

Your workforce: your value driver

Strategic workforce planning enabling
the future success of your business

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The pressure to optimise costs and maximise productivity is at the forefront of all business leaders' minds. Today, this pressure is made more complicated by disruptive technology, the increasing complexity of geopolitics and global trade, evolving risk and regulation and the ongoing race to find and keep the right talent with the right skills. According to PwC's 26th Annual Global CEO Survey, two out of five CEOs in South Africa believe their company will no longer be economically viable a decade from now. Therefore, building business resilience is a critical undertaking at this juncture.

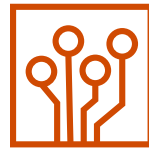
Businesses are grappling with workforce issues that are transforming the future of work and continuously redefining the employee experience and how we work. The more prepared a business is to manage disruption, the less destructive and long-lived the crisis will be for the enterprise.

Five megatrends reshaping organisations, industries and wider society:



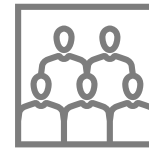
Climate Change

While humanity is trying to figure out ways to reduce carbon emissions, greenhouse gas levels in the atmosphere are worsening, global temperatures are rising, and extreme weather events are becoming more frequent and more severe.



Technological Disruption

Transformative technology changes how we function in the world and how we understand humanity. It enables huge value creation, but harmful consequences are – and will increasingly be – difficult to mitigate.



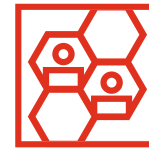
Demographic Shifts

The median age in all countries around the globe is increasing, at different rates. This demographic change is causing some countries' social systems to break down and a lack of workers in critical areas, whereas other countries face skyrocketing un- and under-employment, weakening economies from emigrating citizens, and strain on social safety nets.



Fracturing World

The world is fracturing and becoming multi-nodal as more nation states are competing for influence, with the rest of the world aligning around them and some states acting as destabilisers. Countries are increasingly turning their focus inwards, prioritising their national resilience and localisation.



Social Instability

Massive pressure – resulting from social and economic polarisation, disruption, demographic change, and eroding trust – leads to greater social unrest.

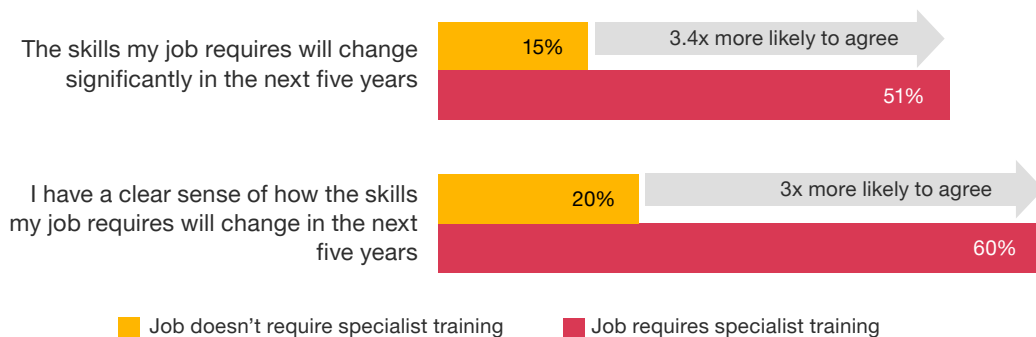


Source: PwC, Five global shifts reshaping the world we live in, October 2022



Is the workforce itself ready for reinvention?

PwC’s 2023 Global Hopes and Fears Survey highlights that skills gaps are growing, however, employees overall don’t display an urgency about upskilling; with only **39%** of employees believing that their job will require a significant change in the next five years. Of those who believe the skills their job requires need to change significantly, only **71%** have a clear sense of how. However, what is very clear is that employees with specialist skills are more ready for reinvention, recognising the need for upskilling and how.



Source: PwC 2023 Hopes and Fears Survey

To be prepared for the future world of work, specialist skills will be needed at scale to deliver CEOs’ plans for reinventing business strategies. The clear disjuncture between executives’ outlook on their business, and employees’ own belief in their skill set to deliver on what is required in the future world of work, highlights the need for business strategy to be translated into the tangible skills needed to execute on strategy.

