

Hiring and Workforce Planning

Most employment systems were designed in the "dark ages" when business moved at the "speed of rock." In the past when people resigned, a requisition was created and after a relatively long lag time, another person was hired. If the new hire required initial training at the time of their hiring or if there was a long learning curve before the new hire became productive, the business and the manager just accepted it as the way it was. On some occasions, the vacant position was even frozen for a period of time in order to save money. However in the new economy where things move at Internet speed, such hiring delays (in a key position) can cost a firm over a million dollars per week in lost margins and market share. Agilent Technologies is developing a workforce planning model which reverses the old post-resignation (need) hire model and replacing it with a pre-need hiring approach. Some of the elements in this model are outlined below.

In high growth businesses (or in these days of high turnover) businesses are often faced with delays in the product development cycle due to a shortage of talent. Pre-need hiring is a strategy that is designed to make sure that there is no significant "lag" or delay in the product development (or delivery) cycle as a result of a shortage of talent. Hiring the necessary talent in advance of the actual need can prevent the lag problem. Pre-need hiring does add some cost if you hire them too early or if don't forecast the need accurately. The result can be bad if you can end up with surplus talent; but in a fast-moving environment the costs associated with a surplus of talent are much lower than the cost of delays in getting the product to market. In fact, in high-tech firms, having a surplus of talent is almost unheard of these. The following is a list of some of the tools and approaches to consider when you use pre-need hiring.

Yield Model - A yield model is a workforce needs forecasting model that indicates how many people a manager will need to hire in order to reach their projected dollar amount of top line revenue growth. Firms need to calculate the average revenue for an employee and then divide that number into the projected revenue growth. That will give you a rough idea of the number of jobs that you need to fill.

Some yield models also take into account the time to fill a typical job and the average number of hours a manager spends in the actual hiring process for each job. This is done in order to educate the managers about the amount time they need to allocate for each new hire and how many days prior to the actual need that must they begin the hiring process.

"Pre-Need" Hiring - Pre-need hiring is when you hire an employee for a particular job a month or more before they are actually needed. By stretching out your hiring, you can increase your chances of getting quality hires simply because as you stretch out the sourcing period. You also increase the odds that a top performer will become available during your search period.

Designate Evergreen Jobs - Evergreen jobs/req.'s are jobs that are continually open no matter how hard we search. Such continuous shortages demand that we stop waiting for an open requisitions and instead shift into a continuous search and hire mode. For

evergreen jobs you hire candidates regardless of whether there is available headcount or an open requisition.

"Ramp Up" Time Hire - Certain jobs have a significant learning curve and thus a long "lag time" (more than 2 months) between the hire date and when the employee normally reaches the minimum levels of productivity. In other words, new hires have a long ramp up time before they become productive. As a result, applicants need to be sourced, screened, and hired well before (months) the date when the recent hire must be up to acceptable productivity levels. By measuring the "average time to productivity" HR can both give the manager a heads up on when to start the hiring process and they can also identify any weaknesses in the orientation and training program that can delay time to productivity.

Rapid Growth Jobs - Rapid growth jobs are those that are projected to grow rapidly (by over 25 percent) in number within the next 18 months. If there is an anticipated shortage due to rapid growth in this job, a firm must hire people "pre-need" in order to insure an adequate supply of talent. By forecasting which jobs that will grow rapidly you can do a number of things including increase the referral bonus, hire sourcers specifically for that job, or begin filling them well in advance to ensure there is no product delay due to having to wait for talent.

Gradual Hiring - Gradual hiring is where you stretch out the hiring of a large number of people in a particular job family in order to prevent any shortages. This way you also avoid the "bidding" wars that can occur when a large number of jobs come on the market all at once. This is especially prevalent in tight or small job markets where bidding is much more likely to occur. Using gradual pre-need hiring in rapid growth jobs or during new facility openings also minimizes the strain on your employment systems, which invariably increases the quality of the search and the candidate screening processes.

Identifying Turnover/Growth Aberrations - When you have the occurrence of a large amount of turnover or a sudden jump in new job requisitions you have to be careful because many of these "jumps" are just cyclical occurrences and not a true indication of a long-term need. In order to be sure the these jumps are not aberrations you need to "chart" or plot req.'s and turnover rates over time to see if there are any identifiable sharp jumps or drops in your talent needs. You need to find out whether such variations are really just cyclical patterns of growth and turnover, rather than an indication of a permanent need for new talent. Some jobs have predictable (cyclical) turnover and hire rates. If you are not careful, misinterpreting these cycles in job growth and turnover as permanent changes can lead to some bad decisions. Often there are seasonal fluctuations and predictable growth patterns in a country or in a business. Turnover can also vary with product cycles. In order to guarantee accurate decisions, growth and turnover should be plotted by month over a three-year period to see if there are any "predictable" jumps or drops that should not permanently impact our recruiting and retention strategy.

Pre-Identify any Targeted "Key Senior Hires" - Firms need to pre-identify any senior talent hiring needs well advance of the actual need because of the long length of time it takes to "court" and convince senior executives. Top executives and technical "thought leaders" (and occasionally recruiters that are hurting us) must be pre-identified and targeted in order to be able to successfully "poach" them directly from a competitor. These individuals require long-term "personal courting" prior to any offer of employment. By building the relationship over time you can dramatically increase your

offer acceptance rate for these senior individuals. An added advantage of hiring the senior people is that not only do you bring their talent to your firm but you also slowdown your competitor by taking away their top talent!

"Pre-Prepare for Promotion" Jobs - Often a large percentage of hires for a projected "rapid growth" job come directly from promoting people in the position just below it in the job structure. In these cases, a firm must prepare the people in the lower job with training just before their advancement. However this also means that the "lower job" must become a "pre-need" hire job where a large number of people are hired in advance of the promotions in order to ensure a smooth transition and no loss in productivity.

Pool Names and Pre-Qualifying Candidates - With pool hiring, the "names" of potential hires are sourced/identified and put into a "who's who" (job pool) database for retrieval when a req. actually comes open. The pool might also include those ever rejected for jobs who were just short of our experience qualifications, those that were finalists but were not selected, and those that rejected a previous offer from our firm. An advanced variation is to go to the next step and actually pre-assess the candidates and pre-qualify them for the job. This allows you to start the process of building a "someday you will work here relationship" with them so that when they (or we) are ready for new job they can just call.

Conclusion - If you were going to hire Santa Clauses, you could plot your hiring trends and know well advance that you would need to hire them right after Thanksgiving. You might also find that when you wait to hire Santa Claus around Thanksgiving that the quantity and quality of the available talent goes down and the costs invariably go up. A smart pre-need recruiter would pre-hire the very best Santa Clauses right after Christmas for the next year. Their secondary hiring period would occur in early November, weeks before others. By starting early they would have to pay some additional wages but that time could be used for training. By starting early and doing more training you would insure that you would have the best Santa Clauses. And odds are that great Santa Clauses would produce a quantum leap in revenues well in excess of any pre-need costs.

Employment professionals need to become more like sports coaches. Coaches are renowned for pre-identifying talent, for pre-qualifying it, for "over hiring" when there is a surplus of top talent and for hiring the majority of its players in critical jobs using the pre-need model. Most employment professionals and managers are the exact opposite. Are you ready for some football....

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