction of 2 Engineering Managers, 5 Engineers, and 3 Highway Technicians.

- Project C has been reengineered; it will require 1 additional Engineering Manager but 2 fewer Engineers and 3 fewer Highway Technicians.

Calculate total demand for the coming season.

Solution

First, define current staffing levels for each category. Next, identify the changes that will occur in each category and sum the totals.

Category	Team A		Team B	
Engineering Managers	Initial Headcount: 15		Initial Headcount: 14	
	District 5:	+1	Project A:	+1
	District 3:	+2	Project B:	-2
	District 2:	-3	Project C:	+1
	Total	**15**	**Total**	**14**
Engineers	Initial Headcount: 30		Initial Headcount: 40	
	District 5:	+3	Project A:	+4
	District 3:	+4	Project B:	-5
	District 2:	-10	Project C:	-2
	Total	**27**	**Total**	**37**
Highway Technicians	Initial Headcount: 30		Initial Headcount: 25	
	District 5:	+4	Project A:	+2
	District 3:	+6	Project B:	-3
	District 2:	-15	Project C:	-3
	Total	**25**	**Total**	**21**

Strategic Staffing Gap Matrix Example

For purposes of this example, we will assume that the Strategic Staffing Team has determined the following staffing need:

The two offices identified will require both increased line staff and decreased supervision.

We will identify all staffing numbers in the following matrix or grid.

- The rows will represent staff levels. In this example, SV for supervisors and LS for line staff.

- The columns will represent locations. In this example, St. Paul and Duluth.

	St.P	Dul
SV		
LS		

The current staffing numbers (Supply Now) are:

Supply Now:	St.P	Dul
SV	1	4
LS	6	10

The projected staffing demand in one year (Demand Then) is:

Demand Then:	St.P	Dul
SV	1	2
LS	7	12

Next we will determine the changes to our current staffing levels that will occur in one year if we do nothing. By subtracting anticipated staffing changes that automatically occur, we arrive at our Supply Then. In this example, we will include the following 1) voluntary turnover and 2) retirement assumptions. Promotion could be another anticipated event, and is not reflected in this example.

Voluntary turnovers—We are assuming staff turnovers at the same rate as the previous year.

	St.P	Dul
SV	0	0
LS	2	3

Retirements—Several employees will be retirement eligible in the following year.

	St.P	Dul
SV	1	1
LS	0	0

By subtracting the assumed turnovers and retirements from the Supply Now, we come up with the Supply Then:

Supply Then:

	St.P	Dul
SV	1-1	4-1
LS	6-2	10-3

Or:

	St.P	Dul
SV	0	3
LS	4	7

Next compare Supply Then to Demand Then to calculate the Gaps and Surpluses:

Supply Then: St.P   Dul

	St.P	Dul
SV	0	3
LS	4	7

Demand Then: St.P   Dul

	St.P	Dul
SV	1	2
LS	7	12

Gaps/Surpluses: St.P   Dul

	St.P	Dul
SV	-1	+1
LS	-3	-5

The Strategic Staffing Plan will identify options to deal with the gaps and bring each shortage (-) and excess (+) to zero.

Option 1: Move a supervisor from Duluth to St. Paul, which would bring both supervisor slots to zero. Hire new line staff, three for St. Paul and five for Duluth.

Option 2: Promote one line staff to supervisor and hire four new line staff in St. Paul. Lay off one supervisor and hire five new line staff in Duluth.

Any number of scenarios could occur to close the staffing gaps including demotions, transfers, and various other staffing reassignments. Please note: all actions taken would be within applicable language in bargaining unit agreements and/or plans.

Gap Metrix Using The Spreadsheet Template

1. Enter "Supply Now"

Existing Staff Level		
	Col 1	Col 2
Row 1	1	4
Row 2	6	10

2. Enter "Voluntary Turnover"

Voluntary Turnover		
	Col 1	Col 2
Row 1	1	4
Row 2	6	10

3. Enter "Expected Retirements"

Retirements		
	Col 1	Col 2
Row 1	1	1
Row 2	0	0

4. Spreadsheet calculates "Supply Then"

Available Resources (Before Staffing Actions)		
	Col 1	Col 2
Row 1	0	3
Row 2	4	7

5. Enter "Demand Then"

Demand		
	Col 1	Col 2
Row 1	1	2
Row 2	7	12

6. Spreadsheet calculates Gaps/Surpluses

Preliminary Gaps/Surpluses		
	Col 1	Col 2
Row 1	-1	1
Row 2	-3	-5

Additional copies of this spreadsheet template for MS Excel 4.0 are available by request. Contact Eric Swensson at (651) 282-2426.

Suggestions (from the consultant and development team):

- The manager who allocates resources is the driver of Strategic Staffing. HR supports the manager by acting as a consultant and resource.