Organisations need to be proactive, agile and embrace technology to undertake the projection of how work, workers and the workplace will evolve. With up to 85% of costs tied up in people, they will need to predict their strategic and operational requirements and allocate resources accordingly¹.

¹ <https://www.pwc.com/gx/en/services/people-organisation/workforce-strategy.html>

Preparing for the future of work, NOW!

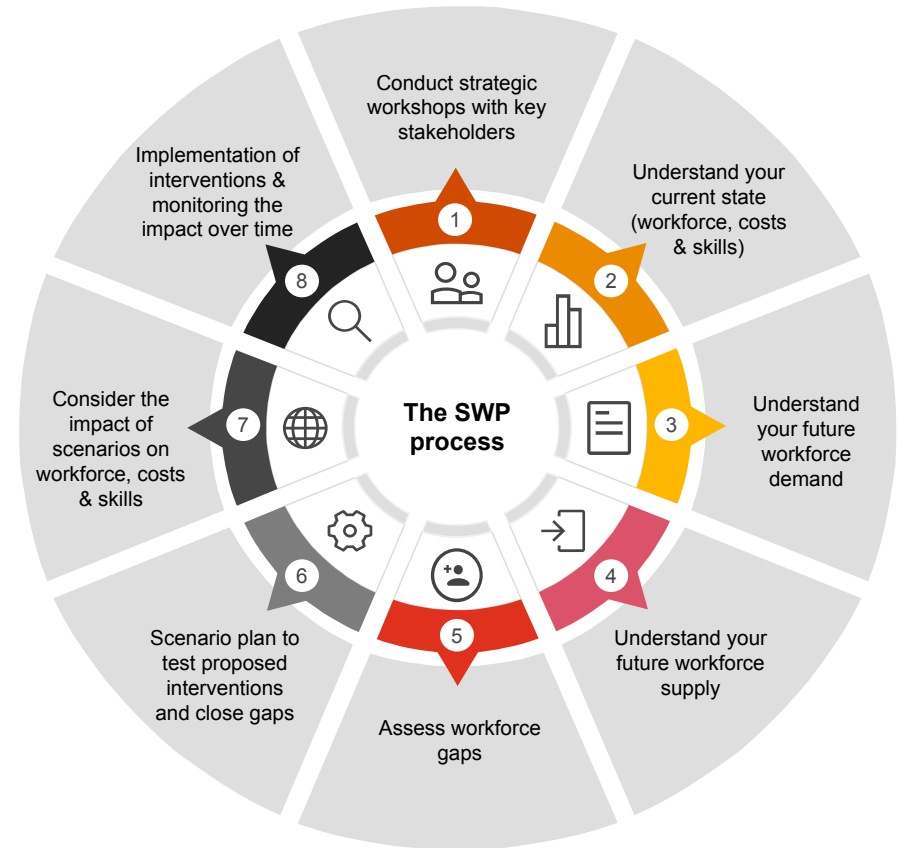
In order to align business' reinvention strategies with the skills needed to bring it to life, it is fundamental for business executives to proactively anticipate the future of work to derive the relevant workforce implications thereon.

Strategic Workforce Planning is the analytic forecasting and planning process that directs workforce activities to ensure the organisation executes its business strategy with the correct talent.



Through a qualitative and quantitative exercise, organisations are able to make sure that they have the right people with the right competencies and skills in place, when and where they want them, to achieve their business strategies.

Strategic workforce planning involves:



Spotlight:

Meaningful talent planning for a large South African-based multinational organisation

A large organisation recently embarked on an initiative to embed strategic workforce planning within its business. This has empowered the organisation to model its long-term future workforce requirements, scenario plan various strategic decisions on the workforce and understand the gap between the current workforce and the future. It has been a key enabler for the organisation to build future-fit talent strategies.

Critical success factors of the project included:

- Complete and accurate data
- Strategic alignment with future-fit organisational structure and frameworks
- Key focus on financial aspect of SWP (i.e. costs, financial feasibility & ROI)
- Achievement of the optimal workforce mix in terms of capacity, skills and agility
- Long term (ten-year) projection of supply, demand, gaps and scenarios
- Ensuring organisation-wide stakeholder adoption across not only HR but business/operations, finance, IT and leadership.