- All Strategic Staffing participants understand the business and the business context if they are to determine the effectiveness of their actions. In other words, did the training, new hires, etc., resolve the critical issue?

- Staffing strategies should begin at the Unit/Division level to define the skills and staff required to meet the goals.

- Human resource planning must be integrated into an organization's business strategic plan.

- Management, human resource staff, and supervisors should be committed to dealing with employees in transition with care.

Lessons Learned

Since its origin in August 1997, the Strategic Staffing teams have gathered suggestions and insights from public and private sector organizations utilizing staffing strategies. This is a compilation of advice offered the team from their business experiences.

- It is difficult to bring in incumbents, who are angry or upset, and ask them to participate in the process. (Minnesota Department of Natural Resources (DNR))

- It is critical to enlist the support of the unions in areas where you are trying to implement this type of change. (DNR)

- Voluntary compliance is preferred over mandatory or forced compliance. (State of New York; Minnesota Department of Revenue)

- It is important to focus on a critical business issue facing an agency (a "driver") that needs to be addressed. Otherwise, the project could lose the organization's interest. (DNR)

- Implementing a pilot within an entire division was too large a scope for the planning process. (DNR)

- Expectations and responsibilities must be clearly defined. (DNR)

- Ensure adequate resources from the outset. (DNR)

- The process takes time and is dependent on the organization's culture. (Northern States Power Company, Minnesota (NSP))

- Needs commitment from the bottom. (NSP)

- Take small, initial steps. (NSP)

- A great deal of "hand holding" is necessary. (NSP)

- All levels of the organization must be involved. (NSP)

- HR should not lead the process—rather it needs a broad base of support. (NSP)

- The process cannot be dictated by HR—all levels of the organization need to be involved. (Texaco)

- HR works closely with managers to assist them in identifying their needs. (Texaco)

- Texaco's process focuses only on critical positions. (Texaco)

- Mandating does not mean the process will be done well. (State of New York)

- Agency heads have to see the value in Strategic Staffing in terms of assisting them in addressing issues and concerns. (State of New York)

- The process should not be overly paperbound. (Minnesota Department of Transportation (Mn/DOT) Succession Planning)

- Important to document feedback given to participants. (Mn/DOT)

- Accountability and communication are important. (Mn/DOT)

SECTION 5: Getting Started

If there is the need for leadtime to accomplish a strategy, the time to start is now. Lead time may be required for training for new skills, exploring new technologies, or recruiting hard-to-fill positions.

Implementation Process

This list is a brief summary of events of Strategic Staffing. Please refer to Section 3 for a complete description of the steps. An expanded checklist of the implementation process is included in Section 4, titled "Strategic Staffing Checklist." This listing has been developed by Tom Bechet of the Walker Group. (Please see page 48 for more information.)

1. Identify a client.

2. Identify the critical issue(s) to be addressed (the process is easier if you start with a critical issue).

3. Define model parameters and data requirements (identify "demands" first, because they are the most difficult to determine).

4. "Run" model for first period (e.g., supply, demand, and gaps), considering uncontrollables i.e., retirements and turnover.

5. Adjust supply (controllable staffing actions) as required.

6. Document staffing plans and actions.

7. Run model for subsequent periods (one period at a time).

Key Participants

- **The manager** is the driver of Strategic Staffing who identifies the critical staffing issue and who has resources to dedicate to resolving the issue. Strategic Staffing should be seen as a critical competency for supervisors and managers.

- **Human resource staff** supports by acting as a consultant. Role of HR: lead planning sessions, take input from the managers, offer suggestions, and facilitate the process. This gives HR knowledge of the business plan. HR also can provide support for: 1) skill assessments (very time consuming), 2) work needs studies (job analysis), 3) and retraining plans.

- A Strategic Staffing **consultant** should participate in the planning initially, until the process is familiar. The consultant should be experienced with the methodology and application of Strategic Staffing.

- The **union representative** can encourage managers and employees to focus on the bigger picture and to consider issues such as employee development and retention.

Potential Barriers

Some of the potential barriers to an effective Strategic Staffing process are:

- Lack of a clear, critical issue.

- Inadequate resources to complete the staffing plan, i.e., needed staffing or training.

- Noninvolvement and noncommitment from any of the key stakeholders, i.e., manager, supervisor, HR, union representatives.

SECTION 6: Reference Materials

Glossary

Assumptions: Subtractions we make to the Supply Now when determining the Supply Then. They are the changes in the staffing numbers that would occur if we do nothing. These "uncontrollable events" include retirements and voluntary turnover, based on employee eligibility for retirement and known rates of turnover.

Competency: A combination of skills, knowledge, performance behaviors, and personal attributes that contribute to improved employee performance and organizational success. Examples include self-confidence, conceptual thinking, and innovation.

Critical business issue: A business issue or problem that, if not resolved, will harm the organization and its ability to achieve its goals.

Data: Any number or fact.