Solution use-case highlights included enabling the organisation to:

- Analyse and interrogate insights to make the correct people decisions
- Place a key focus on themes such as diversity and inclusion measures (e.g. race and gender) as well as critical skill monitoring and retention
- Ensure the right mix of competencies to deliver future business objectives
- Focus on cost savings through optimised talent management plans, such as recruitment, targeted training and internal mobility
- Understand and scenario test the impact of strategic decisions on its workforce, in the medium to long term. This includes testing the financial (cost) feasibility and projected return on investment (ROI) of certain scenarios and interventions.





In a recent report released by the World Economic Forum: *Putting Skills First: A Framework for Action*, 'skills-first' is a term used to describe a new approach to talent management that emphasises a person's skills and competencies – rather than degrees, job histories or job titles – with regard to attracting, hiring, developing, and redeploying talent.

Across industries, organisations need a clear and meaningful mandate to attract and retain the right people in the right place with relevant skills despite the economic shifts and global disruptions, thus following a 'skills first' approach. As business leaders prepare for the future of work and think about developing a strong workforce strategy that accounts for all stakeholders, they must implicitly consider how uncertainty, automation, people, their industry and geography should be considered.

- How effective is your company's workforce strategy today and how well are you prepared for the future of work?
- Is your workforce strategy optimally aligned with your business strategy? How would you effectively and sustainably monitor and achieve this?
- How are you planning for an uncertain future?
- How do your decisions on technology, automation and artificial intelligence impact your workforce?
- What changes are required in your People/HR practices today to enable them to be ready for tomorrow?
- How well prepared are you when compared to others in your industry or geography?

Taking a deep dive into Strategic Workforce Planning (SWP):

SWP enables organisations to realise their dream workforce by gaining insight into workforce flows and optimisation of people interventions. There are endless, wide ranging, possibilities through the implementation of SWP.

1. How to leverage SWP to interrogate the possible impact(s) of business closure(s) on your workforce:

The closure of business area(s) would ultimately affect an organisation's future workforce demand. As a first step, it is important to consider and plan for the business closure. This can be done by analysing and interrogating the current state workforce as well as the status quo projected gaps from an FTE, costs and skills perspective. By doing this, an organisation can gain an initial understanding of the potential impact of the business closure initiative. As a secondary step, the organisation can strategise and decide on reasonable business closure scenario(s) which could be performed. Considerations include surrounding which area(s) of the business would be impacted, the timing at which the initiative is to be implemented (i.e. year of closure), cost implications, natural attrition, where key and critical skills can be moved to fill gaps and whether skeleton staff is required, among others.

The third step would be to run variations of identified business closure scenario(s) and compare the output(s) of these scenarios to each other, as well as to the base status quo projection. This will empower the organisation to explore the feasibility and reasonableness of the scenarios and understand which would be most optimal and viable to the organisation, from an FTE, Cost and/or Critical skill perspective.

Once an appropriate approach has been implemented, it is crucial to recognise that the business closure initiative is not complete. As part of the SWP journey, it is imperative to continually monitor the actual impact and outcomes over time, such that you can proactively react and take additional steps if the actual outcomes are not exactly aligned to expectations.

2. How to use SWP to model your holistic future workforce requirement (i.e. not just from a human element, but also bots)

The introduction of bots relates to the technology aspect of SWP. Any changes in technology will likely affect workforce efficiency and productivity, which would ultimately affect workforce demand.

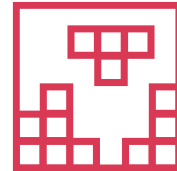
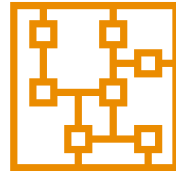
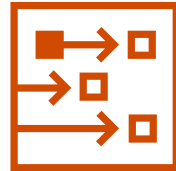
From a planning and considerations perspective, an organisation can combine internal knowledge with current state and base status quo projections (i.e. SWP) to gain an understanding of whether FTEs could be upskilled into similar roles and/or moved to fill gaps elsewhere, whether any critical skills would be impacted as well as the current costs of the existing workforce group which would be impacted. Further considerations include which job roles or functions would be affected by the introduction of bots as well as what the expected efficiency or productivity gains would be as a result of the technological change.