Demand: The future staffing requirements determined by strategic and operational planning efforts.

Desired workforce: The desired outcome of Strategic Staffing when the staffing capabilities match the needs of the organization.

Environmental scanning: Information about the external environment in which the organization operates. The information is used to determine staffing plans. Examples include: the availability of skills in the labor market, salary information for particular jobs, demographic and labor market trends.

Effectiveness: The staffing action produced the desired result(s). It succeeded in not only eliminating gaps and surpluses, but the organization having the right skills or capabilities to implement the strategic or operational plans (e.g., Do the people recruited have the skills and competencies required? Did lower recruitment costs result in candidates who can address the business issue at hand? Is the organization meeting customer needs?).

Efficiency: The staffing action avoided wasting resources; usually in terms of time, speed, cost, and volume (e.g., reducing recruitment time; lowering recruitment costs).

Gap: The difference between the staff you have and staff you need to achieve the business goals. A gap can indicate a shortage or surplus.

Information: Any number or fact used to make a decision as you plan forward movement.

Shortage: The number of staff you need is less than the staff you have.

Skills: Ability, something someone is good at. It may be learned (e.g., typing, a foreign language, a sport), instinctive (e.g., mechanical ability, attention to detail, ability to learn quickly), or a combination.

Staffing: Includes all movement into, around, and out of the organization (e.g., recruiting, hiring, promotion, transfer, redeployment, attrition, and retention).

Staffing plans: The ways that the gaps and surpluses can be resolved. Plans may include employee movement, recruitment, reductions, training, diversity initiatives, and employee development.

Strategy: A long-term directional plan that describes how your objectives will be met.

Strategic plan: A set of measurable goals based on the long-term needs of the organization.

Strategic Staffing: The process of defining and addressing all the staffing implications of an organization's strategic and operational plans.

Supply now: The current staffing level, i.e., number of people the organization currently has with the critical capabilities needed to address the critical strategic or operational issue.

Supply then: Staffing changes that are not always controllable. Identify variables such as turnover rate, the rate of promotions based on seniority, projected retirements, voluntary resignations, and current recruitment efforts. Then apply the assumptions about how these variables will influence the type of and level of workforce the organization will have in the future.

Surplus: The number of staff you have exceeds the number of staff you need.

Workforce planning: The process through which human resource planning is integrated with an organization's strategic plan. Currently referred to as Strategic Staffing, as it more closely defines the activities necessary to have "the right people with the right skills in the right place at the right time."

Working Examples and Case Studies

Case Study: *Department of Natural Resources Smoke Chasers*

At the Minnesota Department of Natural Resources, 700 to 800 Smoke Chasers are hired during fire seasons (spring and fall) as emergency hires. In 1998, they made a request to the Legislature to become public employees. This request has resulted in AFSCME negotiations to address the following:

1. Agency determines number of positions needed.

2. Agency determines skills needed—developing position descriptions with employees who do the work.

3. Employees develop a "wants" list.

4. Proposed position is Hayed (to determine its classification) during the summer.

5. Union will review the contract for changes needed.

6. Start hiring this fall.

Some of the challenges of implementing these changes are:

- The number of workers needed is directly related to the weather during the fire season.

- Equipment requirements for the positions have changed.

- Physical requirements have changed.

- Training is costly, so retaining seasoned employees is desired.

Source: Bob Buckingham
AFSCME Business Agent

Case Study: *Department of Corrections (DOC)*

The Minnesota Department of Corrections (DOC) hired correctional staffing consultants to develop a staffing plan for one new and one existing facility.

Some of the issues include:

- Staffing requirements in high tech, computer driven security settings—how design effects are related to staffing numbers and costs.

- Diversity demographics of inmates and employees.

- Staffing shifts due to transfers and retirements.

- Relief factors, as in number of bodies needed to cover positions per shift.

The DOC is now placing efforts on recruitment. Their Central Office has conducted a survey of employees and new hires to learn what does and does not work for recruitment. More emphasis is now aimed at:

- Employee referrals.

- Providing speakers to talk to students at high schools and colleges.

- Taking applications via the Internet.

- Many more ads in weekly newspapers in the northern metropolitan area.

- A dedicated phone line for applicant inquiries.

- Increasing the training wage.

Source: Sharon Harris
Personnel Director

Contact people

External Consulting Services

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The Walker Group is a management consulting firm specializing in integrating business strategy and the management of people based in Tempe, Arizona. For more information on the Walker Group and Mr. Bechet, please visit their web site at www.hrbiz.com.

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For more information

Additional copies of the Strategic Staffing Guidebook are available upon request from Eric Swensson at the Minnesota Department of Employee Relations (DOER) at 651-282-2426. Also available are other Strategic Staffing tools and information including:

- Strategic Staffing worksheets

- MS Excel template for the gap matrix

- Availability of Strategic Staffing training

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