An organisation can run various scenario(s) to test the impact of introducing bots. Different scenarios could include variations surrounding downside, base and upside efficiency gains on a year-by-year basis, varying retention strategies from a skills and attrition perspective as well as different possible business area(s) which could be impacted. Once the scenarios are run, the organisation would then be able to compare the output(s) to each other, as well as to the base status quo demand and gaps projection. This comparison can be done from an FTE, Cost and/or Critical skill perspective. An organisation would need to consider the workforce and skills impact as well as the financial feasibility (ROI) of such technological initiatives when deciding on an optimal and viable approach to implement.

Once again, it would be imperative to track the actual impact and change of FTEs, costs and skills over time as a result of this initiative. This includes monitoring the ROI and whether this is aligned to expectations. Should outcomes not be fully aligned to that desired, an organisation can then dynamically respond and take steps to rectify – which can involve running further scenarios to test reasonability. This speaks to the need for SWP to be a recurring and regular process over time.



The workforce capacity and capability to deliver on the required projects of a business can be thought through using the following six lenses:



Buy

External resourcing for permanent/temporary staff or a bought in service.

Borrow

Internal secondment or interchange to/from industry partners.

Bounce

Managing surplus (includes 'bouncing') across the whole enterprise.

Bot

Embracing bots to automate and bring in the skills the organisation is lacking.

Build

Upskilling the current workforce through development, promotion, performance and talent.

Bind

Identification of 'at risk' resource and modelling retention initiatives with working assumptions.

Blend

Reshaping the requirement to meet available resources.



Spotlight:

Future-fit financial services organisations

Organisations in the financial services industry face a number of challenges as they seek to remain competitive. Whether it is cybersecurity threats, increased regulatory compliance or the need to adapt to new technologies, financial services firms are needing to pivot. As such, a key objective for strategic workforce planning (SWP) within these organisations is to ensure continuous alignment of the workforce to the changing demands of the strategy, as well as evolving business and customer needs.

A South African financial services organisation recently embarked on a journey to implement strategic workforce planning across one of its businesses, and the insights gathered highlighted the following:

- Opportunities to close critical skills gaps by following a skills-first approach to address critical skills shortages continue to evolve. Rather than focusing on historic talent management practices, there are opportunities to **develop talent by focusing on the skills needed to pivot**. This is particularly true for emerging future roles with limited regulatory requirements.
- There is a **strong link between employee experience and customer experience**. As organisations seek to compete and build trust, the financial advisors of the future need to be front and centre in enabling improved and sustained customer experience. These key client facing roles need to evolve, and this means that organisations need to attract and retain a different kind of employee.

The process highlighted the overall business value of investing in a data-driven approach to enable the sustainable management of a workforce.





Realising the key benefits of effective Strategic Workforce Planning

Clarity, control and reliability for the c-suite

1. Clarity

SWP is an essential business tool that helps business leaders gain full granularity and insight into the workforce. This approach enables organisations to manage risks and workforce challenges through reviewing the impact of different scenarios. It is important to note that SWP is not just about the tool but the qualitative process around it. The tool is an enabler to a robust people planning process.

2. Control

SWP enables business leaders to receive early warning signs when milestones are not being met. It improves efficiency levels in line with industry standards through predictive data insights.

3. Reliability

It enables more transparency and accountability through greater flexibility in managing labour more cost efficiently. SWP enables sustainable business practices by planning the best possible ways to move an organisation's workforce to where it needs to be in the future – this could be the difference between upskilling and firing and hiring.

By incorporating lessons learned and leading global practices and standards, proper SWP can help South African businesses withstand disruption and reduce the overall impacts of a crisis. In the long term, building resilience through a key lever of SWP will strengthen a company's ability to respond and adapt across key organisational pillars like operations, technology, workforce, data and finances.

The 4 basic principles of strategic workforce planning are to ensure that your organisation has the **right people** with the **right skills** at the **right place and time** and at the **right cost**. It has never been clearer - organisations need a strong workforce strategy that helps them take action today to prepare for tomorrow's work, workforces and workplace, whatever they may look like. By understanding the possibilities of automation, the changing ways organisations harness the potential of human skills, and the needs of the business in a changing global business landscape and throughout the employee lifecycle, we can ensure organisations can find, nurture and incentivise the right adaptable, innovative and skilled people they need for the digital age.

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